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Temporary Labor Migration and Skill Transfer in Japan:

Migration Experiences and Outcomes of Technical

Intern Trainees from Vietnam and China

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Author Notes

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Abstract

This paper examines Vietnamese and Chinese technical intern trainees going to Japan under Japan's Technical Intern Training Program (TITP), focusing on their migration experiences, skill enhancement, and outcomes. It aims to explore the reasons why TITP failed to achieve its stated objective—international skill transfer. Guided by human capital theory, this paper tries to make sense of the different migration expectations and experiences of Vietnamese and Chinese technical intern trainees under different institutional arrangements and contributes to the debate of temporary labor migration and international skill transfer. This paper argues that the government of a temporary migrant labor-sending country must exercise sufficiently good socio-technical infrastructural governance to steward labor-export policy and industrial policy to match national development goals in order to make international skill transfer possible.

Temporary Labor Migration and Skill Transfer in Japan: Migration Experiences and Outcomes of Technical Intern Trainees from Vietnam and China

Since 2016, Japan's foreign workforce has continually exceeded 1 million, and 20% of these workers are so-called technical intern trainees. These technical intern trainees migrate to Japan temporarily through Japan's Technical Intern Training Program (TITP)—a short-term labor rotation system that originated in 1993—with a stated objective of transferring Japanese skills and techniques to these workers and their countries of origin. Today, the vast majority of foreign workers and trainees come from China and Vietnam. Findings of the studies on TITP have demonstrated that the program has become “a murky trainee scheme” operating “as a de facto guestwork program,” and the Japanese government has used the program to solve labor shortage problems in the name of training (Surak, 2017). Some scholars even argue that the program is a “side door” for lesser-skilled labor migration (Chiavacci, 2012; Liu-Farrer & Tran, 2019; Roberts, 2018; Tian, 2019). Despite these criticisms of the program, there is a general lack of research studying why and how the program fails to achieve its originally stated objective of international skill transfer. There is also a gap in the literature examining how the involvement of the state of the labor-sending country can mediate the whole migration process as well as its outcomes.

This paper uses two national cases (Vietnam and China) with technical intern trainees undergoing two types of recruitment channels (private intermediate agent vs. government-regulated) to explore the respective reasons behind the failures of international skills transfer in TITP. Guided by the human capital theory, we try to make sense of the different migration expectations and experiences of temporary migrant workers under different institutional arrangements. The findings of the paper will contribute to the literature on temporary labor migration and international skill transfer. This paper argues that the state of a temporary migrant labor-sending country must exercise good socio-technical infrastructural governance

by having coordinated national development strategies to match labor-export policy with local industrial policy to make international skills transfer and industrial upgrading possible.

HUMAN CAPITAL THEORY, INDUSTRIAL UPGRADING, AND SKILL TRANSFER

A skill is “an ability to perform a function, acquired or learnt with practice” (Oxford University Press, n.d.). But in the sociology of work and industry, skill is considered as “a social construct and no definition captures the essence of it” (Walker & Storper, 1989, p. 163). Skill can be developed through an individual’s (work) experience, training, and education (Kuruvilla & Erickson, 2002; Okada, 2004). Human capital theory is the most prominent theory of skill development. The theory, pioneered by Gary Becker (1985; 1993), states that the better educated a person, the more productive they are likely to be, and they will earn higher income. To maximize the chance to be employed, individuals can advance their human capital through investment in education and training; in response to a better educated workforce, employers will invest in new technology to capitalize on the productive potential of a more skilled workforce.

Since human capital theory suggests an intimate connection among economic productivity, skill level, and ability of a workforce, the theory has a profound impact on our socioeconomic understanding of education and education policies (Blaug, 1987; Brown et al., 2010; Down, 2009; Gillies, 2011). In the context of developing a national skills system, the theory provides clear direction and justification to national policymakers to invest in education for national economic returns and industrial upgrading in the long run. As succinctly argued by Becker (2002, 3), “the economic successes of individuals, and also of whole economies, depend on how extensively and effectively invest in themselves.” “Investing in themselves”

here means education and training, which is perceived as a key enabler of human capital development (Holborow, 2012).

In the age of economic globalization, an individual's prospect in the labor market is closely linked to global opportunities provided by transnational corporations (TNCs). For a newly industrializing country, opportunities for industrial upgrading are associated with how TNCs are inserted into the global value chain or global production networks (Gereffi et al., 2005). TNCs not only serve as important drivers pushing developing countries to upgrade their national workforce's skill level but also as key agents of technology and skill transfer to modularize global and local production processes (Berger, 2005), thus shaping an FDI-receiving country's position in the global value chain. Hence, for a developing country to have long-term economic growth and upgrade its position in the global value chain, national policymakers not only have to develop its national education and skills development system to domestically train a sufficient skilled workforce to attract TNCs to invest. They also have to formulate suitable industrial policies and engage in bilateral or multilateral agreements with countries with advanced knowledge, technology, and skills so that these elements can be transferred back to the country's national education and skills system to strengthen its competitive advantage (Rodrik, 2007; Brown et al., 2010).

JAPAN: LABOR SHORTAGE AND TEMPORARY LABOR MIGRATION

Over the past three decades, Vietnam and China, two countries with similar socialist and planned economy history, have become major powerhouses globally, producing daily necessities and industrial products filling the shelves of supermarkets in many advanced industrialized countries. However, as production costs increase and new competitors (e.g., Bangladesh, Laos, and Cambodia) emerge, Vietnam and China struggle to meet the demand for "skilled" labor to maintain a comparative advantage for their industrial products in the

international market. One of the most effective and cheapest strategies to develop a skilled workforce is through exporting temporary labor, i.e., “temporary labor migration.” By putting skills development as an objective of temporary labor migration, small-scale training programs run by private or public bodies in the destination country can enable migrant workers to gain new skills. In fact, since 2009, the Organisation for Economic Co-operation and Development (OECD) has called for “support ... education and training institutions with the objective of increasing the total supply from ... origin countries and giving graduates privileged treatment in the legal migration queue” (Field et al., 2009). This idea was recently crystalized in the UN Global Compact for Migration, asking for “building global skills partnerships amongst countries that ... foster skills development of workers in countries of origin” (UN 2018).

