



2016 Top Markets Report **Education** Country Case Study

Japan

Japan was the leading sender of students to the United States from 1994 to 1998, but Japan has fallen in the ranks to eighth place due to a surge in students from other countries, particularly India, China, South Korea, and Saudi Arabia, and a fairly steady decline in students since 1997, which was the peak year during which over 47,000 students from Japan studied in the United States.¹ Since 2009/10, the rate of decline stabilized, but only slightly over 19,000 Japanese students studied in the United States in 2014/15.

Overall
Rank

8

Despite a declining number of Japanese students, the United States remains the most popular destination for tertiary education, and Japanese students have a significant economic impact by contributing \$605 million to the United States economy.¹

The Organization for Economic Development and Cooperation data is slightly different than data from the Institute for International Education (above), but reflects that in 2013 (latest data available), 32,332 Japanese students studied abroad and 56.4 percent chose to study in the United States.² The second leading destination is the United Kingdom with 9.3 percent. Other countries that host a significant number of Japanese students are Australia with 5.2 percent, South Korea with 3.5 percent and Canada with 2.5 percent.³

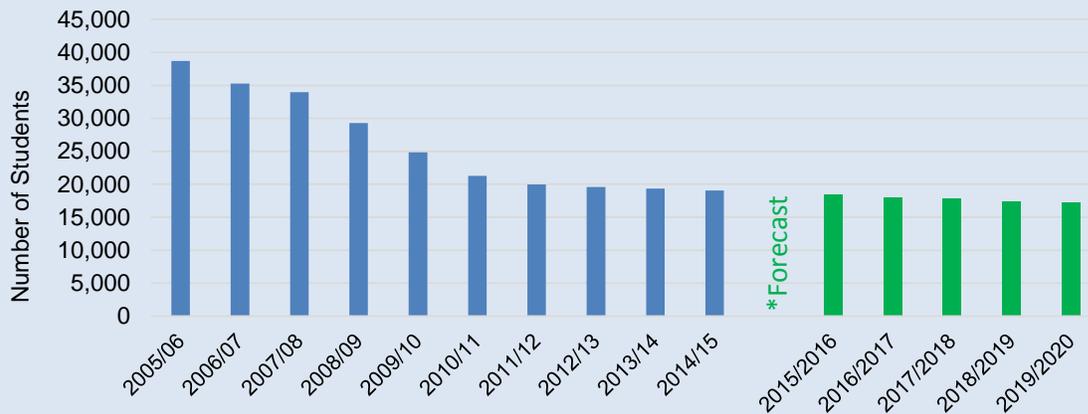
In the Japanese business industry, there is a shortage of local graduates who speak business level English, especially in comparison to Asian counterparts. Since English is the language of global business, companies are aware of the increasing demand for employees to be proficient in English in order to access global markets.

That being said, few companies have TOEIC score requirements for job applicants, and fewer companies have invested in programs to maintain or encourage higher English proficiency. There is a gap between the level of English desired and company actions to get to that level, which is expected to continue.

Level and Fields of Study for Japanese Students

The highest percentage of Japanese students in the United States, 46.6 percent, is undergraduates. The remaining students include 17.3 percent graduate students, 29.4 percent other, and 6.7 percent optional practical training (OPT). Business and management attract 19.1 percent of Japanese students in the United States, making them the most popular fields of study. The STEM fields attract 14 percent, and intensive English attracts 15 percent of students.⁴

**Figure 1: Japanese Students in the United States
2005-2020***



Source: Historical Data - Institute of International Education. (2015), Open Doors
Forecast: International Trade Administration estimates.

In addition to tertiary education, Japanese students participate in high school exchange programs to learn English and to become familiar with American culture. Many Japanese students have participated in exchange programs since the 2011 Great East Japan Earthquake through the TOMODACHI Initiative, which is a public-private partnership between the U.S.-Japan Council and the U.S. Embassy in Tokyo. These exchange programs allow for early exposure to an English environment and the United States, possibly setting the stage for future participation in a study abroad program.

Future Growth/Opportunities

There has been a stabilization of Japanese students after 2009, following a few years of significant declines in 2007 through 2009 in Japanese students studying in the United States. Some factors causing the earlier declines in numbers of Japanese students are a decrease in the number of Japanese youth due to a population decline, the stagnant Japanese economy that makes foreign tuition uncompetitive, and the recruitment cycle for employment. Japanese students apply for jobs in their third and fourth years

in college, through a time consuming process that requires them to physically be in Japan. Job offers are given before graduation, and those who do not secure jobs prior to graduation will opt to stay back a full year to preserve the coveted “new graduate category” in order to be competitive in securing a job. Therefore, Japanese students who choose to study abroad will not have the opportunity to go

through the job application process during their last two years of college, leaving them with fewer options for pursuing a permanent job in Japan following graduation. The Japanese government is aware of this issue and is promoting policies to encourage study abroad participation in order for Japanese students to gain an international perspective, but this is expected to take time.

During the 2007-2009 financial crisis, Japanese firms cut outside training and education costs. As a result, Japanese employees were sent to the Philippines to study English due to its close proximity and low cost in comparison to the United States. A variety of online English lesson options have also entered the market, offering cheap and convenient alternatives to actual study abroad.

Currently, Japanese companies are realizing the benefits of hiring students with international experience, and with the upcoming 2020 Olympics, there might be revival of Japanese students studying abroad.

Short-term programs, including intensive ESL courses paired with volunteer or internship opportunities are programs Japanese students would consider.

One of the most significant reasons Japanese students are choosing to study in Japan rather than go abroad is to better deal with the extremely competitive Japanese job market. If Japanese students study abroad, then they are physically unable to participate in the interview process held in Japan and may lack techniques and information for

job hunting more easily available from career centers at Japanese universities. To counter these concerns, U.S. colleges and universities should highlight the connection between their programs and real-world career success.

U.S. colleges and universities should market short-term as well as long-term study programs to

potential Japanese students. It would be helpful to feature successful alumni in college brochures, especially those who have returned to Japan, to effectively show the benefits of studying in the United States. For new programs from universities not recognized in Japan, Japanese-language marketing materials are a must.

¹ Institute of International Education. *Open Doors Fact Sheet: Japan*. Washington, D.C.: Open Doors, 2015. Accessed February 25, 2016. <http://www.iie.org/Research-and-Publications/Open-Doors/Data/Fact-Sheets-by-Country/2015>; Bureau of Economic Analysis, International Services, October 2015, Table 2.3 Brazil and IIE, Open Doors Fact Sheet: Japan (2015)

² United Nations Educational Scientific and Cultural Organization. *Education: Outbound Internationally Mobile Students by Host Region*. Washington, D.C.: Education, 2013. Accessed February 25, 2016. <http://data.uis.unesco.org/Index.aspx?queryid=172>

³ OECD 2015, *Education at a Glance 2015*: OECD Indicators, OECD Publishing. Accessed February 25, 2016. <http://dx.doi.org/10.1787/eag-2015-en>

⁴ Institute of International Education. *Open Doors Data International Students: Fields of Study by Place of Origin*. Washington, D.C.: Open Doors, 2015. Accessed February 25, 2016. <http://www.iie.org/Research-and-Publications/Open-Doors/Data/International-Students/Fields-of-Study-Place-of-Origin/2014-15>; and *International Students by Place of Origin and Academic Level, 2013/14 & 2014/15*