

## Abstracts

### Impacts of Globalization on the Domestic Labor Market, Changing Economic Structure, and Productivity Growth

**Keiko Ito** (Chuo University)

This paper discusses how globalized corporate activities, such as exporting, importing, and offshoring, affect the domestic labor market and macro-level economic performance. Many previous studies confirm that globalization has had some negative impacts on employment and wages for low- and medium-skilled workers who engage in relatively routine tasks. However, the magnitude of negative impacts is quite limited compared with the macro-level changes in employment and wages. On the other hand, in many developed countries, including Japan, there has been a long-standing decline in the share of total employment attributable to manufacturing. Manufacturing sectors, particularly electrical and optical machinery and electronics, achieved rapid labor productivity growth by making use of new technology and promoting an international division of labor. However, demand growth has not been large enough to exceed the rate of productivity growth in these sectors, resulting in a trend decline in those sectors' employment and nominal value-added shares. Instead, the shares of services sectors have been increasing even though the productivity growth in these sectors is much smaller than in the globalized manufacturing sectors. Such structural changes put downward pressure on the macro-level productivity growth rate. This paper emphasizes the importance of aggressively investing in intangible assets to improve macro-level productivity, particularly in the services sectors, which have been expanding in the share of total economy, but struggling with low productivity growth.

### The Globalization of Labor Markets and Attitudes towards Immigration

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Labor mobility across national borders has increased dramatically with the onset of globalization, giving rise to a significant increase in international immigration. This study investigates how manual, non-manual, and agricultural workers differ in their attitudes towards immigration. For this purpose, we use the World and European Integrated Values Survey, which includes a number of questionnaires aimed at understanding individual attitudes towards globalization and immigration for an extensive list of countries between the years of 1980 and 2014. The results in developed and former communist countries show that, as compared to their non-manual counterparts, manual workers have a more cautious attitude towards people even within the same country, and that manual and agricultural workers are more critical about globalization. In addition, the results demonstrate that, even controlling for these attitudes, manual and agricultural workers are less favorable towards immigration. On the other hand, in developing countries agricultural workers are more critical about globalization and less favorable towards immigration, while no significant differences are found among non-manual and manual workers. These results are consistent with previous findings that point to the importance of both economic factors and non-economic factors, such as cultural, social, and psychological factors, for explaining individual attitudes towards immigration.

### Issues with and Improvement Policies for Foreign Workers

**Takashi Moriya** (Ritsumeikan University)

In the context of Japan's declining birthrate, aging society, and the current and predicted intensification of labor shortages accompanying these, there is high expectation relating to the role of foreign workers. However, this also brings an array of problems, such as issues surrounding the work and admittance of foreign trainees and technical interns, illegal work by international students and the difficulty they experience gaining employment, in addition to the increasing difficulty foreign workers face finding regular employment. Consequently, some speculate that foreign

workers and Japanese companies will be at the center of an even greater gap between supply and demand after 2018. This study reveals and analyzes the various issues and challenges surrounding foreign students, trainees, technical interns, and workers, and in response, presents a plan for improving the design of systems such as those geared towards foreign students, trainees, technical interns, workers, and residents. The results of our analysis clarify that the reality of the issues surrounding the admittance and employment of these groups differs considerably depending on whether those in question are so-called low skilled trainees and technical interns, or mid- to high-skilled graduates of Japanese universities and graduate institutions. In particular, this study presents three proposals, entitled "Proposal to Improve Foreign Trainee and Technical Intern Training Systems," "Proposal to Address Issues with Regular Employment of Female Foreign Workers in Japanese Companies," and "Proposal to Address Issues with the Employment of Foreign Workers in Small- and Medium-sized Japanese Companies."

Locally Hired, Young Japanese Workers Abroad: Case Studies of the Labor Market in Düsseldorf and Bangkok

**Takahito Niwa** (Teikyo University)

The objective of this study was to reveal the actual situations of locally hired, young Japanese workers abroad by analyzing the records of 92 interviews conducted in Düsseldorf, Germany and Bangkok, Thailand. Qualitative and quantitative combined methods were adopted to analyze the data, especially using a text mining application called "KH Coder" (version 3.Alpha.13b). To begin with, I estimated the number of locally hired Japanese workers abroad based on the "Annual Report of Statistics on Japanese Nationals Overseas." 30% of all Japanese workers abroad, there were approximately 90,000 locally hired Japanese workers working in the whole world in 2016. In spite of the fact that the number of locally hired Japanese workers and the unemployment rate had been positively correlated during the 1990s, these data have been negative since the 2000s. One possible reason for this, is that the influence of labor market conditions in Japan has been weakening the trend of locally hired Japanese workers abroad. The results of my text mining analysis make it clear that the labor markets of both cities are open to young Japanese workers, even those who do not have good English skills, because many Japanese companies have aggregated there, forming a large Japanese community. In addition, quality of life is a significant reason that Japanese workers are attracted to Düsseldorf. In Bangkok, on the other hand, locally hired Japanese males, in particular, work with a strong awareness of other Japanese people around them. These results suggest that locally hired, young Japanese workers are realizing new working styles, that is difficult to achieve in Japan, in both emerging and developed countries.

Utilization of Local Employees in Foreign Subsidiaries of Japanese Companies: From the Perspective of Decision-making Authority

**Kiyohiro Oki** (The University of Tokyo)

This paper discusses the actual situation and problems with utilizing local employees in foreign subsidiaries of Japanese multinational corporations (MNCs). This study presents two questions. The first question is, how is decision-making authority in foreign subsidiaries of Japanese MNCs allocated among headquarters, expatriates, and local employees? The second question is, how is the performance of foreign subsidiaries of Japanese MNCs related to the allocation of decision-making authority among headquarters, expatriates, and local employees? This study answers these two questions by conducting a quantitative analysis based on a questionnaire survey of 229 Japanese manufacturing subsidiaries in Southeast Asia. We found that 1) decision-making authority is not given to local employees; 2) there is a negative association between subsidiary or factory performance and the levels of authority of the headquarters; 3) a positive association exists between subsidiary or factory performance and the levels of authority of expatriates; and 4) a positive association exists between subsidiary performance and the levels of authority of local employees. This association is stronger than the positive association between subsidiary performance and the levels of the

expatriates' authority. Based on these findings, this paper suggests that although it may be necessary to delegate authority to local employees to improve the performance of subsidiaries, it is not always necessary to delegate authority to local employees to improve factory performance.

#### Role and Challenges of International Labour Standards in the 21st Century

**Shin-ichi Ago** (Ritsumeikan University)

The basic objective of international labour standards, which were established in the beginning of the 20th century to cope with the social evils of international society, have not evolved in the contemporary world, even in this globalized society. The purpose of international labour standards will, therefore, continue to remain the same in the 21st century. One difference may be found, however, in the recognition that these labour standards should be conceived of as one of the most important implementation tools for attaining the objectives of the SDGs. On the other hand, the rather radical expansion of globalism after the turn of the century is challenging the traditional setting of standards and the supervision of standards in their manner. A fitting title was given to a report on the 75th anniversary of the ILO: "Defending Values, Promoting Change." This basic idea still remains intact for the ILO's 100th anniversary. In other words, the strict observation of international labour standards ("defending values") on one hand, and their strategic relativization ("promoting change") is being sought within the framework of securing the implementation of the standards, on the other hand. Relativization is perfect for diversifying the implementation mechanisms, including more use of soft means. The "Future of Work" initiative, scheduled to be adopted at the centenary celebration, should include these two aspects of international labour standards in the 21st century.