On the other hand, today’s advanced industrialized countries (e.g., the United States and Germany, etc.) became labor-importing as their economies developed. The development trajectory of today’s advanced economies in Asia (e.g., Taiwan, South Korea, Japan, and Hong Kong) also demonstrates how governments of these economies used temporary labor migration to meet their labor shortages. As an aging society, Japan faces a serious labor shortage due to the rapid decline of its youthful workforce. Although importing foreign workers is effective to quickly close the gap between supply and demand of the labor market in Japan, the Japanese government has been reluctant to enact a clear immigration policy to import unskilled foreign workers, lest a large influx of migrant workers creates social and economic problems in the long run. Additionally, the Japanese legal framework requires Japanese enterprises to pay foreign workers a certain level of monthly wages which cannot deviate significantly from that of Japanese workers (Japan International Training Cooperation Organization [JITCO], 2010). Thus, importing unskilled workers would have a perverse effect of increasing production costs in small and medium-sized enterprises. In this respect, the Japanese government made use of the traditional assistance program that commenced in the 1960s and added the Technical Intern

Training Program (TITP) in 1993 to address the labor shortages of small and medium-sized enterprises in Japan while alleging to transfer Japanese technologies and skills to other developing countries in Asia in the name of international cooperation.

For decades, this TITP policy was one of the major solutions to the labor shortage problem in Japan. As of April 2016, the labor market for technical trainees included 133 specific duties in 74 job categories across industries, including the food service industry, accommodation industry, care work, metal industries, and others (Ministry of Justice [MoJ], 2017). Under the current system, depending on the category, trainees applying to the program, and the language and skills exams passed, they can stay from 12 months to 10 years. The number of participants in the TITP has tripled over a decade from fewer than 110,000 in 2008 to almost 330,000 in 2018 (MoJ, 2019). However, as the employment of trainees expanded, concerns about trainees' working and living conditions, as well as their human rights situation, have attracted local and international attention. In 2017, the Japanese government passed a new bill to further protect trainees from being abused or exploited while in Japan. In the literature studying TITP, there is also a wide consensus that the program is a "side door" for lesser-skilled labor migration, having no intention to train up or improve the skills of temporary foreign workers (Chiavacci, 2012; Liu-Farrer & Tran, 2019; Roberts, 2018; Tian, 2019).

In recent decades, the numbers of Vietnamese and Chinese trainees in Japan have grown rapidly (see Figure 1). Now Vietnamese and Chinese are the first and second-largest groups of foreign nationals entering Japan under TITP. In 2019, 218,727 Vietnamese and 82,370 Chinese technical trainees registered, accounting for 73% of total foreign trainees registered under TITP (MoJ, 2020). Vietnam has been the fastest-growing country sending trainees to Japan. Vietnamese trainees are mainly hired in three industries: construction (23.3%), food-related manufacturing (20.6%), and machinery and metal (18.6%). Chinese

trainees are mainly hired in five industries: food-related manufacturing (18.4%), machinery and metal (15.6%), textile (14.7%), agriculture (11.9%), and construction (9.7%).

In this paper, we use two cases—Vietnamese and Chinese trainees—to contrast two types of recruitment channels (private intermediate agents vs. government-regulated) existing in the TITP system. We will show that while both cases demonstrate the failure to use TITP to transfer skills from Japan to Vietnam and China, trainees undergoing different types of recruitment channels had different migration experiences and outcomes, from their pre-departure arrangements to on-site training to post-training career situations. How does the TITP system fail to transfer skills to trainee-sending countries under both institutional arrangements? Why is it that trainees undergoing one type of recruitment channel can have different migration experiences and outcomes to another type? We will first present empirical evidence about Vietnamese and Chinese trainees' migration experiences and outcomes, and then analyze the factors contributing to the failure of skill transfer and difference.

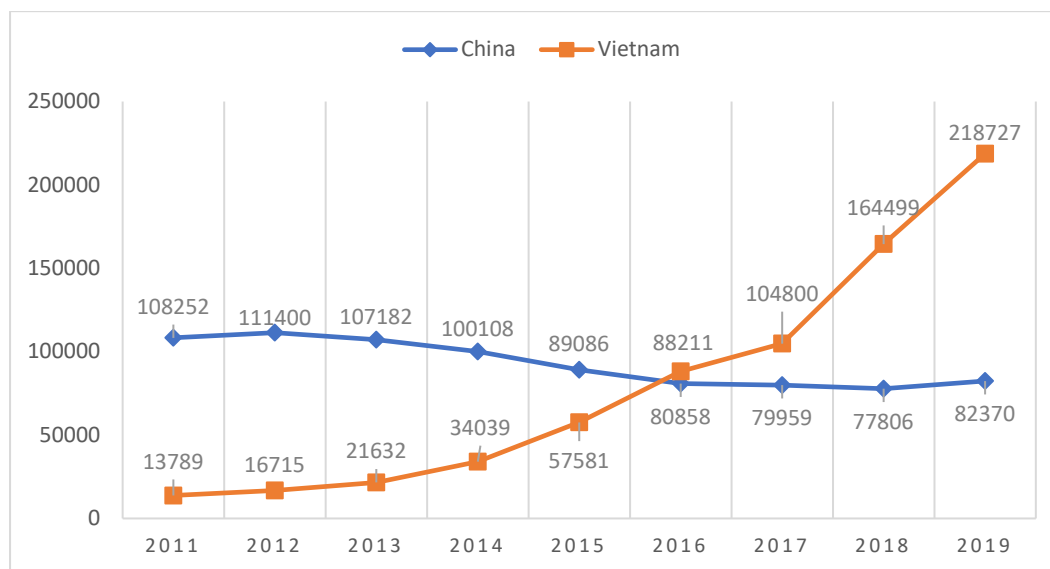


Figure 1: Number of Technical Trainees (Chinese and Vietnamese) in Japan 2011–2019. Data from the Ministry of Justice (MOJ, 2020).

RESEARCH METHODS

This paper draws on a qualitative study conducted in Hangzhou City in China, Ho Chi Minh City in Vietnam, and Shizuoka Prefecture in Japan between 2017 and 2019, with follow-up fieldwork in Hangzhou in August 2020 and March 2021. Qualitative interviews included in-depth interviews with Chinese and Vietnamese technical intern trainees, migrant returnees, a director of a private labor export company in Vietnam, teachers and principals of vocational schools in Hangzhou, and government and trade union officials at the city and district level. The Chinese government and trade union officials were interviewed in Hangzhou, and the Vietnamese officials and migrant returnees were interviewed in Ho Chi Minh City.

