

Evidence on the Employment of Foreign Workers

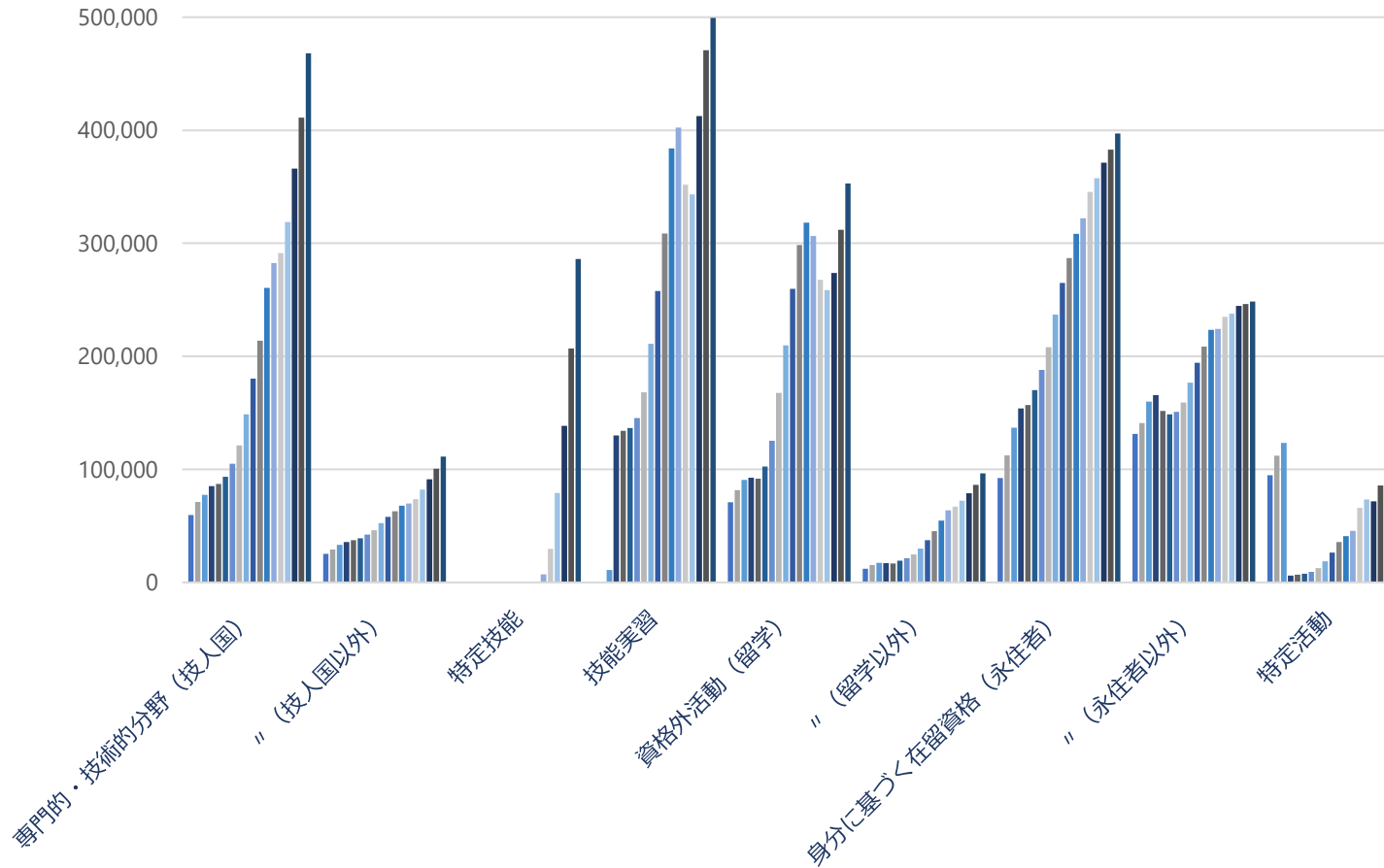
May 11, 2026

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The views presented today are based on the presenter's own opinions and do not represent the official views of RIETI.

Increase in Foreign Workers by Visa Status (2008–2025)

在留資格別外国人雇用者数 (2008-2025年)



出所：厚生労働省「『外国人雇用状況』の届出状況まとめ」より作成

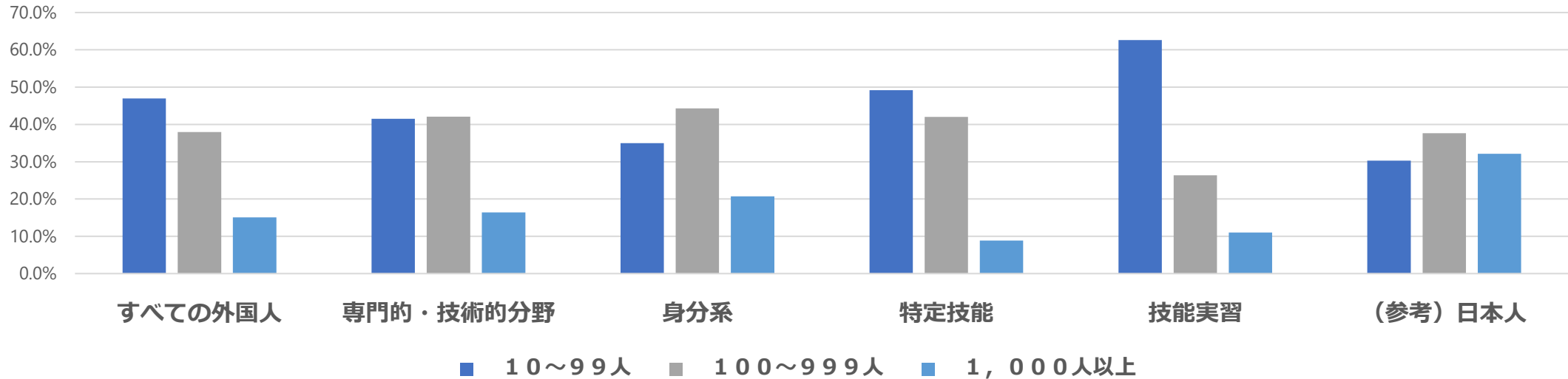
Number of foreign workers:
0.49 million (2008)
→ 1.08 million (2012)
→ 2.57 million (2025)

- Especially
 - Specified Skilled Workers (SSW)
 - Technical Intern Trainees (TIT)
 - Engineers / Humanities / International Services (EHI)
 - Permanent Resident

- Background
 - Introduction of new visa categories
 - Relaxation of eligibility requirements (e.g., longer duration of stay, broader eligibility)

Concentration in SMEs

在留資格別企業規模別割合（一般労働者）



出所：厚生労働省「賃金構造基本統計調査」（2022年）

- About **80%** of firms employing foreign workers have fewer than 100 employees in 2022
- From 2012 to 2023:
 - Number of establishments employing foreign workers increased by 2.7 times
 - For establishments with **fewer than 30 employees**, increased by **3.1 times**
 - Particularly, **TIT and SSW workers** are widely employed in SMEs

Need to Understand Reality (Not Only Best Practices)

外国人の採用や雇用管理を考える事業主・人事担当者の方々へ

福井県内の外国人雇用の 好事例について



□ Examples of “best practices”:

