

Equity and Ethnicity:

Managing Global Talent in Japan

Hilary J. Holbrow

International Research Fellow, Canon Institute for Global Studies

Ph.D. Candidate, Sociology, Cornell University

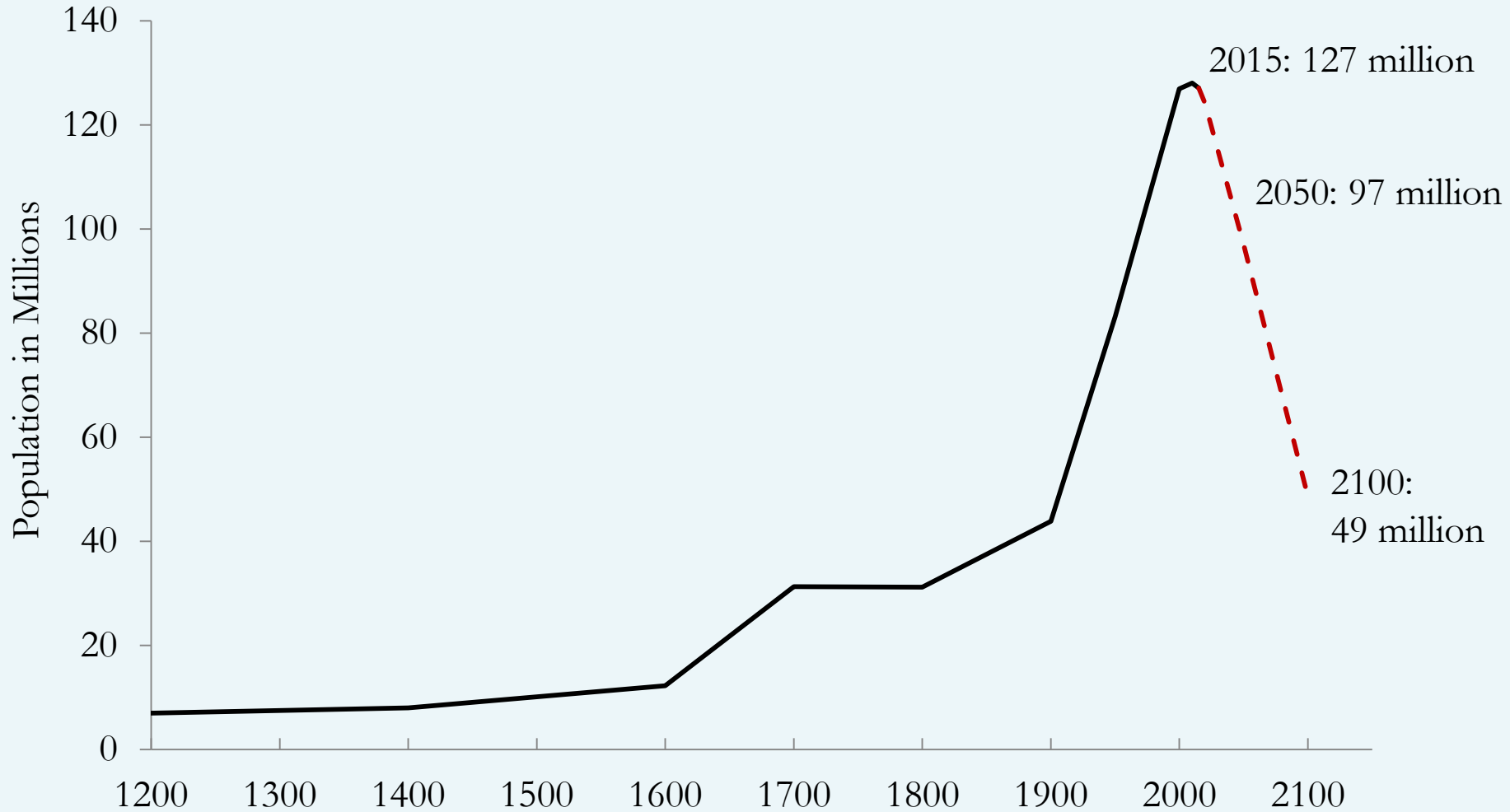
hjh55@cornell.edu

January 18, 2017

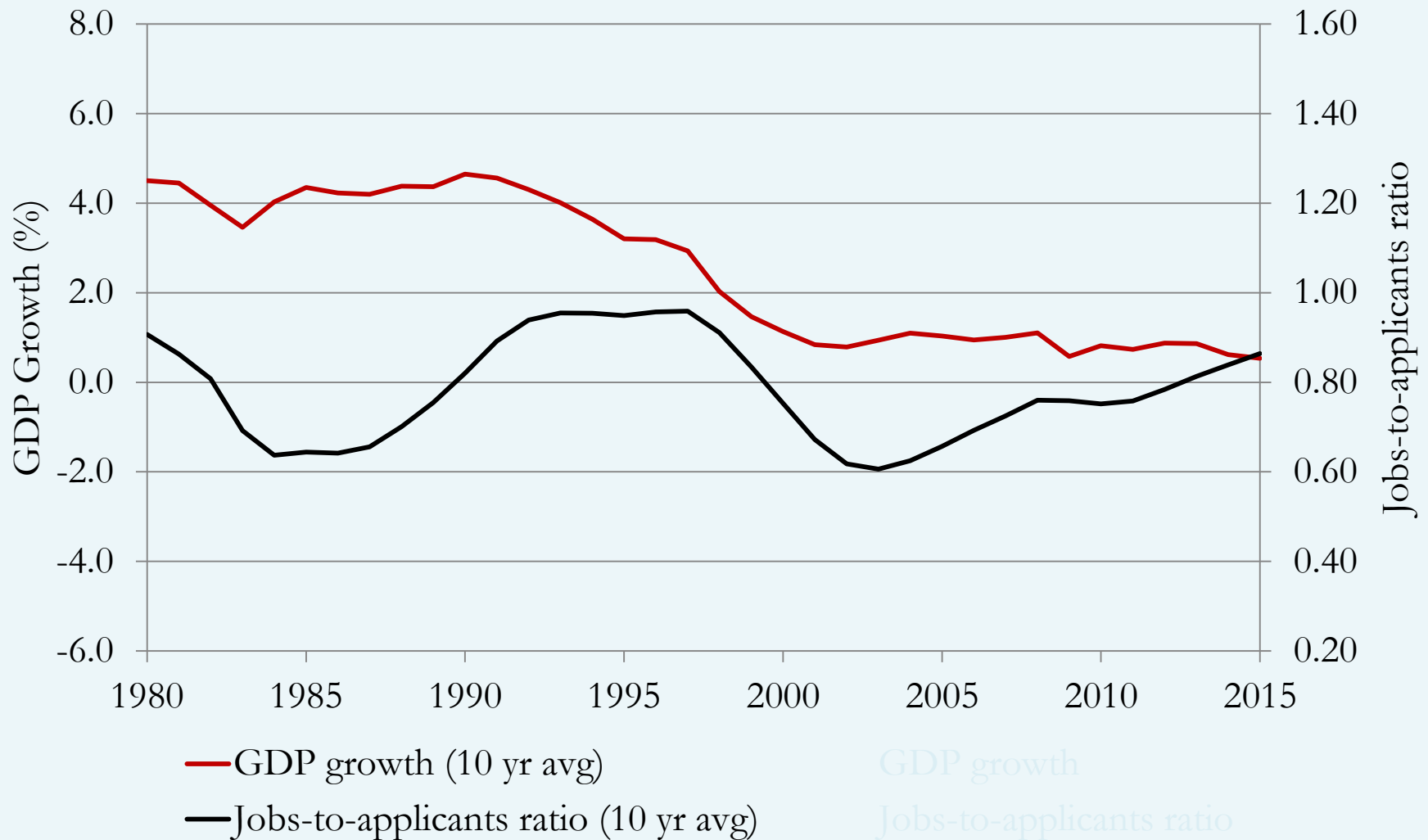
