

Comments for
Evidence on the Employment of Foreign Workers
(Yuki Hashimoto)

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RIETI-CEPR Symposium
Migration and Labor Markets: The cases of Europe and Japan

May 11, 2026

Summary

- **Research Question**

- This study aims to uncover the wage gap between Japanese and foreign workers in the Japanese labor market.

- **Data**

- This study uses the most recent microdata from the Basic Survey on Wage Structure (BSWS) from the Ministry of Health, Labour and Welfare.
- It also relies on a newly conducted questionnaire survey.

- **Method**

- The empirical analysis estimates wage equations with and without additional controls in order to examine how the estimated wage gap changes after accounting for observed worker and workplace characteristics.

Summary

- **Findings and Contributions**

1. **No wage gap between Japanese and foreign workers.**

- A large wage gap is observed at the aggregate level.
- However, once observed factors are controlled for, the aggregate wage gap between Japanese and foreign workers disappears.

2. **A demand-driven “immigration” policy affects the wage distribution.**

- Status of residence largely determines foreign workers' occupations and educational profiles; accordingly, Japan's policy on the acceptance of foreign workers has the direct effect on the aggregate wage distribution.

3. **Key perspectives for the future labor market**

- More foreign workers are prioritizing job content and career prospects, not just salary. Firms' responses to these changing preferences will also play an important role.

My Comment 1: Factors behind Wage Gap

- **Decomposing Factors behind the Wage Gap**
- In my view, the current wage equation approach focuses on the constant-term difference in the wage gap between Japanese and foreign workers.
- Does this approach impose the assumption that the returns to human capital and HRM-related factors are identical across Japanese and foreign workers?
- (e.g.) Do foreign workers face the same returns to education and wage-tenure profile as Japanese workers in Japanese labor market?
- Is a Blinder–Oaxaca decomposition applicable in this context?
- **Background**
- This perspective is relevant for foreign workers who plan to reside in Japan for an extended period, since their long-term economic integration depends not only on initial wage levels but also on subsequent wage growth.

