

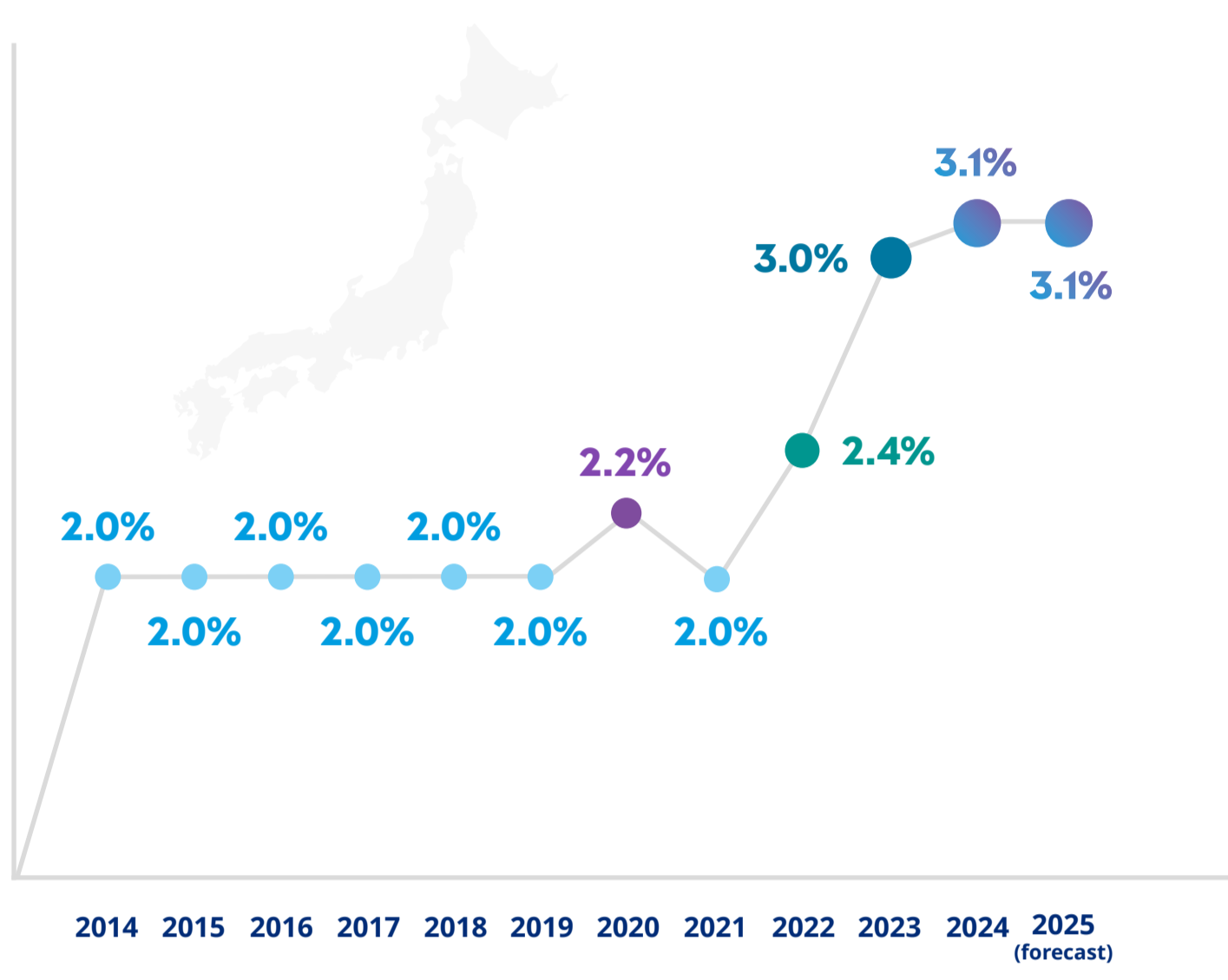
# Salary increase budgets continue their upward trend in Japan

The median salary increase budget for all employees at all levels in Japan was **2.0%** for over 10 years. Since 2022, it has risen to **3.1%** and is currently projected to stay at that rate in 2025.

