

# *Negative Assimilation: How Immigrants Experience Economic Mobility in Japan*

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This paper examines the economic mobility of foreign migrants in Japan. In a country that is largely regarded as homogeneous and closed to outsiders, how and to what extent do immigrants achieve economic success? A survey conducted by the authors revealed that the conventional assimilationist perspective does not fully explain immigrants' economic success in Japan. Migrants from the West experience what Chiswick and Miller (*Industrial and Labor Relations Review* 2011; **64**: 502–525) refer to as “negative assimilation.” That is, their earnings decline over time in Japan. While negative assimilation was not clearly observed among immigrants from neighboring Asian countries, wages among them did not increase with the length of their stay in Japan. For both groups, the skills they brought from abroad were found to be largely accountable for their economic success, while locally specific human capital, such as education acquired in the host society, did not contribute to their earnings.

## *INTRODUCTION*

Classic assimilation thesis regards time spent in the host society as a crucial factor for immigrants' assimilation and upward social mobility. Underlying the notion is the assumption that skills and cultural knowledge acquired over time in the host society contribute to higher income and higher-status occupations. Although the relationship between the

1 acquisition of host culture (known largely as acculturation or assimilation)  
2 and social mobility is often conflated, this relationship needs to be exam-  
3 ined carefully (Gans, 2007). While immigrants typically move up the  
4 socioeconomic ladder over time as they acquire culture and skills relevant  
5 for the host society, some indeed experience what Chiswick and Miller  
6 (2011, 2012) call “negative assimilation.” In contrast to conventional  
7 views of assimilation and immigrants’ mobility, Chiswick and Miller  
8 (2011, 2012) found that some immigrants’ earnings decline, as they pro-  
9 long their stay in, and assimilate more readily to, the host society. They  
10 observed this trend where immigrants came from countries similar to the  
11 host society in terms of culture, labor market practices, and economic  
12 standing, such as immigrants from the UK to the U.S. In a similar vein,  
13 Massey and Sanchez (2012) found that Latin American immigrants and  
14 their descendants in the U.S. tend to develop a stronger identity as “Lati-  
15 nos” in opposition to native “Americans,” as they stay longer in the U.S.  
16 Rumbaut (1997) also found “negative assimilation” among some immi-  
17 grants in that their health conditions deteriorate as they adopt more  
18 American diet and lifestyle over time.

19 How and under what conditions do immigrants experience “negative  
20 assimilation”? More broadly, how do acculturation and assimilation relate  
21 to social mobility? The objective of this paper was to examine these ques-  
22 tions by focusing on the economic outcome of assimilation and accultura-  
23 tion in Japan where the number of immigrants has steadily increased in  
24 recent decades. Specifically, we examine the effects of time spent and edu-  
25 cation acquired in Japan on immigrants’ economic attainment.

26 Negative assimilation is particularly plausible in countries, such as  
27 Japan, for two reasons. First, Japan admits only skilled migrants, at least  
28 in principle, as stipulated by the amendment of the Immigration Control  
29 and Refugee Recognition Act of 1989.<sup>1</sup> This condition is prone to  
30 produce negative assimilation, as skilled immigrants, who can expect favor-  
31 able wage rewards at the time of entry, are more likely to see their wages  
32 decline than unskilled immigrants who tend to become incorporated into  
33 the bottom of the host labor market, at least initially. Second, the conven-  
34 tional assimilation model developed on the basis of South-to-North migra-  
35 tion may not work the same in non-Western, non-traditional countries of  
36

37  
38 <sup>1</sup>Japan does not officially admit unskilled foreign migrants, although in reality it has  
39 admitted foreigners, such as South Americans of Japanese descent, who mostly engage in  
manual labor. Those migrants are admitted based on family ties as Japanese descendants.

1 immigration, like Japan, especially when migration originates in the West.  
2 As more and more countries around the world begin to receive immi-  
3 grants by seeking to attract skilled migrants, Japan, provides a crucial test  
4 case to re-evaluate the assimilation model prevalent in the Western con-  
5 text. It also helps advance our understanding of immigrant assimilation  
6 and integration in general, as immigration to non-Western countries is rel-  
7 atively understudied, at least in English-language scholarship.

8 The questions of how immigrants “make it” or fail to “make it” in  
9 Japan are important in themselves where the number of immigrants<sup>2</sup> is  
10 expected to increase in the future. Currently at 2 million or just 1.7 per-  
11 cent of the total population (Ministry of Justice, 2014), the number has  
12 nonetheless grown since 1989. Most of those “newcomers” are labor  
13 migrants who entered as “skilled” migrants under the new immigration  
14 policy of 1989, although many other migrants, especially South Americans  
15 of Japanese descent, also entered to engage in unskilled labor, mostly in  
16 manufacturing. In 2013, foreign laborers engaged in occupations, such as  
17 manufacturing (36.6%), services (11.5%), sales (11.1%), and education  
18 (6.9%) (Ministry of Health, Labour and Welfare, 2014). Although much  
19 research has pointed out the segmented nature of immigrant incorporation  
20 into the Japanese labor market, the pattern of incorporation depends  
21 much on immigrants’ nationality and legal status (*e.g.*, Kajita and Miyaj-  
22 ima, 2002; Kajita, Tanno, and Higuchi, 2005). While most South  
23 American migrants, admitted under the special clause as Japanese descen-  
24 dants, are incorporated into the marginalized sector where they earn a  
25 fixed hourly wage regardless of their skills and education, professional  
26 workers admitted through the skilled migration channel are more likely to  
27 be incorporated into the core labor market (Takenoshita, 2006). It is  
28 unclear, however, to what extent, and how, those skilled migrants can  
29 “make it,” once they were incorporated into the specific segments of the  
30 Japanese labor market.

31 The growing volume of foreign migration reflects Japan’s policy to  
32 attract and retain global skills. In the context of population aging and  
33 prolonged economic recession, the government is enforcing the policy as a  
34 way to revitalize its economy and society (Tsukazaki, 2008; Council on  
35 Promotion of Human Resource for Globalization Development, 2011;  
36 Ministry of Justice, 2012). The “New Growth Strategy,” implemented by  
37

38 <sup>2</sup>The term “immigrant” refers here to foreign nationals officially registered in Japan as  
39 long-term residents. The Japanese government does not use the term “immigrant.”

1 the Cabinet Office in 2010, identifies the incorporation of foreign talent  
2 as a key policy goal. This has subsequently led to various measures, such  
3 as a point-based system, to further facilitate the entry and retention of  
4 skilled foreign migrants (Ministry of Justice, 2012).

