

The Untapped Social Capital of International Students in Japan and Korea

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This article examines how international students can play a strategic role in “rebalancing” national talent portfolios in countries with strong ethnonational identities facing demographic decline. In Japan and South Korea, “brain linkage” facilitated through international students’ transnational social capital offers a pathway to leverage foreign talent without requiring immediate, large-scale immigration reforms.

Today’s talent market is undergoing a period of profound transformation. Increased transnational mobility, an artificial intelligence (AI)–driven economy, demographic crises, anti-immigration sentiment, and escalating geopolitical tensions are among the key forces reshaping national and global labor markets. These forces compel states to reassess the foundations of their talent strategies: how they cultivate, attract, integrate, and retain human capital. This essay examines how international students, often underestimated or narrowly viewed through a “brain drain/brain gain” lens, can play a strategic role in “rebalancing” national talent portfolios. Japan and Korea offer instructive cases given their demographic crises, evolving but still restrictive immigration policies, and growing yet underutilized populations of international students.

Talent Portfolio Theory

Talent portfolio theory (TPT), developed in *The Four Talent Giants*, conceptualizes how nations can construct and maintain a resilient human resource strategy in an evolving national and global environment. Just as a financial portfolio comprises multiple assets such as stocks and bonds, each with its own risk profile and return potential, a national talent portfolio consists of multiple investments in human resources. TPT organizes these assets into four major components (i.e., the “four Bs”): brain train, brain gain, brain circulation, and brain linkage.

Brain train refers to developing human capital through education and training programs. *Brain gain* involves attracting foreign talent to strengthen the national workforce. *Brain circulation* captures the return of nationals trained abroad who bring back new skills and experiences. *Brain linkage* focuses on leveraging these individuals’ social capital, even when they do not return home.

TPT draws on [two foundational principles of financial portfolio theory](#). One is “diversification.” A nation should not rely too heavily on a single talent source; spreading investment across the four Bs helps minimize vulnerability to risks. The other is “rebalancing.” As a country’s needs evolve, it must adjust its talent portfolio to maintain diversification and respond to new

challenges. This task can involve shifting focus among the four Bs as well as within each B.

Social Capital of International Students

International students can be an important resource in a national talent portfolio for both home and host countries. In the past, these students’ transnational mobility has been understood in a zero-sum way—one’s gain, the other’s loss. However, home countries do not necessarily experience a loss (a “brain drain”) when students go abroad; they can regain human capital through brain circulation when students return or benefit from social capital through brain linkage even if students remain overseas. Brain linkage can also occur when those graduates who return home engage former host countries, thus benefiting both, as illustrated below.

Current views on talent tend to center on its human capital value, and rightly so, as this is the main source for development. However, [social capital](#) can contribute a different kind of value given its greater mobility than human capital, especially in an increasingly interconnected world. When talents move from one place to another, for example, they bring not only their skills and experiences but also their social and professional ties and networks. Unlike human capital, social capital can be used to link different places regardless of where the person resides. Such connection—or “bridging”—can be local, national, or transnational, but transnational bridging holds growing value in this era of globalization.

Japan and Korea Under Demographic Crisis

Japan and Korea offer compelling cases to demonstrate how international students can be utilized in rebalancing national talent portfolios. Both countries face acute [demographic crises](#) characterized by low fertility rates, rapidly aging populations, and shrinking workforces—trends that are occurring more rapidly than for North American or Western European counterparts.

While their historical approaches to talent development vary, with Japan emphasizing brain train and Korea relying more on brain circulation, both countries have recently sought to increase brain gain by attracting more international students. However, success has been limited. Despite growing numbers with over 300,000 in each country, most international students leave right after graduation or at best stay only for a few years of work due to [linguistic barriers](#), [rigid labor markets](#), and [persistent ethnonational identity](#) that hinder foreigners' meaningful integration. As a result, international students often serve as a temporary buffer for enrollment shortfalls instead of a durable addition to national human capital.

Given these constraints, a critical question arises: what can countries with strong ethnonational identities (such as Japan and Korea, ones that are not yet ready for mass migration) do in the face of looming demographic decline?

Brain linkage is a more feasible and culturally acceptable strategy than relying on brain gain through migration. This approach allows Japan and Korea to make strategic use of the transnational social capital international students accumulate during their time in the country. While linkage alone cannot solve the demographic crisis, it can offer a viable way to leverage foreign talent without immediate, large-scale immigration reforms.

Research on Korea and Japan supports the utility of such a strategy. After working in Korea for several years, for instance, graduates can return home to work in local subsidiaries of Korean firms. Their hybrid expertise—knowledge of Korean corporate culture, familiarity with local markets, and ability to communicate across cultural divides—makes them highly effective brokers, enhancing the efficiency of offshore operations. In fact, [our research](#) shows that while 25 percent of international students desire to work in Korea long-term, 38 percent want to work for a Korean firm back home, specifically to bridge with Korea. Such a strategy can create a win-win situation for both home and host countries. [Parallel research in Japan](#) demonstrates similar patterns: international graduates

who initially planned on short stays often express long-term interest in maintaining ties with Japan once they relocate elsewhere.

In recognizing the untapped potential of international student alumni, a growing number of countries, particularly in Europe and Australia, have even begun to formalize [global alumni networks](#) at the national level. These networks institutionalize transnational social capital as a strategic asset rather than leaving it to forge informally. Their activities range from facilitating business partnerships and research collaborations to promoting exports, encouraging inward investment, and even supporting return migration to the countries where alumni once studied (brain gain).

Conclusion

While brain gain remains important in dealing with demographic crises, countries with restrictive migration systems and strong ethnonational identities must explore alternative pathways to strengthening their talent portfolios. Migration reforms not only take time but require careful planning given the rise of antimigration sentiments, even in traditional immigrant nations like the US and Australia. Brain linkage, facilitated through international students' transnational social capital, offers a promising intermediary strategy. Although linkage cannot resolve labor shortages or demographic decline on its own, it can position countries to benefit from global talent networks.

Moreover, a study-work-linkage model can serve as a vital bridge during the long-term national shift from ethnic to civic conceptions of identity—a transition that is crucial to enhancing these countries' ability to attract and retain global talent. Leveraging international students as transnational connectors allows countries like Japan and Korea to navigate the demographic challenges of the current labor market while preparing for deeper structural reforms ahead.

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