

## Development of the Economic Census of Japan

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### 1. Background of the development of the Economic Census

In Japan, censuses and large-scale statistical surveys have been conducted in different years and at different intervals for each of the major industrial areas such as agriculture, forestry and fisheries, manufacturing, commerce, and services, under a decentralized statistical system. As a result, it is almost impossible to produce comprehensive statistics representing Japan's industrial structure for a single reference period of time.

The Establishment and Enterprise Census has been conducted in Japan every five years (with a simplified survey in interim years). However, its aim is not to investigate the accounting aspects of economic activities, but mainly to compile a list of all establishments and enterprises to produce a national sampling frame, and to produce statistics which count establishments, enterprises and persons employed.

Moreover, statistics on the services sector cannot be described as adequate in terms of quantity or quality, and their development has been rather unsystematic. This has become a serious concern as the share of the sector in the national economy becomes increasingly important. Therefore, the development of statistics able to grasp all the economic activities of Japan comprehensively at a single reference time has become a critical issue.

## 2. Objectives of the Economic Census

The objectives of the Economic Census are not only to produce comprehensive statistics on the industrial structure, but also to enhance the business frame to improve the accuracy of economic statistics. The enumerator canvassing method does not necessarily give a clear picture of establishments and enterprises because of the increasing number of establishments and enterprises such as SOHO operations owing much to progress in IT. Enhancement of the business frame covering all industrial areas will also contribute greatly to improving the accuracy of those existing statistics which are specific to respective industrial areas.

In more detail, the objectives of the Economic Census are listed as follows:

- a. To develop statistics that cater to the diversification in economic activities, and to provide information on the related statistical population.
- b. To provide basic information for policy making and administration such as settlement of local consumption tax, and the allocation of subsidies for development of small and medium enterprises.
- c. To develop statistics on the services sector in a systematic way.
- d. To provide reliable primary data for the compilation of the input-output tables and national accounts statistics.
- e. To provide primary data for the compilation of regional input-output tables and prefectural/municipal accounts statistics.
- f. To provide reliable information on the population of establishments and enterprises, based on which sampling methods, cut-off instructions, and benchmark parameters are determined for various related sample surveys. Note that the results of the Economic Census are to be used as the base year data for the establishment/enterprise population database employed universally by the Government statistical system, and that the database is to be updated using monthly information from the Corporation Registration System.

## 3. Procedures toward the development of the Economic Census

The New Directions in the Government Statistical Services agreed by the statistical departments of governmental ministries in 2003 stipulates that actions should be taken to realize the Economic Census covering all the establishments and enterprises of all the economic areas to be conducted by 2009 to investigate the actual accounting conditions of their economic activities, and that governmental ministries and stakeholders should reach a consensus within F.Y. 2005 on the framework of the Economic Census and the integration, abolition, simplification and rationalization of

large scale censuses and surveys able to be substituted by the Census. Thus, the Working Group on the Development of the Economic Census (referred to hereafter as the Working Group) was set up in collaboration with the relevant governmental ministries in 2004, convened 21 sessions, and published a report titled The Framework of the Economic Census, based on the consensus reached by the Working Group at the end of March 2006 on the above mentioned missions.

The outline of the report is as follows:

- a. The Economic Census will be conducted as a designated statistical census as stipulated in the Statistics Law in June or July 2009, focusing on exhaustive coverage of establishments and enterprises, and in June or July 2011 focusing on investigation of accounting topics based on the frame obtained from the 2009 Census.
- b. Accompanying the establishment of the Economic Census, the following censuses and surveys will be abolished: the Establishment and Enterprise Census scheduled for 2009 and 2011, the Survey on Service Industries scheduled for 2009, and the Census of Commerce scheduled for 2009. Moreover, the 2010 Census of Manufactures will obtain data from the Economic Census.
- c. The Economic Census will cover all establishments (about seven million) excluding individual proprietor establishments engaged in agriculture, forestry and fisheries.
- d. The 2009 Census will cover face topics such as name and address, number of persons engaged in the establishment or corporation, as well as names and addresses of branch establishments of the enterprise if any, while the 2011 Census will investigate accounting data such as total sales and components thereof, and business expenses as well as the aforementioned face topics (see the annex for details).
- e. The 2009 Census will utilize such information as names and addresses of corporations obtainable from external data sources including administrative records in order to increase the coverage of establishments and enterprises.
- f. The 2011 Census will apply different but suitable forms of questionnaire to different industries. This method will be feasible as the results of the 2009 Census will be available at that time.
- g. The main enumeration method of the Census will be the enumerator canvassing method, but will be complemented by mailing and on-line enumeration methods .