5 Particularly crucial is a measure to attract foreign talent via educa-  
6 tion. Through initiatives, such as the “Plan to Accept 300,000 Foreign  
7 Students” (Ministry of Education, Culture, Sports and Technology, 2008)  
8 and the “Career Development Program for Foreign Students in Japan”  
9 (Ministry of Economy, Trade, and Industry, 2007), the government has  
10 placed a greater importance on student migration as a crucial strategy.  
11 Consequently, the number of foreign students has increased from 41,000  
12 in 1990 to 140,000 in 2010 (JASSO, 2012), as has the number of those  
13 who stay to work in Japan after graduation by adjusting their visa status –  
14 for instance, the number grew from 2,600 in 1997 to 11,000 in 2008  
15 (Ministry of Justice, 2009).

16 Often referred to as “educationally channeled migration” (Ziguras  
17 and Law, 2006; Liu-Farrer, 2009) or “Japanese-bred talent cultivation  
18 scheme” (Sakanaka, 2011; LDP, 2008), international student mobility is  
19 regarded as an important (and desirable) source of foreign labor, as it is  
20 expected to produce bilingual and bicultural foreign workers with much  
21 needed skills and credentials specific to the local labor market (Ziguras  
22 and Law, 2006; Suter and Jandl, 2008; Terakura, 2009). Armed with  
23 human capital nourished through host education, those foreigners are  
24 expected to assimilate smoothly into the host society (Suter and Jandl,  
25 2008; Sakanaka, 2011). In line with this, the newly implemented point-  
26 based immigration policy awards 5 “bonus” points to foreigners with a  
27 Japanese educational degree (and 10 additional points to those proficient  
28 in Japanese) toward a passing score of 70 (Ministry of Justice, 2012).  
29 Educationally channeled migration, therefore, is an “ideal” strategy, particu-  
30 larly for a country, such as Japan, that tries to maintain its national and  
31 cultural homogeneity while incorporating foreign talent necessary to boost  
32 its global competitiveness (LDP, 2008; Ministry of Education, Culture,  
33 Sports and Technology, 2008; Sakanaka, 2011).

34 How do educationally channeled migrants fare in Japan, in compari-  
35 son to those without local educational credentials? Although numerous  
36 studies have demonstrated that immigrants with host educational creden-  
37 tials enjoy an economic advantage over others (Ferrer and Riddell, 2002;  
38 Zheng and Xie, 2004; Krupka, 2007; Fong and Cao, 2009; Arbeit and  
39 Warren, 2012), human capital obtained over time in Japan does not

1 appear to yield as much economic reward as it is generally expected. We  
2 find instead that negative assimilation is largely at work. That is, neither  
3 duration in Japan nor the acquisition of Japanese education contribute to  
4 higher wages. What contributes to their economic success is rather “for-  
5 eign capital,” or skills directly brought from abroad. A key to economic  
6 success in Japan, at least in terms of wages, thus, lies in how best to uti-  
7 lize foreign capital brought from abroad. Subsequently, those in possession  
8 of foreign capital and better positioned to put it in practice are more  
9 likely than others to earn higher wages in Japan. According to our analy-  
10 sis, the negative assimilation model was found to be more applicable to  
11 English-speaking migrants from the West than to Asian migrants,  
12 although a premium attached to foreign capital exists regardless of  
13 national origins.

14 Drawing on data collected on the major skilled migrant populations  
15 in Japan (Chinese, Koreans, and English-speaking migrants from North  
16 America, Western Europe, and Oceania), we demonstrate below how nega-  
17 tive assimilation works, as immigrants increasingly become integrated  
18 into Japanese society. It is ironic that locally nourished human capital is  
19 not always valued in the labor market despite the government’s efforts to  
20 lure and cultivate foreign talent via local education. This finding helps us  
21 understand not only the mechanisms and opportunities of immigrants’  
22 social mobility in Japan; it also offers important implications for the effec-  
23 tiveness and consequences of such a policy to attract foreign skills, partic-  
24 ularly via education.

25 Before proceeding to the results of our analysis, we first present a  
26 general overview of how immigrants “make it” and how education plays a  
27 role, whether it was obtained in the host society or immigrants’ countries  
28 of origin.

## 30 *HOW IMMIGRANTS “MAKE IT” IN THE HOST SOCIETY –* 31 *THE ROLE OF EDUCATION*

### 33 *Positive Assimilation*

34  
35 Immigrants’ economic mobility has predominantly been explained by  
36 assimilation or what Chiswick and Miller (2011, 2012) call “positive  
37 assimilation.” On average, immigrants earn less than their native-born  
38 counterparts, because they often lack directly transferable skills (Ferrer and  
39 Riddell, 2002; Borjas, 2006; Portes and Rumbaut, 2006; Haskins, 2008;

1 Arbeit and Warren, 2012; Kanas *et al.*, 2012). Moreover, as immigrants  
2 tend to originate in poorer countries, the type of skills they bring from  
3 home may not be readily applicable to richer countries. With increased  
4 duration in the destination, their economic status generally improves, as  
5 they assimilate and acquire skills specific to the host society (Chiswick,  
6 1978, 1979; Waldinger and Perlmann, 1998; Alba and Nee, 2003; Ak-  
7 resh, 2006; Portes and Rumbaut, 2006). This “positive assimilation”  
8 model, consistent with classic assimilation theory, is so robust, according  
9 to Chiswick and Miller (2011), that it has been found for all the major  
10 immigrant receiving countries and time periods, tested with various  
11 sources of data.

12 Central to this model is the accumulation of host-country experi-  
13 ence. Human capital always has a country-specific component, such as  
14 knowledge of local institutions and culture and customs (Ferrer and Rid-  
15 del, 2002; Portes and Fernandez-Kelly, 2009; Connor and Massey, 2010).  
16 Thus, greater experience, or merely more time spent, in the host society  
17 usually translates into higher earnings. Accordingly, education acquired in  
18 the host society is regarded as a key determinant of immigrants’ economic  
19 achievement.

### 21 *The Role of Host versus Foreign Education*

22  
23 As demonstrated in numerous studies, host society education helps immi-  
24 grants learn the host language and culture and acquire skills relevant for  
25 the local labor market. In their study on immigrants in Germany, Kanas  
26 *et al.* (2012) found that those who obtained their education in the host  
27 country had higher occupational status and annual income than those  
28 who did not acquire German education. Likewise, Akresh (2006) empiri-  
29 cally showed that having some U.S. education improves the occupational  
30 status of immigrants in the U.S. According to Lianos, Asteriou, and Agi-  
31 omirgianakis (2004), graduates from European universities tend to fare  
32 better than other degree holders in the Greek labor market.

33 By the same token, foreign degrees, in general, are worth less than  
34 local degrees. Zheng and Xie (2004) specifically showed that U.S. immi-  
35 grants with foreign degrees earned 14 percent less per year than U.S.  
36 degree holders. Li (2001) also found that foreign-educated immigrants in  
37 Canada earned about \$10,000 less than Canadian-educated immigrants  
38 annually. This “discount effect” (Fong and Cao, 2009), or penalty associ-  
39 ated with foreign education, may be attributed to employers’ preference

1 or inability to evaluate foreign degrees properly (Arbeit and Warren,  
2 2012); in the eyes of employers, foreign education may impart fewer skills  
3 deemed useful. In short, foreign credentials may simply be non-transfer-  
4 able or non-applicable; or else, they may be devalued to protect native  
5 workers by minimizing competition from newcomers (Da Vanzo and  
6 Morrison, 1981; Fong and Cao, 2009).

