Research Note

Japan’s Measures to Attract International Students and the Impact of Student Mobility on the Labor Market

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International students in Japan have been increasing in number since the Nakasone administration launched an internationalization campaign in 1983 to attract 100,000 students by the early twenty-first century. While international students were expected to return to their home countries after graduation under this plan, the government’s objectives later shifted, culminating in its 300,000 International Students Plan in 2008. Beside the quantitative goal to attract 300,000 international students by the year 2020, this new plan actively promotes the hiring of international students in the Japanese labor market after their graduation. If this plan is successful, the country can expect the number of graduates applying for working visas to increase dramatically in the near future. Already, the number of working visas granted to these graduates has increased by more than three times over the period between 2002 and 2013. Based on data from the Ministry of Justice (MOJ) and the Japan Student Organisation (JASSO), this paper examines the recent changes in government measures to attract international students and analyses the impact of the growing number of these students entering the Japanese labor market after graduation.

Keywords: International, Students, Labor, Mobility, Japan

Introduction

In the past decade, international students graduating from Japanese colleges and universities have become an increasingly important source of skilled workers in Japan. In this paper, we use the term “skilled workers” for persons who are eligible for one of 10 working visa categories that require specialized skills specified by the Ministry of Justice (MOJ) and are applicable to international graduates of universities and colleges: Professor, Journalist, Investor/Manager, Legal/Accounting, Medical Services, Researcher, Instructor, Engineer, Specialist in Humanities/International Services, and Skilled Labor. In the categories of Engineer and Specialist in Humanities/International Services, in particular, the number of working visas granted to international graduates grew more than 300% and 400%, respectively, between 2002 and 2008 (MOJ 2008 and 2014A). After declining during the economic recession that began in 2008, the total number of working visas granted to graduates grew almost 50% from the 2010 level to 2013. At that rate of growth, the 2010 figure could almost double by 2017. Such a projection, however, is dependent on the success of the Japanese government’s recent strategies for attracting international students. Most importantly is its 300,000 International Students Plan, launched in 2008. The plan not

1 With respect to other working visa categories, Intra-Company Transferee is not relevant for international graduates entering the workforce because it covers workers already employed at a firm for at least one year. Similarly, the categories of Diplomat and Official are not particularly relevant for international graduates because they are mainly reserved for specially appointed personnel of foreign governments. Finally, we do not regard the working visa categories of Artist, Religious Activities, or Entertainer as relevant to skilled labor in Japan.
only sets a highly ambitious target of 300,000 international students enrolled in Japanese colleges and universities by 2020, but also aims to facilitate the entry of international graduates into the labor market. If successful, this plan would drastically increase the number of these graduates employed in the country. As such, the objectives of the 300,000 International Students Plan along with other related measures, such as the Global 30 Project, mark a major shift from past policies regarding international students, and suggest that the Japanese government foresees such graduates as a potentially vital source of skilled workers who have been successfully integrated into Japanese society.

The growing number of international students entering the labor market is an outcome of Japan’s first plan to attract international students beginning in the 1980s. Since that time, the country experienced a series of debates regarding foreign workers and immigration that provided the backdrop for major shifts in the government’s positioning of international students in relation to the labor market. Based on an analysis of documents and statistics we compiled from the Ministry of Justice (MOJ) and the Japan Student Organisation (JASSO), we examine the government-led measures that resulted in a major increase in the international student body, and the growing importance of international graduates entering the Japanese labor market.

1. Japan’s first plan to attract international students and its impact on the labor market

The number of international students in Japan began increasing after the Yasuhiro Nakasone administration launched an internationalization campaign in 1983 to attract 100,000 students by the early twenty-first century. The plan was primarily intended to promote mutual understanding between Japan and foreign countries as well as to help foster human resources in developing countries (Shao 2008). In order to achieve the target of 100,000 students, Japan shifted its emphasis from providing government-funded scholarships to increasing the size of its independently financed international student body. Toward this end, the government simplified visa procedures for international students in 1984 and permitted them to engage in part-time jobs to help pay for tuition and living expenses (Ishikawa 2006: 9).