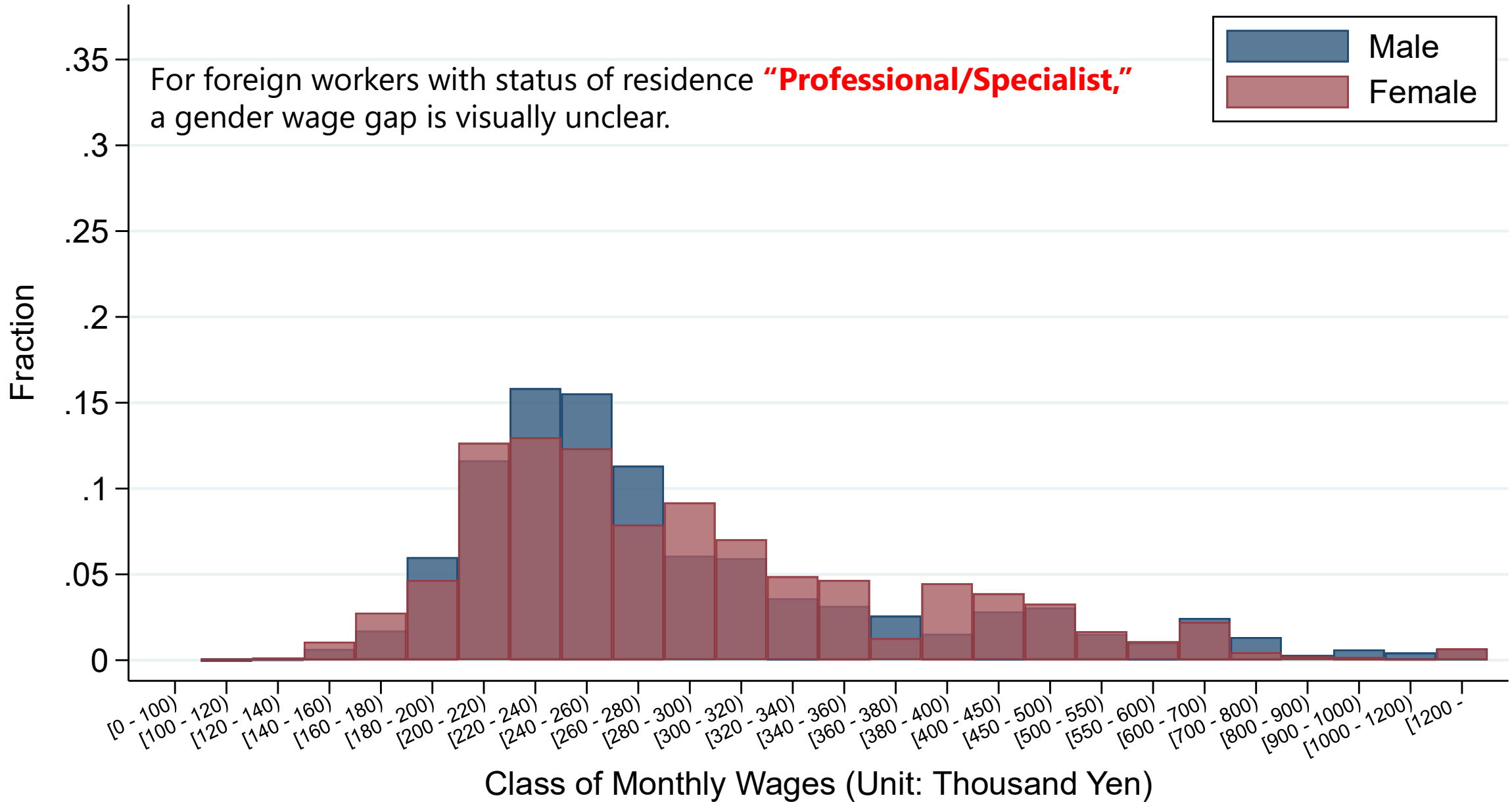
My Comment 2: Gender Perspective

- **Gender Wage Gap**
- The gender wage gap among foreign workers in the Japanese labor market also represents an important issue.
- How should we understand the gender wage gap among foreign workers in the Japanese labor market?
- **Background**
- Companies with 101 or more employees are required to disclose gender wage gaps from April 1, 2026, following the amendment of the ministerial ordinance under the Act on the Promotion of Women's Active Engagement in Professional Life.