Japan's Homogeneity



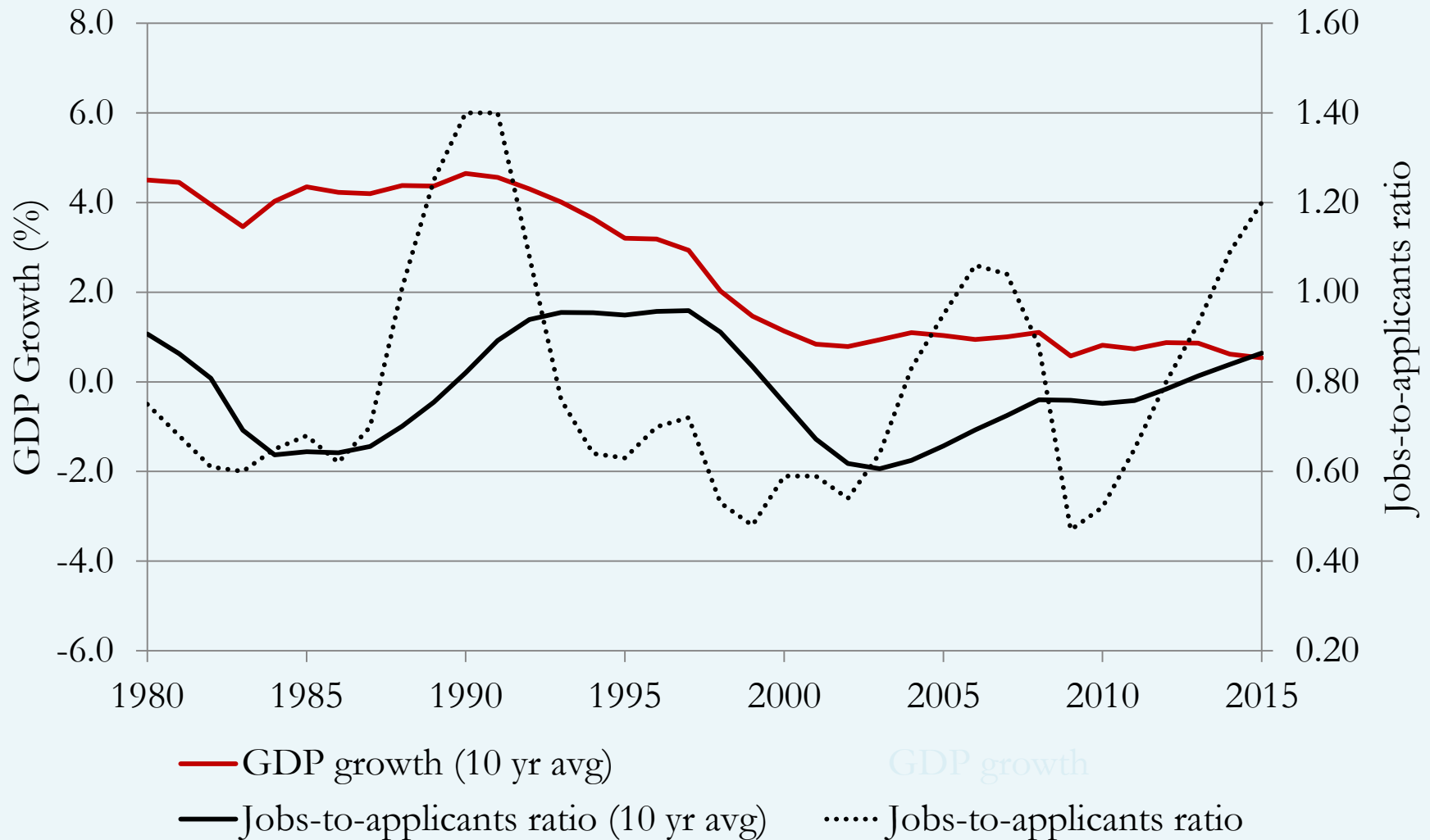
Why study immigrants to Japan?



Why study immigrants to Japan?



Why study immigrants to Japan?