As Figure 1 shows, the impact of the plan was immediate, with the number of international students increasing fivefold over the first decade from 10,428 in 1983 to 52,405 in 1993. Numbers leveled off for several years from thereon, partially due to the burst of Japan’s bubble economy and the recession that followed in the 1990s. Intent on achieving its target, however, the government once again simplified visa application procedures and eased restrictions on working part-time jobs, allowing up to 28 hours per week (Ishikawa 2006: 14). Consequently, the number of international students began rising again, growing from 51,298 in 1999 to 109,508 in 2003, finally surpassing the target of 100,000 international students after almost two decades.

Figure 1: Total number of international students from 1983 to 2003

Source: JASSO 2014
The government’s efforts to increase the number of international students under the plan impacted the labor market in two major ways. Firstly, it resulted in an influx of cheap, unskilled labor as many pre-college students took advantage of simplified student visa procedures to enter Japan with the intention of working rather than applying to a higher education institution (Chiavacci 2012: 33). This was possible because students could register in any school, including Japanese language schools, to receive a visa (Shipper 2008: 41). Consequently, the number of pre-college students entering Japan grew markedly from 3,522 in 1984 to 46,644 in 1992 (IPSS 2013). Mainly coming from the southern regions of China, many of these pre-college students worked in badly paid, low skilled jobs (Chiavacci 2012: 33). In response, the Japanese government began regulating Japanese language schools and more strictly checking student visa applications.

Secondly, and more importantly from a long-term standpoint, the rapid growth in the number of international students resulted in a new source of skilled workers as an increasing number of them sought employment in Japan after graduation. At around the same time the government reached its target of 100,000 students in 2003, the number of international students transferring to the labor market started to rise steeply after hovering at relatively low levels of two to three thousand per year (MOJ 2003, 2008, 2014A). This trend is in line with the rapid growth in international students that started four years earlier, with the time lag reflecting the period of schooling (as shown in Figure 2). In fact, the number of international students that successfully changed from a student to working visa after graduation increased more than three times between 2002 and 2008, from 3,209 to 11,040, respectively.

Figure 2: Comparison of total international students and graduates receiving working visas

Sources: JASSO 2014, MOJ 2003, 2008, 2014A

2. Immigration debates and the 300,000 International Students Plan

The Japanese government’s first plan to attract international students led to significant, albeit unintended, changes in the labor force, resulting in the influx of both unskilled and skilled labor. These results were integrally tied to a series of public debates in Japan regarding the role of foreign workers and immigration. The first serious debate occurred in the late 1980s, in the context of the country’s bubble economy and consequent labor shortage. Amidst concerns over the extent that Japan’s labor market should be opened to foreign workers, questions were raised as to whether unskilled workers should be accepted. This debate faded, however, with the bursting of the bubble and end of the labor shortage in the early 1990s, and the issue of immigration was largely put on hold. Nevertheless, concerns regarding the country’s declining population and aging society led to a second major debate in the early 2000s. The issue was no longer about whether foreign workers were needed, but rather what kind of foreigners should be accepted and by what methods (Kondo 2008). In its intensive phase from 2004 to 2008, the debate led to comprehensive and even “revolutionary” proposals for immigration policy reforms (Chiavacci 2012: 39).
Against this backdrop, former Prime Minister Yasuo Fukuda announced the 300,000 International Students Plan in July 2008. Jointly created by six government ministries, including the Ministry of Education, Culture, Sports, Science and Technology (MEXT), the Ministry of Foreign Affairs, and the Ministry of Economy, Trade and Industry (METI), the plan aimed to attract 300,000 international students by the year 2020 as part of a “global strategy” to open up Japan to the rest of the world and expand flows of people, goods, money and information between Japan and other regions (MEXT 2008). While the target of bringing in 300,000 students within 12 years may appear overly ambitious, especially since almost 20 years were needed under the first plan to reach 100,000, the government’s confidence is understandable in light of the data at the time. Had the growth in international students followed the steep rise between 2000 and 2003, the target could be surpassed in 2017.

