

Explanation of Terms

1. Establishments

They refer to a unit of the place where economic activities are performed and fulfill the following conditions in principle:

- (i) An establishment is a unit of place which occupies a certain space (1 plot) and in which economic activities are performed under a single management agency.
- (ii) An establishment has persons engaged as well as equipment, and manufactures and sells goods and provides services on a continual basis.

(1) Privately owned establishments

They refer to establishments excluding those of national and local governments.

(2) Establishments having loaned or dispatched employees only

They refer to establishments that have no employee belonging to them, and that conduct economic activities only with people loaned or dispatched from a separately managed establishment such as another company.

(3) Establishments not reporting their industry, etc.

They refer to establishments that are in existence as establishments, but their business activity is unknown due to erroneous entries, etc.

2. Persons engaged

They refer to all working people who belong to the establishment as of the survey date. Therefore, they also include those loaned or dispatched to a separately managed establishment such as another company or subcontractor. By contrast, those who do not receive wages or salaries (including salaries in kind) from the establishment for reasons such as being loaned or dispatched from a separately managed establishment such as another company are not included in persons engaged even if they work at the establishment.

Family workers of individual proprietorships were regarded as persons engaged even if they do not receive wages or salaries.

(1) Individual proprietors

They refer to those who actually manage individual proprietorships.

(2) Unpaid family workers

They refer to those who are families of individual proprietors and help with the establishments' work with no wages or salaries.

Family members actually receiving wages or salaries comparable to that for employees are included in "regular employees" or "temporary employees."

(3) Paid directors

They refer to those who receive salary as an executive at a corporation or an organization (regardless of whether full-time or part-time).

Executives or commissioners are included in “regular employees,” provided they engage in a certain assignment, while playing a role as a worker at the office or site, and their salary is paid in accordance with the same salary regulations that are applied to other general employees.

(4) Regular employees

They refer to those who are employed on a regular basis by the establishment. Also, this category includes those who are employed for an unspecified period, those who are employed for over one month of a specified period or those who were employed for 18 days or over in May and June, 2014 respectively.

(5) Full-time employees or full-time staff

This category includes those who are generally referred to as full-time employees or staff among regular employees.

(6) Other than full-time employees or full-time staff

They refer to those regular employees who are other than those generally called “full-time employees”, “full-time staff” or the like, and who are called “contract employees”, “part-timers”, or similar.

(7) Temporary employees

They refer to those employees other than regular employees who are employed for certain periods within one month, or who are employed on a daily basis.

3. Employees loaned or dispatched from the outside

They refer to those who work at privately owned establishments while belonging to the assignor companies, such as dispatched workers and enrolled workers on loan, as defined in the Law Concerning Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers (Law No. 88 of 1985).

4. Persons engaged from privately owned establishments

They refer to those dispatched from privately owned establishments to establishments of national or local governments.

In cases where comprehensive management or operation (designated manager) of establishments, or individual operations such as cleaning and guard services are outsourced, private persons engaged in the outsourced operations are not

included.

5. Persons working at the location

They refer to those who actually work at the respective establishments.

“Employees loaned or dispatched to the outside” under separate management are excluded from “persons engaged”, while “employees loaned or dispatched from the outside” under separate management are included.

6. Industrial classification of establishments

Industries of establishments are classified based in accordance with the Japan Standard Industrial Classification (revised in October 2013) by types of main businesses of establishments (those establishments with large amounts of income or sales in the past year in principle). For some industries of group categories, those divided group categories are also regarded as group categories.

7. Industrial classification of all the business activities conducted by establishment

They represent all the business activities operated at establishments. In cases where one establishment operates multiple business activities, multiple replies are allowed.

8. Legal organization

(1) National and local governments

They include the national government, prefectures, municipalities, special local public organizations (unions of local public organizations and property wards, etc.).

(2) Privately owned establishments

They refer to establishments excluding those establishments of national and local governments.

a. Individual proprietorships

This term refers to businesses run by individuals.

Partnerships are also included in this category, unless they are a company or corporation.

b. Corporations

This term refers to cases where those granted with corporate status based on legal provisions manage businesses. The following companies and corporations other than companies fall under this category.

c. Companies

This term refers to stock companies, limited companies, mutual companies, unlimited partnership companies, limited partnership companies, limited liability companies and foreign companies.

Foreign companies refer to companies that have been registered in Japan under provisions of the Companies Act (Act No. 86 of 2005), and include branch houses and sales offices established in foreign countries. Companies that have been established in Japan, and are managed by foreigners, or so-called foreign-capital companies for which foreign capitals participate in their management, are not regarded as foreign companies.

d. Corporations other than companies

They refer to those organizations with corporate status that are other than companies.

