

15 December 2022

Higher inflation on Japanese businesses and company employees

- a key opportunity to retain talent?

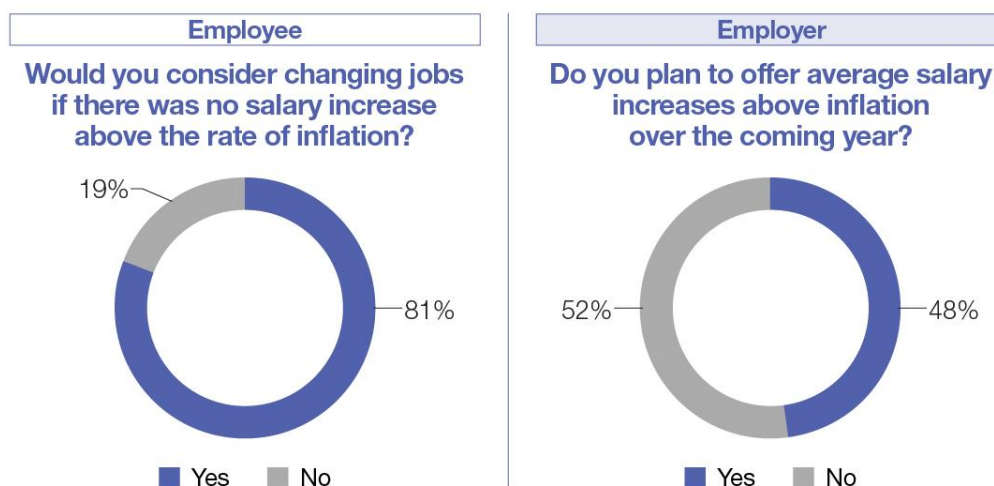
Survey conducted by Robert Walters

Specialist bilingual recruitment firm Robert Walters Japan announced the results of its Salary Survey 2023 on 15 December, in which 864 company employees working in Japan, mainly in the Tokyo and Kansai regions, and 196 Japanese companies responded. One of the survey's key findings noted a "rising cost of living and inflation" among Japanese companies. As the prevention of staff turnover (talent retention) is extremely important in Japan's labour market, where there is a of considerable talent shortage, the survey investigated the extent to which current inflation is affecting companies and changing the attitudes of company employees towards their work.

Awareness of inflation-induced salary increases: a 30% gap between companies and office workers

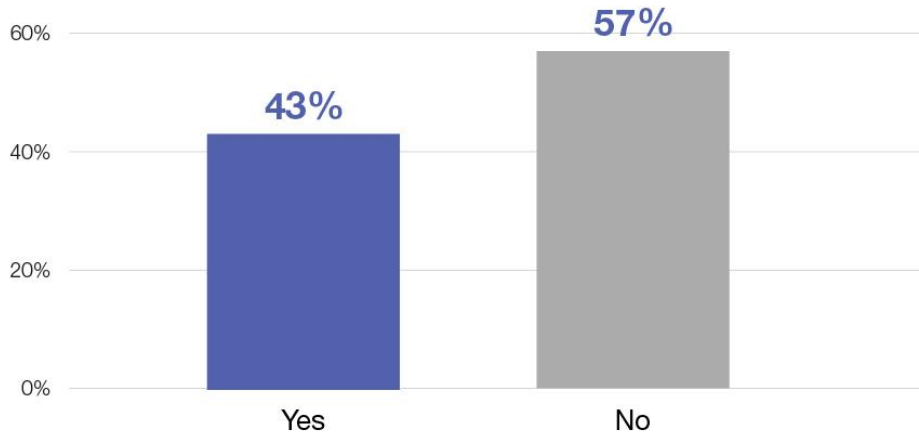
Japan's consumer price index (core CPI), released by the Japanese Ministry of Internal Affairs and Communications, rose by 3.6% year-on-year in October, reaching its highest level in almost 40 years. Against this backdrop, almost half (48%) of companies said they plan to raise average salaries above the rate of inflation over the next year. Similarly, 43% of company employees said that they are likely to request a salary increase from their employer in the next 12 months due to rising prices and cost of living. 81% would also consider changing jobs if they did not receive a salary increase above the rate of inflation.

While only about half of the companies offered salary increases above the rate of inflation, the figures showed that about 80% of the company employees expected a salary increase above this rate.



Employee

Is there a possibility to demand a salary increase within a year due to rising prices and cost of living?

