

Robert—
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Japan's Talent Crisis

Robert Walters Japan
(2024)



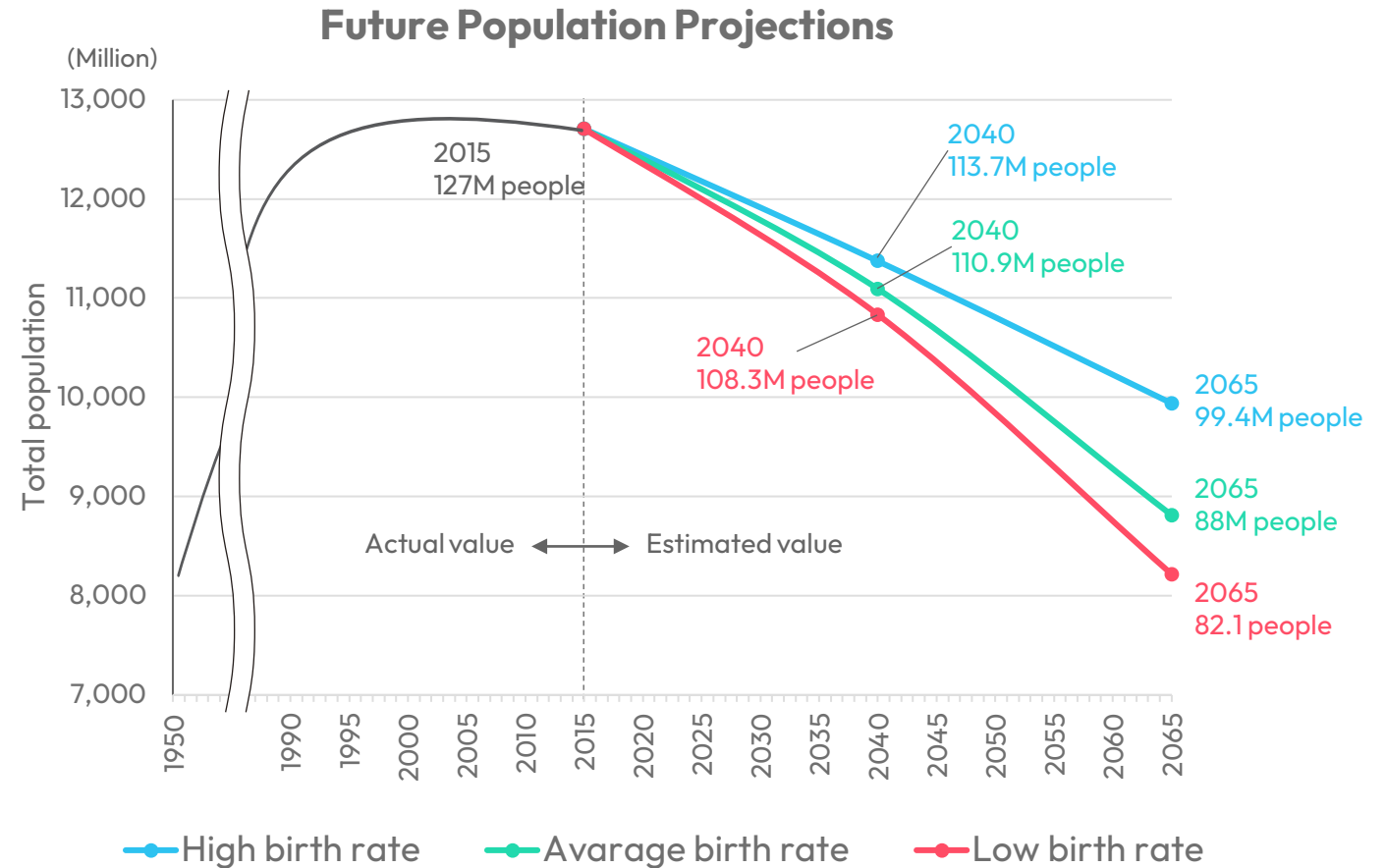
Specialist Recruitment & Talent Advisory in Japan

Japan's declining population

Japan's population is steadily declining

The population, which was 127 million in 2015, will fall below 100 million by 2060.

