Realities and Changes in Japanese Firms Behavior of Employing Foreign Workers: Focusing on the Transitional Period of Labor Migration Policies

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Abstract

Since the 2010s, changes in immigration policy have led to a significant increase in the employment of foreign workers in Japan. Small and medium-sized enterprises primarily hire blue-collar foreign workers, while large firms are eager to employ white-collar foreign professionals, partly driven by strategic diversity management initiatives. However, existing studies often focus on the static relationship between foreign employment and basic firm attributes, overlooking the dynamics of foreign employment behavior and the status of diversity promotion in response to evolving foreign employment policies. To address this gap, we conducted a time-series analysis of foreign employment trends from 2010 to 2022, a transition period in foreign employment policy, using CSR panel data.

The findings revealed a strong correlation between the total number of foreign employees and the hiring of white-collar foreign managers. However, no significant impact of diversity promotion initiatives on either measure was observed. Although the number of foreign employees has increased substantially in recent years, the growth in foreign managers has been limited. On the other hand, when analyzed by the number of employing firms, while there was a marked rise in firms hiring foreign nationals starting in 2020, a steady increase in firms employing foreign managers has been evident since 2015. These findings suggest that (1) the overall growth in foreign employment can be attributed to the increase in firms already employing foreign workers, (2) the number of foreign managers can be attributed to the rise in firms hiring foreign managers, and (3) the diversity promotion in companies does not necessarily correlate with a tangible increase in foreign employment.

Keywords: Japanese firms, Employment of foreign workers, Diversity promotion, Foreign managers, Panel data analysis