Examples include incorporated administrative agencies, general incorporated associations, general incorporated foundations, public interest incorporated associations, public-interest incorporated foundations, social welfare corporations, school corporations, medical corporations, religious corporations, agricultural (fisheries) cooperatives, business cooperatives, labor unions (those with corporate status), mutual aid associations, national health insurance society, credit unions, and legal professional corporations.

e. Organizations other than corporations

They refer to organizations without corporate status.

For example, this category includes establishments of councils, supporting groups, alumni associations, labor organizations (those without corporate status), etc.

9. Enterprises

This term refers to corporations engaging in businesses/activities (excluding foreign companies) and establishments of individual proprietorships. When the same management agency runs multiple establishments of individual proprietorships, all those establishments are regarded as a single enterprise.

Specifically, enterprises include the companies, corporations other than companies and the whole consisting of a head office and branch offices of individual proprietorships. Single unit establishment is regarded as enterprise.

10. Companies

This term refers to the whole of a management organization that is a stock company, a limited company, mutual company, unlimited partnership company, limited partnership company, limited liability company, consisting of a head office and branch office. Single unit establishment is regarded as company.

11. Startup date of establishments

It refers not to the time a company or enterprise was founded but to the time the establishment concerned started its business at the present location.

12. Form of business

(1) Mainly manufacturing and shipping or wholesaling of goods

This term refers to cases where the establishment manufactures or processes a product based on an expectation or order, and then ship or wholesale it.

(2) Mainly manufacturing and retailing of goods by mail-order sales or on the Internet

This term refers to cases where the establishment manufactures or processes a product based on an expectation or order, and then sell it mainly to consumers through mail-order sales or Internet sales or the like.

(3) Mainly manufacturing and processing using raw material supplied by other vendors

This term refers to cases where the establishment processes or manufactures a product based on supply of raw material from another business, and receives a processing charge.

13. Industrial classification of enterprises

In this classification, industries are classified by enterprises and in terms of type of the main business activity (activity with the largest total income or total sales of the whole enterprise in the past year) of the whole enterprise including its branch office. The classification categories are the same as the industrial classification categories of establishments.

(1) First-priority industry of enterprise (major group)

It refers to industrial classification of enterprises.

(2) Second-priority industry of enterprise (major group)

It refers to an industry with which the sum of the number of persons engaged of establishments belonging to the same major group of industry among enterprises and the number of employees loaned or dispatched from the outside

is the largest excluding the first-priority industry.

14. Distinction between single-unit, head office or branch office

(1) Single unit establishments

They refer to establishments with no head offices (headquarters, main offices) or branch offices (branch shops, branch houses) at different locations run by the same management agency.

(2) Head offices (headquarters, main offices)

They refer to establishments which hold branch offices (headquarters, main offices) at different locations run by the same management agency and which control all of them. When each department belonging to a head office is located in a number of separate locations, an establishment where a representative like a president works is regarded as the head office and other establishments are regarded as branch offices.

(3) Branch offices (branch shops, branch houses)

They refer to establishments controlled by a head office (a headquarter, a main office) at another location. Intermediary establishments, which control subordinate establishments while being controlled by establishments in upper positions, are also considered branch offices.

Branch offices also include sales offices, local offices, factories, warehouses with persons engaged and dormitories with supervisors, etc. A company whose management organization is a foreign company is considered a branch office.

15. Distinction between single-unit and multi-unit enterprises

They are classified as follows according to the establishments constituting the enterprise.

(1) Single-unit enterprises

They refer to enterprises each having a single establishment.

(2) Multi-unit enterprises

They refer to enterprises that consist of a head office in Japan and branch offices within or outside Japan.

a. Single-industry enterprises

They refer to enterprises in each of which the total number of persons engaged, etc. at establishments falling under one industrial division in the enterprise is at least 70% of the number of persons engaged at the whole enterprise.

b. Multi-industry enterprises

They refer to enterprises in each of which the total number of persons engaged, etc. at establishments falling under the same industrial division in the enterprise is below 70% of the number of persons engaged at the whole enterprise in any industrial division.

(3) Domestic single-unit enterprises

They refer to single-unit establishments and enterprises that do not have a branch office in Japan, but have a branch office overseas only.

(4) Domestic multi-unit enterprises

They refer to enterprises that have a branch office in Japan regardless of whether or not they have an overseas branch office.