By 2065, the population is expected to be 1/3 to 1/4 less than what it was in 2020.



Declining birth rate and aging population: future population proportion

Increasing number of elderly people
Increasing proportion of the population aged 65 and over

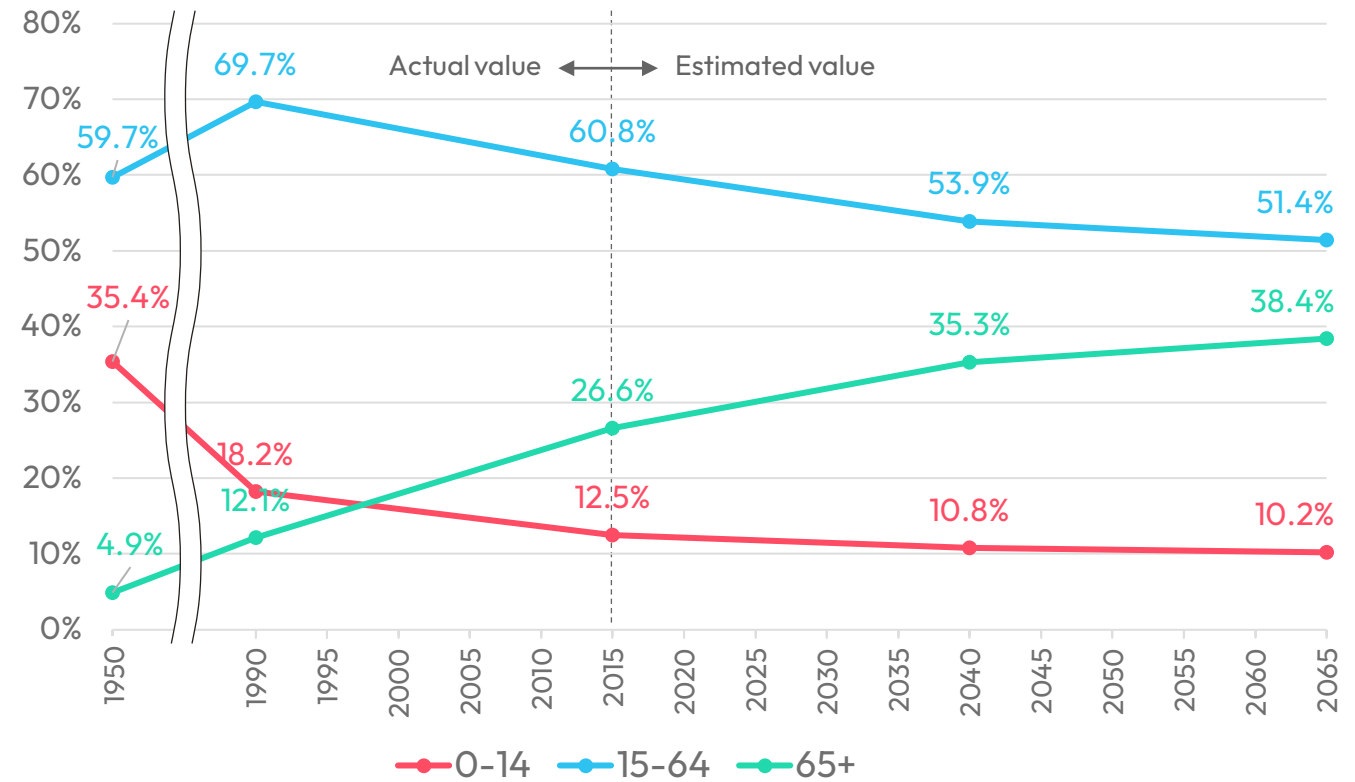
2015: 26.6%
2040: 35.3%

Declining working population
Decline in the percentage of population aged 15-64

2015: 60.8%
2065: 51.4%

The working population will comprise of only half of the nation's population, meaning that the remainder will not be in the labour force.

