

2012 Economic Census for Business Activity

1. Challenges of Japan's previous industrial statistics

(1) In Japan there were several large scale economic statistical surveys conducted every five years, such as Establishment and Enterprise Census, Census of Commerce, Survey on Service Industries, Census of Agriculture and Forestry; and there were several large scale economic statistical surveys conducted every year, such as Financial Statements Statistics of Corporations by Industry, Census of Manufactures, Basic Survey of Japanese Business Structure and Activities, Survey of Selected Service Industries and so on. Some of them were abolished.

These surveys have been conducted to aid each ministry to frame their own policy. Therefore, due to the circumstances, survey dates and frequencies were different by industries. The Establishment and Enterprise Census conducted by the Statistics Bureau of Japan (SBJ), central statistics bureau, covered all establishments and enterprises in Japan except for individual proprietor establishments in agriculture, forestry, and fisheries, and establishments of domestic services and foreign governments, and international agencies in Japan. However, the Census did not survey accounting items in order to avoid the duplication with other surveys.

(2) The proportion of service industries in GDP in Japan has gone beyond 70 percent.* Service industry is composed of various industries. Each ministry produces each statistics separately, so the statistics concerning information such as accounting items on the whole service industries have not been compiled.

*73.6 percent: final result of FY2010 National Accounts

(3) In the 21st century, Japan's population of labour force has been decreasing due to the trends of falling birthrate and aging population. On the other hand, as the yen has been strengthening, more and more production bases are being relocated overseas, and contests against overseas enterprises have intensified, the competitive condition around industries in Japan has changed a lot. It is getting harder and harder to steer the economic and industrial policy. It is getting more and more necessary to grasp precisely the scale and structure of industry in Japan. In order to improve accuracy of each industrial statistics, it is becoming necessary to maintain the population of establishments and enterprises.

With this background in mind, the establishment of the Economic Census was decided by the cabinet meeting in 2005.

2. Structure of Economic Census

To compile economic structure statistics which cover all industries in Japan, a plan to conduct two types of Economic Census, Economic Census for Business Frame and Economic Census for Business Activity, was made. At first, in FY2009, Economic Census for Business Frame was conducted by SBJ. It gathered the following information: business name, location, number of persons engaged, type of business conducted, relation of head and branch. By use of the results of this Census, in 2012, Economic Census for Business Activity was conducted by SBJ and Ministry of Economy, Trade and Industry, which mainly aimed to capture the accounting items.

Note: In Japan, the use of tax information is strictly limited to tax activities, so the tax information is not used in the Economic Census. Moreover the Statistics Act prohibits using the questionnaire information of statistical surveys for purposes other than compiling statistics.

Economic structure statistics are considered to be fundamental statistics *1 by the Statistics Act. Economic Census for Business Frame and Economic Census for Business Activity, which compile the economic structure statistics, are considered to be fundamental statistical survey, so the establishments and the enterprises of coverage of the Censuses are obliged to submit the questionnaires. *2

*1: Among the statistics compiled by administrative organs, important statistics designated by the Minister for Internal Affairs and Communications.

*2: Important statistical surveys for making fundamental statistics. The persons enumerated are obliged to respond to the survey and any person who refused to make a report or has made a false report shall be punished by a fine of not more than 500,000 yen.

3. Outline of Economic Census for Business Frame

(1) Date of the census: 1st of July 2009

(2) Coverage of the survey: all establishments in Japan (excluding agricultural, forestry and fisheries households, domestic service and foreign government and international agencies in Japan)

Establishment: having one location and being operated continuously with personal and facilities (more than one proprietorship at one location, establishments are defined individually)

(3) Method of survey (census)

① Survey by enumerators for;

- Companies with less than 5000 regular employees and less than 10 branches,
- Corporations other than companies excluding incorporated administrative agencies, national university corporations, etc.
- Foreign corporations,
- Organizations other than corporations,
- Unincorporated enterprise, etc.

② Survey by municipalities for;

- Companies with less than 5000 regular employees and more than 10 and less than 30 branches,
- Municipal establishments.

③ Survey by prefectures for;

- Companies with less than 5000 regular employees and more than 30 and less than 100 branches,
- Prefectural establishments.

④ Survey by national government for;

- Companies with more than 5000 regular employees or more than 100 branches
- Incorporated administrative agencies, national university corporations, etc.
- National establishments

※ For enterprises with branches, the head offices are requested to fill in questionnaires for branches and to submit them

(4) Survey items: name, location, legal organization, startup date, number of persons engaged, type of business conducted, relation of head and branch offices, etc.

(5) Summary of the results: The number of establishments (excluding establishment not having reported their industry, etc.) was 6.04 million, while the number of persons engaged was 62.861 million

<http://www.stat.go.jp/english/data/e-census/index.htm>

4. Outline of Economic Census for Business Activity

(1) Purpose

The purposes are to capture the entire picture of economic activity in one glance and to identify the structure of establishments and enterprises in all industries on a national and regional level. The Census also aims to provide more accurate population

information of establishments and enterprises for the Establishment Frame Database which is used for conducting various statistical surveys. Details are as follows:

- ① Preparing primary statistics, which cover all industries, to provide basic materials in preparing Input-Output Tables, and National Accounts, etc.
- ② Preparing statistics of the service industries because there was a lack of statistics on the service industries though they have come to account for an increasingly large portion of the national economy.
- ③ Arranging population information for various statistical surveys of establishments or enterprises, and providing directory information to the Establishment Frame Database, which the SBJ is preparing.

In relation to the Great East Japan Earthquake (2011), the Economic Census for Business Activity played a role in submitting the basic factual information for the revival of the region. The survey could measure the damage on economic activities of establishments and enterprises in Japan received.