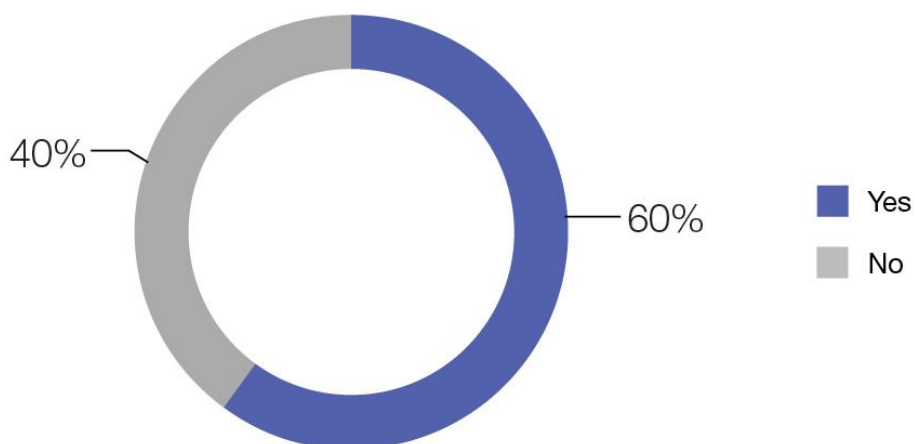


Company employees focus on job stability as inflation rises, companies concerned about their organisation's staffing needs

60% of respondents also said that they had become more concerned about job security in the face of a possible recession and rising prices, suggesting that company employees are more concerned about job stability. On the other hand, 76% of companies said that rising prices and cost of living would make it more difficult for their organisation to retain staff.

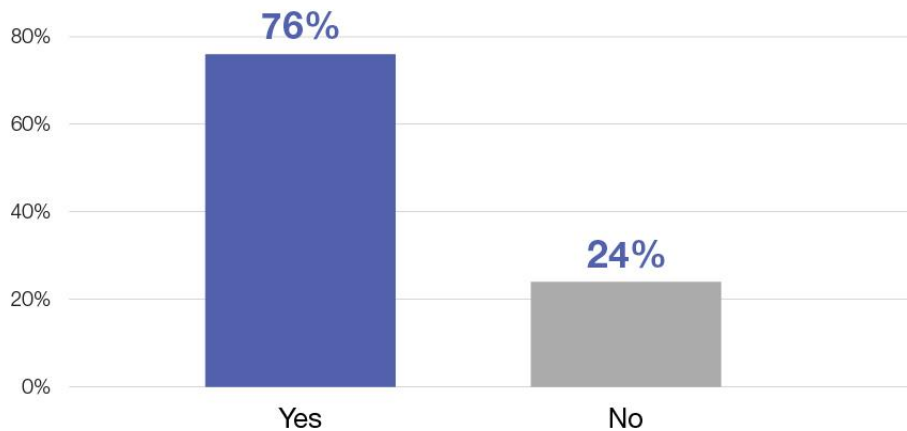
Employee

Has job security become more important in the face of a possible recession and rising prices?



Employer

Do you expect the rising cost of living to make it harder for your organisation to retain talent?



Salary Survey 2023 results further shows that, although company employees are becoming more stability-oriented in their jobs, they will consider changing jobs if they cannot expect to receive a salary increase above the rate of inflation. According to the final tally of the 2010 spring wage negotiations compiled by the Japanese Trade Union Confederation (JTUC-RENGO), the average pay rise combined with pay-scale increase and regular salary increases was 2.07%, which is a difference from the company employees' wish for a pay rise above the rate of inflation.

Currently, in high-demand occupations and industries, talented professionals are often offered salary increases of 10-20% when they change jobs, so the approximately half of companies that are not considering salary increases above the rate of inflation may need to reconsider this to retain talent, as 76% of companies are concerned.

Inflation remains a concern for both companies and employees, but the fact that they are able to take advantage of this opportunity to attract and retain talent is a sign that both parties are satisfied with the results.

(Survey period: October - November 2022, Target: n=196 Japanese and foreign-owned Japanese companies; n=864 company employees working in Japan registered with Robert Walters Japan)

About Robert Walters Japan:

Established in London, United Kingdom, in 1985, Robert Walters is a specialist recruitment consultancy with operations in 31 countries around the world. Robert Walters Japan established its Tokyo office in 2000 and Osaka office in 2007. For over 20 years, we've been a driving force in the Japanese bilingual recruitment market, providing high quality candidates for our clients and access

to the best jobs. Our consultants are experts in their respective industries and work in teams to provide recruitment consultation services across a wide range of industries and job categories.

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