

TECHNOLOGY 08/09

Salary

SALARY & EMPLOYMENT FORECAST

Michael Page
INTERNATIONAL

WELCOME

Welcome to the 2008/2009 Michael Page International Salary & Employment Forecast for Japan.

Michael Page International is a world-leading specialist recruitment consultancy. Growing entirely organically, rather than by mergers or acquisitions, we now have over 5,500 staff in 166 offices in 28 countries worldwide. Coming from all industry sectors, our clients range from market-leading multinationals to small and medium sized firms.

Our consistent organic growth strategy and continued investment through business cycles is driving our growth in the specialist recruitment market in Japan. Since opening our office in Tokyo in 2001, we have expanded our reach across several new industries and regions.

This year, the format of our Salary Survey has changed to reflect our growing business and make it easier for employers and employees to stay abreast of current employment market and salary trends.

While a number of current industry surveys provide qualitative insight on hiring intentions and salary levels, the Michael Page International Salary & Employment Forecast combines both quantitative and qualitative research derived from our survey of employers and job seekers and our extensive involvement in the professional labour market in Japan.

The survey, completed by representatives of more than 300 employers and over 1,000 bilingual jobseekers, covers a range of issues and trends relevant to foreign multinational companies in Japan and establishes the Salary & Employment Forecast as a highly reputable report, based on in-depth industry research.

A selection of the key survey findings are represented in graphical format throughout this report.

The Salary & Employment Forecast provides employers and employees with useful insights into the hiring expectations, recruitment challenges and salary forecasts of key hiring managers over the coming year and covers seven key industries as detailed below:

- Accounting & Finance
- Financial Services
- Sales & Marketing
- Engineering & Supply Chain
- Human Resources
- Technology
- Secretarial

I wish to thank everyone who contributed to this year's Salary & Employment Forecast and trust you find the new report helpful and informative. We welcome your feedback and encourage you to contact us for further information or market specific advice.

David Leithead
Managing Director, Japan

INTRODUCTION

Declining business confidence among both domestic and foreign companies has been well publicised throughout 2008, amid growing concerns about a global economic slowdown, the persistent repercussions of the credit crunch in the banking sector, and the fragility of Japan's economic recovery. Current market conditions are having an impact on employment growth in certain sectors. Nevertheless, we continue to see consistent demand for suitably qualified bilingual professionals due to a shortage of experienced Japanese nationals with fluency in English.

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Compared to 2007, there has been a considerable slowdown in recruitment activity across the banking and financial services industry. At the time of writing, many of the global investment banks are facing headcount restrictions and some companies are making redundancies across certain front office and infrastructure areas. However, in many firms, replacement hiring remains strong and there is a sense amongst some companies in the sector that it is an ideal time to capitalise on current market uncertainty by targeting candidates from firms where job security is under threat. As a result, high calibre individuals from the failing banks have found themselves in a reasonably positive position in the employment market.

In other sectors, as the year has progressed we have seen a general increase in demand for professional skills and more senior positions on the market, suggesting that some companies are growing and continuing to invest in Japan. Our national survey of hiring managers shows that 58% of employers expect to increase staff numbers in the next 12 months, while only 7% expect to decrease headcount. In certain areas, hiring is being driven by the need for organisations to improve processes and strive for best practice. For example, a greater focus on governance and risk management means demand for finance professionals continues to outweigh supply.

Similarly, an increased business emphasis on the strategic value of the IT, marketing and HR functions and their contributions to business growth is generating strong demand for experienced professionals.

The coming year will present employers with a number of evolving and complex recruitment challenges. While there is a solid pipeline of graduates entering the workforce, the decline in popularity of technical and vocational subjects has created, and continues to create, a talent shortage in certain technical fields such as science and

engineering, and this is compounded by the increase in retirees. English language skills are improving amongst younger workers but there remains a critical shortage of experienced bilingual professionals, and continued high demand for bilingual skills will make it difficult for foreign multinational companies to grow over the longer term.