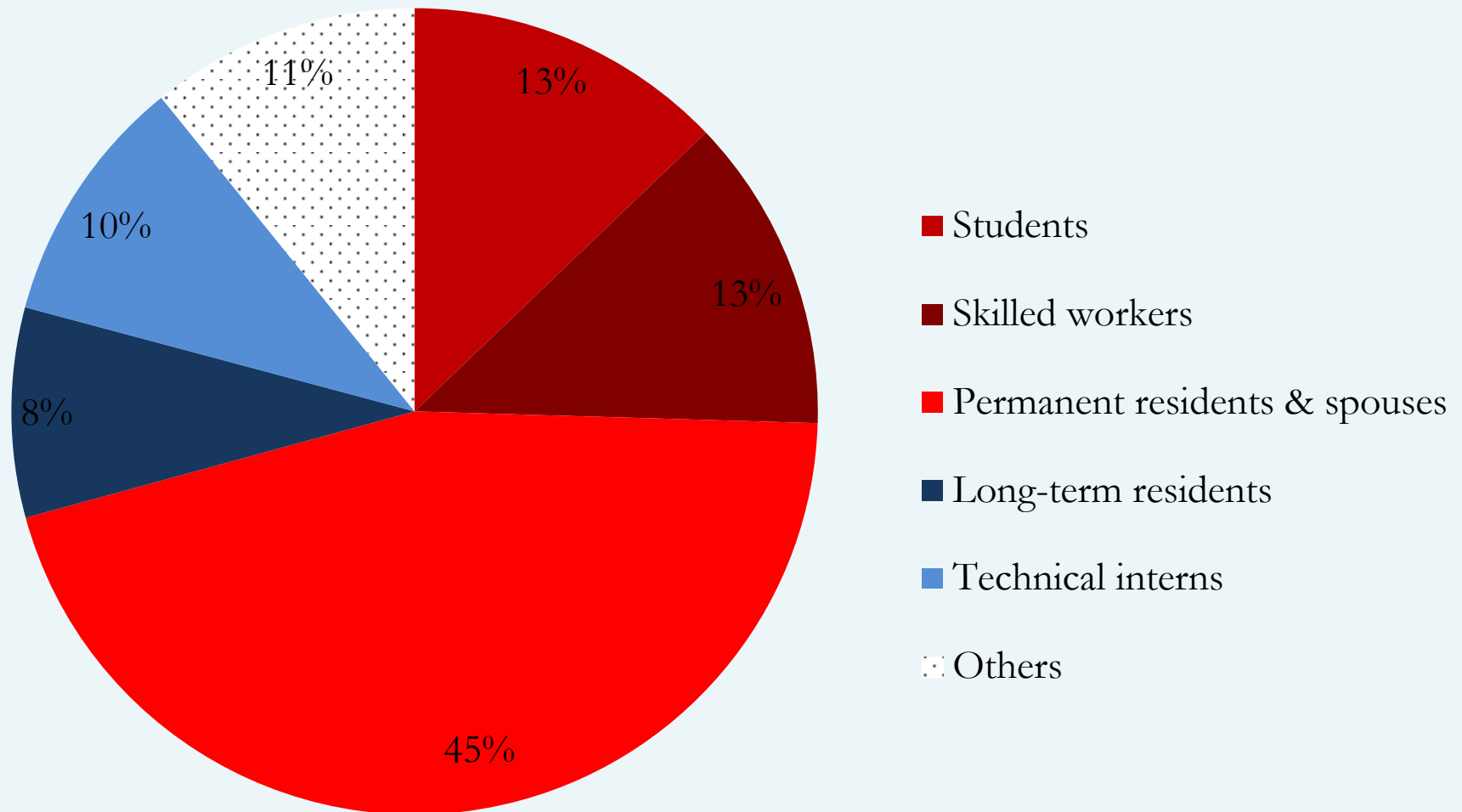
Japan studies perspective

Shrinking population and tight labor mean that Japan will get more ethnically diverse, probably very quickly.

What are the implications of this?

Why study immigration to Japan?

Foreign Residents by Visa Type



Global perspective

Japan's conservative, highly selective immigration regime is becoming a model for other countries.

Governments, including the Japanese government, make the assumption is that if immigration policy is more restrictive, the government does not have to intervene to prevent inequality between immigrants and natives or to facilitate social integration of immigrants.

How do highly selected immigrants actually integrate? Are governments' assumptions justified?

Research question 1

Do skilled immigrants to Japan face ethnic bias or prejudice in the workplace?

Yes: Respondents in a national poll report that they “cannot accept” coworkers who are Chinese (33%), South Korean (31%) or North American (22%) and European (22%).

No: More positive attitudes towards “high status” foreigners (Kobayashi et al. 2015); Concerns may have to do with language ability or communication problems, rather than ethnicity (e.g. Tokunaga 2008).

Research question 2

Does ethnic bias/prejudice in the workplace negatively affect skilled immigrant workers' earnings?

Yes: Ethnic biases **lower** immigrant workers' earnings relative to Japanese.

No: **No inequality** between immigrants and foreigners; or **foreigners have an earnings advantage** over Japanese employees.

or

There is **inequality, but it is not caused by bias**. (E.g. performance differences by ethnicity; policies that disadvantage foreign workers).

Data

Survey Target :	Foreign and Japanese white-collar employees, working in the same sections at the same firms
# of Firms :	12 (most 1000+ employees)
# of Respondents:	536 (99 foreigners, 437 Japanese)
Survey Period :	February-April 2015
Survey Method:	Internet
Survey Languages:	Japanese, English, Mandarin Chinese

Immigrant worker characteristics

Ethnicity:	55 Chinese, Taiwanese, and South Korean (EA) 29 European, North American, Oceanian (W) 15 Other (mostly Southeast Asian) (SEA)
Age:	33 years old (40 years old)
Gender:	53% male (70% male)
BA+:	100% (91%)
Yrs. in Japan:	10 years (39 years)
Japanese:	75% advanced or fluent (100%)

Measuring ethnic bias

Ask foreigners if they experience bias?