Zhejiang province is the sixth-largest labor exporting province in China and the second-largest for sending technical intern trainees to Japan. According to the Chinese government's Ministry of Commerce (2019), in 2018, over 225,000 Zhejiang contract workers were sent overseas; about 8,000 technical intern trainees were sent to Japan under the TITP system (about a quarter of total Chinese technical intern trainees sent to Japan in 2018). Serving as the provincial capital of Zhejiang in southeastern China, Hangzhou City is a key manufacturing base and logistics hub in coastal China. With the development of many new industries such as automotive components, electronics, household electrical appliances, and information technology, a number of high-tech industrial zones and incubation parks have been set up in the city.

With the help of a local university in Hangzhou, we were introduced to a vocational school in Hangzhou in October 2016. The vocational school was chosen for this study primarily because it has sent five to eight graduates from their six-year technician programs to Japan through TITP every year since 2017. The vocational school is in a suburban district of Hangzhou City, with its development plan aligned very closely with the local and national development strategy. Throughout the years of upgrading and transformation, the vocational

school was relatively well-reputed in the district, attracting many high school graduates from surrounding areas. It was financed and managed by the Chinese government's Ministry of Human Resources and Social Security since its establishment in 1979. The school's curriculum focuses on training students with skills and practical abilities to get the state occupational license as skilled workers and technicians. Students who finish a three-year program receive a high school certificate and a professional license as a "middle-level skilled worker." Graduates of five-year and six-year programs are qualified as "high-level skilled workers" and "technicians."

In this study, we selected 21 graduates from this vocational school who were sent to Japan as technical intern trainees under TITP. These 21 trainees were sent to the same transnational automotive company in Japan in three batches in three years (first year, five trainees; second year, eight trainees; third year, eight trainees). The transnational company has its headquarters and main production branch with a workforce of 200 in Shizuoka, Japan, and its subsidiary production branch with a workforce of 200 in the same suburban district in Hangzhou as the vocational school. Shizuoka Prefecture is one of the TITP trainees' major destination prefectures. In 2019, Shizuoka ranked sixth in accepting TITP trainees, accounting for 4% of total trainees registered that year. In Shizuoka, Chinese trainees are usually hired in the food-related manufacturing (6.4%) and machinery (5.6%) industries (Organization for Technical Intern Training [OTIT], 2019). Most interviews with these Chinese trainees were conducted inside the factory dormitory in Shizuoka between 2017 and 2019. In August 2020 and March 2021, subsequent interviews were conducted with five trainees who had returned to Hangzhou after finishing their training in Japan to collect information about their job status and labor market prospects.

With the help of Ho Chi Minh City University of Humanities and Social Sciences, we were introduced to a labor export company in May 2019. The labor export company, which

was established in 2015, has branches in Hanoi and Ho Chi Minh City and has 25 employees. Every year the company sends about 140 trainees to Japan. The industries to which Vietnamese trainees are sent include the garment, food-related manufacturing, construction, and machinery industries. After recruiting applicants, the labor export company provides four to six months of training courses for these applicants, including Japanese language, lifestyle, culture, and other job-specific training courses. The company also collaborates with trainers, some of whom are returnees who have working experience in Japan and can speak Japanese fluently. Through this company, we were able to interview 10 Vietnamese trainees and two returnees.

For this study, we used a semi-structured questionnaire to explore technical intern trainees' migration experiences and outcomes. We will understand and compare the workers' migration and work experiences based on the pre-departure arrangement, workers' living and working experiences in Japan, and their job prospects after returning to their home countries under two different institutional arrangements. Special focus/attention will be put on individuals' expectations and attainments related to human capital investment and their implication for the success of skills transfer at the societal/country level. The data collected in China, Vietnam, and Japan are supplemented by information gleaned from a large number of official statistics published by the governments of the three countries. We do not aim to attain a statistically representative sample; instead, we have used knowledge accumulated through documentation and repeated visits to Vietnam, China, and Japan to come to grips with why the TITP system fails in its nominal objective, i.e., skill transfer.

VIETNAMESE TRAINEES: THROUGH PRIVATE INTERMEDIATE AGENT

According to the 2009 Population and Housing Census, around 8.5% of the Vietnamese population changed their residence during 2004–2009, and around 3.2 million Vietnamese were living abroad (Nguyen & Mont, 2012). The volume of international remittances generated

by migrant workers back to Vietnam has been huge. In 2014, the total remittances to Vietnam were US\$11 billion, comprising about 6% of total GDP (Phuong, 2014). Such a huge amount was the consequence of the Vietnamese government's continual effort to use labor migration to reduce poverty. In 2009, the Vietnamese government launched a nationwide project aiming to send abroad nearly 120,000 workers from 61 poor districts between 2009 and 2020. The project aimed to promote labor export for sustainable poverty reduction. To achieve this, the Vietnamese government implemented a policy to allow local Vietnamese banks to extend preferential loans to migrant workers from poor households and to lend up to VN\$20 million (US\$860) without collateral to migrant workers from poor rural areas (Ishizuka, 2013). Therefore, for migrant workers from poor rural provinces in Vietnam, working overseas has become a way to leave the poverty trap, and under the government's encouraging loan policy, these workers are willing to pay large recruitment charges to labor-sending companies. As we can see in the following sections, to Vietnamese TITP trainees, to migrate and get training in Japan is more an opportunity for "making fast money" than learning new skills.

Recruitment Charges

Based on a review of government publications and our interviews, we found that for a Vietnamese trainee, the authorized charges to go from Vietnam to Japan are roughly US\$4,000. These authorized charges include service and brokerage fees permitted by the Vietnamese government for the labor-sending company to charge a migrant worker. A service fee is an amount a trainee pays to a sending company for its services related to a migrant worker's contract. A brokerage fee is an amount a sending company pays a mediator, if any, to secure a labor supply contract, which the sending company can get refunded by a trainee (Ishizuka, 2013). Vietnamese intern trainees must pay "other charges" that are unauthorized but not necessarily illegal because they are mentioned in the laws and regulations. According to our

interviews, the unauthorized charges can amount to another US\$4,000. In line with other research findings regarding Vietnamese migrants in Taiwan, Vietnamese migrants in their first year of working in Japan often need to work overtime to cover all the charges and, thus, can save very little (Wang & Bélanger, 2011; Surak, 2018).