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We are seeing Japanese professionals with overseas experience returning home but there are equal numbers of professionals leaving Japan to work overseas. Our survey shows that 93% of returnees are keen to work abroad again, which may reflect a degree of disappointment or dissatisfaction with their return to working in Japan, despite working outside the traditional Japanese corporate environment. To broaden the talent pool and sustain business growth in the longer term, we encourage foreign companies to consider non-English speaking Japanese professionals in sectors where bilingual skills are not essential, such as IT. At the same time, companies seeking to improve diversity in their workforce must reflect on the local challenges of doing so if they insist on hiring professionals fluent in Japanese.

With the business sector experiencing a degree of uncertainty due to concerns about domestic and global economic conditions, retaining highly valued and skilled employees is also a key priority. A vital step in retaining top talent is making the right hiring decision from the outset. We strongly advocate a behavioural and competency based interview approach in which employers can make a more informed assessment of a candidate's technical skills in addition to their English language ability (which is often given disproportionate weighting), and we see this as a critical step forward for the Japanese employment market. The challenge, currently, is the lack of familiarity and discomfort with this approach amongst both jobseekers and employers. In terms of retention, many foreign companies are also anxious about building succession plans around quality Japanese professionals to allow them the dual benefit of placing less reliance on expatriates and bilingual professionals and more opportunities to benefit from domestic expansion.

In summary, employers in most sectors remain cautiously optimistic about the economic and employment outlook in Japan and the majority of foreign multinationals

are talking a longer term view. Even if there is a short-term slowdown in recruitment activity, high calibre candidates will continue to be highly sought after due to the shortage of bilingual professionals in Japan who possess both the required technical skills and ability to speak English.

MARKET OVERVIEW

The employment outlook for information technology (IT) professionals is positive, due to an acute shortage of experienced bilingual candidates in Japan. Most foreign multinational companies require people who can speak fluent English but demand continues to outweigh supply. As a result, competition for talent is intense and the main challenge for employers is finding and retaining the staff needed for sustained business growth.

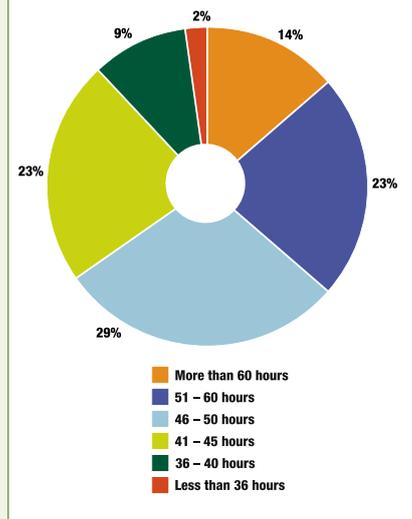
Recruitment activity is strongest in the manufacturing, consulting and commercial industries, as this is where the majority of IT spend is taking place. Companies experiencing difficulty getting permanent headcount approved are increasing contract recruitment as an interim solution.

Employers in the banking and financial services industry in particular are more cautious about increasing permanent

headcount and some global banks with exposure to the United States or Europe are restricted in appointing new staff due to headcount freezes imposed by their overseas headquarters. However, high calibre candidates are still keenly sought after and the market for temporary and contract employment is steady as employers look for new ways to balance workload with permanent headcount restrictions.

Overall, employers remain cautiously optimistic, with most foreign multinationals taking a longer term view and continuing to invest in IT systems and infrastructure. Bilingual Japanese candidates will remain in demand and we expect competition to retain IT professionals to intensify over the next 12 months due to the uncertain economic environment. Our survey results confirm this with 88% of employers citing staff retention as an important focus for the year ahead.

AVERAGE WORKING HOURS PER WEEK
More than one third of employees work more than 50 hours on average each week.



SKILLS IN DEMAND

Despite current volatility in the global economy and financial markets, certain skill sets are still highly valued in the Tokyo market. This is primarily due to a shortage of IT professionals in Japan who possess both the required technical skills and the ability to speak English.

There is strong demand for quality C++ and JAVA developers, business analysts and ERP specialists. On the infrastructure side, we continue to see high levels of recruitment activity, with experienced IT managers, systems administrators and helpdesk professionals all highly sought after. Competition for professionals with these skill sets is intense and high calibre candidates can expect to receive multiple job offers.

