

2018 OPINION POLL

ATTITUDE TOWARD “INVESTMENT IN A BROADER SENSE”

SUMMARY

We conducted our opinion poll on “investment in a broader sense,” defined as including overseas tangible asset investment, R&D, information technology investment, human investment and M&A, 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 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 the largest number of votes as was also the case in the manufacturing sector.

(2) 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. Although 54% of the manufacturers plan to keep their domestic capacity unchanged, 45% of the respondents now plan to expand the capacity going forward. In terms of investment amount, capacity expansion is the most important motive for capital spending overseas, followed by maintenance & repair and rationalization & labor-saving.

(3) R&D

Over the coming three years 40% of the manufacturers expect an increase in R&D activities in Japan. Also, almost 40% of the manufacturers responded that they are increasingly utilizing open innovation, etc. Even among the manufacturers reporting increased utilization of open innovation, however, most of the projects are implemented in collaboration with Japanese universities or research institutes, whereas cases of collaboration with SMEs, ventures or overseas institutions still represent a minority.

(4) Information Technology Investment

About 30% of the respondents reported that they are utilizing, or considering utilizing, big data and AI, among others.

(5) Human Investment

In order to address human investment challenges, firms have improved the treatment of their employees, but still struggle to ensure diversity in working styles. Likewise, many respondents indicated difficulties in human resource development due to busy working schedules and shortages of mentors.

(6) M&A

Japanese firms became more aggressive in M&A over the previous year, as the percentage of the firms acquiring another firm has followed an uptrend in recent years.

(7) ESG Activities

Environmental, social and governance interest has been increasing, as 90% of the firms responded that they feel the need to act in this area. As for which aspects of ESG are deemed most important, 40% of the respondents cited the environment or corporate governance but only a handful of firms emphasized social aspects such as respect for human rights.