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**Research on the Current State of and Future Measures  
for the Issue of Foreign Workers**

The Japan Institute for Labour Policy and Training

## **Research on the Current State Regarding the Issue of Foreign Workers and Future Measures**

### **Summary**

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#### **Research Period**

Fiscal 2002 to 2003

#### **1. Objective**

The issue of foreign workers in Japan came to the surface starting in the 1980s, and there have been active discussions on whether to “open” or “close” Japan to foreign workers. In 1990, the Immigration Control Law was amended, and the number of foreigners in Japan has since doubled. With the increase in their number, their makeup has also changed: the number of foreigners of Japanese descent has increased; the composition of foreigners’ native countries has changed depending on the requirement of visas; stowaways from China have risen; and the number of international students who obtain working visas and start their life in Japan has also grown.

The characteristics of Japan’s policy on permission of foreign workers are that foreign workers are accepted not only through the “front door,” but also through the “back door” and that while there are both “old comers” and “new comers,” it is difficult to treat them the same across-the-board. The overwhelming majority of foreign workers of Japanese descent were employed indirectly by contractors (temporary services) and worked mainly in the manufacturing industry in specific regions of the country. As the result of the prolonged recession, however, their employment has become diversified and is used by firms as one of the ways to adjust the overall employment. Another feature is

that while foreign workers who have completed university or graduate school education in Japan are living in Japan without a sense of incongruity, a “dual structure” has apparently formed with Japanese-educated foreign workers on one hand and other foreign workers on the other hand.

In this survey and research, we examine, through surveys on business establishments and individuals, interviews on firms and other organizations, and literature from other countries, the factors that make up the “dual structure” of foreign workers and measures that should be implemented in the future.

## **Summary of research results**

### **1. Objective and awareness of the issues**

#### **Research process**

For this survey and research, a study group, whose members are shown in the attached, was formed. It examined the issues through interviews on researchers in and outside of Japan and firms and other organizations, surveys on business establishments and individuals, and literature from other countries.

### **2. Diversified foreign workers**

#### **(1) Issue of foreign workers takes on a new aspect**

A look at the current statistics on acceptance of foreigners in Japan shows that, firstly, both the number of immigrants, or the flow, and the number of foreigners registered in Japan, or the stock, are increasing, which indicates that deregulation of the current immigration system is contributing to raising the number of foreigners in Japan. Secondly, considering Japan's labor market policy of "promoting acceptance of professional and technical workers and cautious handling of unskilled workers," the immigration of foreigners in Japan does not satisfy this objective. Thirdly, while controlling the quality of workers through a system of work-related residence status is a basic principle, many foreigners who were not permitted entry into Japan as workers, such as settlers, trainees and apprentices, as well as those who are illegally staying in Japan are actually flowing into the labor market.

On the other hand, the settlement of foreigners of Japanese descent is clearly advancing. The areas in which they live in large groups are taking on an aspect of a laboratory of immigrant societies. In these settlements, workers engage in low-wage, unstable jobs and make up the lowest segment of the Japanese labor market; while the infrastructure is steadily being prepared so that those foreigners of Japanese descent do not have problem living in Japan with respect to their daily life, language, and foods, even without any contact with the Japanese people. Settlements that are heterogeneous to and separate from Japanese society are being created.

#### **(2) Diversification of the ways foreign workers are incorporated into the Japanese employment system**

##### **(A) From the results of the questionnaire survey on business establishments**

Foreign workers are being incorporated into the labor force in more diverse ways. In the past, most foreign workers were found arduously engaging in low-wage work that many Japanese considered was “hard, dirty, and dangerous,” such as work in the construction industry, and sending back earnings to their families in home countries. In this survey, however, it was found that the percentage of such workers in such on-site jobs was less than half of all foreign workers in Japan. Instead, the percentage of skilled and technical workers in “research and development” and “information processing” is growing. Moreover, the employment patterns of such workers are diverse as they are employed as regular employees, non-regular employees, dispatched workers, and contracted workers.

Even so, because the number of foreign workers employed as regular employees is still small and foreign workers tend to be employed in particular types of jobs and fields of specialization, the opening for foreign workers to come and work in Japan is still not sufficiently wide.

The reasons cited in our surveys were the difficulty in communicating in Japanese, the difference in the way of doing and attitude towards work, and the resultant difficulty in managing foreign workers. The decline in demand for labor as a result of the economic recession is also considered as one of the reasons.