List of Status of Residence

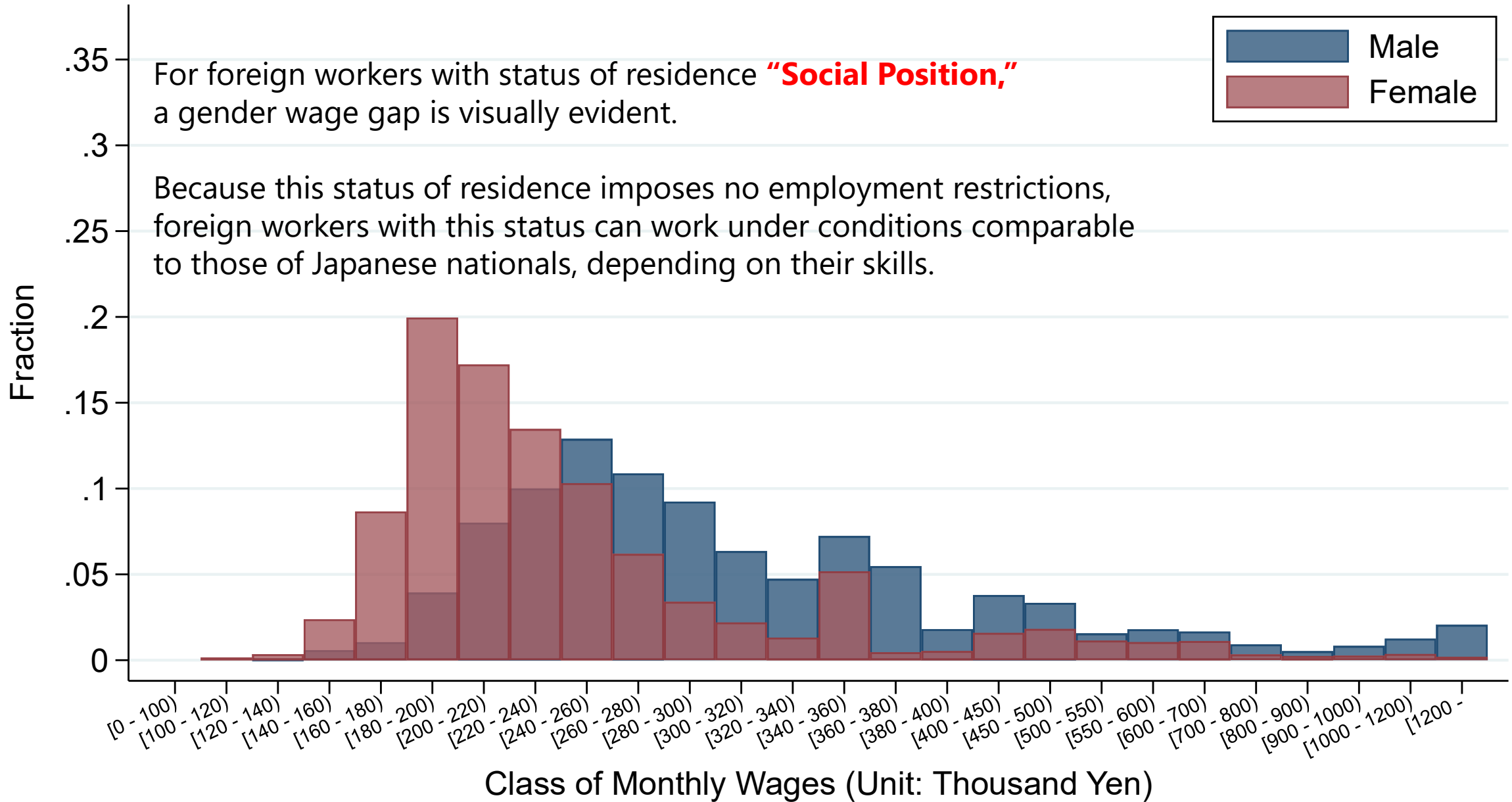
Classification in BSWS	Status of Residence
Professional/Specialist	Professor, Artist; Religious Activities; Journalist; Highly skilled professional; Business manager; Legal/Accounting services; Medical services; Researcher; Instructor; Engineer / Specialist in humanities / International services; Intra-company transferee; Nursing carer; Entertainer; Skilled labor
Social Position	Permanent resident; Spouse or child of Japanese national; Spouse or child of permanent resident; Long-term resident
Technical Intern Training	Technical intern training
Specified Skilled Worker	Specified skilled worker

Status of Residence: Professional/Specialist (except for Specified Skilled Worker)