7 The value of foreign education varies, however, depending on where  
8 it was obtained. According to Akresh (2007), educational credentials  
9 earned in Canada and Western Europe are valued more in the U.S. than  
10 those earned in Asia or Latin America (See also Bratsberg and Ragan,  
11 2002). Similarly, Arbeit and Warren (2012) demonstrate that Canadian  
12 or U.K. degree holders in the U.S. are more likely than their Latin Ameri-  
13 can or Caribbean counterparts to engage in jobs in the fields in which the  
14 degrees were earned. Thus, the discount effect of foreign education may  
15 depend on its transferability, reflected in the cultural or linguistic distance  
16 between the host and home countries (Chiswick and Miller, 2011, 2012).

### 17 *Negative Assimilation*

18 Whereas “positive assimilation” remains a dominant model in explaining  
19 immigrants’ economic mobility, “negative assimilation” (Chiswick and  
20 Miller, 2011, 2012) posits that some immigrants, who come in with readily  
21 transferable skills, do not necessarily follow the traditional path of upward  
22 economic mobility. That is, earnings decrease with duration in the host  
23 society. According to the authors, the model is applicable only to immi-  
24 grants from developed countries similar in culture, language, and labor  
25 market practices to the host society. Those who are already “assimilated”  
26 tend to start out high on the economic ladder (or they migrate only when  
27 they expect higher wages than at home), and with relatively little additional  
28 investment in on-the-job training, their wages tend to decline over time. In  
29 the words of the authors, the economic rent that motivated the initial  
30 migration declines over time (Chiswick and Miller, 2011, 2012).

31 There are a number of possible reasons for the decline in the eco-  
32 nomic rent. First, the demand for immigrants’ skills that initiated the  
33 migration may not last for long. When immigrants’ skills are scarce and  
34 badly needed, it is certainly possible to earn high wages without assimilat-  
35 ing (Gans, 2007), yet labor market conditions do change over time.  
36 Moreover, the type of immigrants’ skills needed may require fresh skills  
37 brought directly from abroad, thus the value of foreign skills initially  
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1 appreciated may decrease over time as immigrants stay longer in the host  
2 society. In Japan, where English skills are highly scarce and valued, for  
3 instance, there is a constant demand for native English instructors. As  
4 fresh skills from abroad are often preferred for foreign language teaching,  
5 this often results in higher remuneration for newer recruits and high rates  
6 of job rotation among foreign language teachers in Japan (Yonezawa, Ishi-  
7 da, and Horta, 2013).

8 A second reason has to do with immigrants' selectivity and motiva-  
9 tions. Those immigrants who experience negative assimilation are likely to  
10 be a selected group of individuals who were drawn to the destination  
11 because of high earnings or higher returns to their skills than expected  
12 elsewhere. In other words, they migrated because they expected high ini-  
13 tial wages, and not because they expected to accumulate locally specific  
14 skills to gradually increase their labor market competitiveness. This may  
15 particularly be the case of highly skilled workers, such as foreign expatri-  
16 ates of multinational corporations and IT professionals, who frequently  
17 job hop across countries in search of better opportunities (e.g., Beever-  
18 stock, 2005; Bauder, 2012).

19 Moreover, the decline in the economic rent may simply reflect  
20 migrants' mobility patterns. Those who come in with globally transferable  
21 skills may not stay long in the destination, especially as they see the eco-  
22 nomic rent decline over time. The owners of globally transferable skills  
23 tend to be more mobile and move wherever the returns are highest. This  
24 mobility pattern may result in the gradual decrease of *average* wages by  
25 leaving behind those who are less able to expect higher wages elsewhere.<sup>3</sup>  
26 The rising costs of return migration over time may also explain this selec-  
27 tion. As immigrants stay longer in the host society, they are likely to form  
28 families or establish new personal contacts, making it more difficult to  
29 move back or onward. As the costs of return keep rising, immigrants may  
30 find decreasing wages more acceptable over time.

31 In short, negative assimilation suggests that host society experience  
32 may not always contribute to upward economic mobility. Unlike the type  
33 of immigrants typically assumed in the conventional model of positive  
34 assimilation, those immigrants with readily transferable global skills do  
35 not necessarily gain economically from assimilation or time spent in the  
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39 <sup>3</sup>Chiswick and Miller (2011) do not use panel data, and thus do not follow the same indi-  
viduals over time, in discussing the relative decline of wages of those who experience nega-  
tive assimilation. Instead, they use census data taken at different points in time.



1 host society. When and where does negative assimilation occur then?  
2 More specifically, what kind of immigrant skills are valued, and not val-  
3 ued, and how does it relate to the process of acquiring host-specific skills?  
4 We now demonstrate immigrants' social mobility patterns in Japan by  
5 comparing the effects of human capital acquired in Japan and abroad.

## 7 *DATA AND METHODS*

### 9 *Data*

10  
11 At present, it is difficult, or nearly impossible, to draw random sampling  
12 among foreign residents in Japan due to a lack of large-scale systematic  
13 data and of the reliable registration system in place.<sup>4</sup> The largest dataset  
14 available to date is the Census which began to collect information on fore-  
15 ign residents in 1995. Yet, given its limited information and access to  
16 micro data, it does not allow us to fully analyze immigrants' socioeco-  
17 nomic integration by taking into account crucial factors such as income,  
18 Japanese language proficiency and the year of immigration to Japan (See  
19 for instance, Omagari *et al.*, 2011; Korekawa, 2012).

20 Given these limitations, we conducted a web-monitoring survey for  
21 this study. Even though such a method necessarily entails measurement  
22 errors and sampling bias (Couper, 2000; Honda, 2007), it is nevertheless  
23 the most feasible method to gather large-scale micro data on foreign resi-  
24 dents in Japan today. The survey was conducted between the months of  
25 February and August 2012 through two research companies that special-  
26 ized in immigrant communities and had a large list of foreigners regis-  
27 tered as their monitors.<sup>5</sup> Among those monitors, we included in our  
28 analysis only "newcomers" who came to Japan after the passage of the  
29 new immigration law in 1989 (thus excluding multigenerational long-term  
30 Korean residents who became incorporated into Japan under different  
31 circumstances). To analyze immigrants' economic incorporation and social  
32

33 <sup>4</sup>The registration system for foreign residents was not well enforced or implemented until  
34 the Law of the Basic Resident Registers was passed in July, 2012. Although it is now fully  
35 integrated into the national registration system, the government anticipates it will still take  
36 long to be able to keep track of all foreign residents. According to a recent press report,  
37 many registration forms sent by local governments to foreign residents were returned due  
38 to the "unknown" whereabouts of foreign residents.