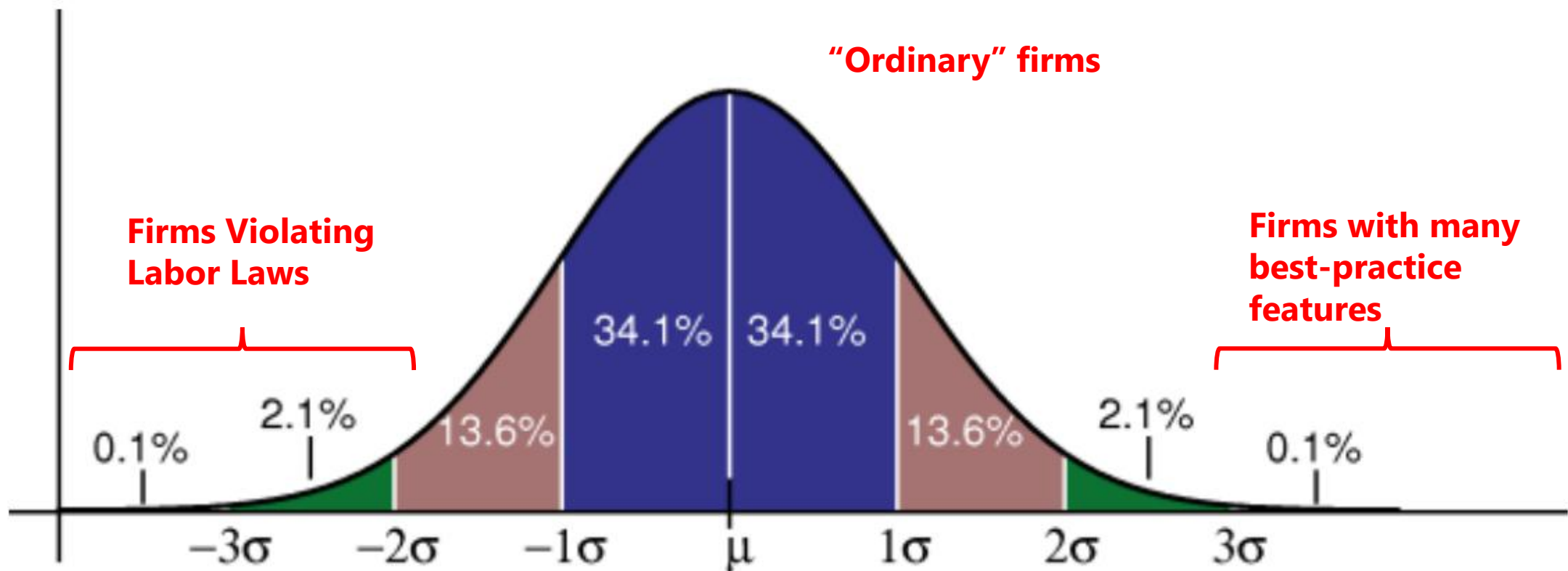
- Long-term leave aligned with home-country customs
- Multilingual safety signs in the factory
- Manuals written in native languages
- Hospital accompaniment
- ¥10,000 bonus for passing JLPT N3
- In-house free Japanese language training
- Company-funded recreational activities

□ Policy discussions often overemphasize ideal cases

- However, many SMEs cannot afford these measures
- Need to focus on **actual conditions and constraints**

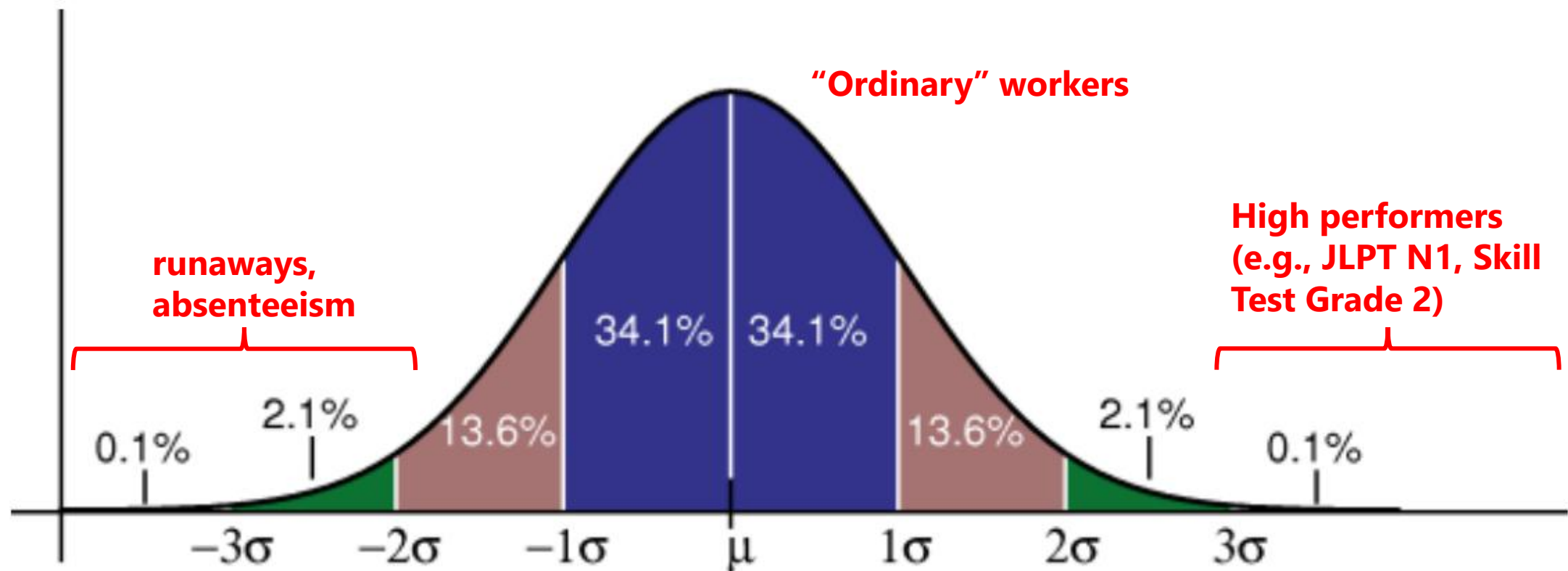
Distribution of Firms (e.g., TIT Program)

- Horizontal axis: firm "quality" (wages, working conditions)
- Assume firm quality follows a normal distribution (unobservable in reality)
- μ : mean, σ : standard deviation (deviation from the mean)



Distribution of TIT Workers

- Horizontal axis: attitude toward work (skill, effort, retention)



Research Project

□ Toyota Foundation Grant Project in FY2021: “Acceptance of Foreign Workers and Japanese Society”

□ **“Co-creation Platform for Evidence-based Policy on Foreign Workers”**

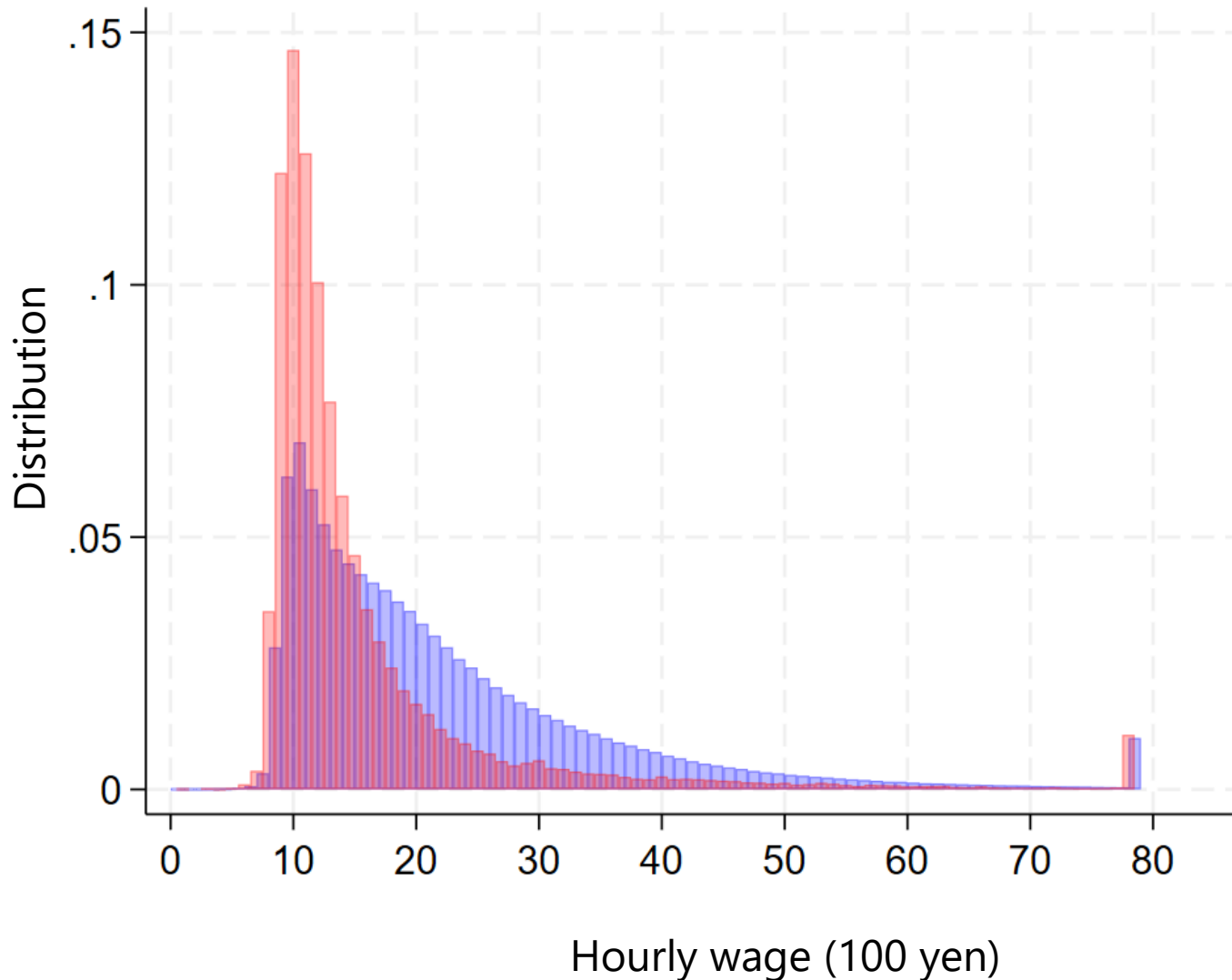
(PI: Ryo Kambayashi, Musashi University)