The positioning for foreign labor in the Japanese labor market will inevitably continue to be fluid as most foreign workers will be employed in mid-career. But this does not necessarily mean that there will be a separate labor market from the Japanese labor market. The results of our research suggest that as fluid factors in the Japanese labor market increase, with introduction of a performance-based wage system and an increase in non-regular workers, the difference between foreign workers and Japanese workers would lessen, albeit slowly, and foreign workers would be incorporated into the Japanese labor market.

Consideration for foreign workers will promote employment of foreign workers in the future. Clearly, by considering foreign workers’ work and life in Japan and overcoming, in particular, the problems of language and customs, employment opportunities for foreign workers will increase as they will replace or complement the Japanese work force that is expected to be in short supply in the future. This, however, is conditioned on clearing a number of obstacles such as the problem of employment management, information about employment, and culture and customs. There is a need to further conduct a detailed analysis on the state of affairs and examine the desired direction of policies on foreign workers.

**(B) From the results of the questionnaire survey on individuals**

From the viewpoint of individuals, the tendency towards diversification can also be observed. The results of a questionnaire survey on individuals show, firstly, that even though the responses were very few in number, the contents of the responses were diverse and wide-ranging. There were respondents from as many as 19 countries, including the Asian region—particularly China—and the Central and South American region—particularly Brazil (the majority are of Japanese descent making up 67 percent.)

In terms of age, many respondents were young, but respondents were distributed widely in all age groups. By gender, men made up 70 percent of all respondents. The high percentage of male respondents may be attributed to the format of the questionnaire survey. Because we asked business establishments if they employed foreign workers and distributed questionnaires to those that did, questionnaires might have been written mostly by full-time, regular male employees. At present, most European and American workers are considered to be men. In the case of couples, husbands might have answered the questionnaire rather than their spouses. We say this because while we heard in our interviews that the percentage of men and women among foreign workers of Japanese descent was becoming roughly the same, in this questionnaire survey, the percentage of men was overwhelmingly larger. On the other hand, the percentage of men and women among Chinese workers was about the same. Among Philippine workers, all the respondents were women. Overall, the actual percentage of women workers is probably a little higher than indicated in this questionnaire survey.

The industries, occupations, and fields in which the respondents work are also widely distributed. The respondents' working styles and positions in their organizations were somewhat biased but were not limited. The wage levels and overtime hours were also widely varied. They are employed in diverse fields and in varied styles.

In addition, the paths through which they found employment in Japan were also diverse, the length of their stays was long, and the number of foreign workers who came to work in Japan more than once was also increasing. These results show that while they do not yet make a large percentage of the work force in Japan, they have penetrated the Japanese labor market and already have established a certain position in this market.

Particularly noticeable are those workers from other Asian countries and especially China. While those from other regions work in limited fields under various working conditions, Asian workers are employed in a wide range of fields and at different levels.

Men and women of all age groups are working in a wide range of locations and under various conditions. The fields of employment, however, are still mainly in the manufacturing and service industries and blue-collar work.

Foreign workers of Japanese descent, who, like the Japanese, have no restriction regarding employment whatsoever, are also concentrated in the manufacturing and service industries and blue-collar work. It is considered that this will have a significant bearing on the future direction of foreign labor and the labor market.

### **(3) Possible emergence of a dual structure**

Incidentally, when we speak about the issue of foreign workers, foreign workers of Japanese descent have a unique position. The number of such workers increased after the amendment of the Immigration Control Law of 1990. They were mostly employed indirectly, and in recent years, direct employment of such workers by firms has further declined, resulting in a further increase in employment of such workers by contractors. The reasons for such developments are moves by firms to cut labor costs and use indirect employment for performance of relatively routine work that requires no advanced skills as a result of modularization of parts and products.

