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Economic & Industrial Research Department
Development Bank of Japan Inc.

2017 OPINION POLL

ATTITUDE TOWARD "INVESTMENT IN A BROADER SENSE"

SUMMARY

We conducted our opinion poll on "investment in a broader sense," defined as including information technology investment, overseas tangible fixed asset investment, M&A, R&D and human investment, in addition to domestic tangible fixed asset investment.

(1) Perception of "Investment in a Broader Sense"

Among the manufacturers, domestic tangible fixed asset investment is by far the most important item of "investment in a broader sense" followed by R&D and human investment. In the non-manufacturing sector, priority is given to domestic tangible fixed asset investment, human investment and information technology investment, with domestic tangible fixed asset investment receiving overwhelming votes among manufacturers.

(2) R&D

30% of manufacturers reported an uptrend in the R&D expenditure/sales ratio. Asked about key organizations for R&D, many cited a central laboratory, etc. as the primary driver of basic research while prioritizing on-site activities for development research.

(3) Human Investment and Human Resource Development

90% of the firms responded that human investment and human resource development have been gaining importance. International experts and specialists, including in sales were most often cited by manufacturers and non-manufacturers, respectively, as crucial human resources to be developed in the years ahead. Asked about how to cope with the labor shortage, both manufacturers and non-manufacturers gave priority to improving productivity through business improvement. They will not immediately utilize AI and IoT for productivity improvement but they will do so in five years.

(4) Capital Spending Overseas

Asked about their medium-term policy for domestic and overseas production capacity over the coming three years, some 60% of the manufacturers responded that they will increase capacity overseas, but the ratio only just exceeded 30% for domestic capacity, with 60% of the respondents planning to keep the capacity unchanged. In this context, a majority of the manufacturers positioned their domestic factories as mother plants.

(5) M&A

Although some 30% of the firms responded that they are actively seeking M&A opportunities either in Japan or overseas, their track record in M&A points to a rather lackluster performance, with impairments recognized by almost half of the firms in overseas deals, and by 40% in domestic projects. Common objectives included the expansion of business scale or market share, and the expansion of scope of business.

(6) Information Technology Investment

About 40% of both manufacturers and non-manufacturers responded that they are utilizing or planning to utilize IoT, etc., a slight increase from last year's survey.

(7) Business Continuity Management (BCM) Activities

Although the results point to rising awareness of business continuity management (BCM) among the firms since the Great East Japan Earthquake, with 80% of the respondents adopting the practice of business continuity planning (BCP), only 20% of them have disclosed information to major stakeholders, including institutional investors.