According to Wang and Belanger (2011), in their study about a Vietnamese labor export company sending migrant workers to Taiwan, there are two models of recruitment charges: (1) the down payment model, and (2) the salary deduction model. The former requires Vietnamese migrants to pay a sum of money before their departure to destination countries; the latter only requires migrants to pay a smaller amount of money (one month of a migrant's salary) before their departure, and then the remainder is deducted monthly from the migrants' salaries. Most of our Vietnamese trainees chose the down payment model. We found that for workers choosing the down payment model, there was a considerable difference in the total amount, which ranged from US\$6,000 to US\$8,100.

According to our interview with the director of a Vietnamese private recruitment agency sending Vietnamese migrants to Japan, the average down payment for the "whole package" of working in Japan can range from US\$4,000 to US\$4,500. However, this "whole package" does not include the training fee, taxes, insurance, or meals and accommodation during the training period.

The interviewed Vietnamese intern trainees differed on whether the "whole package" referred to other authorized charges. The differences in their experiences of being recruited by various private agents meant that for some trainees, the "whole package" included the other charges and their recruitment agents told them before engaging in any formal contracts. Others told us that there were other charges on top of the "whole package." A Vietnamese female trainee gave us detailed information:

The company built a block of rooms, but we have to pay for accommodation, VN\$2.8 million (US\$120). We also have to pay taxes and insurance, about VN\$10 million (US\$430) for all kinds of expenses. I earn about VN\$22–28 million (US\$946–1,204). So, I can make VN\$12–18 million a month. Monthly, I send this amount of money to my parents. It took me a year, and I already paid back the debts of migration: US\$5,000 plus VN\$10 million for the training course plus VN\$4 million for interviewing, meals during my training course (VN\$16 million) and traveling (altogether US\$7,000). We could hardly ever be absent from class because we were afraid that the company might not give us a chance to work in Japan. I paid US\$5,000 after my visa was granted.

Vietnamese trainees are again presented with charges once they are in Japan. Small and medium-sized enterprises in Japan that employ foreign intern trainees are required to pay service and membership charges to the supervising organizations helping in the recruitment process. However, sometimes these fees were instead charged to Vietnamese trainees in a lump sum payment of JPY100,000 (US\$900). Since December 2017, the Organization for Technical Intern Training (OTIT) has warned supervisory organizations that “no gift money can be received,” and according to the Japanese trainee protection ordinance, those who receive money from trainees in this way will be sent to prison for a maximum of six months and will be fined JPY300,000 (JITCO, 2010). However, in March 2019, according to an investigation by the Yomiuri Newspaper, 24 out of 78 supervisory organizations replied that they “had received money” from trainees (Trainees Having to Pay, 2019).

Even having to pay a huge recruitment fee and getting themselves in debt did not discourage our Vietnamese trainees from going to Japan. Similar to what Ruttiya Bhula-or et al. (2021) discovered in their study about older-age migrants in Thailand, migration, especially in Asian contexts, is one of a household’s strategies to meet individual and family needs. In

our Vietnamese case, it is a family decision to send family members overseas, especially women, to earn money to support the family income. One of our female Vietnamese trainees told us:

I did bargain the migration fee but they [the labor sending company] did not reduce the price. I just obeyed my father to work there. My father knew information about recruitment from somebody in the village and asked me to work in Japan. ... My parents prepared the migration fee, borrowing money from relatives and their close friends. My parents decided everything. My main task is to work. ...

I sent money to my left-behind parents every month, just leaving a small amount of money for myself because I was afraid I might spend money on useless things. My family needed money monthly. I never asked my parents what they spent the remittances. My role is to make and send money to the family. The money might be for eating and education for my brothers.

The desire to make money in Japan is also reinforced by relatives' and co-villagers' previous successful migration experiences. The same trainee continued, "I have two cousins who worked in Japan in 2013. They were the first group of people moving there to work in Japan."

Pre-departure Training and Arrangement

Even though migrant-sending organizations are required to prepare migrant workers for living and working in Japan prior to departure, the Vietnamese trainees we interviewed found it difficult to become accustomed to the Japanese way of life, especially during their days before departure. A female trainee told us,

The recruitment company organized a course following the model of Japanese companies with strict discipline for us. At 6 a.m., we had to get up, exercise, and clean, and at 8 a.m., we started our class. They taught us the Japanese language and regulations of Japanese companies and provided us with hotlines. The Japanese language is difficult, but all of us already invested a lot of money, so we all studied hard. Most of us already had work experience. We were here for economic reasons, so we clearly knew our goals and studied hard.

Private agencies in Vietnam hire foreign language schools or centers to provide training courses for on-demand job orders from Japanese companies and test the skills of job applicants. In recent years, many Vietnamese trainees have run away while they were in Japan. According to the Japanese Ministry of Justice (2019), 9,052 trainees ran away to escape unfavorable working conditions and abusive employers in Japan. Private agencies now emphasize the consequences of running away to the Vietnamese trainees. The director of a private agency explained:

Before departure, we always remind the trainees about their responsibility not to run away. We enforce strict discipline, just as in the Japanese companies. We are really concerned about the attitude of trainees. Some are allowed to visit home every two weeks, but many trainees from my company are not allowed to go home for a month if they do not learn enough. It is not punishment. If they are serious about their training, they might adapt to life in Japan more easily. It takes about four to six months to complete this training course, including the Japanese language, lifestyle, and culture.

Our interviews with Vietnamese trainees showed that the length of the pre-departure training varies. One female Vietnamese trainee told us:

I wanted to shorten my pre-departure training course, so I just agreed to work when a job order came. My friend spent eight months. The average was six months. There were other trainees having to spend one year for this pre-departure course. Some Japanese employers require a higher level of Japanese language.

