Closing Japan’s Global Talent Gap

グローバル人材ギャップの縮減:
日本企業における熟練外国人労働者

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September 3, 2015
Global talent

Foreign global talent/skilled migrants

Native global talent

海外のグローバル人材/
熟練労働移住者

日本の
グローバル人材
Benefits of global talent

- Bring unique, complementary skills to the economy
- Increase opportunities for international business & scientific collaboration
- In-depth knowledge of foreign societies / technical skills
- Fill labor shortages
- Reduce deficits

(Borjas 1999; Regets 2007; Chaloff & Lemaitre 2009)
Japan’s foreign global talent

Nationality of Skilled Visa Holders

Foreign Residents in Japan on Skilled Visas

- China: 40%
- Korea: 13%
- Other Asia: 22%
- North America: 12%
- Europe: 9%

日本における海外からのグローバル人材

- 中国: 40%
- 韓国: 13%
- その他アジア: 22%
- 北米: 12%
- 欧州: 9%
Japan's foreign global talent in international comparison

海外からのグローバル人材：国際比較

250,000-500,000 skilled migrants (est 2012)

Skilled Migrants as a % of Population

Japan data: 2012 (MOJ)
Other countries: 2000/2001 (Dumont and Lemaitre 2005)
Where does the global talent gap come from?

海外からの
グローバル人材:
何処から?
Survey Target: Foreign and Japanese white-collar employees, working in the same sections at the same firms

# of Firms: 11 (most 1000+ employees, manufacturing, wholesale)

# of Respondents: 520 (440 Japanese, 80 non-Japanese)

Survey Period: February-April 2015

Survey Method: Internet

Survey Languages: Japanese, English, Mandarin Chinese
Foreign survey respondents

For e ign Survey Respondents (N=80)

N. America 24%
Europe 9%
China 46%
Other Asia 19%
Korea 9%

Nationality of Skilled Visa Holders

Europe 9%
North America 12%
China 40%
Other Asia 22%
Korea 13%
<table>
<thead>
<tr>
<th></th>
<th>Japanese</th>
<th>Foreign</th>
<th>Overall</th>
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<tbody>
<tr>
<td>% Women</td>
<td>30%</td>
<td>50%</td>
<td>33%</td>
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<tr>
<td>% Younger than 30</td>
<td>20%</td>
<td>50%</td>
<td>24%</td>
</tr>
<tr>
<td>% Education MA or higher</td>
<td>21%</td>
<td>51%</td>
<td>26%</td>
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<td>% Seishain</td>
<td>68%</td>
<td>71%</td>
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Japan’s strengths and weaknesses

Percent of Respondents Who Prefer Japan Compared to Other Countries Where They Have Lived (Various Aspects)

- Career advancement opportunities
- Salary
- Education for children
- Ease of finding suitable housing
- Working conditions
- Economic conditions
- Social security

日本の長所と短所
Importance of job satisfaction for intent to stay
長期滞在のためには就業満足度が重要

Relationship between job satisfaction and future plans

Job Satisfaction

Live in Japan  Maintain residence in Japan & elsewhere  Leave Japan / Unsure

Non-Japanese (N=80)
Individual choice in career path
キャリアパスにおける個人の選択

“I don't see a path for me to get above a ceiling now unless I take a role I don't want to take....[I] was offered to take a [XYZ] role. I am not interested in doing that. I've been doing [ABC]. If you take a role as head of [XYZ], I'm never going to get out of [XYZ]. And I've been saying for several years, I don't want that role. They keep coming back to me with it. I was telling them I would like to do this, I'd like to go here. And still no. So just a total ignoring what somebody wants to do... Shot myself in the foot. Guess I'm not going to get necessarily any other promotions.”

– 40s, Oceania, male
individual choice in career path

キャリアパスにおける個人の選択

大橋さんは現在の会社で15年間勤務しています。その間、大橋さんはコンピュータエンジニアリングの専門家となり、一方で広報でも短期間勤務しました。現在は複数のエンジニアのチームを指導しておりこの仕事を得意としていますが、大橋さんは上司たちに、広報の仕事のほうが好きだったのでまたその仕事に挑戦したいと伝えます。しかしこの会社は新しい製品を開発しており、上司たちは大橋さんのその職務における専門知識と実績から、エンジニアリングチームの指導を続けてほしいと考えています。

大橋さんはあなたの会社で勤務している場合、人事部は大橋さんの配属についてどうすると思いますか？

☐ 人事部はおそらく大橋さんを広報に配属する。

☐ 人事部はおそらく大橋さんをエンジニアリングの管理職に配属する。

☐ 人事部はおそらく大橋さんを広報にもエンジニアリングの管理職にも配属しない。おそらく他へ配属する。

Company Averages: 72% - 95%
Individual choice in career path

キャリアパスにおける個人の選択

Predicted Job Satisfaction by the Degree to which Individual Preferences are Reflected in Job Placement

Mean Percent of respondents who said their company would prioritize individual preferences
Individual choice in career path: job change
キャリアパスにおける個人の選択: 転職

Coworkers’ Attitude Towards Job Changers and Job Satisfaction

Job changers criticized
Job changers not criticized

- Japanese women
- Japanese men
- Foreign women
- Foreign men
“An environment where job change is accepted is easier for foreigners to work in. If there are job changers from other companies, they create an more open environment where different ideas and perspectives are valued. That’s a good environment for foreign workers.”

