

25th Meeting of the Wiesbaden Group on Business Registers
- International Roundtable on Business Survey Frames

Tokyo, 8 – 11 November 2016

Isao Takabe, Takashi Ioka
Economic Structure Statistics Division, Statistics Bureau of Japan¹
Session No.4

Quality and Coverage

Restructuring the maintenance methods of the Business Register in Japan

1 Introduction

The current Business Register in Japan, formally called the Establishment Frame Database, has been operated since 2012,² and its data sources are the results of major official statistical surveys, such as Economic Census, and some administrative data.

Recently, to meet the need to ascertain births and deaths, and the business activities of establishments and enterprises more precisely, to cope with changes to economic and social conditions such as the reorganization of enterprise structures and enterprise groups, and to improve the related business statistics, it is planned to restructure the maintenance methods of the Business Register by changing the methods of the Economic Census for Business Frame, which is the main data source for the Business Register.

This paper will introduce the progress and future direction of these plans in detail.

1-1 Brief introduction of the Business Register in Japan

In Article 27 of the Statistics Act, it is stipulated that the Minister for Internal Affairs and Communications shall develop the Business Register in Japan. Based on the Act, the Statistics Bureau of Japan (SBJ), which is one of the organizations of the Ministry of Internal Affairs and Communications, is in charge of operating the Business Register.

The current Business Register was renovated in 2012 and aims mainly to provide the latest business frame every year, which is called “Annual Frame,” for the sampling frame of business surveys conducted by the national and local government as well as incorporated administrative agencies, and to reduce the burden

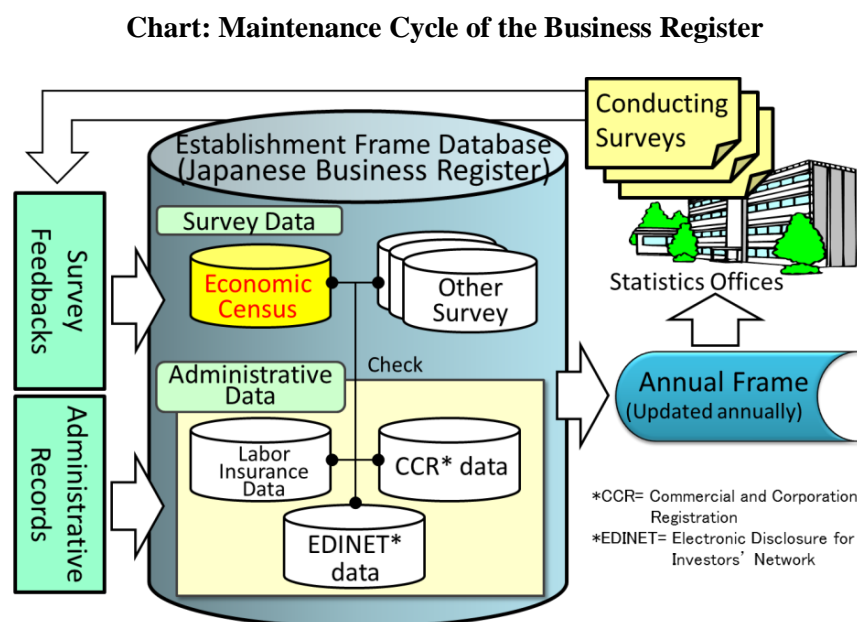
¹ The views expressed in this paper are those of the authors and do not necessarily reflect the policies of the Statistics Bureau of Japan.

² Japanese business survey frame was developed in 1998, then, the database was renewed in 2002 as the Business Register in Japan. Then it was renovated in 2008 and 2012 (the pilot renovated Business Register entered operation in 2012, and then the full capacity one [present one] began in 2013).

on respondents of statistical surveys conducted by these organizations. In fact, SBJ has been continuously providing the Annual Frame every year since 2014. After the renovation in 2012, the Business Register has been storing various survey data (Survey results) such as Economic Census, Census of Commerce, Financial Statements Statistics of Corporations by Industry, and administrative data consisting of the Labor Insurance (LI) Data, the Commercial and Corporation Registration Data (CCR), and the EDINET (Electronic Disclosure for Investors' Network) Data.

The information on all establishments and enterprises in Japan are stored in the Business Register (about 6.1 million establishments and 4.2 million enterprises as of July 1st 2015).

The chart below summarizes the maintenance cycle of the Business Register for reference.



1-2 Outline of the Economic Census as the Main Data Source for the Business Register

The main data source for the Business Register is based on the results of Economic Census. Objectives of the Economic Census are to identify the actual situation of business activities of establishments and enterprises as well as identifying the comprehensive industrial structure in Japan, and to organize information on the population for conducting various statistical surveys for establishments and enterprises.

In Japan, the Economic Census consists of two surveys as follows:

- a) The Economic Census for Business Frame (EC-BF), to identify the basic structure of establishments and enterprises.
- b) The Economic Census for Business Activity (EC-BA), to identify the situation of economic activities of establishments and enterprises.

These two surveys have been conducted approximately once every five years, beginning in FY 2009.³ Thus, the EC-BF was conducted in FY 2009 and FY 2014, and the EC-BA was conducted in FY 2011 and FY 2016. As a result, Business Register has been accurately updated twice in five years by the main data source (Economic Census data).