Working, Training and Living in Japan

From our interviews with Vietnamese trainees and returnees, we discovered that they did not learn many technical skills while in Japan. Most of their jobs involved few high-tech skill components. Even worse, while working in Japan, they experienced abuse and exploitation. According to the Japanese Ministry of Health Labor and Welfare (2018), between 2007 and 2017, while occupational safety and health hazards for TITP trainees were consistently the top forms of violation and misconduct in Japanese supervising organizations and businesses, extremely long work hours, harsh working conditions, and non-payment of wages and bonuses have long been significant as well.

According to our interview with the director of a private agency sending Vietnamese trainees to Japan, Vietnamese trainees work in 14 job sectors. The male trainees work in construction and mechanical industries, while the female trainees work in the garment and food industries. Those who have experience in mechanics have more advantages during recruitment and find it easier to get a job.

A male Vietnamese trainee who worked for a construction company in Yamagata described his daily work schedule in the following terms. From his description, we can understand that getting a “comfortable job” was more important than learning new skills.

I work seven hours a day. This is for working, but the total time from when I leave to when I come back home is 10 hours. In the early morning, I bike about 10 minutes to the office. Then a bus takes us to the workplace. The Japanese [way of working] is very different from that of the Vietnamese. They start working at 8 a.m., but they leave home for work at 6:30 a.m. I used to arrive at work about one hour before working time. I would just sit there and have breakfast in a nearby convenience store. In the beginning, after I arrived in Japan, I often cooked and had breakfast at home. I had to wake up at 5:30 a.m. and have breakfast at 6 a.m., then I would start working at 8 a.m. and have lunch at noon. I did not feel very comfortable with this.

The director also told us that construction is the least preferred job type among Vietnamese trainees. Construction work is hard manual labor, which significantly discourages Vietnamese trainees. When the work schedule is altered by bad weather, it destabilizes trainees’ monthly income in Japan. The mechanical industry is the preferred industry of the Vietnamese trainees. It is less physically demanding than the construction industry, and trainees are permitted to work overtime. A female mechanic trainee working in a mechanical factory told us:

My wage stated in the contract was VN\$19.2 million (US\$825) a month. They pay me by the hour, not by the month. I don’t work on the weekends (Saturday and Sunday). [With overtime,] I start working at 8:30 a.m. and finish my work at 8 p.m. I have a five-

minute break at 10 a.m., then have lunch between 12 and 1 p.m. [Without overtime,] I work eight hours a day. These days I don't work extra because the company does not have much work. If the company requests me to work extra hours, I am willing to do it because I can earn more money—125% more. If I only work five days a week without extra hours, I cannot earn much.

If work allows, Vietnamese trainees can work up to 10 to 11 hours a day. Gender also contributes to differences in working hours. The female trainee told us that her boss did not allow female workers to go home late, and thus, most overtime was given to male workers.

In terms of enhancing their skills, almost all our Vietnamese interviewees recruited by private agencies told us that they had not learned many new skills or techniques during their stay in Japan. In one of our interview cases, a Vietnamese trainee told us that her Japanese company assigned each foreign trainee a Japanese mentor who would try to guide their work. The trainees called the mentor “teacher,” and the Vietnamese trainee said the Japanese style of work discipline remained challenging:

In the beginning, I had a hard time because the Japanese working style is quite different from that of the Vietnamese. They [the Japanese] often scolded us. I did not understand much, but I could recognize it by their loud voice. Now I can understand them. I feel that they look down on foreign workers. Foreign workers often do the hardest jobs. We have to serve them.

Outside of work, the lifestyle of the foreign trainees was not much easier for some. A male Vietnamese trainee told us that they lived in a house that the Japanese companies had rented for them.

I was living in the same house with my Vietnamese co-workers who were recruited at the same time. He came from Thai Binh province in northern Vietnam. We were living in the house which my company rented for us: four bedrooms for four workers. I have my own room. They deducted rent from our wages. Some companies didn't rent accommodation for workers or they provided workers very low-quality conditions. One of my friends was living in a house where 10 workers lived together with two kitchens, and two to three workers lived in a room.

Returnees' Situations and Prospects

According to human capital theory (Blaug, 1987; Brown et al., 2010; Down, 2009; Gillies, 2011), as agents of skills transfer, Vietnamese migrant returnees, after receiving training in Japan, should be able to improve their labor market prospects and help Vietnamese industries to upgrade skills. However, when we interviewed Vietnamese intern returnees, we discovered that their labor market situation and career prospects did not differ much from those before they departed for Japan. A female returnee working in a transnational electronic company with a workforce of 7,000 in Ho Chi Minh City told us that she was in the same position (a line leader) after returning from Japan. When we asked why she was not promoted to a more senior position, she explained:

All line leaders are Vietnamese. Only very few Vietnamese can become the general managers of the division. In our factory compound, we only have factory managers [responsible for different factories], the CEO, the General Manager of Human Resources, the General Manager of Accounting, and they are always Japanese.

Thus, there was an ethnic glass ceiling in a medium-sized Japanese transnational factory. This situation is common in foreign-invested factories in Vietnam and is characteristic of the Vietnamese labor regime. However, to our surprise, although our interviewed returnees were not promoted and could not use the management skills they learned in Japan in Vietnamese workplaces, they were satisfied with their migration and training experience in Japan. One of the biggest reasons they gave was that originally before receiving training in Japan, they had already considered this migration and training as an opportunity for “making fast money.” A male Vietnamese returnee who also worked in the same electronic company for eight years and stayed in Japan for three years told us, “We earned a lot higher in Japan. Here, with overtime work, we can at best earn US\$520 a month. But when we were in Japan, we can make double.”

But to these returnees, one skill they considered to have an enormous impact on their earnings was their Japanese language skill. Being able to speak fluently in Japanese, they could have part-time jobs in labor-sending companies teaching prospective TITP trainees Japanese before their departure. One returnee even told us he planned to set up his own labor export company.

Even the Japanese government admitted that TITP could not help Vietnamese youngsters to have better career prospects and the Vietnamese industries to upgrade skills. On May 26, 2017, in a presentation at the workshop “Strengthening of Japan-Vietnam Human Exchanges with Returnees of Technical Intern Training” in Hanoi, Ambassador Umeda Kunio from the Embassy of Japan in Vietnam admitted that “the demand of local (Vietnamese) enterprises for human resources and the qualification as well as expectation of the return trainees have not been met, which creates the skill mismatch in the (Vietnamese) labor market” (Phuong, 2017).

