

Dynamics of Occupational Status among Koreans in Japan: Analyzing Census Data between 1980 and 2010

HIGUCHI Naoto*

Abstract | It has been widely claimed that the only way Koreans in Japan were able to make a living in Japan was to establish their own businesses because of the inherent employment discrimination within Japanese society. On the other hand, it is also argued that, from the 1980s, employment discrimination has been alleviated. How, then, has the occupational status of the Koreans in Japan changed? The purpose of this paper is to illuminate the changes that occurred in the last thirty years using customized tabulation data of Japan's population census and testing the validities of three analytical frameworks, namely ethnic enclave, economic assimilation, and polarization. First, while self-employed businesses have shrunk in scale, it can be argued that the ethnic enclave continues to be upheld as the young generation participates in maintaining a sustained ethnic economy. Second, the Koreans in Japan who were born after 1966 have largely become white-collar workers, and for them, the occupational disparity between the Japanese and Koreans has been diminishing. This tendency can be interpreted as the process of economic assimilation that occurs after generational shifts. Third, the Koreans in Japan who were born between 1946 and 1965 are faced with an increasing number of closed businesses and unemployment. Aside from the high unemployment rate in general, polarization does not seem to take place. While the disparity in unemployment rates among the younger generation persists, the first and second findings suggest that occupational disparity between the Koreans in Japan and the Japanese has largely been reduced.

Keywords | Koreans in Japan (*Zainichi* Koreans), social class, employment discrimination

* HIGUCHI Naoto (higuchinaot@gmail.com) is an Associate Professor at the School of Integrated Arts and Sciences, Tokushima University.

Introduction

Most existing studies on the changes of Koreans in Japan deal with the issues of their ethnic consciousness and identities.¹ Yet these approaches are bound to encounter two significant limitations. First, their analytical findings remain only descriptive, merely categorizing the various identities of the Koreans in Japan. Second, few studies shed light on the issue of socio-economic status of this group. However, there is a close relationship between ethnically-based economic activities and ethnic movements and identities. In fact, the leadership of the Association of Koreans in Japan (hereafter *Mindan*) and the General Association of Koreans in Japan (hereafter *Sōren*), the group's two largest ethnic organizations, have been taken over by successful business entrepreneurs in various regions of Japan.

The purpose of this paper is to illuminate the occupational shifts of Koreans in Japan. Earlier studies that relied mostly on police documents have illustrated that Koreans engaged in largely low-level labor during the prewar period (Tonomura 2007; Boku 1957). Some argued that the pervasive employment discrimination continued to limit them to the lowest social stratum (Ri Yukan 1980, 194). On the other hand, it has been widely suggested that, as ethnic businesses succeeded in constructing an economic basis for the Koreans in Japan, the employment discrimination has receded, and there has been a significant increase in the number of white-collar workers (Fukuoka and Kim Myungsoo 1997; Kim Myungsoo and Inazuki 2000; Son-Katada 2009).

These analyses may have captured the general shift of the Koreans' occupational status. Yet they fail to completely address such questions as to what degree employment discrimination has been mitigated, how much advancement has been made from ethnic businesses to white-collar careers, or in what way generational shifts have taken place. No existing study has dealt with such aspects of occupational shifts among Koreans in Japan, and the related debates lack "social scientific" rigor, while merely providing general knowledge.²

In Europe, the disadvantages in the labor market that second-generation migrants face are called the "ethnic penalty" (Heath and Cheung 2007).³ The

1. Fukuoka's (2000) work is one of the most prominent sociological studies by Japanese scholars. While there has been an increasing number of research in English since the 2000s, almost none of them deal with occupation or labor of Koreans in Japan (Chapman 2008; Lie 2008; Ryang and Lie 2009).

2. Sō Yong-dal and Chōn Chae-mun (1987) expressed similar concerns.

3. Refer to Khattab and Johnston (2013) and Reyneri and Fullin (2011) for more details in its

term has the same connotation with “employment discrimination” (*shūshoku sabetsu*), which is often used for Koreans in Japan. This indicates that such phenomenon is not unique to Japan, while the degree of discrimination differs by social groups and generations. Generally, ethnic penalties tend to be mitigated as generations go by, but does this tendency also apply to the case of Koreans in Japan? Specifically, the main purpose of this paper is to conduct empirical analysis on the means through which Koreans have accomplished occupational mobility within Japanese society.

Theories

1. Segmented Assimilation

All migrants go through a certain degree of acculturation in their host society. In the past, this process was understood as largely uniform, leading to the point of complete assimilation at the end. In reality, however, the degrees and direction of transformation vary, and groups bifurcate depending on the conditions within which they are placed. Alejandro Portes and others called this phenomenon “segmented assimilation” to explain the differences in the adaptation process among second-generation migrants (Portes and Rumbaut 2001; Zhou and Bankston III 1998). They introduced three categorical variables, namely environmental factors (governmental policies and societal attitudes), collective factors (social capital), and individual factors (human capital) and argued that different combinations of these variables produce divergent adaptation processes.

In terms of occupations, migrants are incorporated into three categories, namely professionals, entrepreneurs, and laborers (Portes and Rumbaut 1996). Except for the highly-skilled professionals, most migrants enter the labor market of the host society as laborers. The first-generation migrants, blessed with both human and social capital, such as the Korean-American community, achieve social mobility by establishing their own businesses. Because most of these entrepreneurs are self-employed small business owners, their socio-economic status is often considered as transitional rather than as the result of upward mobility (Light and Roach 1996; Kim Dae Young 2004). In other words, the “goal” of their economic adaptation is to gain professional jobs for the second or third generations by utilizing human capital or the expansion of

relations to unemployment.

businesses by taking advantage of social capital.

The typical success story is one in which first-generation migrants work as laborers with second and third generations successfully achieving upward mobility. However, not all ethnic groups experience upward mobility as generations go by; some studies have shown the cases of “second-generation decline” (Gans 1992), and an expansion of the poverty ratio has been reported among third-generation African Americans (Zhou 1997). As the three occupational categories often coexist within a single migrant group, it is possible to assess the internal bifurcation process of a migrant group through the shifts in ratios of occupational status among its members.