(i) Analysis of Wages for Foreign Workers

(ii) Survey on the Work and Lives of TIT and SSW Workers

- Discussion Papers to be published in FY2026

Wage Distribution (Foreign and Japanese Workers)



□ Data: Basic Survey on Wage Structure (2020–2023)

Red : Foreign workers

Blue: Japanese workers

□ Average hourly wage:

Foreign: 1,666 yen

Japanese: 2,265 yen

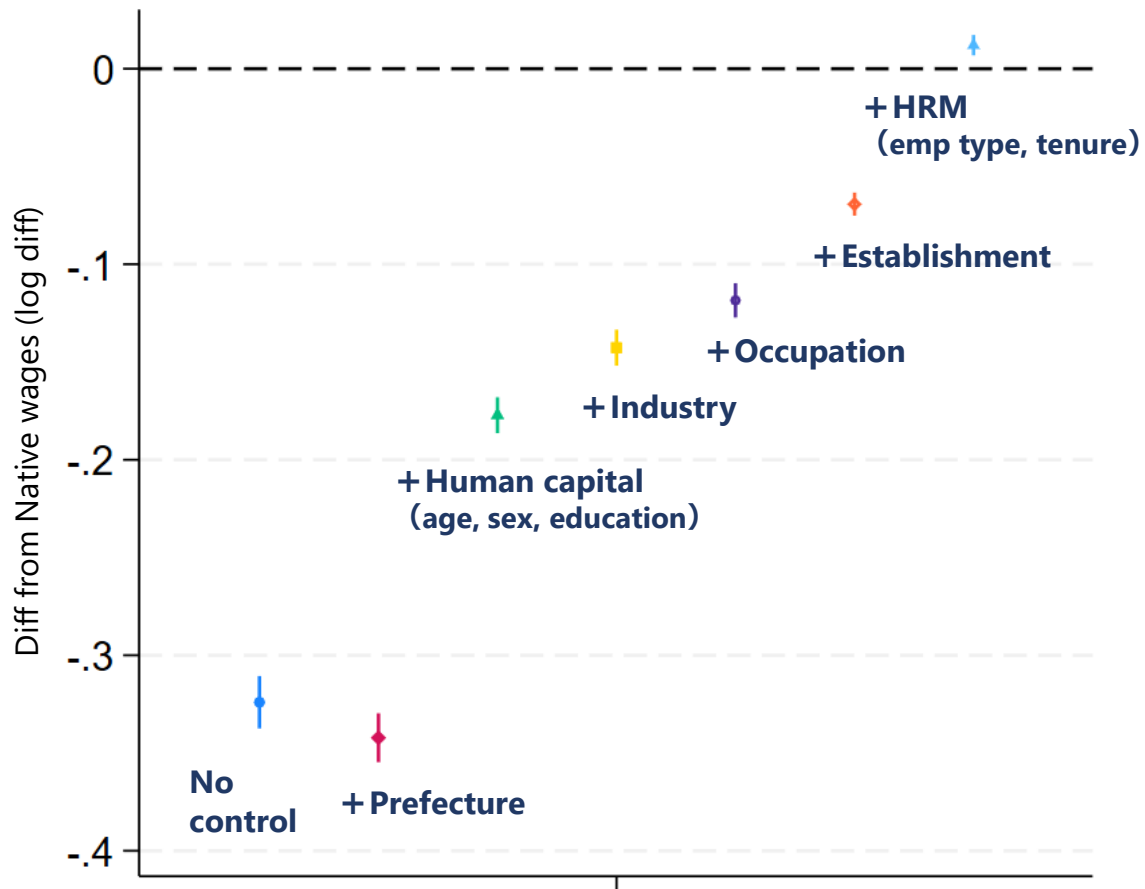
□ Distributional features:

- Foreign workers concentrated at

1,000–1,500 yen

- Share of high-wage foreign workers similar to Japanese

Decomposition of Wage Gap (Overall)



	Wage gap	Reduction in Wage Gap
No control	-27.7%	--
+ Prefecture	-29.0%	+1.3 pp
+ Human capital (age, sex, edu)	-16.2%	-12.8 pp
+ Industry	-13.3%	-2.9 pp
+ Occupation	-11.1%	-2.2 pp
+ Establishment	-6.7%	-4.4 pp
+ HRM (emp type, tenure)	+1.1%	-7.8 pp