39 <sup>5</sup>We made sure that there was no overlap in the sample drawn by the two research compa-  
nies.

1 mobility over time, we focused on non-students, aged 16–69, who had  
2 resided in Japan for at least three years so as to exclude temporary visitors  
3 and residents. Our sample targeted three major immigrant groups who  
4 migrated to Japan under the skilled migration policy: (1) Chinese, (2)  
5 Koreans, and (3) so-called “Westerners” from five English-speaking coun-  
6 tries (U.S., UK, Canada, Australia, and New Zealand).<sup>6</sup> According to the  
7 latest immigration statistics available, these three groups together consti-  
8 tuted about 67 percent of all foreign “newcomers”<sup>7</sup> in 2013 (Ministry of  
9 Justice, 2014) and roughly 90 percent of skilled foreign laborers<sup>8</sup> in Japan  
10 (Ministry of Health, Labour and Welfare 2013). For the purposes of our  
11 analysis, we restricted the sample to residents of the Kanto and Kansai  
12 metropolitan areas in order to control for regional differences.<sup>9</sup> In the  
13 end, this yielded a total of 898 immigrants in our sample (200 Chinese,  
14 384 Koreans, and 314 Westerners).

15 Although the sample is neither representative nor generalizable of  
16 the nation’s entire foreign population, it nevertheless captures a substan-  
17 tive segment of the population of our interest: the educated and skilled  
18 targeted by the Japanese government. “Newcomers” from China, Korea,  
19 and the West tend to be highly educated and urban as a whole. According  
20 to the Japanese Census (2010), 82 percent of Americans, 37 percent of  
21 Chinese, and 31 percent of Koreans<sup>10</sup> surveyed responded that they gradu-  
22 ated from college or graduate school, and over 60 percent of Chinese,  
23 70 percent of Koreans, and 65 percent of Americans were residing in the  
24 Kanto and Kansai metropolitan areas (Ministry of Justice, 2014). As  
25 urban residents tend to be more educated and engage in professional  
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27  
28 <sup>6</sup>Although the survey initially included South Americans (Brazilians and Peruvians), we  
29 excluded them from our analysis, because most of them did not enter Japan under the  
30 skilled migration policy and also because they were underrepresented in the sample.

31 <sup>7</sup>Excluding long-term Korean residents who hold “special permanent residency.”

32 <sup>8</sup>A rough estimate referring to foreign laborers engaged in occupations defined as “skilled”  
33 based on visa categories.

34 <sup>9</sup>These metropolitan areas (Tokyo, Kanagawa, Chiba, Saitama, Osaka, Kyoto, and Hyogo)  
35 have the largest number of foreign residents as well as the most diverse nationalities. We  
36 did not include the Nagoya area, for example, because its foreign population is dominated  
37 by one nationality – Brazilian.

38 <sup>10</sup>These figures include special permanent residents and other migrants on family-related  
39 visas whose levels of educational attainment tend to be lower than work visa holders. Fam-  
ily-related visa holders are more disproportionately represented among Korean and Chinese  
migrants than Americans.

occupations (Census, 2010), we believe that our sample, though skewed toward an “elite” segment of the population, is sufficiently generalizable to analyze how the kinds of immigrants targeted by the Japanese government fare and achieve economic mobility in Japan.

### *Models*

To assess whether positive or negative assimilation is more applicable in explaining immigrants’ mobility patterns in Japan, our analysis focuses on two key parameters. One is duration in the host society. As explained in the previous section, classic assimilation thesis assumes that duration in the destination is a good proxy for immigrants’ knowledge and skills relevant for the host labor market; this should reflect in higher wages. Accordingly, we test if duration in the destination does yield positive effects on wages. The other key parameter is country-specific human capital investments in the destination, also assumed to have a positive impact on wages. Together, the positive effects of both parameters would confirm positive assimilation, while negative coefficients would imply negative assimilation.

These parameters are tested in the following Mincerian-type wage equation where the wage of an individual worker  $i$  is a function of years since migration (hereafter,  $YSM$ ) and skills acquired in the host society ( $SHS$ ), in combination with other control variables:

$$\log(W_i) = \alpha + X_i' * \beta + \gamma * YSM_i + \delta * SHS_i + e_i$$

where  $\log(W)$  represents the natural logarithm of individual annual earnings being examined,  $X$  is the vector of individual characteristics to be controlled for, such as age, years of schooling, and gender, and  $e$  is a random disturbance with mean zero and constant variance.

The models are tested in two steps, analyzing the two key parameters in turn.<sup>11</sup> The first models (Models I-a and I-b) test  $YSM$  as the key

<sup>11</sup>Past studies, including Chiswick and Miller (2011, 2012), typically analyze immigrants’ earnings based on male-only samples (also Chiswick, 1978 and Borjas, 1993). That is because labor market incorporation and income attainment patterns are a gender-specific process. In our analysis, however, we did not separate the sample by gender, partly because of our small sample size, and mostly because there was no significant difference between males and females in the overall negative assimilation pattern. Although males significantly and consistently earned higher wages than females, the determinants of wages, as well as the impact of assimilation and acculturation on wages, was comparable. In future research, however, it is important to explore gender differentials further by using a larger data set.

1 independent variable. If the coefficient of *YSM* is positive and statistically  
2 significant, it implies that immigrants' earnings improve with duration in  
3 the host country (*i.e.*, positive assimilation). If the coefficient is negatively  
4 significant, however, it alludes to negative assimilation; earnings decline  
5 with the passage of time in the destination.

6 Then, host society-specific human capital – education acquired in  
7 Japan – is added (Models I-c and I-d) to test its effects on earnings. The  
8 positive and statistically significant coefficient of this variable would sup-  
9 port previous studies, concluding that locally obtained education help  
10 immigrants earn higher wages. If, on the other hand, the coefficient is  
11 negative and statistically significant, we would conclude that skills and cre-  
12 dentials specific to the Japanese labor market are not as valued as skilled  
13 directly brought from abroad.

14 The next step is to run the same regression models separately for  
15 each of the two regions from which immigrants in our sample originated  
16 (Models II) – China, Korea, and the English-speaking West (the U.S., the  
17 U.K., Canada, Australia, and New Zealand). Following the previous stud-  
18 ies, outlined earlier, that found differential effects of foreign degrees, we  
19 attempt here to clarify how positive and negative assimilation work, when  
20 it occurs, and for whom by assessing the possible effects of regional differ-  
21 ences: (1) whether the value of foreign credentials varies by region of ori-  
22 gin; (2) whether such value is observed only in a specific region of origin;  
23 and (3) whether the overall determinants of earnings differ depending on  
24 where immigrants come from.