The framework of the 300,000 International Students Plan is comprised of five key measures: more actively promoting post-secondary study in Japan; improving accessibility of entrance examinations and easing enrollment and visa processes; promoting globalization of universities and other educational institutions, including the provision of more courses taught in English and the development of 30 universities as centers for internationalization; improving the environment for accepting international students, such as providing assistance with accommodations, offering scholarships, and promoting international exchanges; and facilitating the acceptance of international students in society after their graduation or completion of courses, such as by providing career services and extending the length of permitted stays (MEXT 2008: 3-5).

By promoting Japanese universities abroad, expanding courses taught in English, and easing enrollment and visa processes for international students, this framework actively supports student mobility to Japan. The final measure, however, has direct implications for Japan’s labor market. According to the ministries:

“To enable international graduates to take root and work actively in Japanese society, universities should make efforts, and in addition, the government, industry, and academia should collaborate with each other to promote the acceptance of international graduates in the whole of society through providing them with employment support, hiring them, and reviewing their duration of stay” (MEXT 2008: 4).

This position to accept international students in the Japanese labor market after their graduation goes far beyond former measures to recruit international students. While international students were expected to return home after graduation under the 100,000 students plan, the government was now officially encouraging international students to stay in Japan and even backing them with employment support. This marks a clear change in its former policies concerning international students since the 1980s, and shows that Japan is opening its doors to highly qualified international students.

3. Concrete measures and recent progress in attracting international students

Under the 300,000 International Students Plan, promoting globalization of universities and other educational institutions became a major focus of governmental policies on higher education. Accordingly, serious efforts have been made in the development and implementation of programs designated for international students. An increasing number of universities have started offering courses partially or fully taught in English, particularly in post-graduate programs in the natural sciences and management studies, as well as in undergraduate short-term programs that have been mainly developed for the purpose of accepting international students with little or no prior experience in Japanese language learning from diverse countries, especially English-speaking countries (Kudo and Hashimoto 2011). Furthermore, the government launched the Global 30 Project in 2009 as an initiative for designating and internationalizing 30 core universities. In the first year of the five-year project, 13 universities (seven public and six private) were chosen as core universities. These schools have been increasing the number of degree programs offered in English, and participating in promotional events and public relations activities outside Japan, including the “Study Japan!” fairs held worldwide, in order to attract potential overseas students. The initiatives under the Global 30 Project proved to be relatively effective, as the number of international students at the project’s selected core universities increased every year, growing by more than 40% from 16,178 in 2008 to 22,883 in 2013, in contrast to the decline in total international students from 2011 (see Figure 3).

Taken together, all of these measures produced results as the total number of international students at higher education institutes immediately increased from 123,829 in 2008 to 141,774 in 2010, a record level (JASSO 2014). Had the momentum from 2008 to 2010 been maintained, the government would have been back on track to achieve
its target of 300,000 students by about 2028, however, results again leveled off following the unforeseen earthquake and nuclear plant disaster that occurred in Japan in 2011. This trend may be temporary, as indicated by a recent increase in international students entering Japanese language schools, which should eventually lead to a rise in college and university students (JASSO 2014). But even if the most recent results turn out to be yet another dip before a steep rise that eventually leads to the goal of 300,000 students, the targeted year of 2020 appears all but impossible. In light of these results, the government will need to step up measures to return numbers to the steep incline that began at the turn of the century. Moving in this direction, the Ministry of Education, Culture, Sports, Science and Technology launched the Top Global University Project in September 2014 as a means of providing funding for internationalization projects at 37 universities. As a condition for receiving funding, all of the designated schools must improve their respective ratios of foreign faculty and students (MEXT 2014).