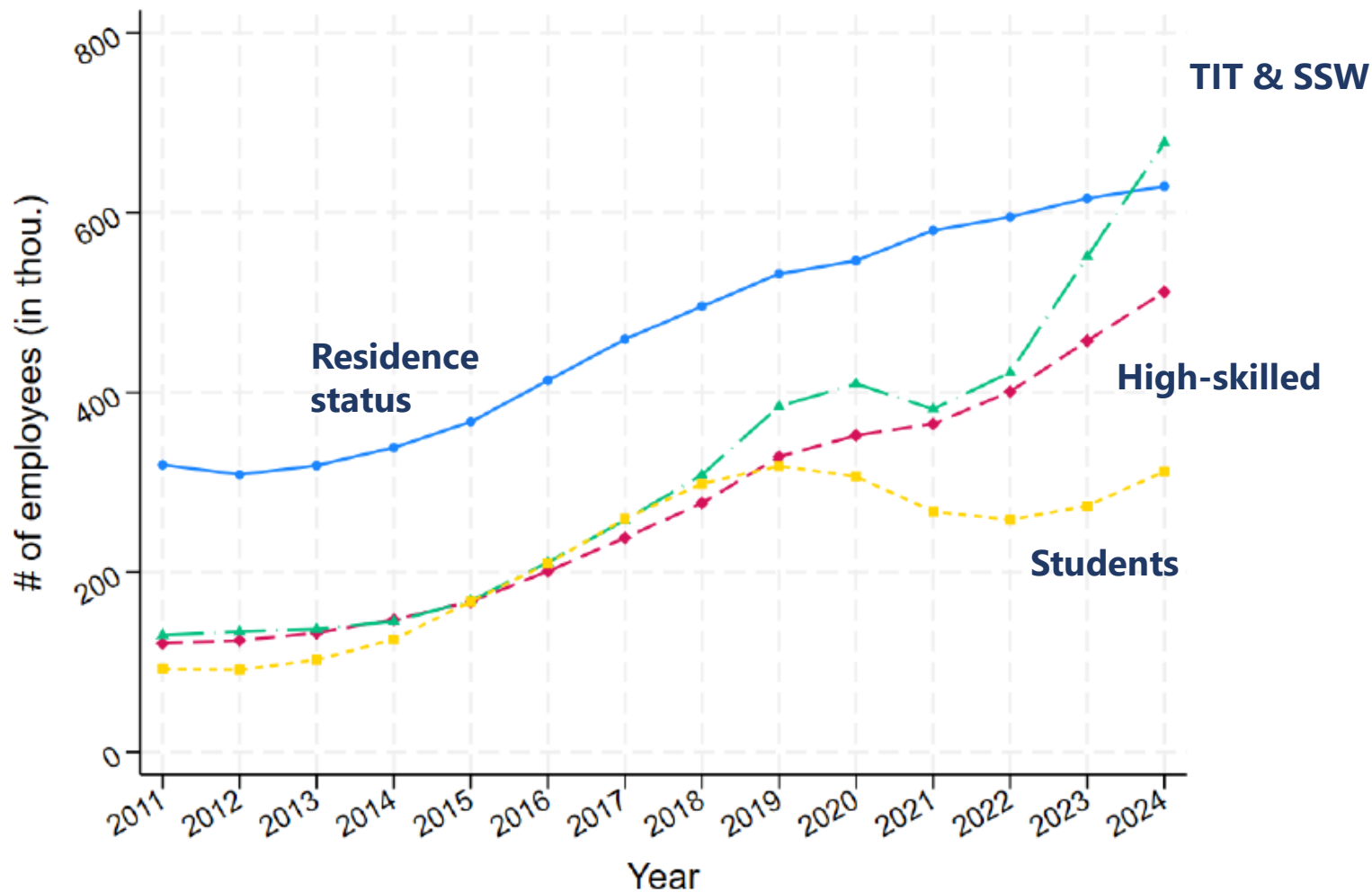
- How much the wage gap narrows (or widens) when characteristics (e.g., prefecture) are equalized between foreign and Japanese workers
- About **70%** explained by **human capital** and **HRM**

International Comparison

	Within-job gap	(a)+Tenure	Share explained	(a)+Part-time	Share explained	(a)+HRM practices	Share explained
	(a)	(b)	(a)-(b)/(a)	(c)	(a)-(c)/(a)	(d)	(a)-(d)/(a)
Canada	-9.4%	-5.9%	0.37	-8.8%	0.07	n.a.	
Denmark	-2.3%	-0.7%	0.69	-3.0%	-0.30	n.a.	
France	-6.7%	-5.5%	0.17	-6.4%	0.04	n.a.	
Germany	-5.3%	-2.8%	0.47	-5.3%	0.00	n.a.	
Netherlands	-5.1%	-1.3%	0.75	-4.0%	0.21	n.a.	
Norway	-3.4%	-2.2%	0.37	-3.2%	0.06	n.a.	
Spain	-7.0%	-1.5%	0.79	-6.6%	0.07	n.a.	
Sweden	0.0%	0.0%		n.a.		n.a.	
US	-3.4%	-2.5%	0.28	-3.5%	-0.03	n.a.	
Average for 9 countries	-4.6%	n.a.		n.a.		n.a.	
Japan	-6.2%	-5.5%	0.11	-7.8%	-0.26	0.0%	1.00

- Western country figures from Hermansen et al. (2025).
- **Within-job** wage gaps in Japan (-6.2%) : **mid-range** among 9 western countries
- In Japan, remaining gaps explained by **tenure, part-time employment, non-standard employment and fixed-term contract**

在留資格グループ別雇用者数の推移（2011-2024年）



4 visa type groups

- Residence Status

“Permanent Resident,” “Long-Term Resident,” “Spouse or Child of Japanese National,” etc.

- High-skilled

“EHI,” “Highly Skilled Professional,” “Business Manager,” etc.

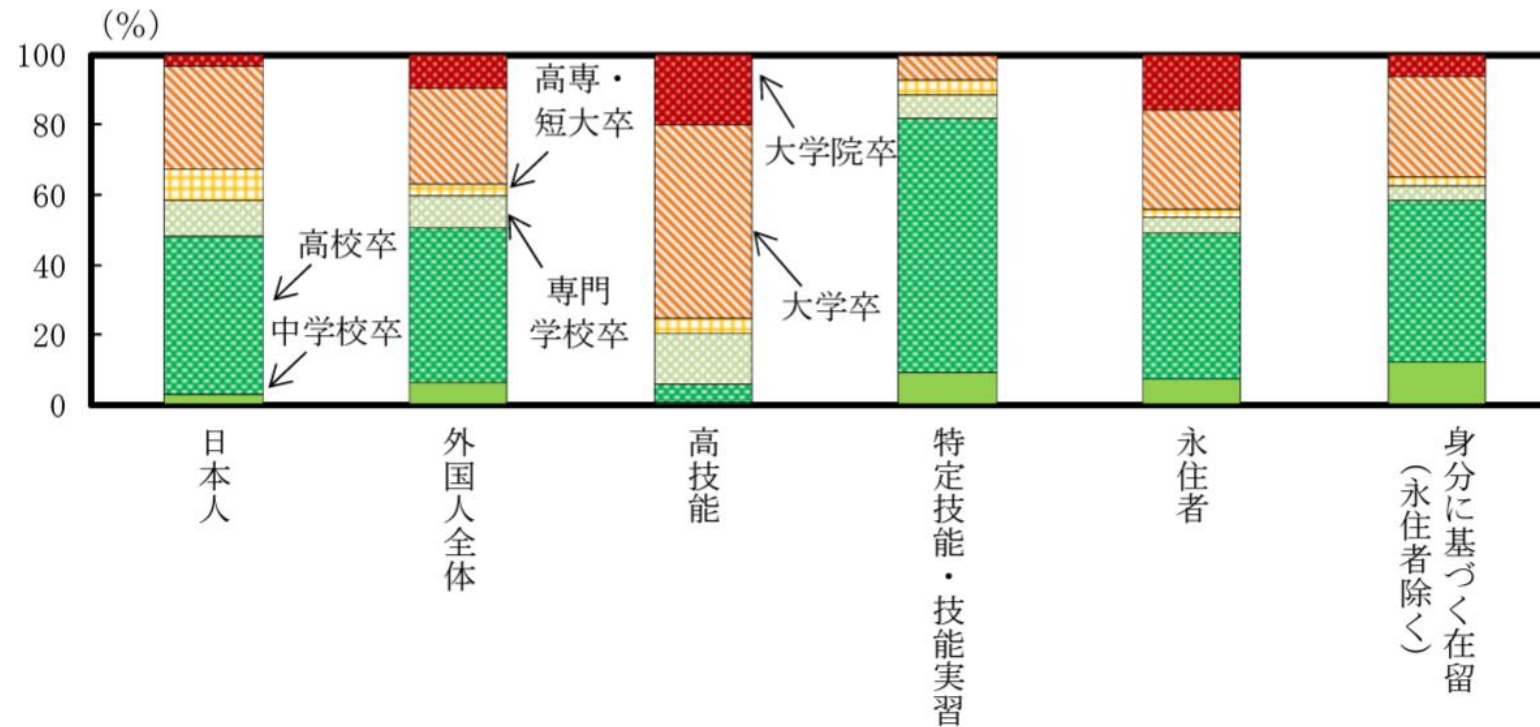
- TIT, SSW

- Students (with work permission)

Post-COVID, **TIT and SSW** have surged.