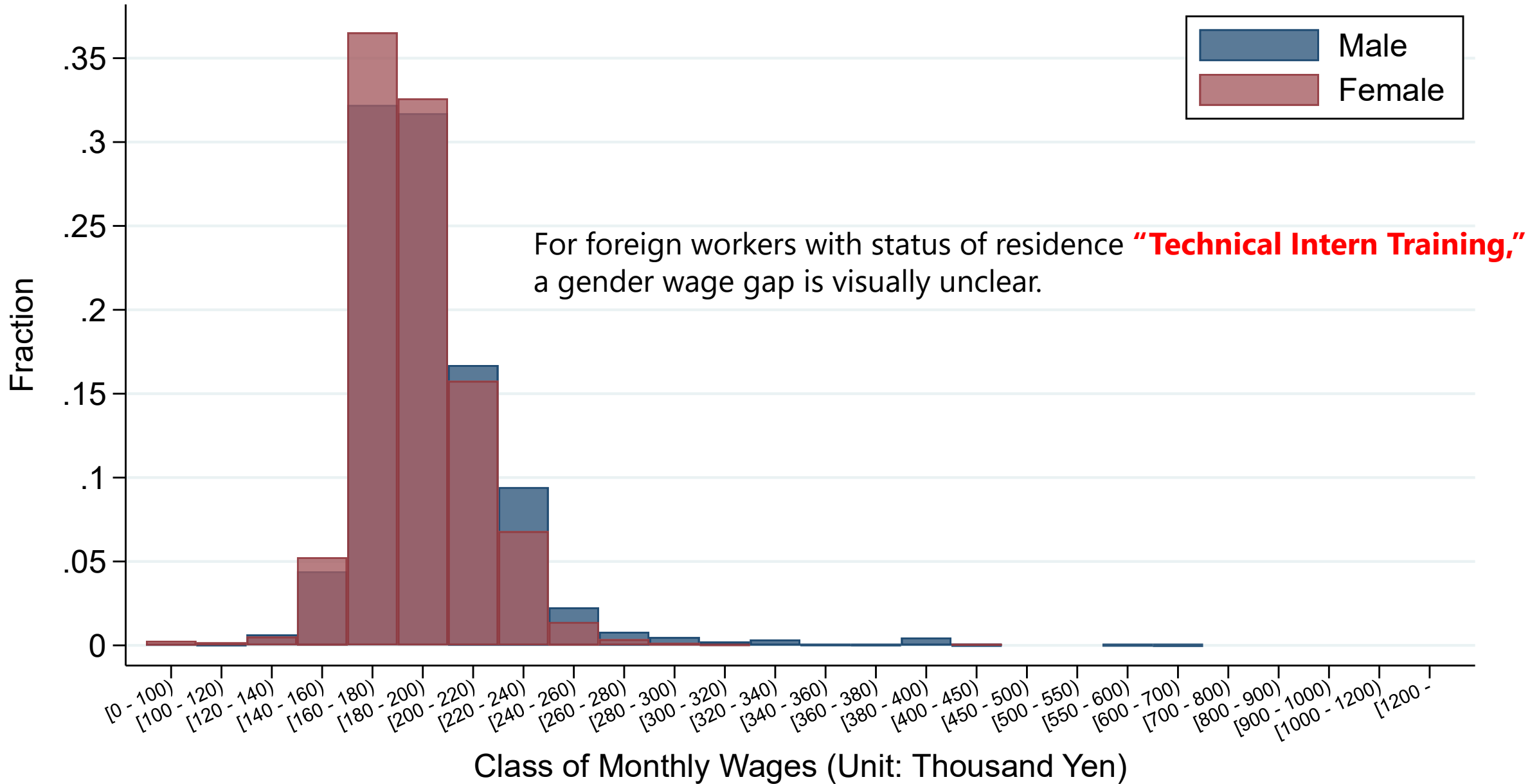
Note: Author's creation using 2025 Basic Survey on Wage Structure