## Current reported salary increases budgets are the highest in almost 30 years.

In recent years, the median salary increase budget for all employees in Japan has increased by approximately **50%** and currently stands at **3.1%**. This is the highest amount reported since Mercer began collecting these data in 1995. The previous high was in 2000, when salary increases were reported at **3.0%**.

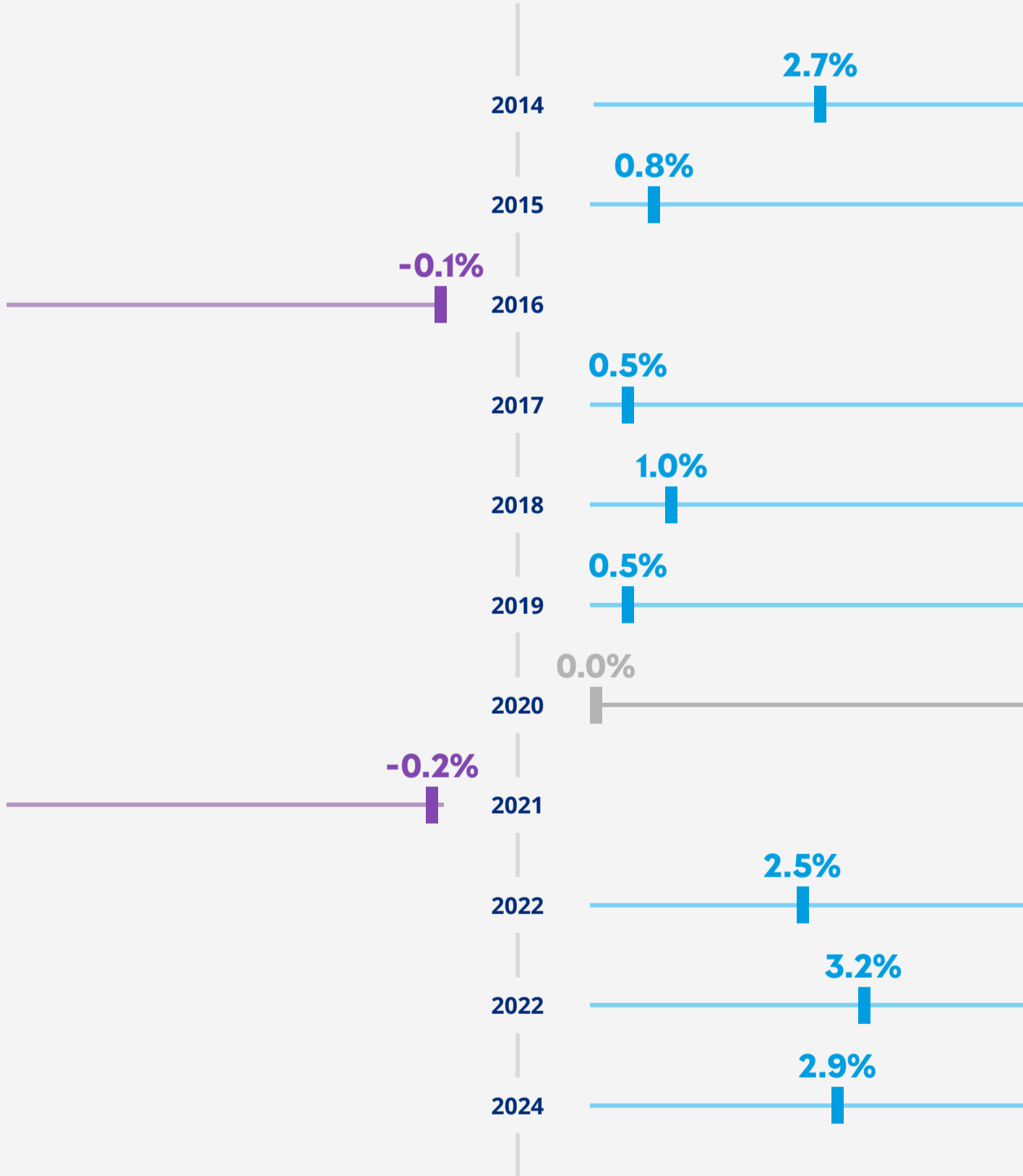
### Median salary increase budget for all employees



## Inflation in Japan is at the highest level in over a decade.

Rising inflation appears to be the catalyst for companies to make significant changes to their salary increase budgets. Japan has experienced low inflation for decades, even facing deflation at times. As the cost of living continues to rise, companies have adjusted their salary budgets to help employees keep up with increasing expenses.