(2) Consolidation of statistical surveys

The Economic Census for Business Activity aims to capture the accounting items of establishments and enterprises in Japan. In order to avoid the duplications, some major surveys which had examined accounting items were integrated or taken off.

To be exact, Establishment and Enterprise Census that grasped population information of establishments and enterprises, Survey on Service Industries, and Trends of the Japanese Mining Industry were integrated. Regarding major statistical surveys conducted by cycle, 2009 Census of Commerce, 2011 Census of Manufactures and 2011 Survey of Selected Service Industries were taken off.

In principle, the survey items which were surveyed in the integrated or taken off statistical surveys were covered in the Economic Census for Business Activity.

(3) Coverage

All enterprises and establishments in Japan providing goods or services ,about 260 thousand enterprises which have branches and about 6.2 million establishments.

To be exact, all establishments and enterprises excluding the following establishments and national and local governments were surveyed.

- ① Establishments of private management offices engaged in Major group A agriculture

and forestry

- ② Establishments of private management offices engaged in Major group B fisheries
- ③ Establishments of Minor group 792 domestic services in Major group N living related and personal services and amusement services
- ④ Establishments of Median group 96 foreign government and international agencies in Japan in Major group R services not elsewhere classified

Though the Economic Census for Business Frame surveyed national and local governments in order to capture the whole picture of establishments, the Economic Census for Business Activity excluded national and local governments because the needed values can be captured from administrative data.

(4) Date of the Census

At the time of survey design, the Census was planned to be conducted in July 2011 but it was moved to February 2012 in order to maintain the estimation accuracy of National Accounts.

To be exact, name, local organization, startup date, number of persons engaged, type of business conducted were to be ascertained as of 1st of February 2012, and sales, cost, existence or non-existence and portion of e-commerce, amount of capital investment, specific items for each industry were to be ascertained in the year of 2011.

Since the date of the Census coincided with the time of final income tax return and an accounting period of many establishments and enterprises, the deadline of collecting questionnaires was set on March 31, 2012, in order to secure sufficient time to fill in the questionnaire.

Moreover, the date of the next Economic Census for Business Activity will be set on the appropriate period of the 2016 concerning survey condition in order to reduce the burden on establishments and enterprises.

(5) Method of survey

We had two methods for the census: survey by enumerators and survey by direct mailing

① Survey by enumerators

For single-unit establishments and new establishments, the enumerators appointed by the prefectural governors distributed questionnaires by the end of January 2012 and collected them after February 1. Each enumerator handled about 70 establishments.

Since some areas in Japan have much snow in February, it was expected that enumerators would have difficulty to collect the questionnaires in those areas. In order to avoid difficulties, the time of enumerators' distribution was moved up by one month for such regions, so the enumerators distributed the questionnaires before full-scale snow season and the questionnaires were collected by direct mailing.

② Survey by direct mailing

The national government used private operators for mailing questionnaires to the head offices of enterprises which have branch offices, single unit establishments of manufacturing with 200 or more employees and holding companies. First of all, we sent head offices confirmation questionnaires since June 2011 in order to confirm the name, location, type of business conducted, opening and closing of branch office. After the confirmation, we sent questionnaires by mail and collected them by mail or online.

For the enterprises having branch offices, we sent questionnaires for enterprise which is to be filled with the status of the whole enterprise, and questionnaires for establishment which is to be filled with the status of the head office and branch offices. Head offices were required to fill in and submit questionnaires for both enterprises and establishments. Responses were collected either by mail or online.

③ Survey in affected areas of Great East Japan Earthquake

On 11th of March 2011, Great East Japan Earthquake, magnitude 9.0, occurred and caused heavy damage around Miyagi prefecture, Iwate prefecture, and Fukushima prefecture. Municipalities which got seriously damaged couldn't carry out the survey by enumerators. For those municipalities, the national government (SBJ) sent and collected questionnaires by mail. Evacuation areas set because of the Fukushima Daiichi Nuclear Power Station accident were exempted from coverage areas of the census because enumerators or mail carriers were not allowed to enter the areas.

(6) Questionnaires and survey items

Questionnaires are not OCR and are designed on a double-sided A3 sheet. Front side of questionnaire contains common survey items for across industries such as legal organization of enterprises including single unit establishments, capital, settlement month, type of business conducted, startup date of establishment, number of persons engaged as of February 1, 2012, and sales and costs of 2011. Back side of questionnaire contains specific survey item* for each industry. Capturing the specific survey items is to secure the consecutiveness in the time series data which integrated statistical surveys have compiled.

*Examples of specific items:

Manufacturing industry:

Shipment value of products, value of inventory, receipt of production done for others, tangible fixed asset, raw material, fuel, electricity expenses, etc.

Retail trade industry:

Annual sales of goods, value of goods in stock, type of shop, sales floor space, business hours, etc.

With regard to expenses, information which are needed to calculate added value, such as total expenses, total allowances, depreciation expenses, taxes and dues, were captured by each enterprise.

Regarding the name, location, startup date of establishment, type of business conducted, we printed them on the questionnaire from the results of 2009 Economic Census for Business Frame. Then we distributed to each enterprise the questionnaire to confirm if there was something to revise or not. In this way we reduced the burden on enterprises which were to be surveyed.

(7) Schedule of release

Preliminary results of major survey items (number of establishments and enterprises, number of employees, sales (income) etc.) by industry (major groups) will be released in January 2013.

Final results of all survey items by industry (detailed classification), areas (Japan, prefectures, municipalities, major metropolitans, cities with prefectural governments) will start to be released around August 2013.