### 25 *Variables*

26  
27  
28 Table 1 summarizes all the variables used for the models. The dependent  
29 variable is the natural logarithm of annual wage before tax deductions  
30 during the 2011 calendar year. The response category in the original ques-  
31 tionnaire ranged from 1 (=no income) through 16 (=more than 15 mil-  
32 lion Japanese Yen or henceforce, JPY). We set the minimum (1 = no  
33 income and 2 = less than 0.5 million JPY) to zero and maximum  
34 (16 = more than 15 million JPY) to 15 million JPY. Then, the first two  
35 categories (zero and under 0.5 million JPY) and the last category (over  
36 15 million JPY) were taken out from the sample (to exclude extreme val-  
37 ues), and the median value for categories between 3 (=0.5 million to  
38 0.99 million JPY) and 15 (=10 million to 14.99 million JPY) was used  
39 for our analysis.

**TABLE 1**  
**DESCRIPTIVE STATISTICS OF VARIABLES USED IN THE MODELS**

Variables	All respondents (N = 898)				Asian (N = 584)				Westerners (N = 314)			
	Mean	SD	Min	Max	Mean	SD	Min	Max	Mean	SD	Min	Max
Wage in current job (in JPY)	475.50	354.58	75	1250	452.23	349.19	75	1250	518.79	360.99	75	1250
Wage in current job (in JPY, logarithmic transformation)	5.90	0.75	4.32	7.13	5.84	0.76	4.32	7.13	6.00	0.73	4.32	7.13
Gender (reference: female)												
Male	0.60	0.49	0	1	0.55	0.50	0	1	0.68	0.47	0	1
Age (centered at 35 years old)	-0.84	7.14	-13	26	-0.88	6.17	-11	25	-0.78	8.66	-13	26
Age squared	51.58	83.78	0	676	38.76	62.29	0	625	75.43	109.59	0	676
Respondents' years of education	15.04	2.11	6	18	15.09	2.17	6	18	14.96	2.00	6	18
Working hours per week	41.14	13.02	3	98	41.85	12.35	3	98	39.83	14.11	3	98
Firm size (reference: 30-299)												
1-29	0.42	0.49	0	1	0.43	0.50	0	1	0.39	0.49	0	1
Over 300	0.27	0.44	0	1	0.30	0.46	0	1	0.21	0.41	0	1
Father's years of education	13.34	3.38	0	18	12.80	3.61	0	18	14.35	2.64	0	18
Years since migration (centered at 8.5 years)	-0.30	5.57	-5.50	23.50	-0.59	5.17	-5.50	23.50	0.26	6.22	-5.50	23.50
Years since migration squared	31.08	63.73	0.25	552.25	26.98	55.95	0.25	552.25	38.69	75.63	0.25	552.25
Japanese writing skill	3.44	0.82	1	4	3.65	0.64	1	4	3.04	0.96	1	4
Educational credentials (reference: abroad)												
In Japan	0.25	0.43	0	1	0.35	0.48	0	1	0.07	0.26	0	1
English-speaking skill	3.11	1.03	1	4	2.64	0.99	1	4	3.98	0.16	2	4

Source: Authors' calculation based on survey data.

1 One of the key independent variables, *YSM* (Year Since Migration),  
2 refers to the length of time in Japan, measured as the number of years  
3 since first arrival in Japan. Another key independent variable, the place in  
4 which the highest degree was earned, is based on the question of whether  
5 the degree was earned in Japan, country of birth, or a third country. As  
6 relatively few earned their degrees in a third country, we combined the  
7 latter two as foreign degrees as opposed to degrees earned in Japan. This  
8 variable is intended to measure the type of human capital, whether it was  
9 invested and acquired pre-migration abroad or post-migration in the host  
10 society.

11 Other independent variables include education, expressed as years of  
12 schooling acquired in any country, and additional factors deemed to affect  
13 earnings, such as father's education,<sup>12</sup> gender, working hours per week,  
14 firm size, Japanese proficiency, and English proficiency. Father's education  
15 is used as a measure of one's socioeconomic background. Numerous stud-  
16 ies have found that father's socioeconomic status is strongly related to  
17 one's economic attainment, either directly or indirectly (*e.g.*, Tachibanaki,  
18 1988).<sup>13</sup> Gender, the number of work hours, and firm size have also been  
19 identified as crucial determinants of earnings, particularly in Japan; males  
20 generally earn more than females, net of other factors, as do employees of  
21 larger firms and individuals who put in more hours at work (*e.g.*, Sano  
22 and Yasui, 2009; Statistics Bureau of Japan, 2012). Japanese proficiency is  
23 measured on a 4-point scale (1 = little; 2 = not so good; 3 = average;  
24 4 = good) based on the subjective evaluation of respondents' writing abili-  
25 ties. English proficiency, measured similarly on a 4-scale point, is also  
26 added to our models, as it has frequently been identified as a crucial skill  
27 valued in the Japanese labor market (See, for instance, Watanabe,  
28 2003).<sup>14</sup>

29  
30  
31 <sup>12</sup>Father's education is treated here as a continuous variable, measured as years of school-  
32 ing, because in most cases, respondents' fathers completed their education outside of  
33 Japan.

34 <sup>13</sup>Some researchers, including Tachibanaki (1988), confirm that father's education (used as  
35 a proxy for parental socioeconomic status) directly affects children's economic outcomes,  
36 while others, such as Sano and Yasui (2009), suggest that father's education affects chil-  
37 dren's economic outcomes only indirectly through children's education or the standard of  
38 living at home.

39 <sup>14</sup>It is to be noted that age and *YSM* are centered at mean to avoid possible multicolline-  
ality problems. In analyzing the effects of *YSM*, we subtracted its mean (8.5 years) from  
each value; similarly for age, the mean of 35 was subtracted from each value.

1 The descriptive statistics summarized in Table 1 show that the average  
2 immigrant in our sample is 35 years old with a foreign college degree  
3 and has lived in Japan for 8.5 years; currently, s/he engages in full-time  
4 employment, working 8 h a day at a medium or large-sized firm. The  
5 average annual wage of 4.75 million JPY is significantly higher than the  
6 national average, 4.12 million JPY, among all employees in Japan in 2010  
7 (National Tax Agency, 2012).

8 Table 1 also shows a substantial difference in earnings between  
9 immigrants from Asia and the English-speaking Western countries  
10 included in our analysis. The average immigrant from the West earns  
11 5.18 million JPY annually, over 0.5 million JPY more than the average  
12 Asian (4.52 million JPY). Westerners earned more than Asians, on average,  
13 even though there were no significant differences in age, education,  
14 and years since migration, and despite their lower level of Japanese proficiency  
15 (a score of 3.04 as opposed to 3.65 for Asians) and lower likelihood  
16 to earn their degrees in Japan (7% compared with 35% for Asians).