16. Scope of distribution of domestic branch offices

Domestic multi-unit enterprises are classified as follows.

(1) Enterprises having branch offices only in prefectures

They refer to enterprises having all the umbrella establishments in the prefecture where the head office is located.

Enterprises having branch offices only in municipalities

They refer to enterprises having all the umbrella establishments in the municipality where the head office is located. In case of a major city, even if the umbrella establishments are located in different areas of the same city, they are regarded as being located in the same municipality.

(2) Enterprises having branch offices in areas other than prefectures

They refer to enterprises having a branch office in areas other than the prefecture where the head office is located.

(3) Enterprises having branch offices in areas other than municipalities

They refer to enterprises having a branch office in areas other than the municipality where the head office is located. In case of a major city, establishments located in different areas of the same city are regarded as being located in the same municipality, and therefore, it does not mean that the enterprise has a branch office in areas other than municipalities.

17. Capital amount

It refers to the amount of capital in case of a stock company and a limited company, the amount of investment in case of an unlimited partnership company, a limited partnership company and a limited liability company, and the amount of

fund in case of a mutual company.

18. Account closing month

It refers to the account closing month for full year results only, and excludes provisional settlement of account and midterm settlement of account. In cases where semi-annual settlement of account is adopted, both months are regarded as account closing months.

19. Amount of sales (income)

It refers to the amount of sale of product, etc. or a sales amount, operating revenue, amount of completed work, etc. that is achieved through provision of services. Incomes that are gained through the sale of property, such as securities and tangible fixed asset represented by land, building and machinery/appliances, are not included. In case of a financial or insurance company, a corporation other than companies or an organization other than corporations, it is regarded as current revenue.

20. Establishments by changing trend

(1) Continued establishments

They refer to those establishments present as of the date of survey (excluding establishments that are currently closed) that were identified in the 2012 Economic Census for Business Activity.

(2) Newly established establishments

They refer to those establishments present as of the date of survey (excluding establishments that are currently closed) that were not identified in the 2012 Economic Census for Business Activity. However, an establishment that has been transferred from another place and newly established in the present place may be included in some cases.

(3) Closed establishments

They refer to those establishments identified in the 2012 Economic Census for Business Activity that were abolished by the date of survey (including establishments that are currently closed). However, an establishment that has been transferred to another place and is no longer present in the said place may be included in some cases.

21. Holding company

It refers to a company with the ratio of the total acquisition price of its subsidiary's stocks to the total asset exceeding 50%.

(1) Business holding company

It refers to a company, which engages in its own business and is responsible for controlling its subsidiaries by holding their stocks.

(2) Pure holding company

It refers to a company, which does not engage in any business in its own right and is solely responsible for controlling its subsidiaries by holding their stocks.

A financial holding company is also included in pure holding companies.

22. A parent company or subsidiaries

(1) A parent company

It refers to companies that directly carry over 50% of the voting rights of the companies concerned.

Even if they carry 50% or less of voting rights of the companies concerned, they are still considered a parent company, provided they produce consolidated financial statements in which they treat the companies concerned as their subsidiaries and are placed in a nearest position superior to those of the companies concerned.

(2) Subsidiaries

They refer to companies over 50% of which voting rights are carried by the companies concerned.

When over 50% of the voting rights of those companies are carried by subsidiaries or both the companies concerned and subsidiaries, the companies are also included in subsidiaries.

Even if 50% or less of their voting rights are carried, they are still considered subsidiaries, provided their figures are included in the consolidated financial statements of the companies concerned.

23. Areas

(1) Major cities

They refer to ordinance-designated cities, and special wards of Tokyo.

(2) Major metropolitan areas (and metropolitan areas)

They represent area classification that is set beyond administrative division in order to specify extensive urban areas, and they each consist of a central city and surrounding municipalities.

For central cities, the ordinance-designated cities and the special wards of Tokyo were selected. However, in cases where central cities are close to each other like Kanto, Shizuoka/Hamamatsu, Kinki, and Kitakyushu/Fukuoka, they are each regarded as a major metropolitan area in which such cities are integrated as the central city. The central city of a metropolitan area must be a city that is not included in a major metropolitan area and has a population of 500,000 or more.

A surrounding municipality refers to a municipality in which the proportion of commuters aged 15 or older is 1.5% or more of the city's permanent population and that is adjacent to a central city. Even municipalities not meeting this criterion are regarded as surrounding municipalities if they are surrounded by central cities or those municipalities that meet this criterion.