Ask Japanese about attitudes towards other groups?

Solution: survey experiment with vignettes

Takahashi / Wang / Kim / Smith
Tanaka / Li / Pak / Brown

Sato-san and Takahashi-san are responsible for entering the sales records of employees in their department into a computer database. Supervisors use the information in the database when they evaluate employees. One day, Sato-san needs to look up information that Takahashi-san entered the week before. He finds that Takahashi-san's entries do not match records kept elsewhere. Sato-san decides to check some of Takahashi-san's other work. He finds that, in fact, all Takahashi-san's entries for the past 8 weeks, and possibly even longer, are false. It appears that Takahashi-san exaggerated his own sales records and those of his friend. Sato-san tells his supervisor what he has discovered.

How should the supervisor respond?

Check what the supervisor should do. You may check more than 1 item.

- The supervisor should not do anything.
- The supervisor should have a discussion with Takahashi-san about his behavior.
- The supervisor should have a discussion with other employees in his section about Takahashi-san's behavior.
- The supervisor should have a discussion with other managers or HR about Takahashi-san's behavior.

Should the supervisor or HR issue a formal warning or punishment for Takahashi-san?

Yes No

What type of formal warning or punishment would be the most appropriate for Takahashi-san?

Warning One-time salary reduction Unpaid suspension from work Demotion Firing Other, please specify:

Negative vignette

Sato-san and Takahashi-san are responsible for entering the sales records of employees in their department into a computer database. Supervisors use the information in the database when they evaluate employees. One day, Sato-san needs to look up information that Takahashi-san entered the week before. He finds that Takahashi-san's entries do not match records kept elsewhere. Sato-san decides to check some of Takahashi-san's other work. **He finds that, in fact, all Takahashi-san's entries for the past 8 weeks, and possibly even longer, are false. It appears that Takahashi-san exaggerated his own sales records and those of his friend.** Sato-san tells his supervisor what he has discovered. How should the supervisor respond?

Penalties with no economic consequence (Informal discussion; warning)

Penalties with short-term economic consequence (Unpaid leave; temporary pay cut)

Penalties with long-term economic consequence (Demotion; firing)

Recommendation of long-term punishments

Overall: 29.9% (N=154)

By respondent ethnicity:

J	EA	SEA	W
29.9%	17.7%	27.3%	48.4%

Western respondents more punitive

By vignette ethnicity
(EA & SEA removed):

J	C	K	E
29.4%	35.7%	35.2%	31.2%

Harsher punishment for East Asians

By vignette ethnicity (W removed):

J	C	K	E
28.8%	32.8%	28.6%	23.7%

Gentler
punishment
for Westerners

Positive vignette

Li-san has been assigned to negotiations with vendors that his company uses for business services. Recently, business costs have been rising, and his supervisor tells Li-san that he should do his utmost to control the costs, even if it means breaking off relationships with long-term vendors and finding new ones. However, **Li-san successfully negotiates with his company's two largest existing vendors to lower their prices by 5%**, while keeping the level of services the same. This keeps overall costs in control and means that employees at Li-san's firm can continue working with the familiar vendors. How should the supervisor respond?

- Rewards without economic consequences (private or public praise)
- Rewards with short-term economic consequence (increased bonus)
- Rewards with long-term economic consequence (promotion)

Recommendation of long-term rewards

Overall: 21.5% (N=107)

By respondent ethnicity:

J	EA	SEA	W
18.0%	31.5%	53.9%	23.3%

East and South East Asians recommend higher rewards

By vignette ethnicity
(EA & SEA removed):

J	C	K	E
17.3%	15.6%	17.5%	26.2%

Rewards for East Asians similar to Japanese

By vignette ethnicity (W removed):

J	C	K	E
17.4%	20.0%	21.2%	31.9%

Higher rewards
for Westerners

Answers to RQ 1

Do skilled immigrant to Japan face ethnic bias or prejudice in the workplace?

Some evidence that East Asian skilled immigrants face negative ethnic bias in the workplace. But bias appears mild.

No evidence that Western skilled immigrants face negative ethnic bias.

Indications that Western skilled immigrants experience *positive* ethnic bias.

Measuring economic impact of ethnic bias

All else equal, is there a larger negative (positive) earnings gap between East Asian (Western) immigrants and Japanese employees in firms with higher levels of bias?

