

## **Role of a Recruitment Agency in Developing Countries Supplying Technical Interns to the Japanese Agriculture Sector: A Cambodia Case Study**

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### **1. The History and Corporate Policy of C-PRO**

The author, Izumi, has been running a Japanese language school in Phnom Penh since 2003. At the time, C-PRO Co., Ltd., (hereinafter C-PRO) was launched by the students who had studied in Japan. In 2006, however, C-PRO's business failed. At the request of the representative of the company, the author undertook a reorganization of it and preparations were made for the business of worker dispatch. The years 2005 to 2007 marked the start of formal policy for sending Cambodian workers abroad. C-PRO was engaged in that business at the time. The Cambodian government set out policy-based mechanisms for workers traveling to other countries. Private companies with licenses were prohibited from lending licenses to brokers who would otherwise use them to send workers abroad through irregular means. Recruiters were placed under a registration system. Private companies holding licenses were required to place a deposit of \$100,000 in the national treasury. The author invested funds.

In the dispatch of Cambodian workers to Thailand, which had come under tighter controls, 90% of the workers were in fact sent through irregular means. However, C-PRO adhered to a policy of sending Cambodian workers through regular routes. Most of the irregular workers were effectively unemployed workers in Cambodia, looking to find jobs quickly. Heading abroad as a regular worker, however, required obtaining a passport and completing procedures such as application for employment qualifications. At the time, these procedures required roughly four months from application to acquisition of required items. Persons unable to wait four months were thus unable to work in Thailand as regular workers. C-PRO arranged for accommodations and secured workers near the border of Thailand and Cambodia. By doing so, the company was able to send workers to employers offering favorable conditions and treatment.

C-PRO devoted itself to finding employers to which it could entrust workers, and devised ways to address the four-month wait until departure, including for unemployed persons.

In 2008, however, a border dispute broke out between the two countries. Nearly all Cambodians working in Thailand, regular workers, and irregular workers alike, fled to Cambodia out of fear. Over 10,000 regular and 270,000 irregular Cambodian workers crossed the Thai border by irregular routes to return to Cambodia. Due in part to these conditions, in 2008 C-PRO ended its business of dispatching workers to Thailand.

### **2. C-PRO's Business of Dispatch to Japan**

In gathering workers, C-PRO also received cooperation from the Japanese organizations supervising acceptance and the accepting companies, farmers, and agricultural corporations. Farm managers that hired workers acted as "advertising beacons," making visits to villages in Cambodia. Word of mouth by workers returning home after completing technical intern training became an ideal form of advertising. It is because of this that applicants have accurate knowledge of conditions. As C-PRO uses no brokers, it can recruit at much lower cost than the large-scale businesses.

In villages with applicants, many cases arose of trainees returning from Japan and gifting their parents with a new home, a fact that helps applicants put parents at ease when registering with C-PRO. Even after passing the interview, 6 months of advance education was a precondition for dispatch.

C-PRO currently contracts with 11 Japanese organizations supervising acceptance. The company recruits several times a year, performs preparations for interviews, and conducts education on Japanese, culture, and customs for those who pass. It currently operates with a small staff of 10 employees, but as of the end of 2020, its track record extended to a total

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of 1,048 persons dispatched to Japan, of which 56 returned to their home country during the program, 21 went absent, and 315 people remained in Japan at the time.

Even now, C-PRO receives many applicants for every opening. Persons who fail an interview often succeed in a later interview with another company. Many applicants have been hired following multiple interviews.

In recent years, an increasing number of dispatching organizations have charged the Japan side for the expenses they incur, and it has become an accepted norm that the Japan side covers these miscellaneous expenses and administrative expenses. From the start, the C-PRO administrative fees borne by the accepting organizations in Japan have had a reputation for being high. C-PRO's policies differ from those of other dispatching organizations. This is due to the high expenses that C-PRO bears in providing "high-quality services" in line with the policies of the Cambodian Ministry of Labor and Vocational Training.

To expand its points of recruitment, in 2013 C-PRO split off a new company that was taken over by a farmers' group in Kagawa.

### 3. The Social Roles of Dispatching Organizations

The government of Cambodia believes that sending workers abroad begins with the conclusion of bilateral agreements between the respective countries. Handling the procedures for gathering people and administering the processes leading to departure are tasks performed in-country by the dispatching organizations. Looking after Cambodian workers residing in the partner country is also a key responsibility of the dispatching organizations.

C-PRO performs dispatch in accordance with Japan's system, but the Cambodian government has policies and a system. Dispatching organizations must follow these also.

When C-PRO sends Cambodian workers to Thailand or Korea, no interviews are held. The orders for workers that come from Thailand include only the numbers of men and women and their ages. A number of matters come up, such as dormitories for couples, renting a nearby apartment nearby at a couple's request, and housing allowances. We receive an amount (two months' worth of take-home pay) for the expenses, which becomes income for C-PRO.

The business of sending Cambodian workers to South Korea appears to have begun in 2003. The mechanisms have recently changed considerably, however, and hiring is decided only on the basis of a Korean language exam

administered by government-related bodies in the dispatching country. This appears to be an open process with no cost charged. In practice, however, "referral agencies" handle matters such as advance preparation and departure documents after applicants pass the exam, and applicants are forced to borrow money to bear these costs. Banks in Cambodia have commercialized small-scale loans for this.