Koreans in Japan are characterized by their well-developed ethnic economy with a significant number of entrepreneurs and ethnic niches.⁴ In 2000, the ratio of Koreans who were engaged in ethnic businesses was higher than any other foreign ethnic group in Japan (Sōmushō Tōkeikyoku 2004).⁵ Given this situation, this paper sets forth three types of bifurcation processes, namely ethnic enclave, economic assimilation, and polarization, each corresponding to the following statements on the occupational status among Koreans in Japan: There are significant numbers of self-employed businesses; employment discrimination has been (supposedly) mitigated; and there is a growing number of those who left the ethnic enclave among Koreans in Japan.⁶

2. Upward Mobility within the Ethnic Enclave

It has been generally established that a multi-ethnic labor market is segmented by ethnicity, and job competition is often related to ethnicity. When ethnic ties play a role in the process of seeking employment, this could cause certain ethnic groups to occupy particular niches (Waldinger 1996). It is the “middleman minority theory,” which focuses on ethnic groups that develop their own businesses (Bonacich 1973; Bonacich and Modell 1980). This theory does not directly apply to the case of Japan as it positions middleman minorities as mediators between upper and lower ethnic stratifications and assumes the sojourners rather than permanent immigrants as the unit of analysis. Yet in terms of the mechanisms needed to advance into ethnic businesses, it provides useful implications to explain the conditions of Koreans in Japan.

4. For more on situations in Japan, refer to Higuchi (2012); on ethnic economy, refer to Light and Gold (2000).

5. Here, self-employed business includes owners, family employees, and management executives.

6. Tani's (2002) analysis is useful to illuminate such diversities.

Middleman minorities are produced by two mutually-reinforcing elements: internal solidarity and hostility from other groups; in other words, sojourners who are inclined to stay temporarily in the host country have little interest in associating with the community outside their own ethnic group, thus emphasizing internal ethnic relations. Hostility from other groups strengthens the internal solidarity, which generates a comparative advantage for the migrants to enter ethnic businesses. In the case of Koreans in Japan, it is possible to argue that the external hostility, namely employment discrimination, heightened the solidarity of internal organizations such as ethnic banks and an ethnic chamber of commerce, which led to the formation of comparative advantage for the members of the ethnic community.

These types of jobs have largely enabled the migrants to overcome disadvantages by cultivating their own “ethnic niche.” Earlier studies tended to regard ethnic business as a result of exclusion from the host society (Light 1972, 10). Similarly, the underlying assumption of the debates on the Korean ethnic economy in Japan remained predominantly passive, arguing that starting an ethnic business was the only escape route from the pervasive employment discrimination within the host society. At the same time, however, ethnic business has functioned as the pathway of upward mobility for the excluded (Light 1972, 4). In the 2000s, some began emphasizing the proactive role of Korean business enterprises (Han Jaehyang 2010; Nagano 2010), in which individual business entrepreneurs, such as the leaders of Lotte, Moranbong, Maruhan, MK Taxi, and Softbank, have been the focus of extensive research (Kawa 2003; Yi Su-im 2012).

This trend coincides with growing academic interest in ethnic business in the US, which developed from segmented market theory or middleman minority theory to ethnic enclave theory. Ethnic business is subjected to contradictory assessments as both “shelter for the excluded” and “pathway to upward mobility” (Light and Roach 1996). Characterization of ethnic business varies depending on the time period or ethnic group, but the latter assessment seems to have gained more popularity among academics (Portes and Zhou 1996; Valdez 2008). Ethnic enclave theory assumes that the members of the ethnic group gain larger benefits when they work within an ethnic economy, rather than in the open market (Portes and Bach 1985; Portes and Zhou 1996; Wilson and Martin 1982; Wilson and Portes 1980; Zhou and Logan 1989).

In the case of Koreans in Japan, working in ethnic businesses means more than maintaining a minimum standard of living; it is possible to hypothesize that, even when it is difficult for them to work at general corporations, by expanding ethnic business and producing a number of executives, they can

create an economic environment that works advantageously to the Koreans in Japan. Though census data does not provide analytical reference in terms of income, it is still possible to test this hypothesis by analyzing the ratio of the number of executives. Further, the hypothesis stands valid if, despite alleviation of employment discrimination, a significant number of the Koreans in Japan choose to work for ethnic businesses rather than for general corporations.

3. Diminishing Differences through Economic Assimilation

The term “assimilation” often bears negative connotation, and recently its use has even been considered inappropriate. This is because assimilation theory, which was dominant in the US in the past, postulated upon the idea of Anglo-conformity—the belief that it was desirable to accommodate Anglo-Saxon traits, leaving behind all the other native customs and traditions (Gordon 1964). Afterwards, counter-discourses developed around “ethnic revival” and multiculturalist arguments, which have generated new types of assimilation theory.

Assimilationists in the past envisaged that acculturation to the Anglo-Saxon world was the only desirable outcome of the assimilation process. Today, on the other hand, the term “assimilation” no longer refers to such a normative concept of acculturation, and instead it has developed into a concept that describes the decline of an ethnic distinction and its corollary cultural and social differences (Alba and Nee 2003; Brubaker 2001). Put another way, this concept has been used to describe the dynamic changes that occur between the first and second (and later) generations of migrants. Furthermore, some aspects, such as linguistic abilities and socio-economic status, require assimilation to take place so as to alleviate inequalities. The process of assimilation can develop divergently, rather than in a linear fashion, depending on the contextual settings in which the group is embedded.

From this perspective, alleviation of employment discrimination against the Koreans in Japan is likely to promote the economic assimilation process. The new assimilation theory would argue against employment discrimination because it would lead to the exclusion of Koreans from specific types of professions. It is possible to hypothesize that, if job opportunities are expanded through the elimination of employment discrimination, then there would be no occupational inequality, leading to highly enhanced economic assimilation. In fact, several studies showed an increasing number of young Koreans are finding jobs outside ethnic economies (Fukuoka and Kim Myungsoo 1997; Yi Hui-suk 2002).