Status of Residence: Social Position



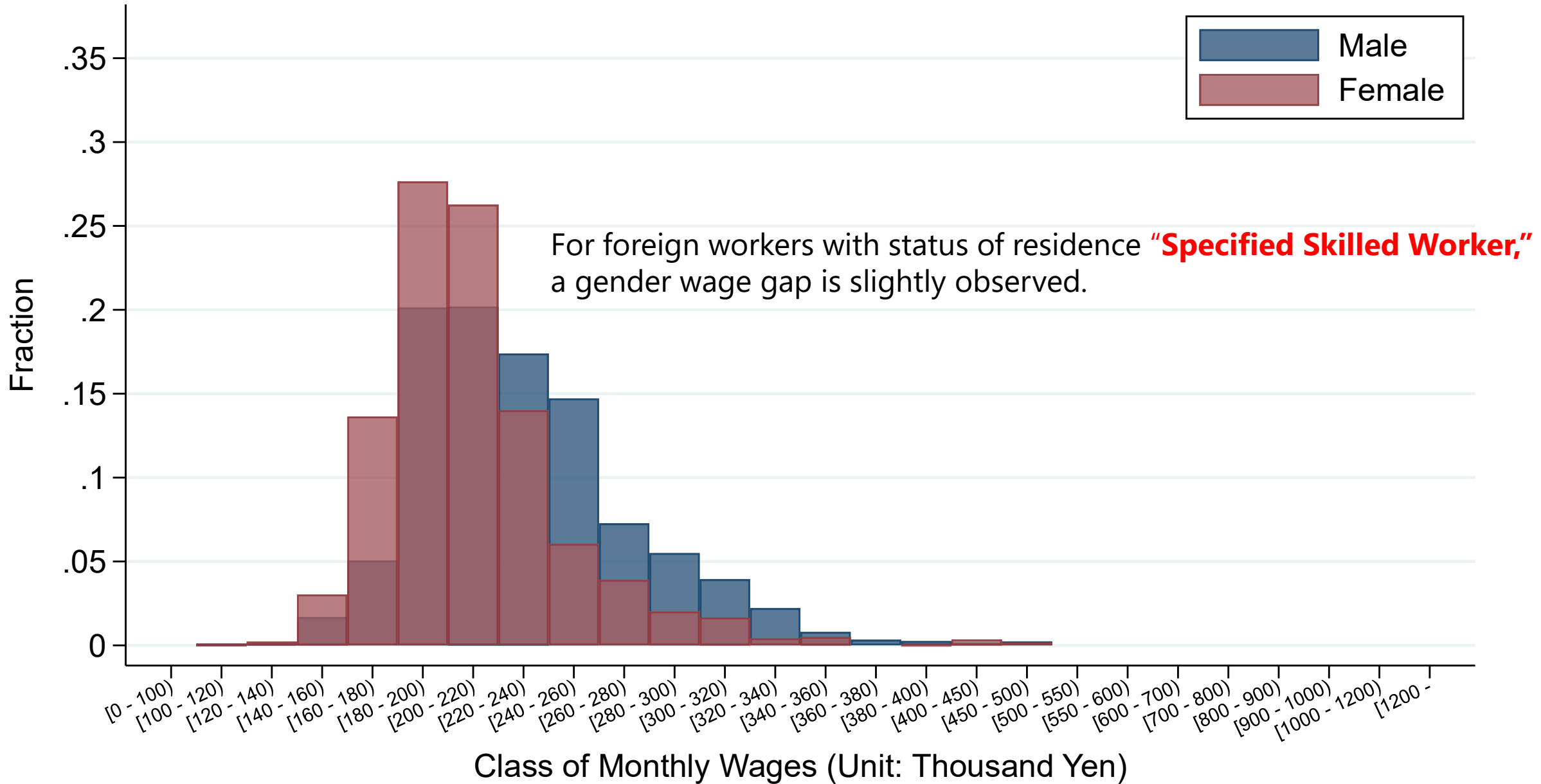
Note: Author's creation using 2025 Basic Survey on Wage Structure