Figure 3: Comparison of total international students and those attending Global 30 schools

Source: JASSO 2014

4. The Impact of student mobility on the Japanese labor market

As we have shown, the Japanese government’s plan to attract international students led to a growing number of graduates applying for and receiving working visas. Over the 20-year period from the beginning of 1994 to the end of 2013, for example, a cumulative total of 128,947 international student graduates applied for working visas and 118,306 (91.7%) received them (MOJ 2003, 2008, and 2014A).

Figure 4 shows the total number of international graduates granted working visas and the breakdown by category of visa since 2002. After growing steeply for several years, the total number dropped sharply owing to the tough labor market in Japan amidst the global recession that began in 2008, but rose again within only two years and returned to the 2008 level by 2012. Figure 4 also shows how growth since 2010 has been following a similar trajectory as the period from 2005 to 2008. The number of working visas granted to graduates has grown 48.7% from 7,831 in 2010 to 11,647 in 2013 (MOJ 2013A). At that pace, the 2010 level could almost double over the next four years.

Most of the growth in the total number of visas granted has been accounted for by the Specialist in Humanities/International Services working visa, a broad category covering jobs related to language services, sales, management, trade, public relations, etc. The second largest working visa category is Engineering, a crucial type of skilled labor in a manufacturing-based country like Japan. In every year shown in the chart, these two categories combined accounted for the vast majority working visas granted to international graduates. The other categories

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2 As shown in Figure 3, the total number of students has declined for three consecutive years. If, from 2013, the rate of growth returned to the level between 2009 and 2010, the total number of students would fall short of 200,000 by 2020. To reach 300,000, an unprecedented 23,500 students on average would have to be added annually from 2013 to 2020.
combined accounted for about 16% of total visas granted in 2013. Among them, the Professor category has grown steadily over the years, while the Investor/Business Manager category grew rapidly from 2009 after remaining relatively insignificant in number in the past. Figures for the Researcher category have remained flat.

Figure 4: Working visas granted to international graduates by category

![Graph showing the working visas granted to international graduates by category from 2002 to 2013.]

Source: MOJ 2003, 2008, 2014A

In every year shown in Figure 4, these five categories accounted for over 98% of all working visas granted to international graduates. The other five types of relevant working visas requiring specialized skills, namely Skilled Labor, Journalist, Legal/Accounting Services, Medical Services, and Instructor, are clearly not important categories for international graduates.

Figure 5: Breakdown of applicable working visa holders by category in 2013

![Pie chart showing the breakdown of working visa holders by category in 2013.]

Source: MOJ 2013

In 2013, the number of foreigners holding one of these 10 working visas totaled 182,844 (MOJ 2013). The breakdown by category is shown in Figure 5. The five main categories of working visas granted to international graduates accounted for 75.7% of the total number of these working visa holders. Although the Skilled Labor category is comparatively large, it is not a major type of visa granted to international graduates. Thus, it appears that priority is given to applicants who have extensive work experience in this category, which covers jobs ranging from architects and airline pilots to sports coaches and chefs. Likewise, the Instructor category is not granted to international graduates in large numbers. This working visa is primarily for foreign language teachers at elementary
and high schools, which limit foreign language instruction almost exclusively to English.

In 2013, a total of 72,319 foreigners held a Specialist in Humanities/International Services working visa, the largest visa category of skilled workers (MOJ 2014A). As shown in Figure 6, 7,962 international graduates were granted this working visa in the same year, representing 11% of the total. The percentage of the total granted to international graduates had climbed from 7.5% in 2005 to 11.8% in 2007. With the onset of the global financial crisis and economic recession, however, the percentage sharply declined from 2008, reflecting the tendency for companies to limit hiring under such circumstances. Meanwhile, the total number of Specialist in Humanities/International Services visa holders remained fairly flat over the course of the economic recession and even the Great East Japan Earthquake of 2011. This suggests that while the industries employing these visa holders may be relatively stable and robust, hiring practices are highly dependent upon economic circumstances in this category. Nevertheless, the percent of the total began growing again from 2010, rising at a considerably higher rate than overall growth in the number of visa holders.

