

Regional labor market development and relationship between internal and international migration
-From comparative views on Germany and Japan - Yasushi Iguchi (Kwansei Gakuin University)

1 International migration and in-country economic gaps may be influencing on each other, while demographic changes, especially declining population of nationals, has been accelerating at local level in some European countries like Germany and Italy as well as in Japan.

Therefore, the objective of this paper is 1) to explore the relationship between domestic and international migration at the regional level with the existence of in-country economic gaps and 2) to explore reasons for vacancies as regional mismatches as well as measures of personnel management in enterprises for integrating migrants into the labor markets for short and/or long term.

2 For theoretical study, the author uses 1) a two-region labor market model with productivity gaps between agglomeration area and depopulation areas and 2) a disequilibrium labor market model in the depopulation area to explain vacancies as regional mismatches for short and long-term.

3 In the first part of empirical study, the author uses national registration data on inhabitants of both foreigners and nationals in Germany and Japan, so as to identify relationship between domestic and international flows of both natives and migrants, while not only the data on entry and departure, but also those of birth and death of nationals and residential stock of migrant are taken into consideration.

As the result of estimating functions of inflowing migrants from abroad or from within the country, with linear regression models, we have found the following:

- 1) Foreigners entering Germany from abroad have only weak “replacement effects” but nothing to do with the flows of Germans. This may reflect the geographical distribution of refugees according to Asylum Law.
- 2) Foreigners entering Japan from abroad have clearly two different flows which are both complementary and substitutive in relation to flows of Japanese nationals. “Replacement effects” does not exist.
- 3) Foreigners already in Germany have clearly two different flows moving in the same direction of German nationals. Its “replacement effects” on German population is very strong.
- 4) Foreigners in the eastern part of Germany have two different flows moving totally in the opposite direction of German nationals. Their “replacement effect” is very strong on German population.
- 5) Foreigners moving within Japan tends to flow into the region where natural demographic increase is positive. “Replacement effect” cannot be found, while “agglomeration effect” is strong.
- 6) In every flow of foreigners, there is strong attraction from the foreigners’ residential stocks. This is applicable for all cases in Germany and Japan.

4 In the second part of empirical study, the author uses micro data on the personnel management of enterprises in the areas of depopulation in Japan.

As the result of estimating the function on the needs for migrants in enterprises, with logistic regression models, we have found the following:

A) The long-term needs for migrant workers with high ability and performance is especially strong in enterprises, where

- Enterprises with 30 employee or less (Odds Ratio (OR): 1.9)
- With experience of hiring the highly skilled migrants (OR :3.4)
- Employing migrants with permanent resident status (OR :10.6)
- Language courses for everyday life (OR : 3.1)
- Language courses for specific occupations (OR:1.5)
- Importance on skill-formation or qualification (OR.3.9)
- Hiring employees with vocational training (OR:1.7)

Data on sectoral characteristics does not play any important role.

B) The short-term needs for migrant workers to cope with the shortage of national employees is especially strong in enterprises, where

- Labor intensive manufacturing sector (OR: 2.1)
- With experience of hiring the highly skilled migrants (OR:3.9)
- Employing migrants with permanent resident status (OR: 7.9)
- Employing foreigners of Japanese descent (OR:13.0)
- Employing technical intern trainees (OR:57.4)

5 Whether international migration may contribute to local development of receiving countries is a very important question in achieving sustainable development at local levels.

Under the condition of intra-country economic gaps, we can identify flows of migrants and nationals in the same direction and/or reverse directions. It implies that migrants can flow into depopulation areas (because they are prepared to work with lower reservation wage), while they can flow into agglomeration areas (because they seek for larger migrant community and/or fairer conditions as nationals).

In order to achieve sustainable development of both agglomeration area and depopulation areas, we need to make better combination of integration policy and local development policy especially through labor market integration.

However, labor market integration can be achieved not just by filling short-term needs, but by filling long-term needs for human resources and reducing “brain waste” of migrants. Not only by promoting language proficiencies but also by promoting and recognizing school and occupational qualifications are of greater importance. “Integration through qualification” will become one of the most challenging agenda for labor market integration and also for sustainable development.