Company-level measure of negative bias against East Asians:

% of J/W respondents who recommend harsh punishments for “Wang-san” or “Kim-san”
minus

% of J/W respondents who recommend harsh punishments for “Takahashi-san.”
+ numbers = negative bias (6 out of 12 firms)

Company level-measure of positive bias towards Westerners

% of J/EA/SEA respondents who recommend high rewards for “Brown-san”
minus

% of J/EA/SEA respondents who recommend high rewards for “Tanaka-san.”
+ numbers = positive bias (11 out of 12 firms)

Measuring economic impact of ethnic bias

Model respondents' annual income (1000s of yen) using HLM
(hierarchical linear models)

Adjust for nationality differences in gender composition, years of education, age, tenure, work hours, Japanese language ability, and English language ability (fixed effects)

Adjust for different levels of pay by firm and section (random effects)

For East Asians: Interaction between *binary variable* for negative bias and ethnicity

For Westerners: Interaction between *continuous variable* for positive bias and ethnicity

East Asian disadvantage

	Beta	SE
Male	1,759.13***	279.44
Years of education	281.56**	90.91
Age	177.78	128.42
Age ²	0.86	1.58
Work hours	37.77*	16.11
Tenure	277.44***	55.12
Tenure ²	-8.98***	1.66
Advanced English ability	1,096.35***	292.35
Advance Japanese ability	-383.94	650.01
Ethnicity		
East Asian	295.60	647.91
Southeast Asian	337.06	1,182.17
Western	798.27	1,223.34
Negative bias towards EA (NBE)	2,391.26**	727.91
NBE * East Asian	-1,570.87+	824.24
NBE * SE Asian	-1,273.63	1,604.44
NBE * Westerner	-94.29	1,323.14

Individuals = 525, Sections = 80, Firms = 12

*** p<0.001, ** p<0.01, * p<0.05, + p<0.1

Interpreting East Asian disadvantage

In firms without bias: No evidence of wage differences between East Asians and Japanese, after adjustments

In firms with bias: East Asians earn about **1.5 million yen (14%)** less annually than comparable Japanese.

Bias may also affect Southeast Asians.

Western advantage

	Beta		SE
Male	1,874.87	***	278.25
Years of education	260.08	**	91.08
Age	161.74		127.79
Age ²	1.02		1.57
Work hours	33.79	*	16.02
Tenure	271.40	***	54.85
Tenure ²	-8.77	***	1.65
Advanced English ability	1,109.43	***	290.86
Advance Japanese ability	-651.17		638.73
Ethnicity			
East Asian	-867.57		475.85
Southeast Asian	203.08		1,379.87
Western	321.25		617.72
Positive bias towards Westerns (PBW)	-1001.46		1871.23
PBW * East Asian	2542.45		2069.04
PBW * SE Asian	9674.87		14224.35
PBW * Westerner	4949.67	**	1804.96

Individuals = 525, Sections = 80, Firms = 12

*** p<0.001, ** p<0.01, * p<0.05, + p<0.1

Interpreting Western advantage

In firms with below average PBW : No evidence of wage differences between Westerners and Japanese, after adjustments.

In firms with average PBW: Westerners earn about **0.2 million yen (2%)** more annually than comparable Japanese.

In firms with above average PBW: Westerners earn about **1.4 million yen (18%)** more annually than comparable Japanese.

Answers to RQ 2

Does ethnic bias/prejudice in the workplace negatively affect skilled immigrant workers' earnings?

Strong evidence that East Asians in firms with more biased employees earn less. This evidence is quite robust. (Continuous modeling/removal of companies estimated imprecisely do not change results)

No evidence that Western skilled immigrants ever face a disadvantage because of prejudice.

Some evidence that Western skilled immigrants experience wage advantage in firms with the most PBW. But this result is more tentative.

Returning to Japan studies perspective

Implications

- Gaijin/Nihonjin dividing line is less important in elite workplaces than the distinctions between different regional ethnic groups.
- As long as bias continues to dampen career chances of East Asians, Japan will be a less attractive destination for skilled immigrants from most important sending countries than it could otherwise be.

Returning to global perspective

Implications

- Even low levels of bias can affect immigrants' economic integration.
- High selectivity in immigration and employment does not eliminate problems of inequality.
- There is a role for business and government to step in to smooth the integration of even the most skilled immigrants. They may not be able to eliminate bias, but they can take measures to verify and enforce that pay scales are fair.