Estimated Future Population Proportion by Age Group



Projected talent shortage due to the decline

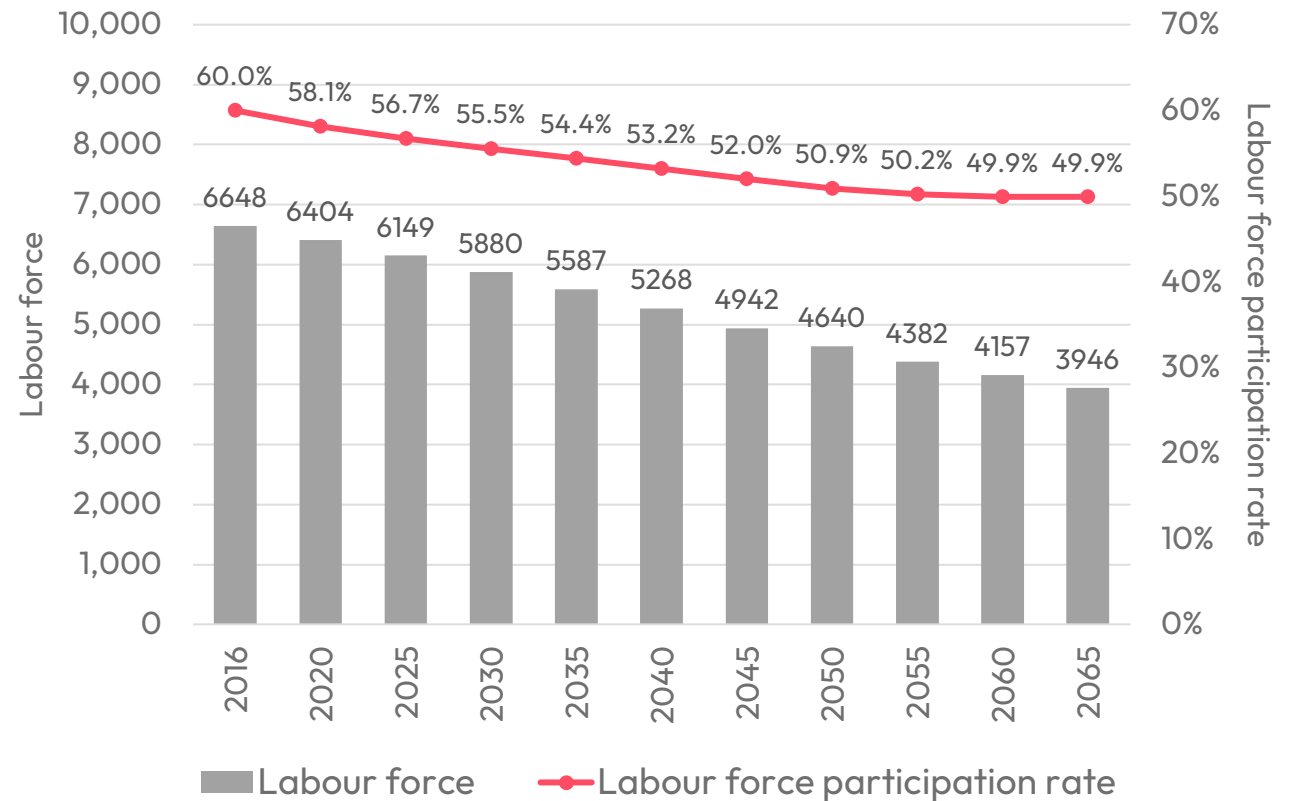
Japan's working population is also declining

The proportion of the population in the workforce is projected to decrease, resulting in an increasing shortage of talent.

Working population and labour force participation rate

- 2016: 66M (60%)
- 2035: 56M (54%)
- 2045: 49M (52%)
- 2065: 39M (49.9%)

Outlook for the Labour Force and Labour Force Participation Rate



Already under-resourced: Japan - 1.31 (2023 average)

Number of job openings > Number of job seekers

As the number of job openings continues to outnumber active job seekers, hiring talent will become increasingly challenging.