4. Polarization

The two aforementioned theories, ethnic enclave and economic assimilation, have been widely used to explain the occupational distribution of ethnic minority groups. Yet “polarization thesis” is barely mentioned in the discussions on the Koreans in Japan. I propose “polarization thesis” as the third pillar of analysis because it conveys one of the consequences brought about by the decline of ethnic businesses. It had long been presupposed that, once subsumed into the ethnic economy, the ethnic minorities could only be economically assimilated as white-collar workers. However, for those without educational training, the ethnic economy played a crucial role in granting a certain level of economic status as entrepreneurs. In other words, it allowed the less educated to be included within the ethnic economy based on ethnicity rather than class. Some claim that the ethnic economy has a comparative advantage embedded in its capability to induce economic growth based on internal solidarity (Han Jaehyang 2010). Yet whether the ethnic economy perseveres is itself a hypothesis that requires investigation, and it is possible for a shrinking ethnic economy to produce individuals who suffer from various disadvantages. The ethnic economy weakens as the highly educated become increasingly assimilated into the open economy, and, as a consequence, the less-educated or unskilled workers who can no longer find jobs within the ethnic community experience downward mobility.

This particular argument focuses on the stratification effects within the ethnic group, which shares similar propositions to those made by underclass theory. Underclass theory focused on the changes within the “inner cities” of America, regarding the stratification of African Americans after the enactment of Affirmative Action (Wilson 1987, 1996). In the past, inner cities provided a role model or leadership figure within the community; eventually, however, they left the community as they achieved upward mobility. Furthermore, deindustrialization cut off demands for low-skilled laborers, leaving behind only those who had no accessibility to the outside world.

The argument concludes with intra-ethnic polarization, although it has been regarded as segregation in the “inner-city” community. To put it simply, it is class rather than ethnicity that causes the bifurcation processes between those who undergo upward and downward mobility (Kim Bumsoo 2008). It is possible to build the following hypothesis vis-à-vis the case of Koreans in Japan: The polarization process occurs between those who have been cut off from the ethnic economy and experience downward mobility and those who have been

integrated into the open economy.

Notes on the Census Data

This study utilizes customized census data (1980-2010) that became available after the revision of the Official Statistics Law in 2009.⁷ The Japanese government provides few statistical records that are categorized by nationalities, which has encumbered the analysis on Koreans in Japan; previous research was limited to descriptive analysis by nationalities through the use of disclosed data from the Statistics on Residing Foreigners, Vital Statistics, and Census.⁸ Quantitative research based on random sampling utilized the random digit dialing method or voter registration list. Yet foreigners are not listed on the voter registration, nor do the phone numbers distinguish nationalities or ethnicities. For these reasons, it had been impossible to conduct quantitative research on foreigners using random sampling aside from those studies carried out by local governments.⁹

Needless to say, census data also has its limitations, and it is important to keep in mind the following inherent and external constraints of census data use. Inherently, collection rates are relatively low, and only sixty to eighty percent of Koreans participate fully in the surveys. This occurs both because many refuse to fill out the survey forms, and also because some enter their nationalities as Japan (Tonomura 2007). Also, due to the limitations in the tabulation methods, the collected data is rounded off to the nearest ten, so it is impossible to conduct detailed cross tabulation.

One of the external constraints is that the data does not distinguish old comers (*Zainichi* Koreans) from newcomers (postwar migrants), for its categorization is based on nationalities. The ratio of old comers among Korean residents in Japan decreased slowly from ninety percent to seventy percent between 1980 and 2010. Furthermore, intermarriage between Koreans and Japanese has increased, and after the revision of the Nationality Act in 1985 (replacing the principle of paternal *jus sanguinis* with that of both paternal and

7. All statistical analyses were conducted in collaboration with Inaba Nakako, Kaji Itaru, Omagari Yukiko, and Takaya Sachi.

8. Tonomura (2007), Ri Setsuko (2001), and Ri Yukan (1980), among others, have used these data for their research.

9. Kinbara et al.'s (1986) pioneering work using the data collected by local administrative governments is the only academic work that used survey data dividing North and South Korean nationals in Japan. There is some research that dealt solely with the holders of South Korean nationality as well (Fukuoka and Kim Myungsoo 1997; Zainichi Kankoku Seinenkai 2014).

maternal *jus sanguinis*) the child of a Korean father could obtain Japanese nationality if the mother is Japanese. This has rapidly decreased younger Korean nationals, making it even more difficult to assess the situation simply by nationalities.¹⁰

Yet census data is the most complete set of information available today, which also uniquely allows for the time-series comparisons on the occupational status based on age and educational background. Given these characteristics of the census data, this paper pays particular attention to the differences among birth cohorts in order to determine the temporal and generational shifts in occupational status. I have divided the Korean population into three cohorts based on birth year: before 1945 (age cohort I), between 1946 and 1965 (age cohort II), and 1996 and later (age cohort III).

What Changed in the Past Thirty Years

1. Direction of Change

First, table 1 shows the shifts in occupational demography by small classification. Aside from the three largest so-called “*Zainichi* industries,” namely *yakiniku* (barbeque), pachinko, and scrap collection, the Koreans in Japan work in such industries as construction, taxi service, real estate, consumer finance, shoe/sandal-making in the Osaka and Kobe area, leather manufacturing in Tokyo, and *Nishijin-ori* (*kimono* dyeing) in Kyoto.¹¹

Among the three largest *Zainichi* industries, the ratio of those who work in *yakiniku* enterprises (owners, chefs, and serving staff) shows little or no change, and neither does the odds ratio (OR) (except for serving staff).¹² In terms of the pachinko industry (including company executives but more explicitly serving staff and wholesale dealers for prizes), while the ratio of wholesale dealers shows little change, the ratio and the OR of Korean serving staff show continuous decline. This tendency derives from the fact that a growing number of pachinko businesses are now owned by Japanese companies, and also that the pachinko business has reached a plateau in the last decades. Lastly, the number of Koreans

10. Yet those who were born in 1985 turned only twenty five in 2010. Therefore, the impact for the purpose of this research is small.

