

## Migration to Address Labor Shortage in Japan: Evidence from Immigration Policy

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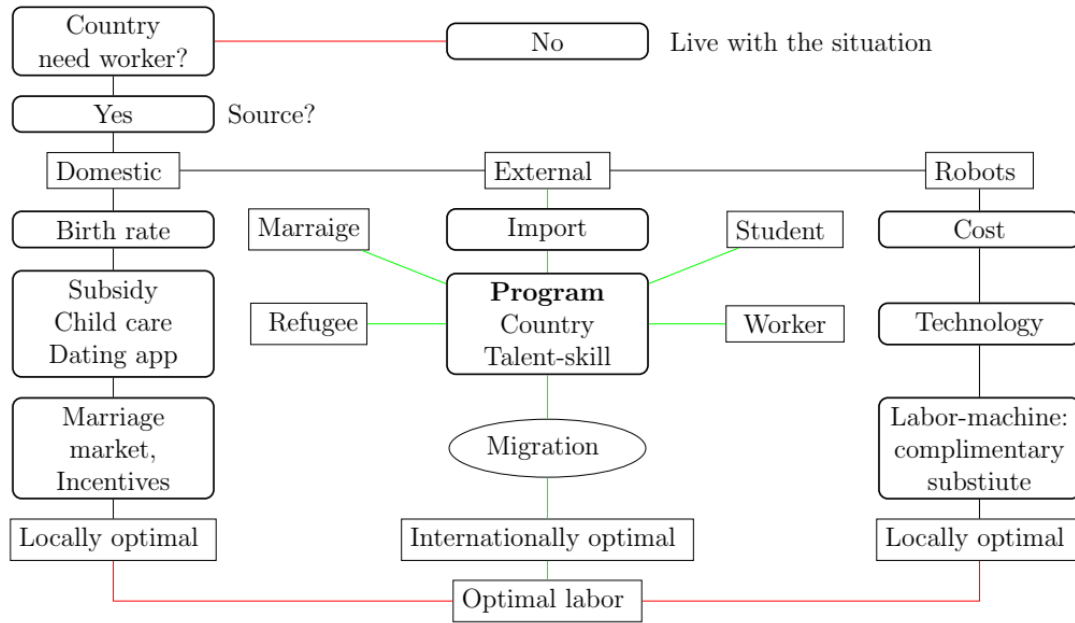
### Extended Abstract

To relocate human resources to match the demand and supply, this project studies the sources and prospects of migration to fill the labor shortage, particularly focusing on Japan as an island country. To conduct this study, we examine responses of migration to two policies: Point-Based System (PBS) and Specified Skilled Worker (SSW). By focusing on two policies, the specific research questions are: (a) How do changes in immigration policy in Japan impact migration? (b) How do factors in migrant-sending countries affect migration? The research approach combines qualitative and quantitative methods, including literature review, policy review, and data analysis. This research integrates the perspectives of both host-country policies and the characteristics of migrant-sending countries, which is scarce in migration literature. Findings of this study will contribute to policy making by providing evidence from rigorous research.

Some rich countries, for example, Japan has been struggling with a labor shortage due to an aging population and a low birth rate. Some countries are overwhelmed with displaced people who are in dire conditions and would prefer the opportunity for a better life through migration. In contrast, many emerging countries hardly have surplus labor to export since they are experiencing stable population growth. Nevertheless, ambitious people in different countries may seek opportunities with higher benefits in overseas countries. Thus, to fill the shortage, workers can be sourced from both labor abundant countries as well as from labor-balanced countries. However, many social, cultural, political, and economic challenges are embodied in such cross-border labor mobility. Migrant-receiving countries have specific demands including skills and expertise, while migrant-sending countries have their own characteristics. Migration has implications for both labor-receiving and labor-sending countries. For example, low-skilled and illegal immigrants are likely to increase discrimination and risk and discourage the use of robots and automation in the U.S. labor market [1,2]. Given the desperate need for workers, Japan may follow a similar path to that of other developed countries unless alternative measures are taken.

Broadly, sources of labor for a country can be domestic labor, migrant labor, and robots/technology. Japan has extended its support for population growth; however, the growth figures remain disappointing. On the other hand, it is not clear whether technology and robots

are complementary to or substitutes for human workers. The work in [3] suggests that while politicians and engineers may aim to solve Japan’s care crisis by replacing human caregivers, the reality of robot use makes this unlikely in the foreseeable future. In the USA, there are negative effects of robots on employment and wages across commuting zones [4]. In this research, we focus on the remaining source—migration.



**Figure 1: Potential sources of labor.**

Japanese migration policies have been strict, that is, not welcoming foreign migrants, especially unskilled labor, to the country [5]. Despite the domestic labor shortage reality, there has been the sentiment and ambivalent attitude from Japanese citizens towards opening up, while it is also a political issue that no parties in different level would be reluctant to address [6,7]. However, it is also claimed that the traditional policy practices and notions of Japanese membership, based on the degree of cultural and ethnic purity, are being transformed [8]. In recent years, drastic policy initiatives have been taken to open up to foreign labor, both skilled and unskilled [9,10]. While Japanese government maintains that the country admits only skilled economic labor, a study finds that Japan has become more open to low skilled economic migrants [11]. Various factors in source countries, including education, impact the emigration decision [12].

Our analysis will focus on two policies: Point Based System (PBS) and Specified Skilled Worker (SSW). The former was initiated in May 2012 to attract high skilled professionals, and the latter one was initiated in 2019 to welcome capable specialists from overseas to work in certain Japanese industrial fields as ready workers, taking on jobs without prior training. We will also review other policies during the study time and take into account other external changes that might affect immigration, such as Covid-19, natural disasters, financial crisis. We

will account for individual and country level factors including mobility [13], language [14], distance, historical connections, culture, and so on. Data will be used from various published sources, and field investigations.

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