

## 2016 OPINION POLL ATTITUDE TOWARD “INVESTMENT IN A BROADER SENSE” SUMMARY

This year’s opinion poll focuses on “investment in a broader sense,” including R&D, M&A and human investment, as well as investment in tangible fixed assets.

### (1) Recognition of domestic capital spending

In the manufacturing sector, more than 40% of manufacturers recognize the need to increase investment in maintenance and replacement **at their primary domestic production base**, indicating the importance of spending on maintenance and replacement as facilities age. Regarding recognition of capital spending level, some 50% of the respondents consider that their capital spending was at a high level, while the remaining 50% see it as controlled.

### (2) R&D

About 60% of manufacturers **expect their R&D expenditure to remain almost unchanged** as a percentage of sales over the next three years. **Major challenges for R&D** include delay in product realization, and theme selection and lack of ideas”; however, few firms recognize “collaboration with other firms or universities” as a challenge.

### (3) Human investment and response to labor shortage

In both the manufacturing and non-manufacturing sectors, **a number of firms are concerned about securing sufficient numbers of employees**, particularly in construction and transportation. **The labor shortage is perceived to be outstandingly acute in young field workers/factory engineers**. Amid growing importance of **human investment** for corporate activities, on-the-job training is the primary focus of human resource development, followed by initiatives to increase active promotion and field experience of young employees. As for countermeasures to the labor shortage, new-graduate and mid-career recruiting, and increased job opportunities for women and the elderly are cited by a number of firms; however, increased recruitment of foreign nationals is cited by far fewer firms.

### (4) Capital spending overseas and M&A

With regard to **medium-term domestic and overseas supply capacity**, the share of manufacturers that are enhancing medium-term supply capacity overseas without increasing their domestic has bottomed out, whereas the share of those enhancing both domestic and overseas supply capacity in the medium term turned down, after following an uptrend that started in FY2013. As for **M&A**, 36% of manufacturers and 23% of non-manufacturers have closed M&A deals since FY2010. Primary objectives of M&A include expansion of business scale or market share, and expansion of the scope of business.

### (5) Investment in Information Technology

Some 70% of the firms in both the manufacturing and non-manufacturing sectors have seen uptrend in **IT investment** in recent years. When it comes to **IoT and big data**, 30% of the firms already utilize or consider utilizing them, up from some 20% last year.

### (6) Exploration of opportunities in growth markets

Roughly 40% of manufacturers and non-manufacturers are exploring **opportunities in medium-term growth markets**. As reasons for exploring opportunities in growth markets, a new pillar for future profit is cited by the largest number of the firms.