## 17 RESULTS

### 18 *Baseline Model (Models I-a and I-b)*

19  
20  
21  
22 Our analysis begins with a baseline model (Models I-a and I-b in  
23 Table 2), based on the entire sample, to assess the applicability of the  
24 assimilation model, either positive or negative. The coefficients estimated  
25 by ordinary least squares (OLS) are reported in Table 2, along with the  
26 heteroskedasticity-robust standard errors. Model I-a includes only a linear  
27 variable for *YSM*, and quadratic *YSM* is added in Model I-b. Overall, the  
28 coefficients of the variables included in the models are mostly significant  
29 in predicted directions. Being male increases wages, as does the higher  
30 level of parental socioeconomic status. One also earns more by working  
31 longer hours and at a larger firm. The return to education, regardless of  
32 where the highest degree was earned, is positive at the 5 percent significance  
33 level.

34 The most remarkable finding here is the negative effect of *YSM*;  
35 while the coefficient is insignificant in Model I-a, it turns significant, once  
36 quadratic *YSM* is added (Model I-b). This suggests that *YSM* has a U-  
37 shape, rather than a straight-line, effect on wages. Specifically, it negatively  
38 affects wages for the first 13 years, but thereafter, its effect turns positive.  
39 That is, the negative assimilation pattern is observed for the first 13 years

TABLE 2  
MODEL I – REGRESSION ANALYSES OF IMMIGRANT EARNINGS

	I-a			I-b			I-c			I-d		
	Coef.	Robust SE	Beta	Coef.	Robust SE	Beta	Coef.	Robust SE	Beta	Coef.	Robust SE	Beta
Male	0.329***	0.045	0.215	0.311***	0.046	0.203	0.301***	0.044	0.196	0.296***	0.044	0.193
Age (35 years old = 0)	0.005	0.004	0.045	0.008	0.005	0.076	0.001	0.004	0.009	0.003	0.005	0.024
Age squared	0.0001	0.0003	0.0140	-0.0003	0.0004	-0.0322	0.0003	0.0003	0.0321	0.0001	0.0003	0.0143
Respondents' years of education	0.045***	0.011	0.125	0.043***	0.011	0.121	0.036**	0.012	0.100	0.035**	0.012	0.097
Working hours per week	0.012***	0.002	0.201	0.012***	0.002	0.205	0.012***	0.002	0.206	0.012***	0.002	0.207
Firm size (reference: 30–299)												
1–29	-0.286***	0.049	-0.187	-0.281***	0.049	-0.184	-0.263***	0.048	-0.172	-0.262***	0.048	-0.172
Over 300	0.291***	0.063	0.172	0.296***	0.062	0.175	0.213***	0.061	0.126	0.217***	0.061	0.128
Father's years of education	0.026***	0.007	0.117	0.023**	0.007	0.105	0.018*	0.008	0.081	0.017*	0.008	0.078
Years since migration	-0.001	0.004	-0.010	-0.015*	0.007	-0.111	0.008	0.004	0.061	0.003	0.007	0.019
(8.5 years = 0)												
Years since migration squared				0.002**	0.001	0.135				0.001	0.001	0.050
Japanese writing skill							0.147***	0.029	0.160	0.147***	0.029	0.160
Educational credential (reference: abroad)												
In Japan							-0.321***	0.051	-0.186	-0.306***	0.054	-0.177
English-speaking skill							0.126***	0.031	0.162	0.122***	0.032	0.157
Westeners	0.121*	0.052	0.077	0.136**	0.052	0.086	-0.036	0.068	-0.023	-0.021	0.071	-0.013
Intercept	4.199***	0.185		4.217***	0.187		3.675***	0.196		3.690***	0.199	
R <sup>2</sup>		0.309			0.316			0.370			0.371	
N		898			898			898			898	

Note: \*\*\* $p < 0.001$ , \*\* $p < 0.01$ , \* $p < 0.05$ . Source: Authors' calculation based on survey data.



1 in Japan, or it takes 13 years before the positive effect kicks in. Negative  
2 assimilation is prevalent in Japan, given that most foreigners stay less than  
3 13 years in the country (Ministry of Justice, 2014). And this trend is  
4 robust, regardless of the recession that has plagued the country over the  
5 past decades. Although the nation's average wage has decreased due to the  
6 recession, this does not seem to have driven immigrants' wages downward  
7 in the same way.<sup>15</sup> Therefore, contrary to Western countries where immi-  
8 grants typically experience positive assimilation, immigrants in Japan, at  
9 least the skilled and educated targeted by the government, appear to  
10 undergo a different process of economic assimilation.<sup>16</sup>

### 11 *Extended Model with Country-Specific Human Capital (Models I-c* 12 *and I-d)*

13  
14  
15 To further explore the role of location-specific human capital, the next  
16 step is to test the effect of the place where the highest degree was  
17 obtained. It is measured as a dummy variable coded as 1 if the degree  
18 was completed in Japan and 0 if otherwise. The results of Models I-c  
19 and I-d (See Table 2) show that the coefficient of this variable is nega-  
20 tive and statistically significant at the 0.1 percent level, suggesting that  
21 education acquired in Japan is negatively related to immigrants' wages.  
22 What it implies on the flip side is that skills brought from abroad con-  
23 tribute more to higher wages in Japan. Judging from the standardized  
24 coefficient of this variable, the magnitude of its effect is quite large rela-  
25 tive to other independent variables, including years of schooling. This  
26 indeed suggests that the *type* of education (whether education is attained  
27 in the host society or abroad) may matter more than the overall *level* of  
28 education (general human capital) in predicting immigrant earnings in  
29 Japan.

30 Models I-c and I-d also test the effects of Japanese and English writ-  
31 ing skills on wages. Both positive and significant, the results are consistent  
32

33 <sup>15</sup>While the prolonged recession has resulted in lowering the average wage in Japan, it has  
34 not affected the wages of the skilled and educated employed by larger firms as much  
35 (Ministry of Health, Labour and Welfare, 2012). Among our sample, we consistently  
36 observed negative (and non-positive) assimilation trends, even after controlling for firm  
37 size, job tenure, and various skill levels of individuals.

38 <sup>16</sup>The inclusion of many independent variables in the models could potentially cause mul-  
39 ticollinearity. However, we confirmed that there is no evidence of severe collinearity among  
the independent variables according to the Variance Inflation Factors (VIF) we computed.

