Labor segmentation and the outmigration intention of highly skilled foreign workers:
Evidence from Asian-born foreign workers in Japan[1]

Yang LIU
RIETI

Abstract

   This study examines the determinants of the outmigration intentions of highly skilled foreign workers, i.e., workers received post-secondary education, following conventional migration theories. The results found that education level and average wage gap did not significantly affect outmigration decisions. However, the labor segmentation variable, which represents the firm's differentiation between foreign and native workers, has a significant estimated effect. Results indicate that employees of firms that differentiate between foreigners and native workers are more likely to outmigrate from Japan. The explanation could be that labor segmentation reduces foreign workers' expected future wage. Furthermore, the lifetime employment system in Japan could reduce the outmigration of foreign workers, because the reduced future unemployment risk increases workers' expected wage from working in Japan. Moreover, a higher current job satisfaction could have a negative effect on foreign workers' outmigration intention. Finally, among the control variables for the original migration motivations, foreign workers who were motivated by the Japanese lifestyle tend to remain in Japan, while foreign workers who were originally motived by wages are more likely to outmigrate in future.