CHINESE TRAINEES: THROUGH GOVERNMENT-REGULATED CHANNELS**Recruitment Charges**

The Chinese trainees all graduated from a vocational school in Hangzhou. Before they went to Japan, they had already received six years of training in “advanced manufacturing” at the vocational school. After their graduation, some had six-to-nine-month internships in small-to-medium-sized factories on the production line to become accustomed to the factory environment and work life before being sent to Japan. These Chinese trainees demonstrated a strong desire to and were very willing to learn new technical skills in Japan. Since they were trained in the vocational school in system automation, they were particularly fond of learning skills to operate advanced Japanese automation systems.

Regarding their arrangement with Japan, the Chinese trainees told us they had signed a seven-year contract with the Japanese automotive company. The contract required them to stay in Japan for three years of training. After that, they would work for four more years in the subsidiary factory in China. If they breached the contract, they would have to pay a penalty of RMB300,000 (US\$45,000) to the Japanese company.

The Chinese trainees we interviewed were not required to make a down payment before being sent to Japan. However, they had to deposit RMB300,000 into a bank in Japan as a refundable deposit that would be withheld if they breached the contract. The majority of the Chinese trainees we interviewed were from middle-class families. Their parents supported them going overseas, and all stated that their family paid their deposit.

Pre-departure Training and Arrangement

All the trainees in this group had been selected by their vocational school as the highest-scoring male students in their cohort. After selection, the vocational school recommended them

to the local government and official trade union in Hangzhou and the Japanese transnational automotive company. After the official authorities and the Japanese company had approved them, the selected graduates were placed in a factory for at least half a year before being sent to Japan. After arriving in Japan, these Chinese trainees were “taken care of” by the China-Japan Friendship Association (中日友好協會) in Shizuoka (instead of the local supervisory organization). The China-Japan Friendship Association provided them with services ranging from teaching them basic Japanese to taking them to the hospital when they were sick.

When we asked the Chinese trainees under what scheme they went to Japan, they told us that although they were enlisted through TITP, the arrangement would only last the first year. After that, they would have to sit Japan’s national exam for technicians to stay in Japan for two more years. They insisted that they were considered dispatched labor (勞務派遣) rather than trainees and that the contract they signed was a “labor contract.”

Working, Living and Training in Japan

Upon arriving in Japan, the trainees moved into a company-owned dormitory. They received about JPY146,000 (US\$1309) as their monthly salary. Every month, JPY100,000 (US\$90) was deducted. They stated that these deductions covered their electricity and water bills and other daily necessities provided by the company (e.g., toilet paper, dish detergent, and half of the cost of their daily lunchboxes). Additionally, they had to spend roughly another RMB10,000 (US\$1,500) to buy basic equipment and furniture (e.g., electric fans and tables). In order to make these expenses, new arrivals borrowed money from other trainees that were in Japan longer. Thus, they had to use the first two months of their salary to pay debts.

In summer 2017, we visited the Chinese trainees in Shizuoka and found that they (and the Vietnamese trainees in the same company) lived in a dormitory building next to the factory. The factory was located in the industrial area of Shizuoka and a 30-minute bus ride from the

city center. The building had three stories, and the ground floor included a shared room, toilet, kitchen, and shower. The Chinese trainees lived on the second and third floors of the dormitory building, and the Vietnamese trainees lived on the first floor. Each room was a 25-meter square, and two trainees lived in each room. When the Chinese trainees arrived at the dormitory, the rooms were unfurnished, and they had to buy chairs and tables on their own. Worse yet, there was no air conditioning. The temperature in summer in Shizuoka climbs up to 30 degrees Celsius, and the Chinese trainees had to install an air conditioner in their rooms.

Although the Chinese trainees were allocated to different departments in the automobile factory, all of them told us that they had to do hard manual labor, which was not what they had expected. The Chinese trainees had wanted to learn about automation, which contains much less hard manual labor. When they arrived in Japan, they were placed on the production line and found that the level of automation in the factory was very low. They admitted that the skills they learned in the Japanese factory were far less advanced than what they had already learned in the Chinese vocational school. Moreover, the machines that they operated in the Japanese factory were very specialized, and they were not sure that they would exist in China in the future. They feared that they would have to stay on the same production line during their three years in Japan. After mastering the skills for the position, it would become very repetitive work, and they would not learn other skills.

One of the trainees' goals in coming to Japan was to learn Japanese management culture and skills. However, as See and Wade (2021) suggest in this special issue, under certain conditions, intergroup contact between native host country members and immigrants in Asian societies can produce harmful outcomes. This is also the case when our Chinese trainees interacted with their Japanese supervisors. The Chinese trainees told us that due to their difficulty in communicating in Japanese with co-workers and superiors, it would be hard for them to be promoted to the managerial trainee positions in which they could learn management

skills. Even after they learned how to work on the production line, they continued to have difficulty comprehending their supervisors' instructions. One trainee gave the following example:

Most of the time, we have to guess what they are saying. But usually, it is fine as they will demonstrate it once before asking us to do. However, there was one occasion when my supervisor asked me to plug the plastic suction into the machine, I wrongly guessed that he was asking me to pull the suction out from the machine. After I pulled the suction out, the whole line stopped, and he said that it was my fault and then scolded me for a very long time.

A 21-year-old trainee who had already been in Japan for one-and-a-half years discussed the problem of overtime work in the factory:

I worked in the parts assembly department. It is very hard labor. In other departments, they only need to do overtime one hour two times a week. But in my department, I have to do two hours of overtime every day (8 a.m. to 5 p.m.: eight hours of work, and a lunch break of one hour). I received notice that next month I will have to do three hours of overtime every day.

We asked the trainees whether they are considered "cheap labor." They felt that they were seen as such, but they did not regret coming to Japan. Their objective was to see the world, and they hoped that when they returned to China, their experience in Japan would make them more competitive in the job market. They sought to persuade us that their coming to Japan was not out of pure faith; they knew that most of the middle-level management in the subsidiary

factory in China had trained in Japan. They thought that they would become middle management one day, especially when the factory expanded in China.