Changes in the jobs-to-applicant ratio

(how many jobs are available for each job seeker)

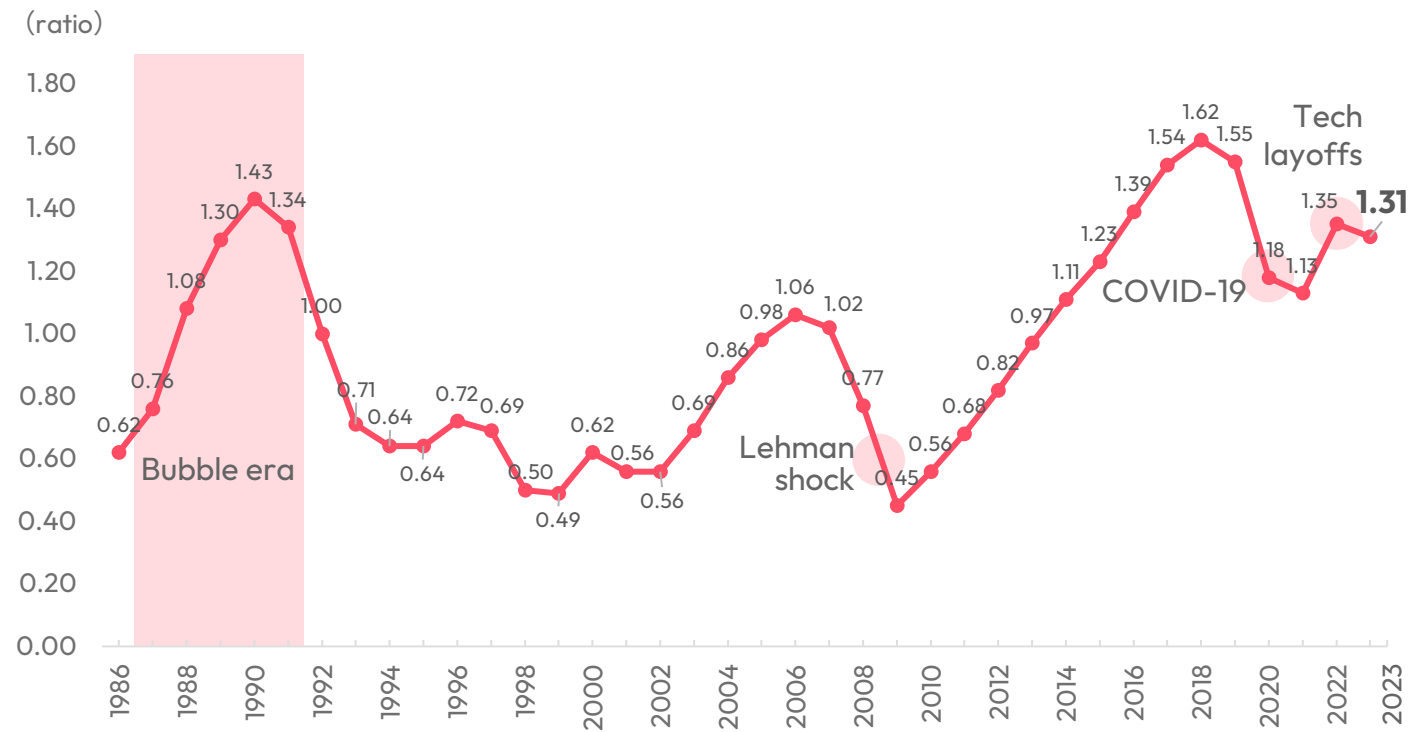
Pre-pandemic(2016 - 2019):1.39 - 1.55

During the pandemic(2020 - 2022): 1.18 - 1.35

Post pandemic(2023): 1.31

- Tokyo: 1.78
- Osaka: 1.3

Even during Covid-19, the job-candidate ratio remained above 1.0 due to Japan's chronic labour shortage.