#### 4. The Characteristics of Japan's Economic Census

The accuracy of the Economic Census depends on the extent to which economic activities in Japan are grasped with no duplication or omission. To do so, a complete list of establishments/enterprises to be enumerated in the Economic Census has to be prepared. A few different ways of producing economic census type statistics can be found in the world: some countries make direct use of administrative records; some conduct auxiliary surveys to complement administrative records; some conduct economic censuses or surveys based on the list of establishments/enterprises from administrative records; and there may be still others. The Economic Census of Japan currently under consideration is unique in that the list of establishments/enterprises itself is made up by statistical enumeration. Factors which have enabled this practice are the use of a universal language; very high levels of literacy; and a good social environment attributable to strong ties within communities. Hence, it has been feasible for enumerators to visit establishments directly, and investigate economic or social conditions exhaustively.

However, recent diversification in economic activities has resulted in cases of business being done with no obvious signage, and it is increasingly difficult for enumerators to go around the enumeration districts to canvass establishments/enterprises with no omissions. Under these circumstances, the Economic Census of Japan currently under consideration aims to achieve a high level of accuracy by both improving the coverage of establishments/enterprises by providing the enumerators with subsidiary information from administrative records, and direct enumeration, which normally assures high response rates. Moreover, administrative records will be utilized not only in the preparation of the list of establishments/enterprises, but also in the data collection stage, in which some topics in the questionnaire will be filled in based on administrative records, the aim being to alleviate the burden on respondents.

## List of Topics of the Economic Census

2009 Economic Census	2011 Economic Census
<b>(Topics on the Establishment)</b>	
Name, address and contact point	Name, address and contact point
Legal organizational status	Legal organizational status
Individual proprietorship	Individual proprietorship
Joint-stock company	Joint-stock company
Unlimited/limited partnership	Unlimited/limited partnership
Limited liability company	Limited liability company
Mutual insurance company	Mutual insurance company
Foreign company	Foreign company
Incorporated administrative agency, etc.	Incorporated administrative agency, etc.
Other corporation	Other corporation
Unincorporated body	Unincorporated body
Year the establishment opened	Year the establishment opened
Number of persons engaged	Number of persons engaged
Total	Total
Individual proprietors/family workers/paid executives	Individual proprietors/family workers/paid executives
Regular employees	Regular employees
Permanent employees	Permanent employees
Regular employees other than permanent employees	Regular employees other than permanent employees
Employees other than regular employees	Out of which those dispatched to other companies (under contract)
Capital	Regular employees other than permanent employees
Whether head office or branch	Employees other than regular employees
Name and address of head office	Persons dispatched from other companies (under contract)
Economic activities	Capital
	Whether head office or branch
	Name and address of head office
	Sales (total) *2
	Sales (by economic activity or item) *2
<b>(Topics on the Enterprise)</b>	
Names and addresses of branches *1	Year the enterprise opened *1
Number of persons engaged in the entire enterprise *1	Number of persons engaged in the entire enterprise *1
Executives	
Regular employees	
Economic activities of the entire enterprise *1	Sales of the entire enterprise (total) *1
	Sales of the entire enterprise (by economic activity or item) *3
	Total expenses of the entire enterprise
	Raw material expenses for the entire enterprise
	Salaries and wages paid by the entire enterprise
	Depreciation in the entire enterprise
	Taxation on the entire enterprise

\*1 For enterprises having two or more establishments.

\*2 Sourced from the head office of the enterprise for certain cases (industries) where not available for branch establishments.

\*3 For head offices belonging to those industries for which sales by component are not investigated.

Note that the topics shown in this table are those proposed by the Working Group on the Development of the Economic Census on 31 March 2006.