Companies under pressure to justify permanent headcount are using consultants to bring specific skill sets on board, particularly for business critical roles. As a result, IT consulting firms are actively hiring ERP professionals to meet continued demand from companies looking to balance workload with headcount restrictions.

There has been a notable increase in staff in 2008 on Haken and fixed-term contracts across the financial services and commerce industries. Global headcount restrictions imposed in many foreign companies have left some firms struggling to meet increased workload. In response, companies are turning to Haken and temp-to-perm options, resulting in increased demand for flexible skilled

technology staff interested in contracting on either a short or long-term basis.

Many business critical projects are currently employing contactors and we see this increasing as we move into 2009. Skills such as ERP and helpdesk support are highly sought after, as is project management and systems administration.

With the current economic uncertainty, the contract market in Japan looks set to grow even further and provide new opportunities for both employers and job seekers.

RECRUITMENT CHALLENGES

The shortage of high calibre bilingual IT professionals in Tokyo is creating a challenging recruitment environment for employers. In the current climate of global economic uncertainty, it is even more critical for companies to retain their best performers and employers are increasingly aware of the large costs involved in replacing key IT professionals.

Some employers are focusing more on their company culture and work-life balance to differentiate their brand and creating an attractive work environment for existing and potential employees. We also encourage companies to review salaries regularly and ensure they are offering competitive remuneration to avoid losing staff to competitors. Of the employers surveyed, fewer than 5% currently review employees' salaries more than once a year.

To attract talent, companies need to position themselves as an employer of choice and promote the benefits of working for them. Most candidates are brand conscious and will consider more than one job offer before accepting a position, making it essential for employers to differentiate their offering in the market. When asked what they look for in a potential employer,

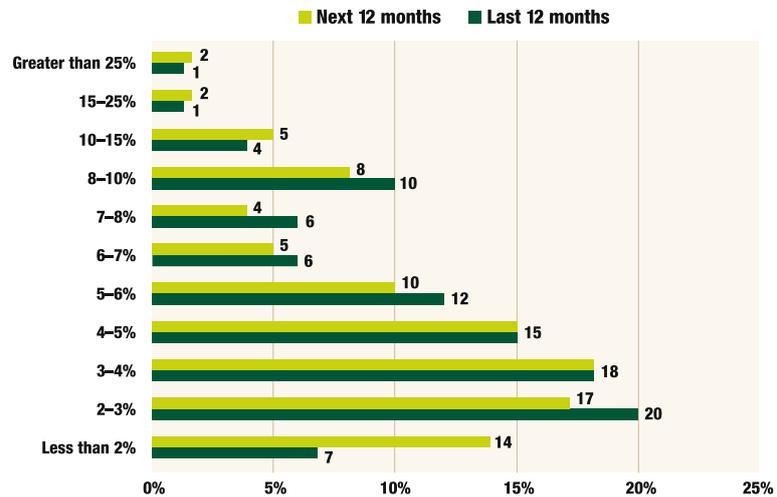
30% of technology professionals surveyed want a defined career path, while a further 26% seek a challenging role.

It is also vital for companies to be proactive and have a streamlined recruitment process. High calibre bilingual candidates have

multiple job opportunities to choose from, so they are not on the market for long. We also encourage employers to consider avenues such as online and print advertising, in addition to a database search, to broaden the potential talent pool for hard-to-fill roles.

EMPLOYERS' SALARY PREDICTIONS NEXT 12 MONTHS VS LAST 12 MONTHS

Employers expect salaries to remain relatively flat over the next 12 months compared with the last 12 months.



SALARY FORECAST

We anticipate flat to moderate salary increases for professionals working in the IT industry over the next 12 months. We expect an average salary increase of 1-5% for people remaining in the same job and up to 10% for those moving jobs. Annual bonuses are likely to be offered only to senior professionals.

