

Highly Skilled Immigrants' Occupational Choices and the Japanese Employment System¹

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Abstract

This paper investigates the characteristics of educated immigrants' occupational choices using microdata from the 2000 and 2010 Japanese censuses. Considering the practices of the Japanese labor market, we assume that educated immigrants who missed the timing of “port of entry” just after graduation find it difficult to join individual firms' internal labor markets, and such people have little choice but to work in Type I (professional or technical) occupations using general skills or their country-specific skills to complement Japanese workers. In contrast, we assume that educated immigrants who have lived in Japan for relatively longer or Japan-educated immigrants can choose either Type I or Type II (managerial or clerical) occupations and commit to the Japanese employment system (JES). Using data analysis, we observe striking differences between Type I and Type II immigrants. Immigrants from developed countries are more likely to work in Type I occupations while those from East Asian countries, such as Korea and China, are more likely to work in Type II occupations. This variation can be partly explained by the industry in which they concentrate, their period of stay in Japan, and their place of education (Japan or otherwise). The different nature of embeddedness in the JES also affects the networks on which workers of each type depend when they are looking for employment in a given region. While Type I immigrants are more likely to obtain a job in an area with a greater number of Japanese workers in the same industry as compared with Type II immigrants, they are less likely to work in an area with a larger population of immigrants of the same nationality. Instead their decisions on occupational location have been more affected by a highly-skilled network regardless of nationality. Also, for Type I workers, the highly-skilled immigrants' network has contrasting effects depending on economic conditions.

Keywords: Highly skilled immigrants, Professional occupation, Japanese employment system

JEL classification: J15, J44, J61

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