Figure 6: Specialist in Humanities/International Services working visas granted to international graduates compared to the total

Historically, the main source of international human resources receiving permission to work in Japan have been recruited from outside the country and accepted as new entrants. (International graduates in Japan, however, apply for a change of visa status in the country.) Figure 7 shows the number of visas granted to international graduates compared with new entrants in the Specialist in Humanities/International Services category. Between 2005 and 2007, the percent of graduates receiving visas grew at a faster rate than the growth rate for new entrants. International graduates actually overtook new entrants as the largest recipients of working visas in 2008. The steep drop in new entrants in that year was largely related to the bankruptcy of Japan’s largest English language school chain, Nova, in 2007, and its subsequent negative effects on the industry as a whole (private language school instructors are issued Specialist in Humanities/International Services visas). Since 2010, the rate of growth of visas granted to international graduates has been outpacing that of new entrants.
Turning to the Engineer working visa category, the percentage of total visas granted to international graduates has been around half of that for the Specialist in Humanities/International Services category (see Figure 8). In 2013, working visas were granted to 2,428 international graduates, representing 5.6% of the total of 43,038 visa holders. The total number of working visa holders more than doubled between 2004 and 2008, when it peaked at 52,273, reflecting the high demand for engineers in Japan. Although the rate of growth in international graduates has fluctuated at relatively low levels, as shown in the figure, it has been growing rapidly as a percentage of the total since 2010 against a gradual decline in total visa holders.

New entrants were a key source of engineers during the high growth period of total visa holders up to 2008, as shown in Figure 9. Following the global recession that began at the end of 2008, however, the number of new entrants fell dramatically, and has been recovering at a very moderate rate. In comparison, the number of Engineer visas granted to international graduates has been much more stable, indicating that this source of workers is less affected by economic conditions. The comparatively lower numbers, however, point to a shortage in the capacity of
engineering degree programs tailored for international students in Japan. The level in 2013 surpassed the peak of 2,414 in 2008, but it remains to be seen how high this growth can reach in the near future.

Figure 9: Comparison of Engineer working visas granted to international graduates and new entrants

![Graph showing comparison of visas granted to graduates and new entrants]


6. Future outlook and Conclusion

Since bottoming out in 2010 following the global economic recession, the number of working visas granted to international graduates of Japanese universities and colleges has been rising steadily. This is also the case for the two main categories of working visas granted to these graduates, Engineer and Specialist in Humanities/International Services. In this latter category, international graduates have provided a significantly larger source of new hires than new entrants from outside the country since 2008. In the Engineer category, the number of visas granted to graduates has been growing since 2010 despite a decline in the total number of visa holders since the global recession. These trends indicate that international student mobility has been growing in importance for Japan’s labor market in recent years, and suggest that employers in the country are becoming increasingly aware of the attractiveness of international graduates. They also reflect the Japanese government’s shift toward a policy of promoting the hiring of these graduates in the country’s labor market, officially proclaimed in 2008 under the 300,000 International Students Plan.

Given this policy and the Japanese government’s recent measures to attract more students and systematically accept graduates into the labor force, the number of international students who eventually enter the job market can be expected to increase in the future. If the government’s target of 300,000 students is reached, for example, the number of international graduates finding employment could be expected to almost triple. Nevertheless, the success of the 300,000 International Students Plan depends heavily on efforts by the government and the country’s universities and colleges. The government has taken a positive step forward with the commencement of the new Top Global University Project, which can be expected to facilitate the efforts of the 37 participating universities to boost their enrollment of international students. Meanwhile, universities and colleges will need to expand programs and courses attractive to international students. The capacity of engineering programs, for example, should be increased to keep up with the demand for international graduates. While it may be too early to assess the initial effectiveness of the 300,000 International Students Plan since it has been implemented during a deep economic recession and combined earthquake and nuclear disaster, the recent economic recovery and improved job market in Japan provide grounds for optimism.

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