Example: Human Capital Differences (Education)

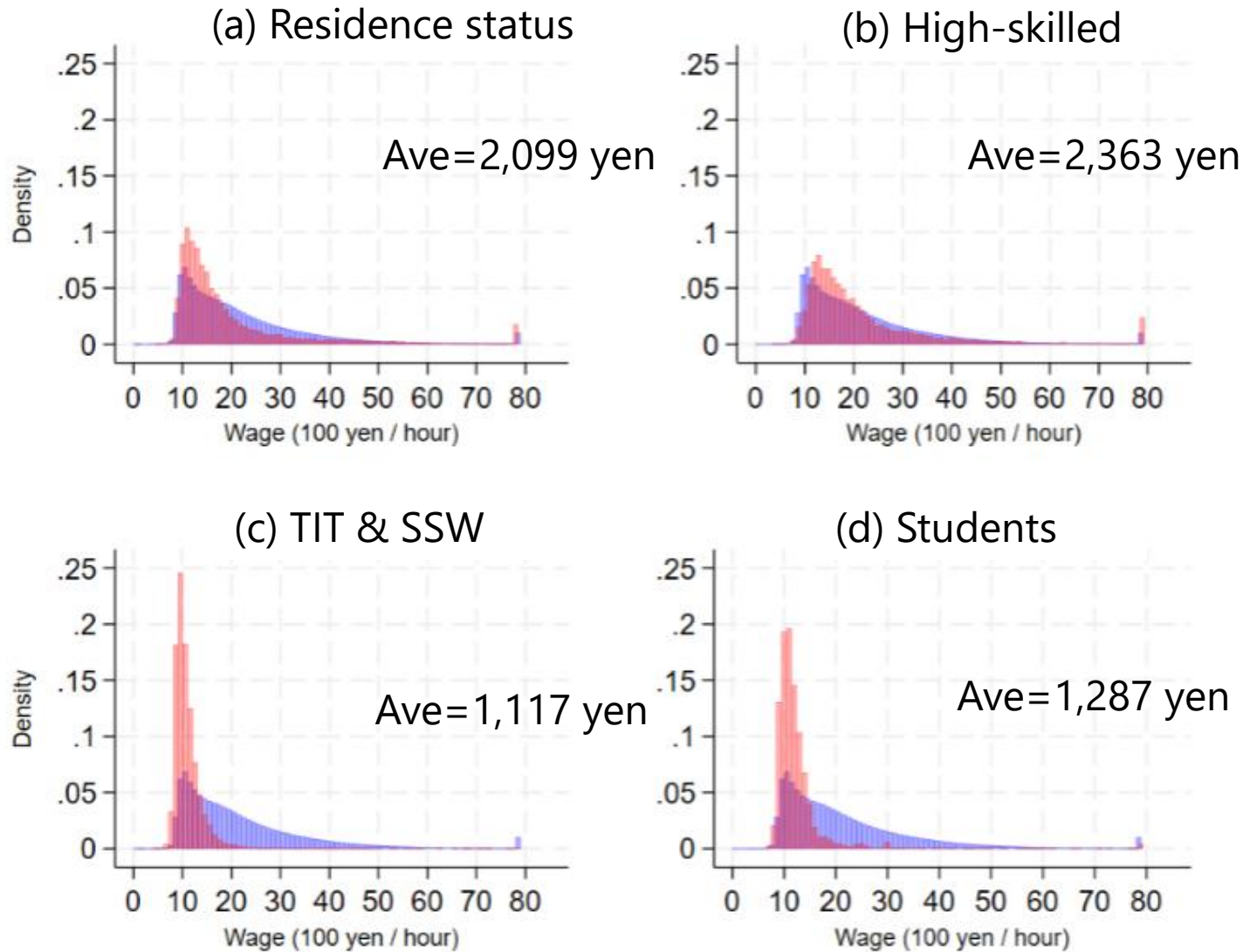
□ Economic and Fiscal Report (FY2024)



(備考) 厚生労働省「賃金構造基本統計調査」により作成。

- Foreign workers' human capital differs substantially across visa groups
- High-skilled: >70% have university degree
- TIT / SSW: ~80% high school or below

Wage Distribution by Visa Group



Basic Survey on Wage Structure (2020-2023)

Red : Foreign wage rates

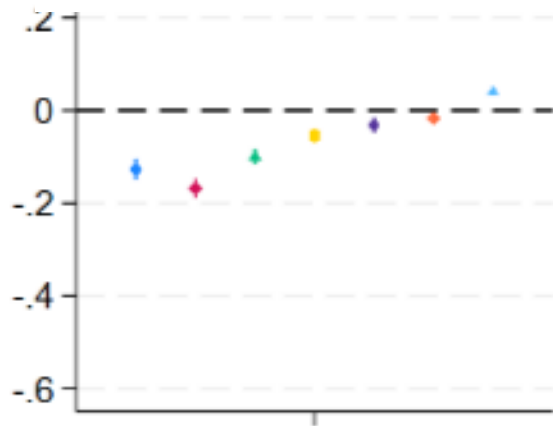
Blue : Japanese wage rates
(same across groups)

- Residence status & high-skilled:
overlap with Japanese workers

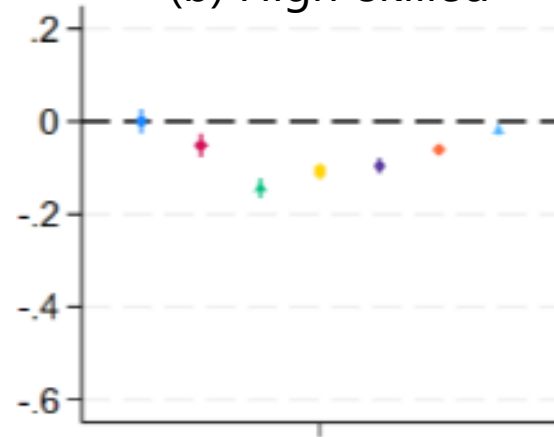
- TIT & SSW and Students:
concentrated at low wages

Wage Gap Decomposition by Visa Group

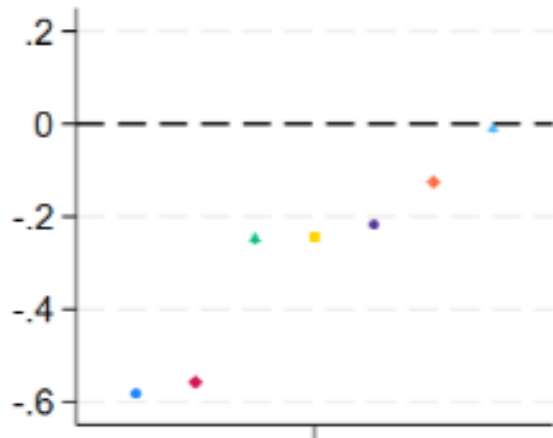
(a) Residence status



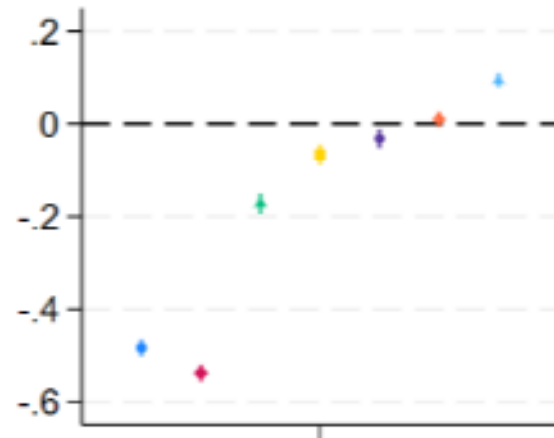
(b) High-skilled



(c) TIT & SSW



(d) Students



□ The determinants of wage gaps differ substantially across groups

- For "TIT and SSW": human capital (57%), employment practices (19%), and between-establishment differences (16%).

- For "Students": human capital (64%) and industry (20%).

- For "Residence status" and "High-skilled" groups, the initial wage gap is much smaller, and each factor contributes relatively evenly.

□ After controlling for observables, the wage gap nearly **disappears** across all groups.