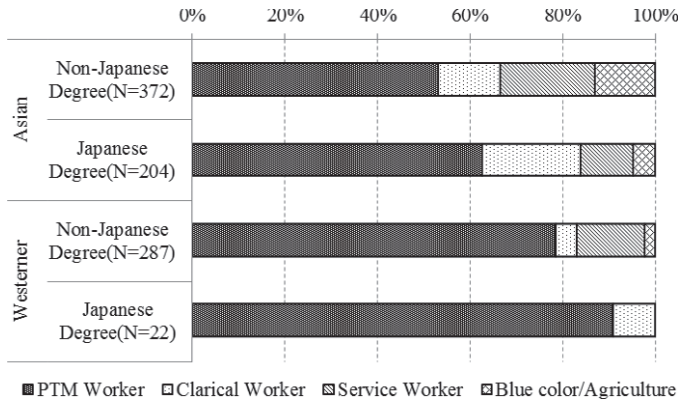
1 with previous studies (e.g., Alba and Nee, 2003; Portes and Rumbaut,  
2 2006). As shown by its strong positive coefficient, English proficiency, as  
3 a type of capital brought from abroad, is highly valued in the Japanese  
4 labor market. Japanese proficiency, a crucial host society-specific human  
5 capital, is also confirmed vital to economic success. Yet, what is surprising  
6 is that Japanese proficiency is not correlated with *YSM*. Thus, the Japa-  
7 nese skills valued here are not a product of experience accumulated in  
8 Japan; rather, they reflect skills acquired abroad. Foreign capital, or skills  
9 brought from abroad, once again, proves to be a crucial determinant of  
10 immigrants' economic success in Japan. Thus, immigrants in Japan do  
11 not quite seem to follow the positive assimilation path prevalent in Wes-  
12 tern countries.

### 13 *Mechanisms of Negative and Non-Positive Assimilation*

14  
15  
16 Taken together, time spent in Japan largely has either a negative or non-  
17 positive (insignificant) effect on earnings. Moreover, human capital accu-  
18 mulated in the host society, measured as education attained in Japan, has  
19 a robust negative effect on immigrant wages. Why does host-specific  
20 human capital matter less than foreign capital brought from abroad? This  
21 may, in part, be explained by what immigrants actually do with their  
22 skills in Japan.

23 Figure 1 shows that there is a substantial difference in occupational  
24 status between immigrants with foreign and Japanese educational creden-  
25 tials. Those who earned their highest degrees abroad are more likely to  
26 engage in professional, technical, or managerial jobs (71.7%) than others  
27 with Japanese educational credentials (51.4%). A majority of foreign-edu-  
28 cated immigrants in our survey engaged in teaching, language editing,  
29 trade, and IT – the types of jobs that are likely to complement skills pos-  
30 sessed by natives – in Japan. On the other hand, immigrants educated in  
31 Japan tended to take up jobs that would face more direct competition  
32 with natives, such as clerical jobs, sales, or general managerial work in  
33 companies. According to a survey conducted by JASSO (2005) among  
34 foreign graduates from Japanese universities, a majority of those who  
35 stayed in Japan were company employees engaged in translation/interpre-  
36 tation business (28%), technical development (11%), or operations and  
37 sales (11%) – in short, they mostly engaged in general office work, like  
38 natives, within a Japanese company setting. Unlike the findings of previ-  
39 ous research for other countries introduced earlier, foreign credentials were

Figure 1. Occupational Status by Location in Which the Highest Degree Was Earned



Note: PTM represents professional, technical, and managerial types of occupations. Non-PTM represents clerical and manual type of occupations.

Source: Authors' Calculation Based on Survey Data.

likely to lead to more highly remunerated professional jobs in Japan, because they were often channeled into a different sector of the labor market (specific types of jobs) where such skills are regarded a premium not possessed by natives.

To further test whether there were significant differences in backgrounds between migrants educated in Japan and elsewhere, we ran a simple correlation between the place of the highest degree and a select number of observable characteristics, such as father's education, gender, and age (Table 3). The weak or insignificant correlations suggest that the place of the highest degree is more or less randomly distributed. The reason foreign capital matters, therefore, does not seem to hinge on migrants' selectivity; the degree earned in Japan or abroad has an independent effect on wages in Japan.

A better clue as to why foreign education matters may lie in what is actually valued in the Japanese labor market. Namely, the *kind* of foreign capital valued may have a specific regional or cultural component. As discussed earlier, Chiswick and Miller (2011, 2012) stipulate that negative assimilation occurs only when immigrants with perfectly transferable skills (*e.g.*, native English fluency) move from countries with comparable levels of economic development. In line with this, negative assimilation observed in Japan may be more applicable to highly skilled immigrants from high-income countries. Stated differently, the type of foreign skills valued in

**TABLE 3**  
CORRELATION BETWEEN JAPANESE DEGREE HOLDERS AND THEIR FAMILY AND DEMOGRAPHIC CHARACTERISTICS

	Corr. Coef
Male	-0.14***
Age (35 = 0)	-0.09*
Father's years of education	-0.02

Note: \*\*\* $p < 0.001$ , \*\* $p < 0.01$ , \* $p < 0.05$ , † $p < 0.1$ ;  $N = 898$ . Source: Authors' calculation based on survey data.

the Japanese labor market may be regionally or culturally specific. To test this, we now examine the results of separate regression analysis for Asia (China and Korea) and the English-speaking "West" (the U.S., the U.K., Canada, Australia, and New Zealand).

*Separate Models by Region and Country (Models II-a, II-b, II-c, and II-d)*

The results summarized in Table 4 show some regional differences. Negative assimilation is strongly at work for Westerners, and this applies only to Westerners.<sup>17</sup> For Asians, the coefficients of *YSM* and quadratic *YSM* do suggest negative assimilation in Model II-a, but their effects disappear once the foreign capital variables are included (Model II-b). This suggests that their wages are explained more by foreign degrees and English skills than by the duration of time in Japan. Moreover, Asian migrants appear to gain economically by working for long hours at larger firms, a pattern similar to native Japanese workers (*e.g.*, Sano and Yasui, 2009).

For Westerners, the negative effects of *YSM* remain robust, even after controlling for foreign capital (Models II-c and II-d). Unlike migrants from Asia and native Japanese workers, moreover, Westerners do not earn significantly more by working at larger firms. Nor do longer work hours contribute as much to their wages as to their Asian counterparts. For migrants from the West, therefore, negative assimilation is clearly at work in Japan.

For both groups, education attained in Japan has a negative effect, while English skills (for Asian) have a positive effect on wages. Thus, a premium attached to foreign capital remains strong regardless of where

<sup>17</sup>It is to be noted here, again, that the computed VIF suggests no severe colinearity among the independent variables included in Models II-a and II-b.