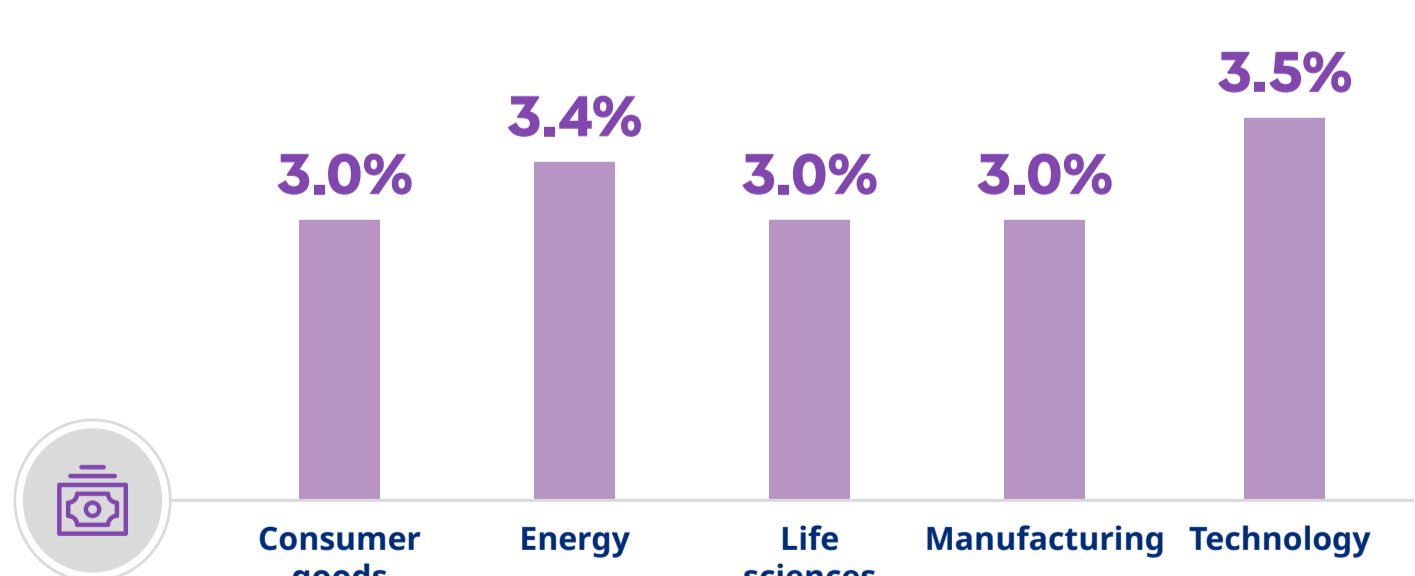
### Inflation rate over the last 10 years



## Japan is facing a labor shortage, particularly in the technology sector.

A shortage of skilled resources is driving up competition for talent in certain areas and industries. As Japan seeks to digitalize its economy and boost its semiconductor industry, tech firms are actively searching for skilled professionals, which is creating a tight labor market and increased competition for talent.

### Median salary increase budget by industry for all employees in 2024



The situation in Japan regarding salary increase budgets, inflation and the labor shortage is globally significant. The rise in salary budgets reflects the changing labor market and the need for companies worldwide to attract and retain talent. Rising inflation's impact on salary adjustments highlights the challenges businesses face in adapting to economic conditions. Finally, the labor shortage, especially in the technology sector, mirrors the global demand for skilled professionals. These developments in Japan serve as a valuable case study for businesses worldwide, emphasizing the importance of talent management strategies and navigating economic fluctuations.

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