– 30s, China, female
Lack of information

Proportion of Respondents Who Say Company Provides Enough Information About Careers

会社からの情報提供
Information about career options and job satisfaction

会社からのキャリア・パスに関する情報提供と就業満足度

Relationship Between Receiving Enough Info About Careers & Job Satisfaction

Predicted Satisfaction

Not enough info

Enough info

Foreign women

Japanese women

Foreign men

Japanese men
Beyond improving communication

Interviewer: Do you think if companies improve communication about career options, foreign workers will feel more satisfied with career options?

Respondent: No. The important thing is for companies to provide BETTER options, not to just improve communication. Improving communication is good, but it’s not enough. – 30s, China, female
Income profiles

Annual Income by background and sex
(adjusted for age, tenure, education, and working hours)

Starting income | Current income
---|---
Japanese men | Japanese women | Foreign men | Foreign women

所得水準
Why income inequality matters

Predicted Income ≤

Tenure
Age
Education
Working Hours

Actual Income - Predicted Income = Measure of Advantage

>0 = Advantage
<>0 = Disadvantage
Why income inequality matters

Income Disadvantage and Job Satisfaction

Japanese men  Japanese women  Foreign men  Foreign women

Measure of Advantage (1000s of yen)

Predicted Satisfaction
Mentoring and information

Proportion of Respondents Who Get Enough Info About Career Paths

- Foreign men
- Foreign women
- Japanese men
- Japanese women

Mentor or No mentor

Proportion of Respondents Who Get Enough Info About Compensation

- Foreign men
- Foreign women
- Japanese men
- Japanese women

Mentor or No mentor

メンター制度と情報提供

Proportion of Respondents Who Get Enough Info About Career Paths

- Foreign men
- Foreign women
- Japanese men
- Japanese women

Mentor or No mentor

Proportion of Respondents Who Get Enough Info About Compensation

- Foreign men
- Foreign women
- Japanese men
- Japanese women

Mentor or No mentor
Mentoring and pay inequality

Income Advantage and Mentoring

Annual Income Advantage (1000s of yen)

No mentor

Mentor

Japanese men

Japanese women

Foreign men

Foreign women
How is mentoring linked to inequality?
メンター制度と所得格差との関係

Non-causal
Companies assign mentors to poorest paid employees and mentors are ineffective at improving career outcomes.

Causal
Mentors somehow damage their mentees’ career prospects, for example by providing incorrect information.
Diversity training and job satisfaction

異文化間ビジネス研修と職場満足度

Participation in Diversity Training and Job Satisfaction
Diversity training and pay inequality
異文化間ビジネス研修と所得格差

Nationality gap = -500

Annual income of foreigners is ¥500,000 less than Japanese men, after adjustments for age etc.
How is diversity training linked to inequality?

Non-causal
Companies aware of their problems with inequality are more likely to introduce diversity training.

Causal
Presence of diversity training makes people less likely to notice or acknowledge inequality.
Diversity training “activates” stereotypical beliefs or creates resentment, leading to discrimination.

(Kalev et al. 2006; Kaiser et al. 2013: 504; Dover et al. 2014)
Merit pay

成果主義の導入

“Japanese employment practices take long-term career development and stable employment for granted. This employment system can't adequately meet foreign skilled workers' expectations for pay based on performance, which can push skilled foreign workers to depart for labor markets in foreign countries.”

「長期育成・安定雇用を前提とした日本の処遇制度では、成果に基づく報酬を求める外国人材の要求に応えきれず、外国人材が海外の労働市場に流出する原因となり得る。」

- Report for MHLW 株式会社富士通総研, 2011
Merit pay & job satisfaction

Foreign workers’ job satisfaction, by merit pay

Degree to which raise and bonus are determined by performance evaluation
Merit pay & inequality

Income Advantage by Merit Index

Annual Income Advantage (1000s of yen)

Degree to which raise and bonus are determined by performance evaluation

Japanese men

Japanese women

Foreign men & women
How is merit pay linked to inequality?

成績主義と所得格差との関係

Neutral
Foreign workers lack the language or cultural skills they need to receive good performance evaluations.

Discriminatory
Foreigners receive lower performance scores even if they perform equally with their Japanese colleagues. Even when foreigners receive the same performance scores as Japanese, they receive lower raises and bonuses.
Summary

Poor career prospects for global talent

Japan’s Global Talent Gap
Summary

Challenges

• Lack of flexibility & choice
• Lack of information
• Inequality

Responses

• Mentoring
• Diversity training
• Merit pay
Recommendations

• Assess inequality and investigate reasons (Consider participation in this survey!)

• Assign designated staff to identify problems, propose and implement solutions, and monitor progress (e.g. Kalev et al. 2006)

• Broadly foster responsibility for addressing inequities (e.g. Castilla 2015)

• Invest (equally) in training foreign workers

• Hire foreign managers