11. For general overview, refer to Park II (2005).

12. The OR used in this paper indicates the conditions of the Koreans vis-à-vis Japanese nationals.

Table 1. Shifts in Occupation by Subclassifications of South and North Korean Nationalities¹³

		80	85	90	95	00	05	10	OR (on Japanese Nationals)							
		N	N	N	N	N	N	N	80	85	90	95	00	05	10	
Management Executive		10,850	13,620	15,750	15,930	12,600	10,250	9,450	2.0	2.4	2.6	2.4	2.7	2.7	2.8	
		4.6	5.6	6.2	5.9	4.9	4.6	4.9								
Pachinko	Wholesale Storekeeper	2,380	1,890	1,630	1,590	1,160	700	460	2.5	2.1	2.1	2.5	2.2	1.9	2.3	
		1.0	0.8	0.6	0.6	0.5	0.3	0.2								
	Serving Staff	6,230	6,090	5,790	6,810	5,740	4,070	2,740	7.2	5.4	4.3	3.6	3.4	2.8	1.7	
		2.7	2.5	2.3	2.5	2.2	1.8	1.4								
Yakiniku	Owner	8,450	9,520	8,410	10,220	7,190	5,910	2,820	6.2	6.1	5.6	6.6	6.0	6.7	6.4	
		3.6	3.9	3.3	3.8	2.8	2.6	1.5								
	Chef	16,980	16,410	15,780	17,050	18,880	15,490	14,790	2.8	2.6	2.4	2.3	2.5	2.3	2.5	
		7.3	6.8	6.2	6.4	7.4	6.9	7.6								
	Serving Staff	11,090	10,090	9,420	11,870	11,790	9,660	6,330	3.5	3.0	2.9	2.8	2.7	2.4	2.0	
		4.7	4.2	3.7	4.4	4.6	4.3	3.3								
Metal Recycle	Collection and Wholesale of Recyclable Waste	7,930	6,580	3,780	2,920	2,250	1,750	1,100	39.9	32.2	26.6	22.0	19.3	15.1	12.3	
		3.4	2.7	1.5	1.1	0.9	0.8	0.6								
Manu- facturing	Rubber Product (Molding)	830	790	650	660	740	690	1,440	2.5	2.3	1.9	2.1	2.5	2.7	1.5	
		0.4	0.3	0.3	0.3	0.3	0.3									
	Plastic Product (Molding, Processing, Outworking)	3,710	3,240	2,930	2,700	1,780	1,400	0.7	4.2	3.0	2.7	2.3	1.6	1.6		
		1.6	1.3	1.2	1.0	0.7	0.6									
	Shoemaking/Repair	5,010	5,240	4,610	3,340	3,150	1,490		22.1	23.0	20.0	18.1	24.7	19.5		
		2.1	2.2	1.8	1.3	1.2	0.7									
	Bags/ Pouches- Making	1,390	1,330	1,270	1,370	1,170	590		6.8	6.7	6.9	10.2	11.9	8.8		
		0.6	0.6	0.5	0.5	0.5	0.3									
Total		234,130	242,220	254,230	268,220	256,140	225,200	191,940								

13. Shoemaking/Repair and Bags/Pouches-Making are no longer classified as independent categories after 2010.

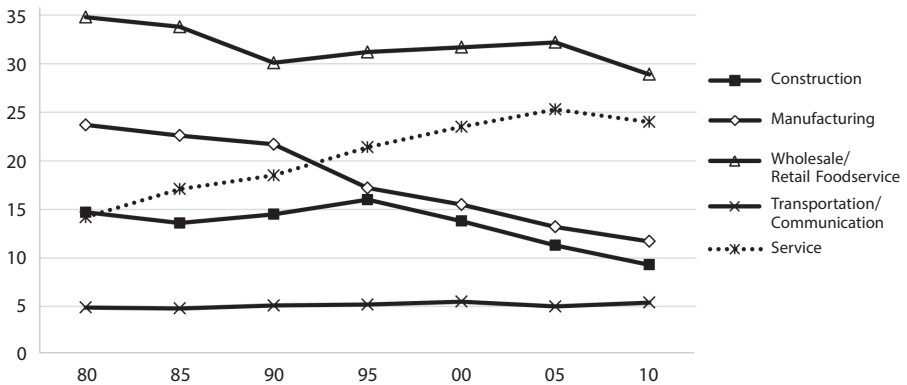


Figure 1. Employment Rate by Industry (%)

who work in scrap collection (wholesale and collection of recyclable resources) has shown continuous decline over the years. Some of them moved into the industrial waste disposal business, but many of them seem to have left the industry altogether. While the high OR indicates that scrap collection continues to be a niche industry for the *Zainichi* Koreans, it would be more accurate to say that the industry itself is shrinking. The manufacturing sector is largely on the decline as well, which reflects the overall deterioration of the industry in Japan.

Figure 1, which shows the employment rates by major industries, corroborates these findings. In terms of employment absorption rate, wholesale, retail, and foodservice continue to be the basic industries for the Koreans in Japan. The OR, though it shows a slight decline from 1.8 to 1.5 (between 1980 and 2010), remains the highest among major industries. Manufacturing, which used to be the second largest niche industry after foodservice, shows a significant downturn, and the OR has also declined from 1.0 to 0.7. Such alteration could have been triggered by the deterioration of light industry, or by a prompt shift over to more promising enterprises such as the pachinko business.¹⁴ Though the fluctuation is less significant compared to the manufacturing sector, the construction industry also shrank both in absolute ratio and in OR (1.6 to 1.2). On the other hand, the service industry rose to the second largest industry after foodservice, even though the OR has shown little change (0.7 to 0.8). Overall, the Koreans' concentration in the niche industries abated over the past thirty years. But the question remains as to whether such a

14. Han Jaehyang's (2010) analysis takes on the latter view.

shift can be interpreted simply as the result of economic assimilation.