A summary on employment of foreign workers of Japanese descent for contract work shows that, firstly, client firms are in the automobile-related industries, electronic-parts-related industries, and food industries, which remain mostly unchanged from the past. Secondly, the number of those who are employed via a broker or a travel agent has declined, and contractors increasingly announce job openings for employment. As for the attributes of such workers, Brazilians of Japanese descent make up the bulk, but Filipinos of Japanese descent are also on the rise. Because the business of digital consumer electronics, cellular phones, and composite office machines is brisk, the number of women workers of Japanese descent is also increasing. Thirdly, the unit contract price is on the decrease: Compared with the bubble-economy years, it has declined by 10 to 20 percent. Fourthly, overtime hours of men and women are 30 to 50 hours per month on average. But among men, it is not rare for some of the workers to put in 100 hours of overtime per month. Fifthly, while workers are allotted to work depending on their past job experience, they hardly have any chance to receive training for vocational development because most of the work they do is routine work and does not require high levels of skills. Client firms also do not expect them to be highly skilled. This may be one of the factors for creating and fixating a stratum of foreign workers of Japanese descent in the labor market. Education and employment of their children may also develop into a serious problem in

the future. Sixthly, while it was often said that they would quickly change to better paying jobs even if the difference was minuscule, the number of workers who stay in their jobs is gradually increasing. As a result, foreign workers of Japanese descent are separating into a group that remain in one job and a group that often change jobs.

#### **(4) The problem of friction between Japanese and foreign residents**

As foreign workers live with their families in Japan, there arises the issue of intercultural communication.

The percentage of those registered as foreigners in the total population of Japan shows that foreigners are a minority in Japan. They tend to live in specific areas and in regions where they are concentrated, and there is friction between them and the Japanese residents on a daily basis. There is a great burden on citizens of such regional communities.

One reason for the friction is the lack of exchange among the two groups. In these situations, people tend to become suspicious and confrontational, resulting in hostile acts and generating friction. To counter this tendency, there is a need to form healthy interpersonal relations, in other words, to promote active exchange. If we examine cases where exchanges with foreign people have been successful, we find that it is important that both parties recognize common topics to talk about and common goals and awareness to generate and promote exchanges.

For this, regional communities should initiate action. These efforts are in effect not much different from regional communities' existing activities, and as such they are not novel activities and do not attract attention. Nonetheless, from the viewpoint of resolving friction between foreign and Japanese residents in regions where many foreigners are living, such activities initiated by the citizens are extremely important.

#### **(5) Dealing with the issue of foreign workers: implications from the EU's response to migration of labor**

As it is well known, the flow of people in the EU is free, in principle, even though there are some restrictions. It cannot be denied that this situation is very different from the situation in Japan. What can we learn from the situation in the EU?

As in Japan, labor shortage, internationalization of the economy, and aging of the population are advancing in the EU. Against this background, there is competition in the EU for people with advanced skills. Foreign workers in the EU are polarized into the upper and lower strata of the labor market. There are needs for foreign workers to perform routine work as well as for highly skilled foreign workers, and EU countries are



competing against each other to fulfill these needs. One of the problems that arise in relation to international migration of highly skilled labor is the question of how to recognize different academic degrees, skills, and qualifications. In this respect, it is hoped that the efforts currently being made in this field would be further increased and deepened.

Japan has needs for highly skilled foreign workers. But simply waiting for them to come to Japan will provide no guarantee that they will actually come. For Japan to attract such workers, it must generate an overall advantage not only in terms of salaries, but also in various other fields including working conditions and living conditions.

The number of foreign workers in Japan is expected to continue to increase. It has been pointed out that in the short term, the inflow of unskilled workers will ease the problem of labor shortage in varying fields. It has also been pointed out that if an open approach for legally accepting foreign workers is not adopted, there would be a risk of illegal foreign workers increasing in Japan. An increase in foreign workers has both positive and negative impact on the domestic labor market. Under these circumstances, it is suggested that Japan accept legal foreign workers under sufficient management based on inspective understanding of the domestic labor market.

For this, government efforts as well as close cooperation among the government, the business community, and labor unions are necessary. In addition, partnership and cooperation with foreign workers' native countries should result in sufficient mutual understanding of labor markets in Japan and those countries, inflow of legal foreign workers, and reduction in the number of illegal workers.

When considering the issue of foreign workers, a comprehensive, long-term approach is needed. In other words, the labor market should be considered as well as various other aspects such as society, religion, culture, and education. There is also a need to think about participation of foreign workers in the Japanese society, the issue of acquisition of Japanese nationality, and questions related to foreign workers' children and grandchildren. This suggests that collaboration and cooperation is essential among different government departments that are related to foreign workers. Moreover, as foreign workers not only work but also live in regional communities, partnership with Japanese citizens in those communities is important. A framework for cooperation among government departments and between the public and private sectors should also be established in dealing with the issue of foreign workers.

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