TABLE 4  
MODEL II – REGRESSION ANALYSES OF IMMIGRANT EARNINGS BY REGION OF ORIGIN

	II-a (Asian)			II-b (Westerners)			II-c (Westerners)			II-d (Westerners)		
	Coef.	Robust SE	Beta	Coef.	Robust SE	Beta	Coef.	Robust SE	Beta	Coef.	Robust SE	Beta
Male	0.343***	0.054	0.225	0.303***	0.051	0.199	0.248**	0.081	0.158	0.226**	0.079	0.144
Age (35 years old = 0)	0.024***	0.005	0.197	0.014*	0.006	0.117	0.003	0.007	0.039	-0.001	0.007	-0.012
Age squared Respondents' years of education	-0.0013**	0.0005	-0.1046	-0.0008	0.0005	-0.0655	0.0006	0.0005	0.0907	0.0007	0.0005	0.1106
	0.007	0.012	0.019	0.014	0.013	0.041	0.084**	0.024	0.229	0.084**	0.024	0.230
Working hours per week	0.016***	0.002	0.254	0.016***	0.002	0.261	0.007*	0.003	0.129	0.007*	0.003	0.141
Firm size (reference: 30-299)												
1-29	-0.119*	0.059	-0.078	-0.121*	0.056	-0.079	-0.394***	0.082	-0.263	-0.409***	0.085	-0.273
Over 300	0.515***	0.073	0.313	0.395***	0.071	0.240	-0.070	0.100	-0.039	-0.072	0.100	-0.040
Father's years of education	0.024**	0.008	0.116	0.014	0.008	0.067	0.037*	0.017	0.133	0.036*	0.018	0.132
Years since migration (8.5 years = 0)	-0.015*	0.007	-0.104	0.010	0.009	0.069	-0.028*	0.011	-0.238	-0.023*	0.011	-0.195
Years since migration squared	0.002**	0.001	0.161	0.001	0.001	0.049	0.001	0.001	0.154	0.001	0.001	0.139
Japanese writing skill	0.079*	0.040	0.066	0.045	0.039	0.038	0.176***	0.040	0.231	0.176***	0.040	0.231
Educational credential (reference: abroad)												
In Japan				-0.250***	0.061	-0.158						
English-speaking skill				0.187***	0.030	0.244						
Intercept	4.195***	0.211		3.998***	0.221		3.323***	0.466		3.810**	1.209	
R <sup>2</sup>		0.410			0.470			0.332			0.347	
N		584			584			314			314	

Note: \*\*\* $p < 0.001$ , \*\* $p < 0.01$ , \* $p < 0.05$ . Source: Authors' calculation based on survey data.

1 migrants come from. This may be due to the relatively short supply of  
2 personnel sufficiently proficient in English or other foreign skills in Japan,  
3 as reflected in the small number of Japanese who study abroad or earn a  
4 degree abroad (See Institute of International Education, 2012; JASSO,  
5 2012). It may also reflect the Japanese immigration policy that accords  
6 premiums to foreign skills brought from abroad.

7 The regression analysis performed separately by region shows that a  
8 different mechanism may be at work in explaining the economic mobility of  
9 each geographical group. As mentioned earlier, Asian migrants, particularly  
10 those educated in Japan, may follow (or are expected to follow) the eco-  
11 nomic mobility path typically experienced by natives – obtaining employ-  
12 ment in larger prestigious firms by going through specific labor recruitment  
13 practices learned in local educational institutions. While they reap economic  
14 rewards by following the path, the foreign capital they possess still has a  
15 labor market premium. And this is robust and consistent, regardless of their  
16 job tenure and employment status, as well as how long they stay in Japan.

17 The different results observed between the two regional patterns  
18 may imply that foreign capital brought from the West, such as English  
19 skills, are particularly valued in the Japanese labor market. Alternatively,  
20 Westerners, who are less likely than Asians to possess Japan-specific  
21 human capital, such as Japanese language proficiency and local educa-  
22 tion, may be more predisposed to utilize their foreign capital in the Jap-  
23 anese labor market. Westerners may also be expected to follow an  
24 economic mobility path distinct from Japanese natives. This may be akin  
25 to Westerners brought into Japan as government advisors (“oyatoi gai-  
26 kokujin”) who assumed separate, yet economically superior, positions  
27 during the Meiji period (1868–1912) of Japan’s modernization (*e.g.*, Jan-  
28 sen, 2000). The pattern observed here may also be comparable to the  
29 case of *Kikokushijo*, or privileged Japanese returnees from abroad studied  
30 by Goodman (1990), in that those who bring special skills from abroad,  
31 especially from the West, may be preferentially incorporated into Japa-  
32 nese society. Today, when “global skills” are highly sought, educated for-  
33 eign migrants with skills deemed useful may indeed have an advantage  
34 over natives without such skills.

35 In sum, the positive assimilation thesis commonly used to explain  
36 immigrant economic mobility in the West does not seem to apply in the  
37 same way to Japan. While foreign skills directly brought from abroad con-  
38 tribute to higher wages, human capital accumulated in the host society  
39 seems to put immigrants at relatively disadvantaged positions.

## DISCUSSION AND CONCLUSIONS

In the context of growing competition for global talent, educationally channeled migration is increasingly seen and identified as an important national strategy in Japan (Terakura, 2009). It is a strategy to smoothly integrate immigrants into Japanese society, while tapping into foreign talent to reinvigorate Japan's economy ("New Growth Strategy" cited on P. 3). This strategy is fundamentally rooted in the widespread belief in positive assimilation that locally acquired capital fosters immigrants' assimilation and hence upward economic mobility. It is indeed in accordance with many past studies, as mentioned earlier, demonstrating the "value" of host education in explaining immigrants' economic attainment.

Given our findings, however, the Japanese policy strategy may end up producing immigrants who are unable to gain economic rewards commensurate with their skill levels. Without economic rewards, the value of Japanese education may diminish, particularly for the highly skilled who can expect higher economic rewards elsewhere. The most talented and able with globally transferable skills may simply opt to move elsewhere, using Japan as a stepping-stone or altogether bypassing the country. The current strategy to lure skilled immigration via education may, therefore, reinforce the sorting mechanism of immigration, not only of who comes to Japan in the first place, but also of who stays and who moves on from Japan.

More generally, our findings also suggest that assimilation via host education does not always lead to immigrants' upward economic mobility. Although the extent to which immigrants achieve parity with natives is often assumed as a key indicator of immigrants' economic success (*e.g.*, Constant and Zimmermann, 2009; Borjas, 2013), assimilation, or becoming similar to natives, is not always desirable, or certainly not the only strategy, to attain economic mobility. As we have demonstrated, utilizing foreign skills, rather than accumulating skills similar to natives, can also be a strategy for immigrants to move up the socioeconomic ladder. This may particularly be the case for skilled migrants increasingly sought after by many countries.

As more countries, including non-Western and non-traditional countries of immigration, try to compete for skilled migrants, especially via education, we may increasingly witness similar patterns of negative assimilation around the world. The positive assimilation model that has been so dominant, and even assumed, in much of the immigration literature may

1 actually be confined to a select number of cases where immigrants with  
 2 relatively limited skills move from poorer countries to richer (and West-  
 3 tern) countries. As Gans (2007) pointed out, we need to interrogate the  
 4 relationship between assimilation and economic mobility further. This  
 5 task is particularly vital today, as the types of migration, as well as immi-  
 6 grant destinations and origins, are increasingly becoming diverse, and are  
 7 expected to become more diverse in the future.

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