2. Testing the Ethnic Enclave Hypothesis

To answer this question, it is necessary to test the validity of the ethnic enclave hypothesis. This hypothesis can be tested by assessing two following propositions: (1) ethnic businesses survive even after employment discrimination is alleviated, and (2) the Koreans in Japan continue to benefit from working in ethnic businesses. In census data, the members of ethnic businesses consist of self-employed workers and executives (in relations to proposition 1), among whom the management executives are beneficiaries of ethnic advantages (in proposition 2).

Figure 2 shows that the overall ratio of self-employed workers declined from 44.1 percent to 19.8 percent between 1980 and 2010. In 1980, almost half of the Korean workforce, including the management executives, was engaged in ethnic businesses. Given that the ratio has declined by thirty percent in the last thirty years, it clearly signals Koreans' departure from ethnic businesses. In that sense, the first proposition of the ethnic enclave hypothesis does not apply in terms of self-employment ratio.

Yet the decline of ethnic business is above all triggered by generational shifts. For the age cohort I, more than half of them were self-employed, while for the age cohort II and III the ratios go down to about thirty percent and ten percent, respectively. Especially those who were born after 1966 rarely experience a

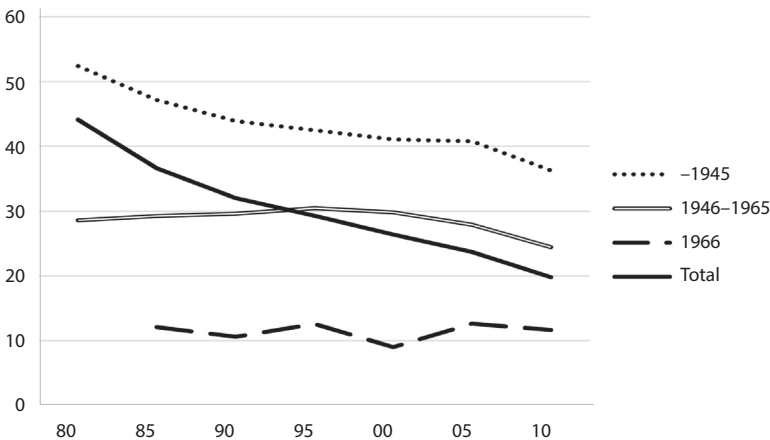


Figure 2. Ratio of Self-Employment by Age Cohort (%)

status shift from employee to self-employment, and the “image” of Koreans in Japan as “self-employed business owners” no longer seems to reflect the reality.¹⁵

In relation to the second proposition, the ratio of executives shown in figure 3 indicates the benefits that derive from staying in ethnic business. The ratio of executives increases with age, regardless of generation. This is an opposite phenomenon to the case of self-employed workers, and the increase in the ratio for age cohort III implies that the younger generation continues to take over the positions as management executives within the ethnic economy.

Generally speaking, the ratio of executives was five percent higher in the 1990s than in the 1980s, and the OR also tended to be higher for the postwar generation than for the prewar generation. It indicates that the ethnic economy has expanded from small, self-employed businesses to a larger scale, and it has become more likely for the younger generation to attain executive positions when they work in the ethnic economy: In fact, the younger they are, the higher the odds are for attaining high level positions. Compared to the Japanese people of the same generation, the Koreans have significantly larger opportunities to enter family businesses and are on the fast track to gain management positions at relatively early age.

Figure 4 shows the ratio of executives by educational background, indicating that it is more likely for those with a college education or higher to become

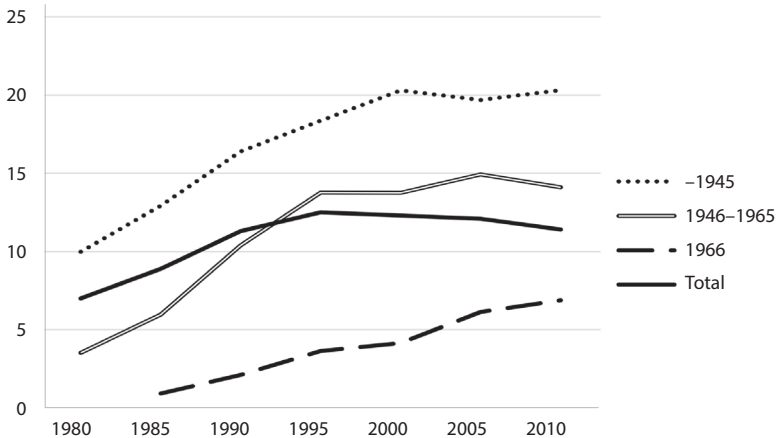


Figure 3. Ratio of Management Executives by Age Cohort (%)

15. At the same time, as there is no significant shift in the OR, this tendency implies that Koreans' departure from ethnic business is occurring at the same pace as the Japanese people's departure from self-employment.

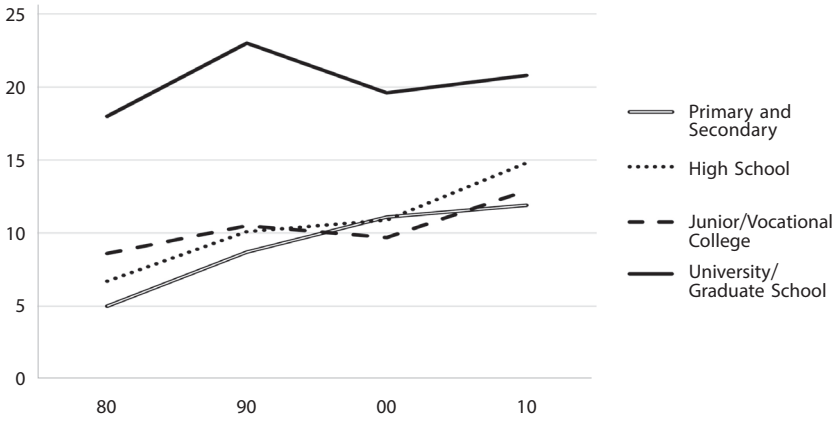


Figure 4. Ratio of Management Executives by Educational Background (%)

business managers. The ratio of college-educated employees is also high, while that of college-educated self-employed business owners has declined from 33.5 percent to 16.0 percent between 1980 and 2010. In 2010 alone, more than half of college-educated (or higher) Koreans who remained in the ethnic economy become executives, which implies that there has been increasing advantages for college-educated Koreans to work in the ethnic economy. On the other hand, the ratio of less-educated employees showed little change, while they continued to rely heavily on the ethnic economy. However, the increase in the ratio of less-educated executives implies that they too have expanding benefits from staying in ethnic businesses.