Lack of English-speaking talent: Japan's low level of English proficiency

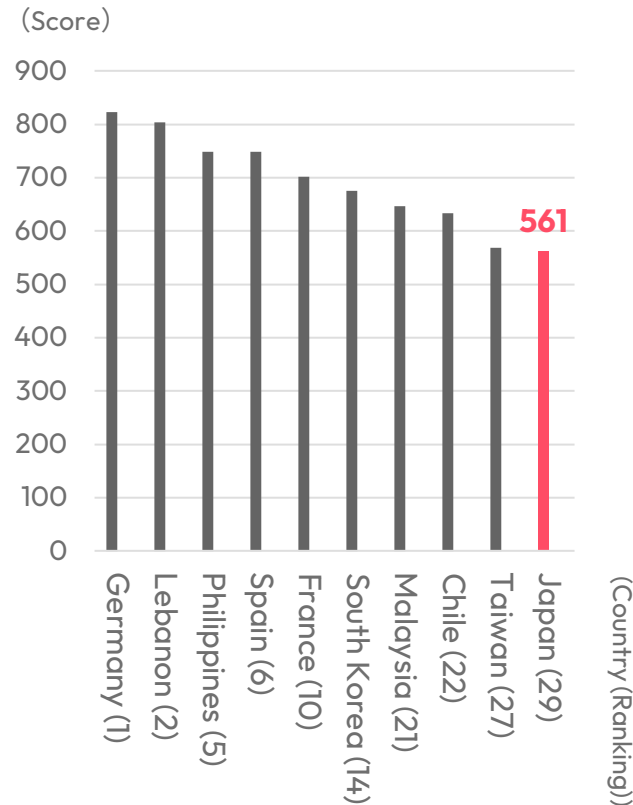
Japan's TOEIC & TOEFL scores are very low

TOEIC and TOEFL are two of the most well-regarded international tests for measuring the English-language proficiency of non-native speakers.

- TOEIC = 29th (out of 32 countries)
- TOEFL = 26th (out of 28 Asian countries)

Japan ranks near the bottom in both tests globally, highlighting the serious shortage of talent in Japan with strong English-language capabilities.

Average TOEIC Score Ranking by Country (2022)