Analysis of Corporate Financial Statistics

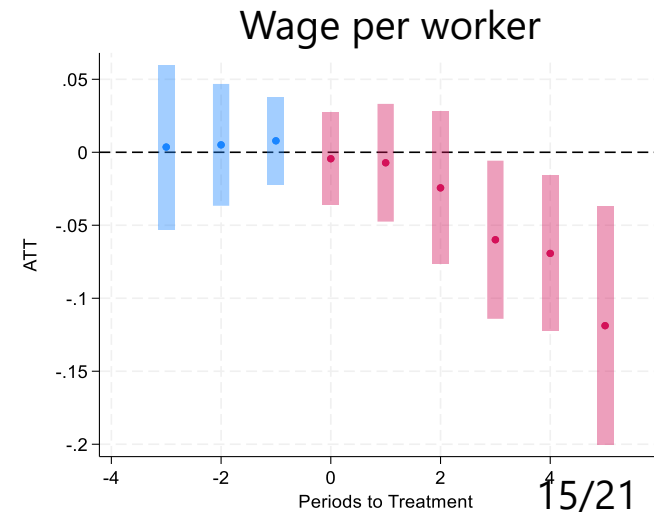
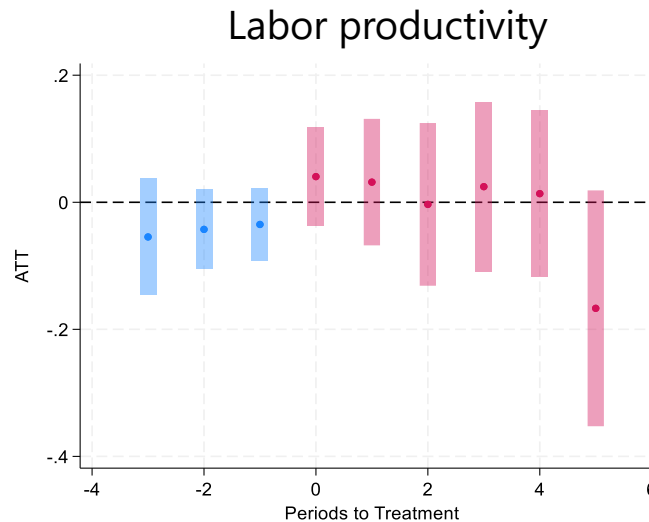
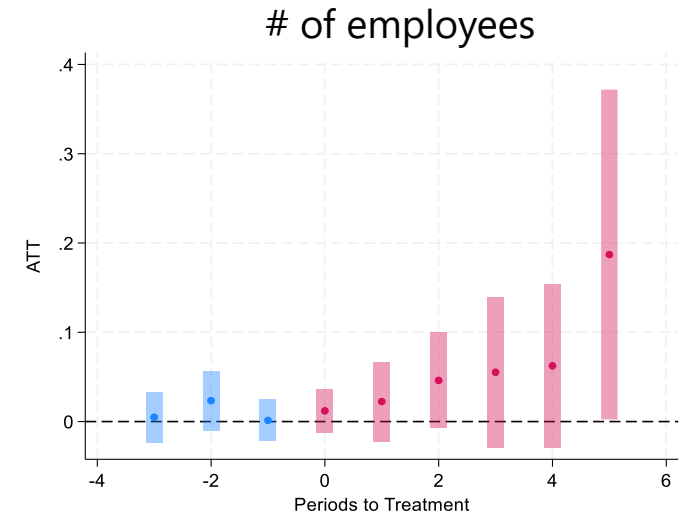
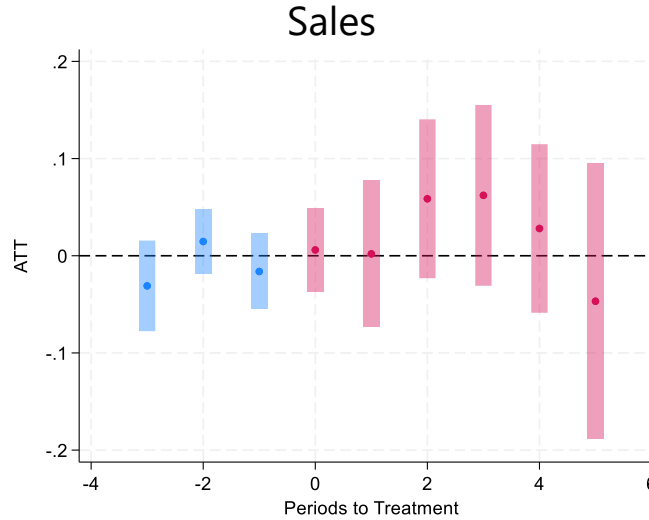
Comparison with firms without foreign workers

	(log) Sales	(log) Tangible Assets	(log) Value Added per Worker	Labor share	(log) Total Payroll	(log) wage per worker
TIT & SSW			-0.198***	0.050***		-0.155***
Highly-skilled	0.269**	0.274**			0.243**	0.078***

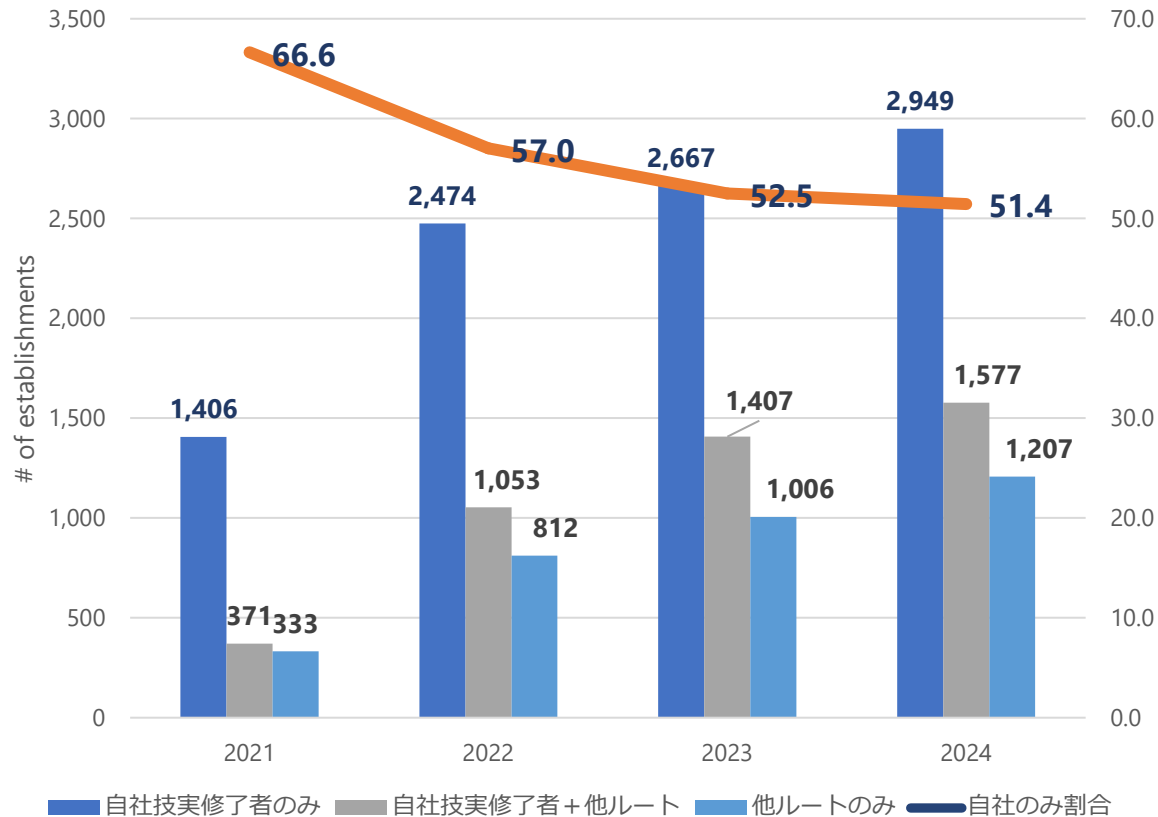
- Firms employing TIT & SSW are lower productivity and lower wages
- Firms employing high-skilled workers are larger, more capital-intensive and higher wages

Event Study Analysis (Right Figure)

- Changes in sales and related outcomes after hiring TIT and SSW
- No increase in sales and productivity after hiring
- Employment and wage per worker decrease



