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Topic: New Developments in Japan's Statistical System

**Toward the Business Frame in Japan**

Seiji TAKATA

Deputy Division Director,

Economic Structure Statistics Division

Statistics Bureau, MIC

Japan

**1. Brief History of the business frame in Japan**

In Japan, the first Establishment Census was conducted in 1947 by the Statistics Bureau of Japan (SBJ). Subsequently, the population data of the Survey was used as a statistical frame for enterprises.

In 1996, the Establishment Census was extended to include information about the structure of the enterprises, and the name was changed to the "Establishment and Enterprise Census". Using the result of the 1996 Establishment and Enterprise Census, SBJ created a new database, called the "Establishment and Enterprise Information Database". The staff of SBJ and the Statistical Center could use the database via an on-line system.

In 2002, SBJ started the operation of a new database entitled the Statistical Frame of Establishments and Enterprises (SFE). The purpose of the SFE is to provide statistical organizations with population information on establishments and enterprises that is necessary for conducting statistical surveys, and with historical information as to whether individual establishments or enterprises have been selected as survey samples.

The major data sources for the SFE consist of the latest results of the Establishment and Enterprise Census.

The SFE can be accessed by the statistical divisions of ministries and central government agencies.

## **2. The new Establishment Database**

### **2.1 Weak points of SFE**

#### Timeliness

The major data source of SFE is the Establishment and Enterprise Census by SBJ. The Census is conducted at intervals of 2 or 3 years (5 years for detailed Censuses and a simplified Census between them), meaning the SFE cannot reflect the new-organization/abolishment of establishments.

(In 2006, there were 5.911 million establishments in Japan. 1.358 million establishments were newly-organized and 1.744 million had been abolished between 2001 and 2006.)

#### Coverage

The survey method of the Establishment and Enterprise Census is as follows: enumerators visit each of the establishments, distribute questionnaires, and collect them. There may be cases in which enumerators cannot find establishments (especially for those that do not put up billboards).

For example, the number of corporations in Japan are;

- 1.516 million by the Establishment and Enterprise Census
- 2.735 million by the Financial Statement Statistics (using administrative data)

(Of course, there are corporations which are inactive. They are included in the Financial Statement Statistics, but not included in the Census. Part of the gap can be explained for this reason.)

### **2.2 The New Statistics Law in Japan**

In 2008, the Statistics Law was fully revised. (and will be fully enforced in April 2009)

The law prescribes the following:

- The Ministry of Internal Affairs and Communications (MIC) should maintain the Establishment Database, to be used as a sampling frame and as a data source to compile data.
- The government agency can ask another agency to provide administrative data for statistical purposes. (This does not mean that the agency which is

asked to provide data must to do so. Agencies can decide whether or not to provide the administrative data they hold.)

### **2.3 Creation of the new Establishment and Enterprise Database**

In 2008, SBJ started the operation of the new “Establishment and Enterprise Database”(EED).

To overcome the above-mentioned weak points of SFE, data sources for the new database include the following:

- Establishment and Enterprise Census (SBJ, at a 2 or 3 year interval)
- Census of Commerce (METI, at a 2 or 3 year interval)
- Census of Manufacturers (METI, every year)
- Financial Statements Statistics of Corporations by Industry (MOF, every year)

Moreover, EED uses data from the corporate legal register, which is revised monthly. In Japan, all corporations are required to register, so the use of this data would essentially improve the coverage of the database.

Items included in EED would be:

- Establishment: code number of the establishment, name, address, phone number, number of employees (full-time, part-time), type of office (single-unit enterprise, head office or branch office), type of legal organization, type of business, history of survey for national statistics, code number at the last census
- Enterprise: name, address, phone number, number of employees (full-time), type of legal organization, type of business, history of survey for national statistics, capital amount

## **3. Future Plan**

The Statistics Committee was established in October 2007 as the headquarters of the statistical system in Japan. The committee discusses future plans of the business frame in Japan, some of which are as follows;

### **3.1 Utilization of the results of the Economic Census**

The results of the 2009 Economic Census will be available by the end of 2010. The current EED will be fully revised by utilizing the results of the Economic

Census.

### **3.2 Expansion of the items included in the EED**

The 2011 Economic Census will survey accounting items, such as revenue and profits of enterprises. EED will also be expanded to include such accounting items. Information concerning the corporate group (parent company, subsidiaries, etc.) will be included in future.

The results of other censuses and surveys should be included in the database. The candidates are Survey of Research and Development (SBJ), Monthly Labor Survey (Ministry of Health, Labor and Welfare), etc.

### **3.3 Utilization of administrative data**

Presently, only commercial and corporate registration data is available, as an administrative data, for an EED data source.

The Statistics Committee proposes that other administrative data, such as tax data, social security data, patent data, etc., should be used to maintain EED.

(The Statistics Bureau has started talking with the authorities concerned, but no concrete plans have yet been settled.)

### **3.4 Creation of new statistics**

The extended database would make it possible to compile new statistics.

For example, combining the results of the “Survey of Research and Development” and the patent data, it would be possible to study relations between the inputs and the outputs of R&D activities of enterprises.