Status of Residence: Technical Intern Training



Note: Author's creation using 2025 Basic Survey on Wage Structure

Status of Residence: Specified Skilled Worker



Note: Author's creation using 2025 Basic Survey on Wage Structure

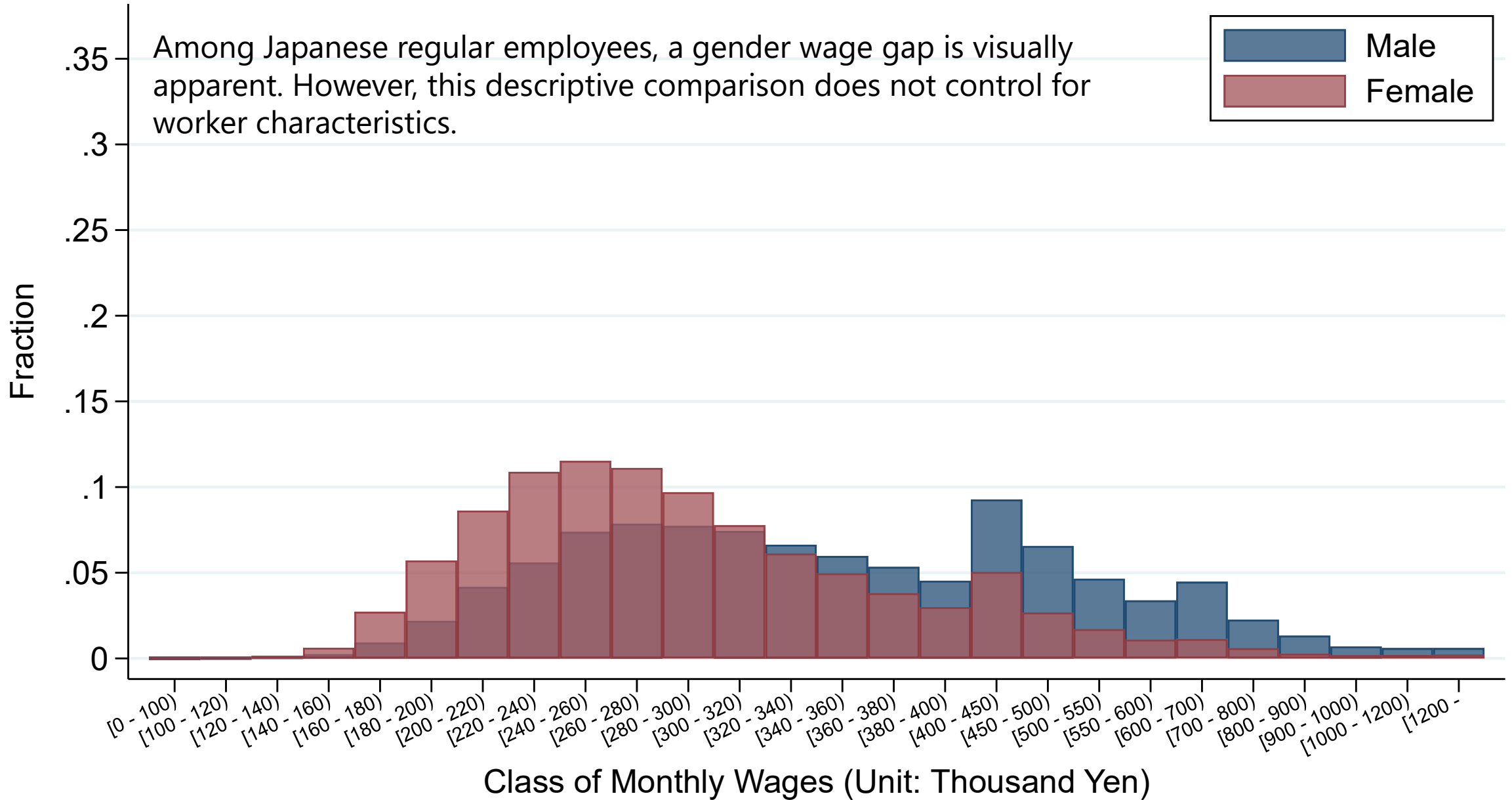
Summary of My Comments

- **Two Headline Takeaways**

1. Decomposing factors in wage gap between Japanese and foreign workers
 - **Do foreign workers face the same returns to education and wage–tenure profile as Japanese workers?**
2. Gender wage gap within the same status of residence.
 - There is no clear gender wage gap among foreign workers with the statuses of residence “Professional/Specialist” and “Technical Intern Training.”
 - By contrast, a gender wage gap is observed among those with the statuses of residence “Specified Skilled Worker” and “Social Position.”
 - **Why do male foreign workers earn more than female foreign workers in Japan, even within certain statuses of residence?**