SALARY TABLES COMMERCE & INDUSTRY

ROLE	SALARY ¥
INFRASTRUCTURE/NETWORK	
Network Engineer	7–11 million
Infrastructure Engineer	7–12 million
Infrastructure Manager	11–16 million
PROJECT MANAGEMENT/CONSULTING	
ERP Consultant	7–13 million
Project Manager	9–12 million
Service Delivery Manager	9–13 million
IT Consultant	9–17 million
Program Manager	11–15 million
IT SUPPORT/IT MANAGEMENT	
Helpdesk	5–7 million
Systems Administrator	6–12 million
Desktop Support	6–8 million
Systems Engineer	6–9 million
Systems Analyst	7–12 million
ERP Engineer/Administrator	7–12 million
Business Analyst	8–12 million
IT Manager	11–16 million
CIO/CTO	16–30 million
PRE/POST SALES	
Post-sales Engineer	7–11 million
Pre-sales Engineer	8–12 million
DEVELOPMENT	
Programmer/Developer (Junior)	5–8 million
Web Designer	5–9 million
Testing/QA	7–11 million
Programmer/Developer (Senior)	7–12 million
CONTRACTING (hourly rate)	
Engineers (network, infrastructure, manager)	2,000–5,000
ERP Consultant	3,000–7,000
IT Consultant	5,000–10,000
Project Manager	5,000–9,000
Helpdesk/Desktop Support	1,500–3,500
Systems Administrator	4,000–7,000
Web Developer	2,000–4,500

Please note:

1. Where a job title is listed, this is indicative only, and only applies to other equivalent job titles where the experience corresponds.
2. The above salary figures are based on million yen per annum.
3. The above represent mid-point salaries and do not include discretionary performance based bonus/incentive schemes.
4. The above information is based on salaries prevailing in multinational companies in Japan.

BANKING & FINANCE

ROLE	SALARY ¥
DEVELOPMENT, DESIGN & ARCHITECTURE	
Developer – VB/VBA, VC++, .NET, PERL	8–12 million
Systems Analyst	9–13 million
Developer – C#, C++, JAVA	9–15 million
Algorithmic/Quant Developer	12–18 million
Architect – Applications, Solutions, Systems	12–18 million
Senior Developer – C++/JAVA Applications	14–18 million
Head of Development	16–26 million
TESTING	
Test Analyst	6–9 million
Test Team Leader	8–10 million
Test Manager	10–12 million
DATABASE MANAGEMENT	
Data Analyst	7–10 million
Database Administrator	9–14 million
INFRASTRUCTURE/NETWORK	
Communications Engineer – Voice & Data	7–12 million
Network Engineer	8–12 million
Wintel Systems Engineer	10–14 million
Storage & Back-up Engineer	10–14 million
Network Team Leader	11–14 million
Security Analyst/Consultant	12–16 million
Network/Infrastructure Manager	15–19 million
PROJECT & GENERAL MANAGEMENT	
Business Analyst	8–10 million
Project Coordinator	8–12 million
Senior Business Analyst	10–13 million
Project Manager	12–18 million
IT Manager	12–18 million
Programme Manager	15–18 million
IT Director/CIO	18–35 million
SUPPORT/ADMINISTRATION	
1st Level Helpdesk Analyst	6–8 million
2nd Level Desktop Support Analyst	7–9 million
3rd Level Support Analyst	8–11 million
Front Office/Dealing Room Support	8–14 million
Market Data Engineer	9–12 million
Helpdesk Team Leader	10–13 million
Unix Administrator	10–14 million
Helpdesk/IT Operations Manager	12–16 million
BUSINESS CONTINUITY	
BCP Analyst	10–14 million
BCP Manager	14–18 million
CONTRACTING (hourly rate)	
Programmer/Developer	2,500–6,000
Database Administrator	5,000–8,000
Business Analyst	4,000–7,000
Project Manager	4,500–9,000
UNIX Administrator	4,000–8,000
Systems Analyst	4,000–7,000
Helpdesk/Desktop Support	2,000–4,000
Network Engineer	3,500–7,000

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JAPAN

TOKYO

t +813 5733 7166

e contact@michaelpage.co.jp

w www.michaelpage.co.jp