While these statistical findings suggest that departure from ethnic business has accelerated among Koreans in Japan, qualitatively speaking, Korean ethnic economy today seems to offer higher socio-economic status for those who remain. Put differently, the Korean ethnic enclave has been maintained by competitive businesses, while less competitive businesses are forced to close down.

3. Testing the Economic Assimilation Hypothesis

The following question arises given the above analyses: Have those who “departed” from ethnic business been economically assimilated? The economic assimilation hypothesis derives from two propositions: (1) Occupational dissimilarity between the Koreans and Japanese is reduced; (2) Ethnic penalty dissipates as the Koreans move upward and become white-collar workers (Alba

and Nee 2003, 28).¹⁶

In terms of the first proposition, as it has been argued in the previous section, its validity can be assessed by the fact that there has been a decreasing level of occupational concentration in the niche businesses and industries. On the other hand, it is necessary to further examine the level of economic assimilation for each occupational status, namely employee, self-employment, and management executives. While the employee ratio has increased from 48.8 percent to 61.7 percent between 1980 and 2010, the OR remained constant at 0.5; the same can be said for the age cohort III, whose OR was 0.4 in 2010. In this sense, the increase in the employee ratio is best understood as the result of socio-economic shifts within Japanese society as a whole, rather than as the consequence of economic assimilation.

On the other hand, the self-employment ratio decreased from 44.1 percent to 19.8 percent, and the OR also declined from 2.0 to 1.6, while the ratio of executives increased from 7.0 percent to 11.4 percent (the OR from 1.7 to 2.2). Overall, the shifts in the last three decades can be summarized by saying that, while the ratio of employees has remained constant, self-employment decreased and the management executives increased. This finding suggests that the ethnic enclave hypothesis is more compelling in explaining the reality of the Koreans in Japan than economic assimilation hypothesis.

Then what about the second proposition of the economic assimilation hypothesis? Figure 5 shows the ratio of professional, technical, and clerical workers, which increased from 12.1 percent to 24.4 percent between 1980 and 2010. However, there has been little change in the OR (figure 6), indicating that the advancement into white-collar jobs has been less than significant. Even though the occupational disparity for general white-collar occupations, including management-level positions, has been ameliorated (from a 20.8 percent to 30.0 percent employment rate and from 0.6 to 0.8 in OR), it developed at a slow pace over the thirty-year span. In other words, even though it has been diminishing slowly, the ethnic penalty for Koreans persists in Japan.

On the other hand, figure 5 and figure 6 also indicate generational shifts. The ratios of professional, technical, and clerical workers show a ten-point increase in each of the three age cohorts. For age cohort III, although the OR falls short of one, it is significantly higher for white-collar jobs than other age cohorts, and it is this age cohort where the ratio of professional, technical and

16. However, the census data does not distinguish co-ethnic firms from Japanese corporations, and it is impossible to single out the white-collar workers who work for co-ethnic firms. For this reason, the increase in the number of white-collar workers does not necessarily indicate economic assimilation. But the number of white-collar workers can still function as an approximate index.

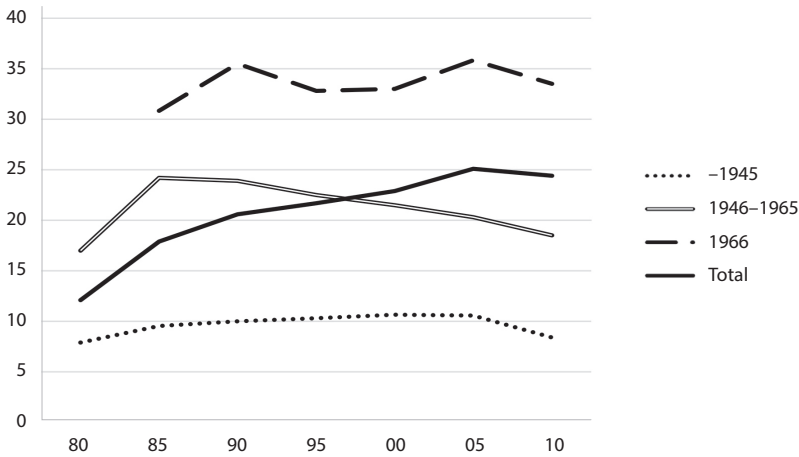


Figure 5. Ratio of Professional, Technical, and Clerical Workers by Age Cohort (%)

clerical workers becomes higher than that of sales and service workers for the first time. It is necessary to keep in mind that this generational cohort includes newcomers, many of whom are white-collar workers. Yet still such statistical analysis shows that this generation became the first to experience the alleviation of employment discrimination.

Figure 5 also shows that, within each cohort, the ratio of white-collar employees shows a relatively consistent shift when considering that most of age cohort III did not enter the market until after 1985. In other words, change only takes place slowly because, as one's prospective occupation is determined when one finishes one's education, the occupational disparity can only be dissolved through generational shifts. Still, the OR shows an increase in each cohort by 0.2, and for the youngest generation it reached one after combining all white-collar workers, including management positions. It can be inferred that the third-generation Koreans were the first to experience the reduction of the occupational ethnic penalty within Japanese society.