Manufacturing Survey (2021-2024): SSW Recruitment Patterns



出所：経済産業省「製造業特定技能外国人材受入協議・連絡会調査」

□ SSW Recruitment patterns:

- (1) Only in-house trained TIT
- (2) In-house TIT + Other routes
- (3) Only other routes

*** “Other routes”: workers trained at other firms or those who passed skills tests (domestic/overseas).

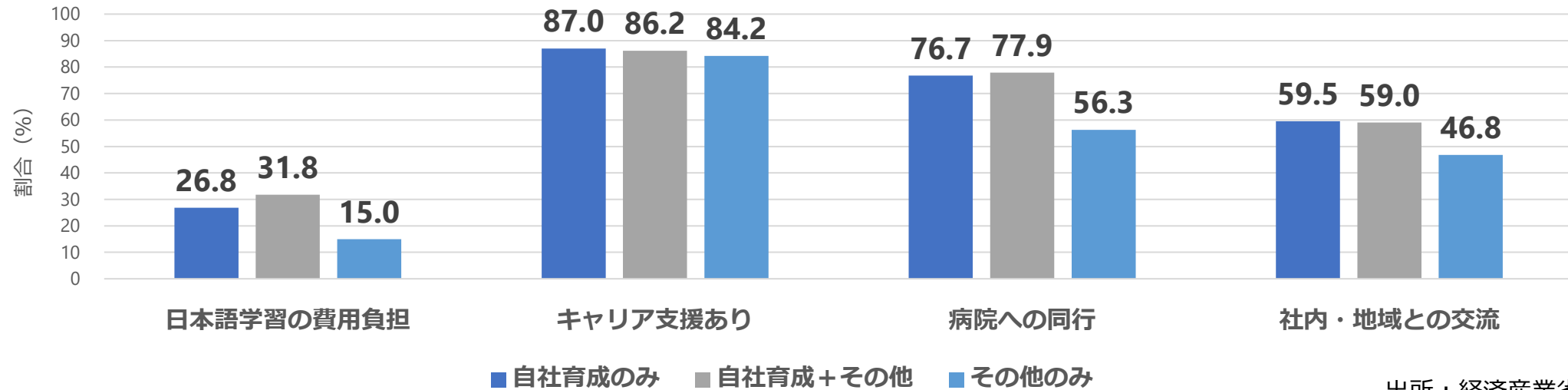
- Decline in hiring only in-house trained TIT

- Increase in skills test route

15.8 % (2021) → 21.0 % (2024)

□ Workforce development costs/effort and the free-rider problem

Manufacturing Survey (2024) : Support

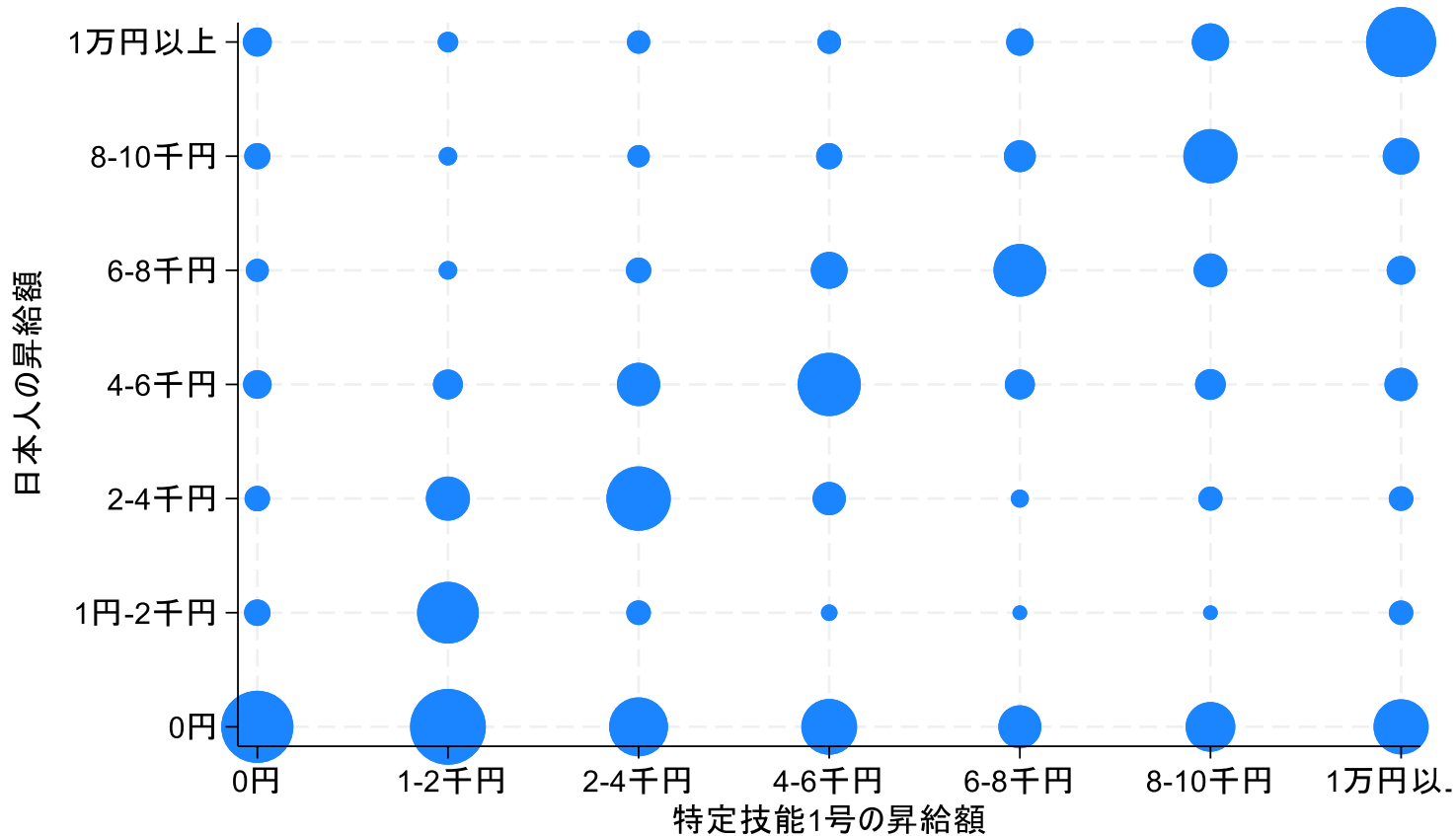


出所：経済産業省「製造業特定技能外国人材受入協議・連絡会調査」

- ❑ Firms employing SSW from in-house TIT provide somewhat more support for Japanese language learning and daily life.
- ❑ In 2024 (vs. 2023), within daily life support, “career support” increased, while hospital accompaniment and workplace/community interaction decreased.



Manufacturing Survey (2024): Wage Increase



□ Wage Increases:

- Same bet. JP and SSW: 38.4%
- Japanese higher: 21.6%
- SSW higher: 40.1%

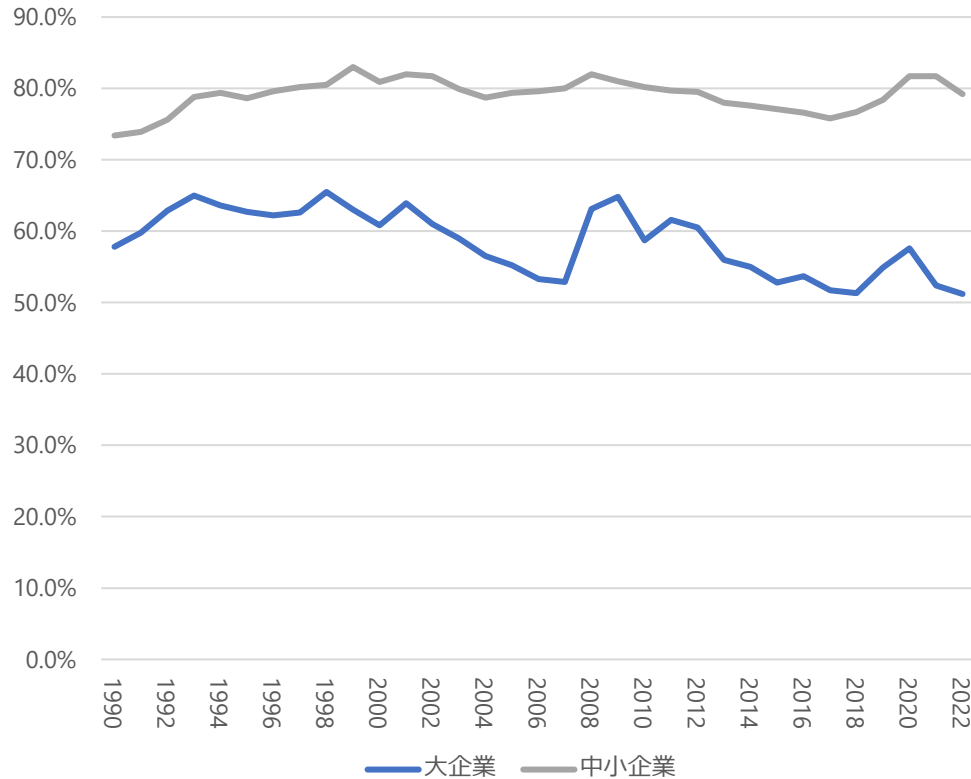
→ Large variation across firms

□ Wage increases for TIT and SSW reflect institutional incentives

□ Effect of minimum wage increases? (speculative)

High Labor Share in SMEs

図 労働分配率の推移（1990-2022年）



出所：財務省「法人企業統計調査年報」

（注）1.大企業は資本金10億円以上、中小企業は資本金1億円未満の企業について集計したもの。金融業、保険業は含まれていない。

2.各項目・指標の算出は以下のとおり。なお、2006年度以前は、「従業員賞与」が「従業員給与」に含まれている。

労働分配率 = 人件費 ÷ 付加価値額。

付加価値額 = 人件費 + 支払利息等 + 動産・不動産賃借料 + 租税公課 + 営業純益。

人件費 = 役員給与 + 役員賞与 + 従業員給与 + 従業員賞与 + 福利厚生費。

□ Average hourly wage (2023)

* Compiled from the Basic Survey on Wage Structure

TIT: 1,090 yen, SSW : 1,286 yen

- Wage rate assuming a monthly supervision fee of ¥20,000

TIT: 1,202 yen, SSW: 1,401 yen

□ Labor share in SMEs often exceeds 80%

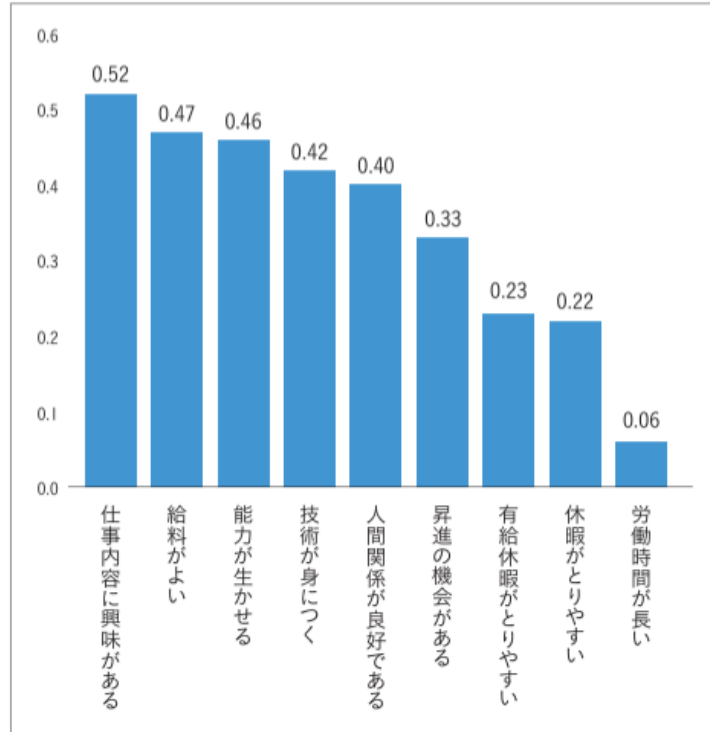
- Heavy labor cost burden, and limited room for wage increases

- Total payroll at firms employing foreign workers has not increased

□ Choice of whose wages to raise and whose to keep unchanged

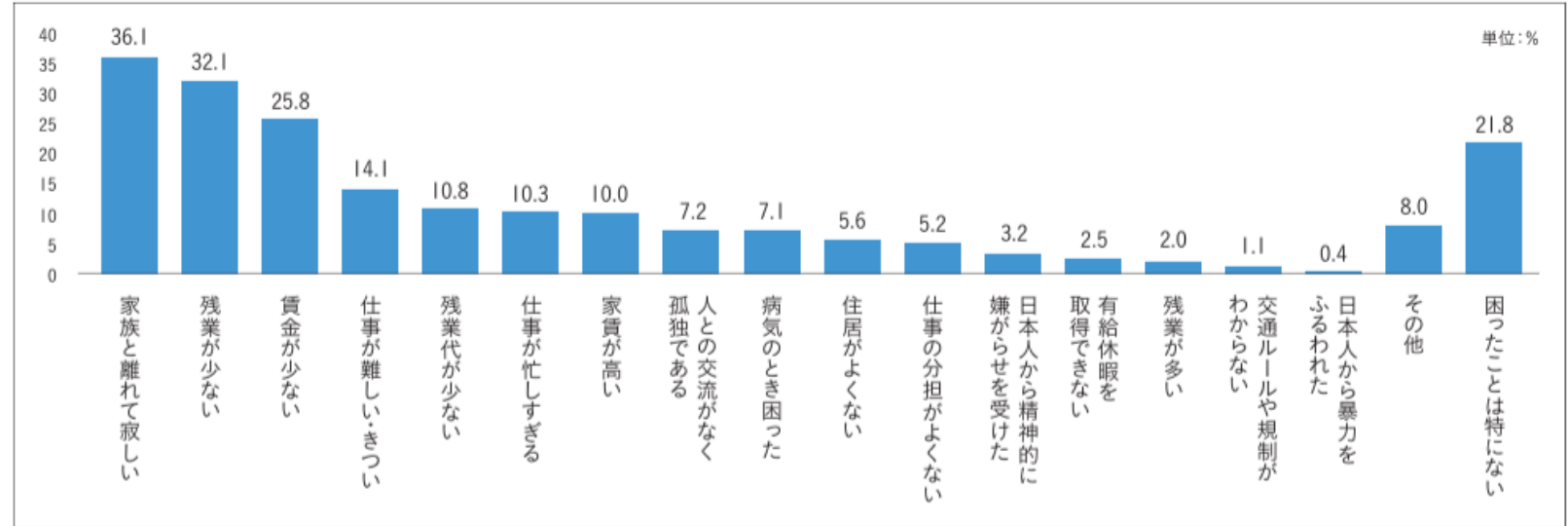
Toyota Foundation Survey: Future Perspectives

図1 仕事の満足感との相関



出所：JITCO「かけはし」（2024年7月号）

図2 在留中に困ったこと（複数回答）



	Share of Managers
SSW, TIT	0.2 %
High-skilled	7.4 %
Residence Status	5.1 %

出所：賃金構造基本統計調査（2023年）
注：役職は「職長」「係長」「課長」「部長」

- Importance of **well-being** and **career prospects**

vs. A stereotype of migrant workers emphasizing wages, overtime, and remittances

- Few firms consider promotion to managerial positions

Conclusions and Future Issues

- Rapid increase in foreign workers, especially TITP and SSW workers
- Wage gap largely explained by human capital and firms' HRM practices
- Visa system strongly affects wage gaps
- At the firm level, no productivity or wage gains after hiring TITP and SSW workers
- More foreign workers prioritize job content and career prospects over pay

- Open questions:
 - Has foreign labor alleviated labor shortages?
 - Does it contribute to economic growth?

- Need for high-quality, large-scale datasets
 - Policy decisions may be distorted by insufficient data and weak evidence.