

# Japan

## Japan-based CEOs

No of responses: 179 | 96% male, | 2% female

**72%** CEO of a single or multi-entity parent company

**6%** CEO of a country subsidiary within a multi-entity parent company

**20%** CEO of a product-oriented subsidiary within a multi-entity company

## The reinvention imperative

### An enduring imperative to reinvent

41% of Japan-based CEOs believe the global economy will improve over the next 12 months, consistent with the Asia Pacific average (40%).

Japan-based CEOs consider China and the US as critical for their growth prospects in 2024. Their relative attractiveness has increased slightly compared to 2023.

### Territories that are most important for their company's prospects for revenue

	2023	2024
US	69%	75%
China	73%	75%
Indonesia	7%	14%
Thailand	10%	14%
India	16%	12%
Vietnam	11%	11%

Note: This question only takes into account companies that operate internationally

64% believe their companies will not be economically viable in the next decade, if they continue on their current path. This is lower than last year's figure (72%).

	Japan 2023	Japan 2024	Asia Pacific 2024
10 years or less	72%	64%	63%
More than 10 years	22%	30%	34%

92% surveyed Japan-based CEOs have taken at least some steps to change how they create, deliver, and capture value over the past five years.

Over that timeframe, 61% took at least one action that had a large or very large impact on their company's business model.

## Pressures and threats

In the next 12 months, Japan-based CEOs identify the same key threats as 2023, but feel less exposed.

Threat	Japan 2023	Japan 2024
Geopolitical conflict	43%	31%
Inflation	49%	30%
Cyber risk	34%	30%
Macroeconomic volatility	33%	25%
Climate change	17%	16%
Health risk	23%	14%
Social inequality	6%	7%

Note: Only showing 'Highly and extremely exposed'

On average, Japan-based CEOs identified different barriers to reinvention when compared to their Asia Pacific counterparts. Top three barriers (at least to a moderate extent) for them are:

No.	Japan	Asia Pacific
1	Lack of workforce skills (64%)	Regulatory environment (66%)
2	Bureaucratic processes in my company (60%)	Lack of workforce skills (60%)
3	Lack of technological capabilities in my company (54%)	Supply chain instability (57%)

## Looming existential change

### Climate change a work in progress

- Japan-based CEOs have undertaken some actions to mitigate climate change.
- Most progress has been made in
  - Decarbonisation: 85% and 73% are in progress/have improved energy efficiency and innovating new, climate-friendly products, services or technologies respectively.
  - Climate adaptation: 62% are in progress/have sold products, services or technologies that support customers' climate-resilience efforts.
- However, 22-42% don't plan to pursue other types of action related to climate adaptation, just transition and nature.
- Japan-based CEOs cite the barriers to decarbonisation (at least to a moderate extent):
  - Lower returns for climate-friendly investments (34% vs. 61% in Asia Pacific)
  - Regulatory complexity (33% vs. 63% in Asia Pacific)
  - Lack of climate-friendly technologies for my sector (32% vs. 59% in Asia Pacific)
- When evaluating climate-friendly investments, 38% have accepted rates of return that were lower than for other investments (vs. 51% in Asia Pacific).
  - 86% were willing to accept under 6% lower rate of return for climate-friendly investments compared to other investments (vs. 85% in Asia Pacific).

### The Generative Artificial Intelligence (GenAI) opportunity and challenge

- At least 41% of Japan-based CEOs anticipate impacts within three years – including impacts to the workforce (vs. at least 57% in Asia Pacific).
- 77% agree GenAI will require most of their workforce to learn new skills in the next three years (vs. 76% in Asia Pacific).
- 50% report that they have adopted GenAI across their companies (vs. 33% in Asia Pacific).
- At least 40% believe GenAI will increase efficiency for both themselves and their employees (vs. at least 65% in Asia Pacific).
- At least 23% believe GenAI will help increase revenue and profitability (vs. 49% in Asia Pacific).
- 14% predict a reduction in headcount due to GenAI (vs. 26% in Asia Pacific).
- They agree that GenAI will increase cybersecurity risk (71% vs. 49% in Asia Pacific) and spread misinformation (70% vs. 44% in Asia Pacific).

### Additional data on surveyed companies

#### Ownership

**37%** privately-owned company

**63%** public company

#### Revenue

**4%** Less than US\$100 million

**47%** US\$100 million - Less than \$1 billion

**36%** US\$1 billion - Less than \$10 billion

**5%** US\$10 billion - Less than \$25 billion

**5%** US\$25 billion or more

#### Employees

**9%** fewer than 500

**12%** 10,000–24,999

**15%** 500–999

**8%** 25,000–49,999

**35%** 1,000–4,999

**6%** 50,000 or more

**15%** 5,000–9,999

#### Industry

**13%** financial services

**11%** technology, media and telecommunications

**21%** consumer markets

**31%** industrial, manufacturing and automotive

**4%** health industries (including pharma)

**20%** energy, utilities and resources

Note: Throughout this snapshot, not all figures will add up to 100% as a result of rounding percentages and the decision in certain cases to exclude the display of 'neither/nor', 'other', 'none of the above', 'don't know' and 'prefer not to say' responses.



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