4. Testing the Polarization Hypothesis

Lastly, this paper turns to the assessment of the polarization hypothesis, which is drawn from two propositions: (1) polarization occurs among an ethnic group who once shared similar occupational status, dividing those who experience upward mobility and those who experience stagnation or downward mobility; (2) as the ethnic economy shrinks in size, the number of those who experience

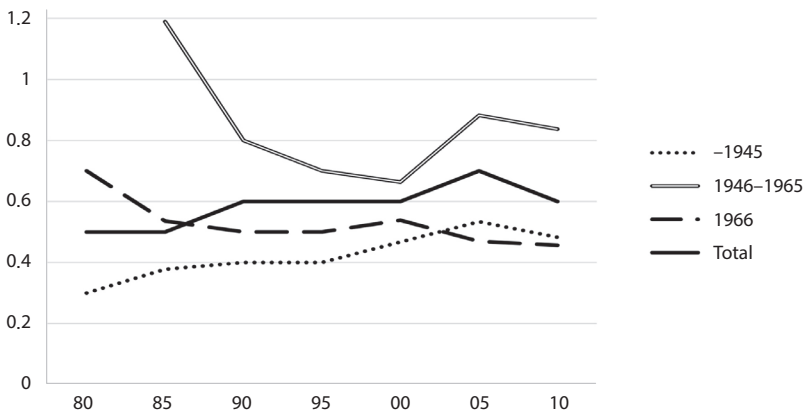


Figure 6. Odds Ratio of Professional, Technical, and Clerical Workers

downward mobility increases.

In relation to the first proposition, the previous section demonstrated a slow increase in the number of those who experience upward mobility. But what can be said about those who undergo stagnation and downward mobility? Figure 7, which shows the shifts in the ratio of blue-collar workers, indicates two implications. First, there are differences even within the age cohort I. The ratio of blue-collar workers was the highest among older generations: About half of Koreans born between 1921 and 1925 were blue-collar workers in 1980, while the younger they were, the lower the odds were for them to be blue-collar workers. It means that, even in 1980, many Korean workers were still engaged in low-level labor, while at the same time, it was possible to observe a certain level of upward mobility among age cohort I. On the other hand, for the age cohort II (those who were born between 1946 and 1965), the OR of blue-collar workers remained at one and showed little change, indicating that even though they were not concentrated in unskilled labors, this generation experienced little upward mobility.

The second phase of change occurred for age cohort III, for which both the absolute ratio as well as the OR of blue-collar workers declined. Especially after the 2000s, the OR declines to 0.7/0.6, demonstrating that the upward mobility from blue-collar labor became visible among this generation (the same tendency can be observed in sales and service, though it remains relatively low). The overall OR shows decline from 1.2 to 0.8, and the polarization effect (increase in the ratio of blue-collar workers caused by the shrinking of self-employed businesses) does not seem to be taking place. Since most workers who enter the

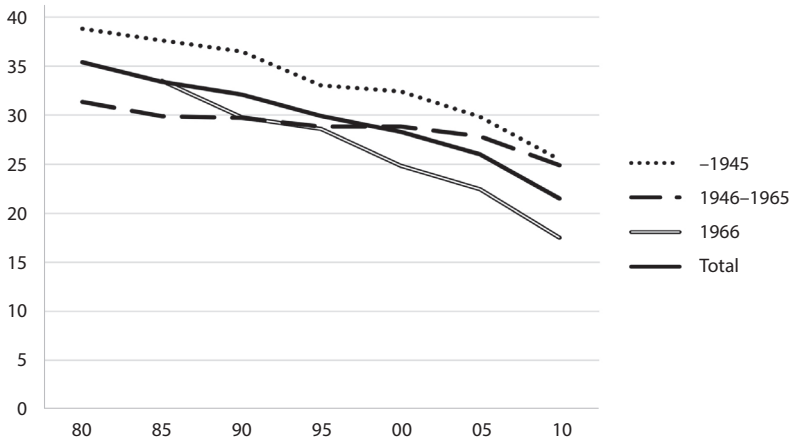


Figure 7. Ratio of Blue-Collar Workers by Age Cohort (%)

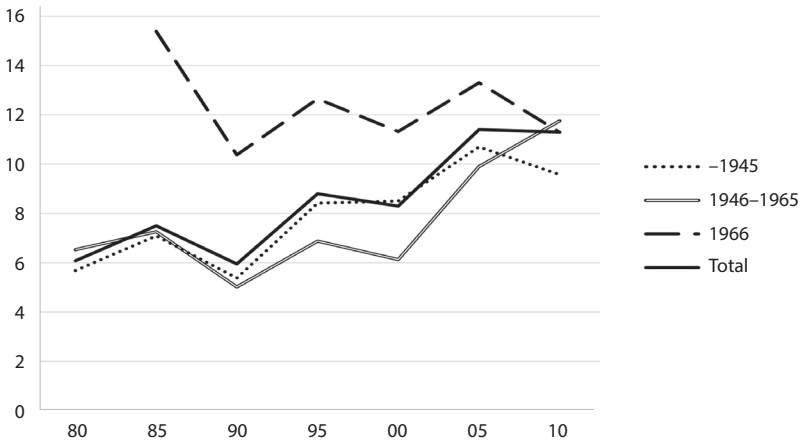


Figure 8. Unemployment Ratio by Age Cohort (%)

labor market today are rarely subject to employment discrimination, the departure from low-level labor among Koreans in Japan has accelerated.