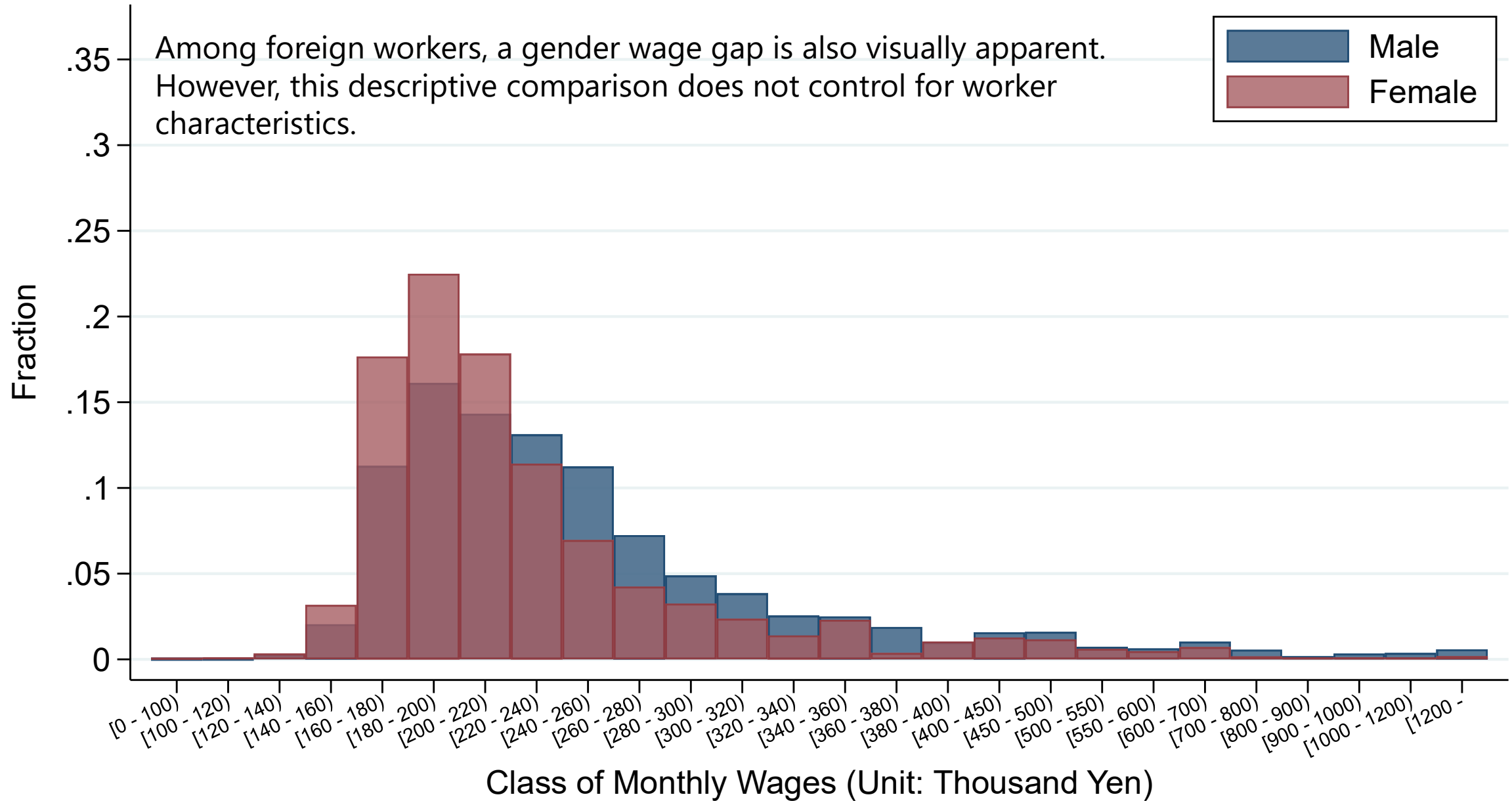
Appendix

Japanese: Regular Workers



Note: Author's creation using 2025 Basic Survey on Wage Structure

Status of Residence: All



Note: Author's creation using 2025 Basic Survey on Wage Structure