Returnees' Situations and Prospects

Between August 2020 and March 2021, we conducted follow-up interviews with the first batch of the five Chinese trainees who had returned to Hangzhou in summer 2019 after their three years of training in Japan between 2016 and 2019. After they returned from Japan, they were allocated into different departments as management trainees. But all five told us that although they toiled almost every day in the production lines in the Japanese mother company to learn technical skills, these technical skills were useless because the automation systems in Japan and China were different. Besides, the management trainee positions they were assigned were in the accounting and human resources departments and were unrelated to their training in Japan. When we further asked what the most useful skills learned in Japan were, they invariably told us that it was the Japanese work culture and some principles of modern management, such as the 5S principle (Sort, Set in Order, Shine, Standardize, Sustain), because they could apply them in the Hangzhou branch factory.

In November 2020, four of them still worked in the same Japanese automobile company (Hangzhou branch) while one had just left. When we asked the one who left the company, he told us that he could not see any chance to become a manager in the factory. He explained:

For a small factory only having 200 workers like ours, all the middle-level management positions have already been occupied by those aged in their thirties. For us in our twenties, in order to get promotion, we have to wait until they are promoted or retired.

WHY DOES INTERNATIONAL SKILL TRANSFER FAIL?

From Vietnamese and Chinese technical trainees' migration experiences and outcomes, we have discovered that, in both cases, skill transfer from Japan to China and Vietnam failed to happen. Three underlying institutional reasons contribute to the failures. These reasons are discussed in the sections below.

1. Technical Trainees of Different Target Groups

Human capital theory assumes that for individuals to advance their human capital, they need to invest in education and training and believe that they can have a better labor market prospect after receiving that training. However, our empirical evidence suggests that the two types of recruitment arrangements (private intermediate agent vs. government-regulated channel) target two different types of workers in their countries. While the private intermediate agents in Vietnam target poor and unskilled youth who look for quick money instead of advancing human capital or seeking training during overseas work, the government-regulated channel in China aims at trained, skilled workers who aspire for further upgrading of their skills.

According to our Vietnamese trainees, especially the returnees, most of them actually did not consider going overseas to Japan as an opportunity to improve their labor market situations. Instead, they considered their migration experiences as a chance to “make quick money” and to alleviate their families' poverty. The main reason is related to the strategies of private labor-sending companies and trainees' socioeconomic backgrounds. In Vietnam, first, it is rational for private labor-sending agencies to select TITP candidates from unemployed or poorly paid workers from remote and poor Vietnamese provinces rather than employees of established enterprises who are relatively well-paid, so that these labor-sending agencies can maximize kickbacks from the workers. Second, because the domestic private sphere is not fully developed, labor-sending companies can only select TITP candidates from either inefficient state-owned enterprises which suffer from surplus labor or small private enterprises whose

employees are mainly short-term contract workers with frequent turnover (Ishizuka, 2013). For either reason, recruited Vietnamese TITP candidates are from families with low socioeconomic status. In order to go overseas, they have to borrow money from relatives and co-villagers or from local banks to pay recruitment fees. All these lead to the beginning of the loan-repayment cycle, further shaping Vietnamese trainees' perception of overseas training as a money-making opportunity.

Our Chinese trainees who went to Japan through government-regulated channels differ greatly in their perceptions and socioeconomic backgrounds. First, the vocational school had selected them as the best group of students in their cohort, and they had already received four years of vocational training in Hangzhou before they went to Japan and were licensed as "middle-level skilled workers." Before their departure, they already had internship or working experiences as production line workers. Second, in contrast to Vietnamese trainees, this group of Chinese trainees came from middle-class families. Their families financed them, and they did not need to borrow money to support their trips to Japan. In August 2019, when we visited the first batch of Chinese trainees in their dormitory in Japan, some already planned to buy cars immediately after returning to Hangzhou. Thus, these Chinese trainees, without much financial burden, indeed considered going overseas to receive training in Japan as an opportunity to invest in themselves and hoped to get into management positions after training.

2. National Development Goals: Poverty Reduction vs. Building a Strong Nation

The difference in Vietnamese and Chinese trainees' perceptions regarding overseas training also has roots in the Vietnamese and Chinese governments' national discourses and development goals. While the Vietnamese government recognized the importance of education and training to address the country's prolonged skills shortages problem, in official discourses, education and training (especially sending Vietnamese overseas under various migration and

labor export programs) have been acknowledged as poverty reduction strategies (Hoang, 2020). Since the launch of *doi moi* in the late 1980s, the Vietnamese state has considered labor export a key development strategy for poverty reduction. In 1998, the Politburo of the Vietnamese government issued a directive regarding labor export as an “important and long-term strategy” (Ishizuka, 2013, p. 3). In 2009, Prime Minister Nguyen Tan Dung issued Decision 71/2009/QĐ-TTg (aka Program 71) and said that the Program “assists poor districts in the promotion of labor export to contribute to sustainable poverty alleviation during the 2009–2020 period.” The Program targets 62 poor districts of 20 provinces and provides incentives (e.g., low-interest loans from the Vietnam Bank for Social Policy [50% of the standard rate], cash hand-outs, and state-funded training) for labor migrants from these poor districts to migrate.

As such, to a labor-sending country like Vietnam, the goal from the very beginning has been to export unskilled and poor workers for poverty reduction. Somehow, this also matches with a labor-receiving country like Japan having no intention to train migrant workers but mainly to treat them as disposable cheap labor. According to Nana Oishi (2020), in its latest revision to its immigration policy in 2017, the Japanese government even dropped the disguise of training foreign trainees by welcoming foreign migrants to work in new job categories which have long been considered “semi-skilled” or “unskilled.”

In contrast, in China, education and training are closely connected to the Chinese state’s discourse of raising the quality of the population, framed under the discourse of building a strong nation to compete in the global market (Kipnis, 2011). China’s skills development system originated from its planned economy period before the 1980s. For China to have enough skilled labor to transit the Chinese economy from labor-intensive manufacturing to scientific innovation for sustainable economic growth, vocational education and training (VET) has played a key role in China’s skills development system.

In 2015, the State Council of the Chinese government issued a grand action plan called “Made in China 2025,” which aims to “seek innovation-driven development, apply smart technologies, strengthen foundations, pursue green development and redouble our efforts to upgrade China from a manufacturer of quantity to one of quality” (State Council, 2015). Under this action plan, it is expected that there will be a serious shortage in skilled labor of about 19 million in 2020 and 30 million in 2025. According to Premier Li Keqiang, this action plan aims to quicken China’s industrial upgrading and economic restructuring to join the league in advanced manufacturing (State Council, 2015).