On the other hand, the analysis of the unemployment rate shown in figure 8 does not entirely negate polarization hypothesis. The overall OR is not low on any account, even though it decreased from 2.4 to 1.8 between 1980 and 2010. The unemployment ratio of twelve percent for age cohort III reflects a high unemployment rate among younger generations in Japan in general. While the

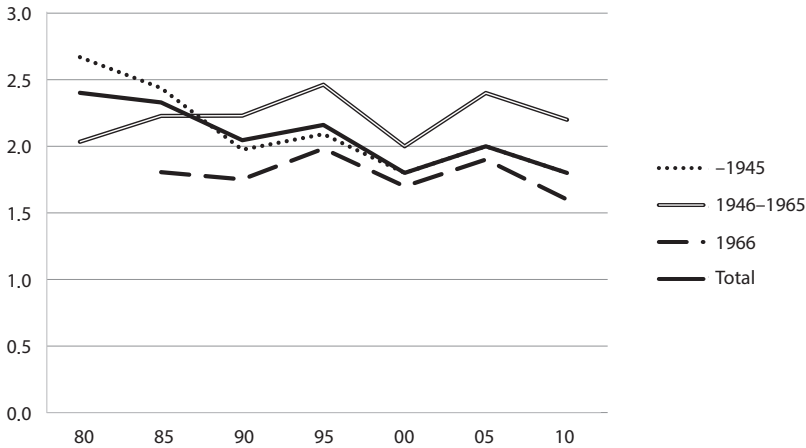


Figure 9. Odds Ratio of Unemployment Rate

OR for this cohort is relatively low and it shows gradual decrease, it remains at 1.6 in 2010. This indicates that a pervasive disparity remains between Koreans and the Japanese. Given that there are those who achieved inter-generational upward mobility, a relatively high rate of unemployment among age cohort III conforms to the polarization hypothesis.

Furthermore, for age cohort II, the unemployment rate increased by five percentage points between 2000 and 2010, and the OR remained at more than two. This is concurrent with the decreasing self-employment ratio, reflecting difficulties in establishing a new niche in between the retiring older generation and younger generation who are advancing into white-collar jobs. The ratios of skilled and unskilled workers among age cohort II remain roughly the same, and the OR has also been hovering around one. The polarization hypothesis can directly be applied to this generation of the Koreans in Japan, in which the shrinking of the ethnic economy has caused stagnation or unemployment.

A Long Way to the “Model Minority”

Before summarizing all the findings discussed above, it is necessary to comment on new trends that can be found in the Korean community in Japan. In 2010, the rate of newcomers rose to thirty percent. With a decreasing number of old-comer *Zainichi* Koreans and an increasing number of young newcomers, today's younger-generation Koreans in Japan include a growing number of newcomers.

The ratio of white-collar workers seems to be higher among newcomers, therefore it is necessary to discount the effects of upward mobility among younger *Zainichi* Koreans.

Nevertheless, the shrinking of niche industries, as well as the narrowing gap in the ratio of white-collar workers suggests that economic assimilation hypothesis seems most applicable in explaining the occupational status shift among Koreans in Japan. This notion is especially relevant in illuminating the occupational status of age cohort III, implying that it took three generations for the ethnic penalty to be manifestly reduced.¹⁷ While the ethnic enclave hypothesis has explanatory power to describe the durability of the occupations that are highly beneficial to the Koreans in Japan (executives in ethnic businesses), the declining number of self-employed workers who fail to reach a higher occupational status suggests a shrinking of the ethnic economy. On the other hand, it is necessary to hold back the assumption that upward mobility is taking place in a linear fashion. In the beginning, drawing upon the polarization hypothesis, I had projected the following result: During the period of high economic growth, the Koreans in Japan achieved a certain degree of upward mobility due to non-zero-sum mobility (Alba 2009); but just as the industrial shift in the US from the 1970s hampered the upward mobility of African Americans, the long economic recession from the 1990s in Japan caused economic stagnation for the Koreans. In other words, those who entered the labor market in the midst of economic recession could not experience the upward mobility that previous generations once enjoyed.

In reality, however, it turned out that even those younger generations were upwardly mobile, and the disparity ratio of occupational status vis-à-vis the Japanese has been on the decline. For age cohort II, the ratio of professional, technical, and clerical workers has diminished over the years, and the rate of decline for the ratio of skilled and unskilled workers has not been as significant as later generations. This generation depends highly on wholesale, retail, and foodservice industries, from which the later generation has already deviated. Even though they generally enjoyed a relatively favorable occupational status in the beginning, their upward mobility stagnated after the 1980s. In other words, while it was possible for them to become executives in ethnic businesses, they had limited opportunities to obtain white-collar jobs. Furthermore, this generation has suffered the most direct economic damages from the diminution

17. Nakayama (1995) argued that no significant disparity existed between the self-employment and employee sectors across first, second, and third generations. However, the census data (though it is classified by age cohort rather than by generation) shows clear dissimilarities across age, an aspect that has long been ignored.

of self-employed small businesses.

Drawing from these facts, it can be argued that the situation envisaged by the polarization hypothesis is occurring inter-generationally rather than intra-generationally. The options were limited for age cohort I, for the only way for them to move upward was to develop self-employed businesses. The age cohort II, born between 1946 and 1965, continued to work within the ethnic economy while the Japanese in the same generation acquired upward mobility as white-collar workers. Although the prewar generation was less affected by such occupational shifts within Japanese society because they retired just before the economic recession took out many self-employed businesses, the second generation was faced with both stagnation of white-collar work and the diminution of self-employed businesses.

Even though age cohort II entered the labor market during a period of high economic growth, employment discrimination robbed them of the opportunities for upward mobility, which has led to their lingering economic predicament of today. On the other hand, even though the majority of age cohort III entered the labor market in the midst of the economic recession, they succeeded in achieving upward mobility due to the alleviation of employment discrimination. As a result, the OR for white-collar workers reached one in 2010 for this generation. This phenomenon is similar to the case of the United Kingdom where upward mobility became evident among some of the second-generation migrants whose socio-economic status rose higher than that of Caucasians. At the same time, the two cases are also comparable in that the disparity of the unemployment ratio persists (Heath and McMahon 2005)—a phenomenon that can only be explained by pervasive discrimination.

Still, the changes over last thirty years suggest that the Koreans in Japan can be described as a “model minority.” Widely used to designate Asian immigrants in North America, the “model minority” is characterized by high educational standards and advancement into white-collar jobs among the second-generation migrants. It took three generations for the Koreans in Japan to earn the status of “model minority,” due to prevalent employment discrimination in the past. In this regard, the image of Koreans’ heavy reliance on ethnic businesses as the result of employment discrimination has become a thing of the past.

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