The employers of Cambodian workers in South Korea engage in employment knowing nothing of these problems. By contrast, many employers and farmers in Japan travel directly to the dispatching country, attend interview tests, and directly engage in selection of successful candidates. This came to be replaced by online activities during the COVID-19 pandemic, but face-to-face interviews have recently been revived. As the trainees' work involves on-the-job training, learning a minimum level Japanese in advance is necessary. For this reason, most dispatching organizations operate Japanese language schools and provide Japanese language education, separate from pass or failure of interviews. C-PRO provides Japanese and other education only for technical intern trainees candidates who have been hired.

Since the start of its business, C-PRO has charged these advance education expenses to the organizations supervising acceptance, under the heading of miscellaneous expenses.

In Japan, the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees came into effect in 2017 to make the Japanese side pay the cost.

The Japan side conducts interviews in Cambodia and makes decisions on hiring, after which a promise of three years of employment after arrival in Japan is offered. Deducting food and other expenses from usual nominal income, trainees can generally expect to save about 3 million yen.

The big difference between Japan and other countries is the use of interviews. In the case of South Korea, candidates who pass the Korean language exam do not know whether they will be employed unless contact is received. They have to wait for contact from South Korea, despite having passed the language exam. If no contact regarding employment comes within two years, the candidates have to take and pass the Korean language exam again.

### 4. Number of Technical Intern Trainees by Country of Origin

Although China was the largest dispatcher of technical intern trainees, from 2014 this status began to shift to

Cambodia, which offers good conditions for attracting foreign companies (with foreign investment of up to 49% allowed). Applicants from China decreased sharply as opportunities for finding work within the country expanded and income increased overall. Accordingly, business in Cambodia commenced, with the expectation of continuing the dispatch business.

Certification of technical intern trainee dispatching organizations in Cambodia increased sharply, from 57 companies in March 2018, to 72 in 2019, 87 companies in 2020, and 94 companies in 2021. With these organizations making efforts to unearth candidates hoping to work in Japan, the number of technical intern trainees from Cambodia in Japan grew rapidly.

Other countries, including Vietnam, do not allow foreign capital, but the number of dispatching organizations in those countries has grown rapidly. Organizations that have traditionally referred migrant labor to foreign countries have expanded their Japan-oriented business, contributing to the sharp growth of dispatch to Japan.

The above organizations are recruiting new applicants for dispatch to Japan and have been able to meet growing demand in Japan. In the process of expanding new recruitment, however, significant involvement by brokers and other parties is evident in countries including Vietnam, and as a result, costs are increasing. The business of dispatching workers overseas appears to be a simple one, but interviews and home visits are important factors in steadily implementing Japan's technical intern training system, which involves features not seen in other countries and requires time and effort.

### 5. The Income and Expenditures of Dispatching Organizations

I would like to introduce an example of one year's income and expenditures of a relatively small dispatching organization to Japan. Table 1 shows what amounts are borne

by what parties, and how the amounts are used by a dispatching organization. Looking at income for the year, Japanese companies and farmers accepted a total of 100 persons as technical intern trainees. The expenses, including the administrative work of the dispatching organization and airfare of 120,000 yen per person which is shown as (1) "Dispatch miscellaneous expenses" were received from the Japanese organization supervising acceptance. This represents the burden of the companies and the farmers. The item (2) "Dispatch administrative fees" goes to Japan via the dispatching organization for the support and instruction of 300 first-year to third-year persons already working in Japan. Accordingly, an amount of 100,000 yen per person, for 300 persons, is deposited from the Japanese organization supervising acceptance. Item (3) is the amount borne by persons who passed the interviews to cover training camp and other expenses. This includes the examination fee, which is later refunded to persons who failed the exam.

In expenditures, item (1) is the operating expenses of the Osaka branch. This mainly represents expenditures for the support system for 300 workers. The branch also employs people who can interpret, watch over the condition of the technical intern trainees, and offer consultation to employers and technical intern trainees. Item (2) is the operating expenses of the head office, representing expenses including recruitment, conducting exams, and dispatching successful applicants. Item (3) is the largest expenditure item: the expenses for a training camp of half a year or more, primarily for short-term study of Japanese to achieve a minimum level that allows understanding instructions at the work site.

### 6. Expectations toward Japan

We would like to ask accepting companies to steadily employ foreign workers for a year or longer. Unskilled workers gain proficiency and increase their income as they work. We are grateful that Japan's technical intern training system promises employment for three years.

**Table 1. Income and expenditures of a dispatching organization**

Income		
(1) Dispatch miscellaneous expenses	120,000 yen × 100 persons	12,000,000 yen
(2) Dispatch administrative fees	100,000 yen × 300 persons	30,000,000 yen
(3) Expenses borne by persons passing the interview	400,000 yen × 100 persons	40,000,000 yen
Expenditures		
(1) Osaka branch operating expenses		13,000,000 yen
(2) Phnom Penh head office operating expenses		12,000,000 yen
(3) Educational facilities (including dormitory)		57,000,000 yen