Under this ambitious 2025 plan, the Chinese state has committed to building a modern and world-class VET system by 2020. Envisioned by the State Council (2014), these vocational schools would produce “hundreds of millions of high-quality laborers and skilled technical talent.” In achieving this, the Chinese state also poured huge investment into the vocational education system. In 2017, government funding for vocational education for the whole country reached 335 billion RMB; in 2019, the State Council announced another 100 billion RMB to be earmarked to expand the VET system (State Council, 2019).

According to the Ministry of Education (2019), there were 15.5 million registered students in secondary vocational schools and 11.3 million in vocational colleges in 2019. Over 70% of workers in modern manufacturing and emerging industries came from the two vocational education institutions. It is not exaggerating to say that under the Chinese government’s grand “Made in China 2025” initiative, VET thus became the most impactful site to produce young skilled workers for the Chinese economy.

Interestingly, notwithstanding grand national development goals, in official Chinese state discourse, the expanding vocational educational system in post-reform China has been consistently operating in the guise of training, skill development, and most importantly self-investment, to match the needs of industrial development (Schulte, 2013; Thøgersen, 1990,

2002). Thus, youngsters' high demand for vocational credentials and high level of aspiration to overseas internship has been seen as their strong commitment to the belief in human capital investment, i.e., receiving training and education overseas will enhance their labor market prospects in China. Their aspiration is also considered as their strong desire to take part in China's modernization project (Koo, 2016).

As the Chinese government considers labor migration a means for achieving its national development goal—Chinese modernization—the Chinese state has been instrumental in exercising “infrastructural governance” over labor outmigration to align with national development objectives (Xiang, 2012, 2017). Although deregulation was introduced in the 1980s to the system of state-managed “international labor cooperation and cumulated in a policy shift to redefine labor outmigration as individuals' ‘overseas employment’” (Xiang, 2012), the Chinese state still manages migration to decide on “what training a migrant should receive before departure, as well as specifying the types of documents and how and when they should be submitted” (Xiang, 2017). In our Chinese case, to align with the national government's development goal, the local government, trade union, and vocational school joined hands to foster this government-regulated channel in cooperation with Japanese transnational companies to send vocational graduates overseas and ensure that the living and working conditions of the Chinese trainees would be protected by local Japanese agencies (the China-Japan Friendship Association in Shizuoka).

3. Constraints from Vietnamese and Chinese Labor Regimes

Under temporary labor migration programs such as TITP, transnational corporations serve as a key platform for newly industrializing economies to upgrade their skills. But our empirical findings have shown that international divisions of labor and technical divisions of labor within TNCs themselves, as well as management structure and labor regimes exercised

in FDI-receiving countries in TNCs, also limit the chance for labor-sending countries like Vietnam and China to tap into such skills upgrading opportunities.

Concerted effort notwithstanding, our Chinese trainees in the government-regulated channel could not act as effective agents to transfer Japanese skills back to China. As we have seen, even though these Chinese trainees were working in the same transnational company during and after their training, Chinese trainees were unable to utilize what they learned in Japan and apply it in China due to differences in automation systems in Japan's mother company and Hangzhou's subsidiary branch. What is more, the existing management structure of the small Japanese transnational automobile company also limited the promotion opportunities for the Chinese returnees. This goes against what human capital theory presumes, and also against Chinese trainees' expectations, which would further alter their later life plans and events (e.g., marriage and family). Here, we see how the Chinese labor regime impacts international skill transfer through temporary labor migration.

Similar constraints also happened to our Vietnamese trainees and returnees. But in our Vietnamese returnees, it was not age that limited their promotion chance. It was "ethnicity" that sets the glass ceiling limiting their opportunities. Though receiving technical skill training in Japan, Vietnamese returnees could only use the language skills obtained during their training and moonlight in the secondary labor market instead of actively contributing to industrial upgrading.

CONCLUDING REMARKS

In this paper, we have presented evidence showing how the Vietnamese and Chinese institutional arrangements differ in TITP trainees' migration experiences and outcomes. The objective of this paper is not to generalize patterns of these migration experiences and outcomes. Instead, this paper has highlighted the differences of two recruitment channels in TITP (private

intermediate agent vs. government-regulated) and the respective underlying reasons contributing to the failure of skills transfer from the temporary labor-receiving country to labor-sending countries.

Human capital theory suggests a connection between micro (individual) and macro (national) level human capital investments. We have demonstrated that national objectives and discourses on temporary labor migration indeed greatly impact individual migrant trainees' perceptions and expectations to go overseas. This paper has observed that the perceptions of Vietnamese and Chinese trainees stem in part from the effort and strategies of local government or local labor-sending companies to make them cognizant of their migration experiences as “money-making” or “self-investment” opportunities. This paper has explained other institutional factors contributing to Vietnamese and Chinese trainees' perceptions. Of particular importance are the differences in the Vietnamese and Chinese governments' national development goals and how the governments considered sending temporary labor migrants a means of “poverty alleviation” or “modernization.”

Finally, we have seen how and why the career and labor market prospects of Vietnamese and Chinese technical internee training returnees have been constrained by the two countries' local labor regimes. While Vietnamese returnees faced an “ethnic glass ceiling” in transnational companies, Chinese returnees encountered an “age glass ceiling.”

In all these respects, differences in the policy orientations of Beijing and Hanoi have had a noticeable effect on the implementation of TITP to achieve its original objective—skill transfer. It is the responsibility of the governments of the temporary labor-sending countries to have adequate socio-technical infrastructural governance (Xiang, 2019) to ensure that the temporary labor migration process provides an adequate level of skill transfer back to their countries' national skills development systems and adequate demand in the domestic labor market for these technical skills. More importantly, this sort of socio-technical infrastructural

governance cannot be done without relevant industrial policies to unlock the constraints embedded in local labor regimes exercised in transnational companies. The bulk of published writings on this topic have assumed that local labor regimes are unrelated to the whole temporary labor migration process and international skills transfer, but that assumption is wrong. Our research shows that the state's role does, indeed, matter.

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