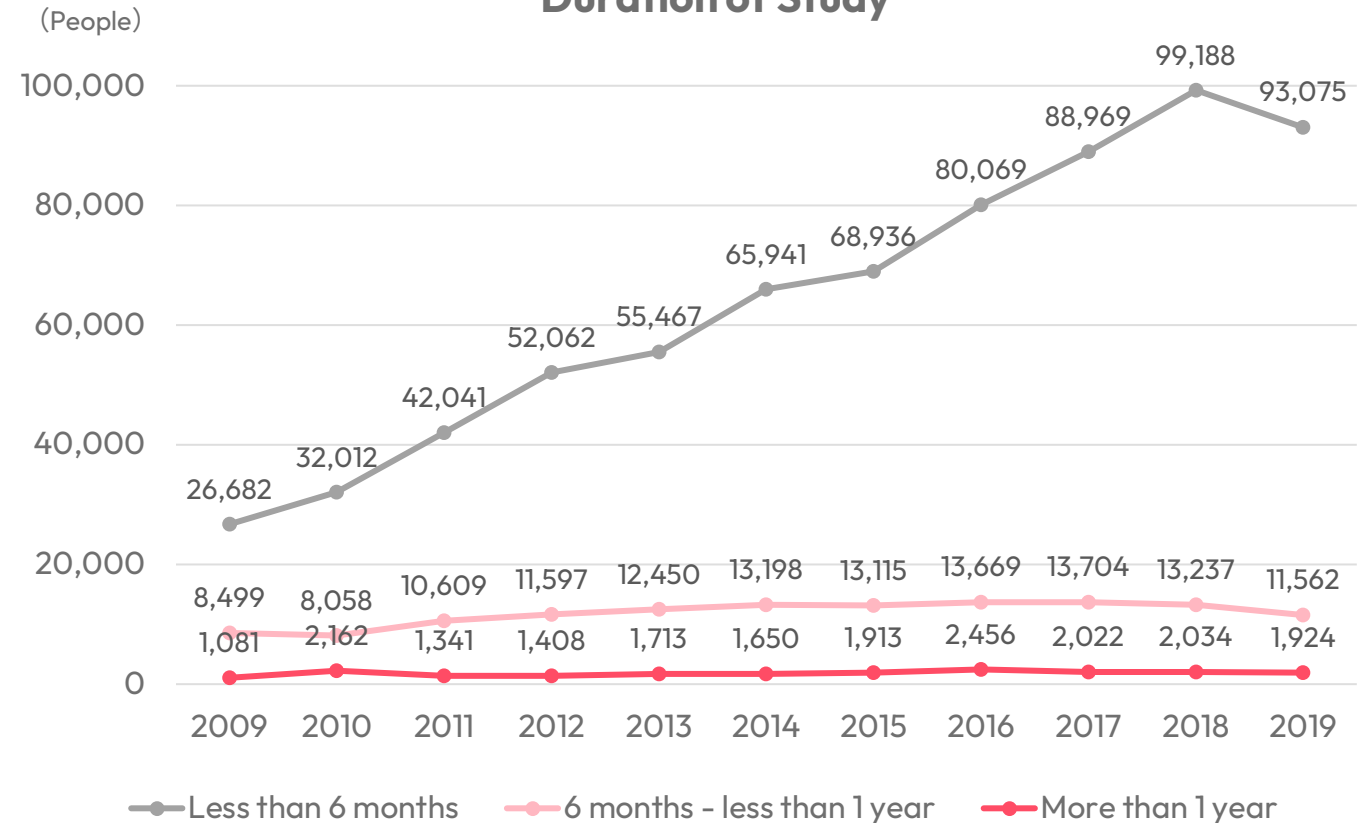
TOEIC Score Distribution in Japan (2022)

TOEIC Score	Distribution of scores (%) (Based on the number of people who passed each score threshold)
895~	4.2%
845~	4.9%
795~	6.8%
745~	8.0%
695~	9.2%
645~	10.0%
595~	10.5% (Average score: 608)
545~	10.3%
495~	9.5%
445~	8.2%
395~	6.8%
345~	5.3%
295~	3.5%
245~	1.9%
195~	0.8%
145~	0.2%
95~	0.02%
45~	0.01%
10~	0.02%

Trends in the number of Japanese students studying abroad

- The number of students studying abroad for more than a year remains flat, sitting at just under 2,000.
- Most Japanese students study abroad for less than six months.
- The shortage of global talent will continue to be an issue.

Number of Japanese Students Studying Abroad and Duration of Study



How do you attract the best global talent?

Implement a flexible recruitment strategy

- Be as flexible as possible to meet the needs of candidates— this will help you to access the largest pool of talented people available.
- Hire quickly and consider training internally when a high-potential individual is identified.

Make quick decisions

- Streamline your interview process to keep the best talent engaged— a good rule of thumb is to have no more than three interviews.
- Good people are hard to come by, so move quickly before other companies make offers and add your candidate into their pipeline.

Become a "Company of Choice"

- It is more important than ever to spend enough time in each interview appealing why a candidate should choose your company instead of selecting a different option.

Hire the right people

- Actively involve hiring department managers in each step of the interview process to ensure the quality of every potential hire, prevent mismatches and improve retention rates.

Use a high-quality recruitment firm

- Recruitment firms with specialized consultants, years of experience and expansive networks will help you find the right people in shorter periods of time.
- Leave the work of soliciting applications, finding candidates, screening resumes and communicating with candidates to a skilled recruitment consultant.
- Spend more time streamlining your recruitment processes and take advantage of your recruitment consultant's expert advice to gain a leg up on the competition.