Figure 1: Outline of the Economic Census

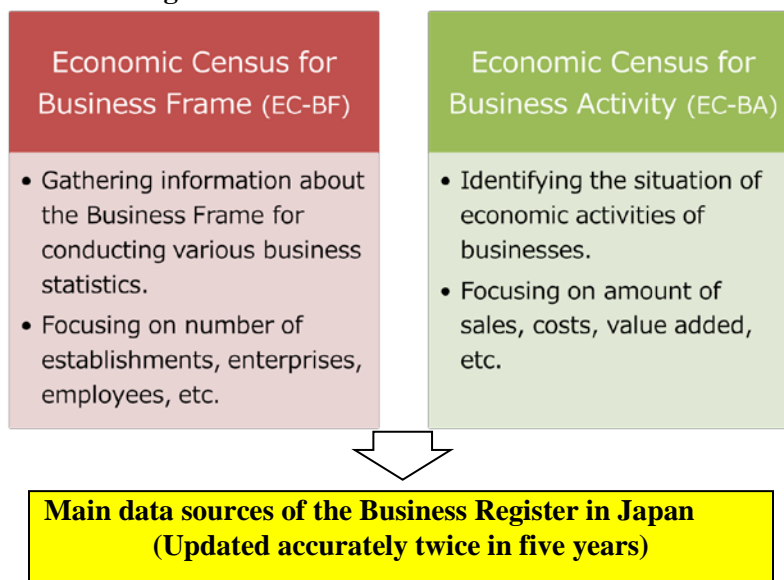


Figure 2: Cycle of the Economic Census

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
EC- BF	○					○		
EC- BA			○					○

In the interim between two surveys, Business Register has been updated regularly by using the administrative data and other survey results. This method has been very effective for the maintenance of the Business Register in Japan.

2 Current Issues on the Business Register

As we described before, Business Register has been updated twice in five years by using the results of two surveys. In the meantime, there are some issues involved in the Business Register as follows.

First, we need to find a better way to grasp the status of businesses more precisely, especially in the interim of the Economic Census. The coverage of the administrative data is currently not sufficient to thoroughly update the Business Register. For example, there's no useful administrative data at the branch

³ The fiscal year starts in April and ends in March the following year.

offices, and also the data of individual proprietors is difficult to update because individual proprietors are not legally required to complete registration. In addition, it seems also difficult to get the information on deaths of businesses because bankrupt companies tend to fail to submit the notification of discontinuance of business.

Then, the frequency and accuracy of updating the information on enterprise structure and enterprise group need to be improved. Currently, the information on those has been updated once every five years by using the results of EC-BF.⁴ The reorganization of the structure of enterprises, however, is occurring very rapidly because of such reasons as the diversity of the business activities, creation, merger, split-up of companies, and the introduction of holding companies, in-house companies, etc.

Finally, we should continue considering the useful products from the Business Register; for example, the product of small area statistics which will be useful for dealing with social issues in Japan, such as the population decline and the revitalization of local communities. We understand that it is becoming more important to promote broader use of the Business Register.

3 Implementation of the Master Plan

Based on the issues, the 2nd Term Master Plan Concerning the Development of Official Statistics (Cabinet decision) was implemented on March 25, 2014. In the plan, the future directions for maintenance methods of the Business Register were indicated as follows.

Figure 3: The Master Plan (Extract)

a) Reconsidering the status of the EC-BF	Consideration shall be made on how the statistical survey for development of information of population in the interim years between the 2016 EC-BA and the 2021 Census should be, based on the status of preparation of the Business Register.
b) Accurately grasping changes in the structure of enterprises	Effective and efficient development of information of population shall be promoted after considering the way to routinely check changes in business organization structure by using new administrative record information, etc. and referring to companies directly, etc. In doing so, efforts shall be made for personal training, organization development, etc.
c) Producing business statistics by using Business Register	The statistics which comprehend the condition of establishments and enterprises in Japan, and statistics focused on the situation of changes in establishments and enterprises as well as in the growth and decline of industries, etc. shall be produced, using the Business Register. Moreover, research shall be promoted about the use of geographic information.

⁴ The data to identify the structure of enterprises and enterprise groups are obtained from the EC-BF (items about holding companies, parent companies, subsidiary companies, and so on). As far as we have experienced, sometimes, large complex enterprises respond insufficiently because it's too complex, which makes the data checking process by SBJ difficult.

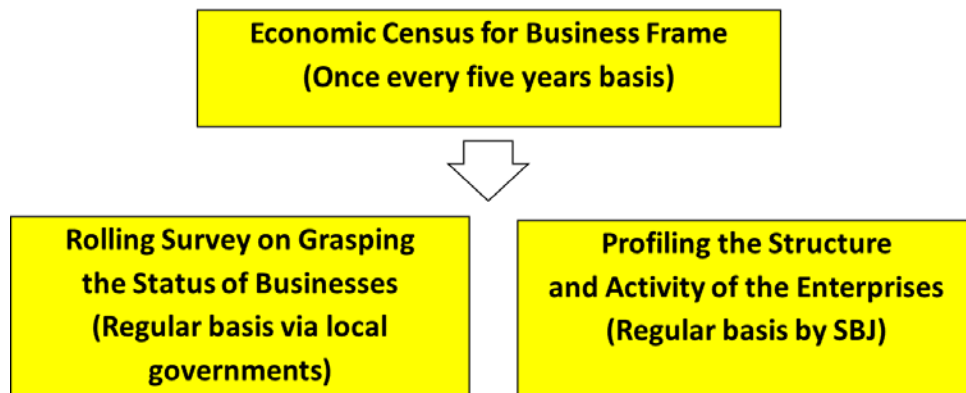
4 Reconsidering the Status of the EC-BF

From the above, SBJ started to reconsider the status of the EC-BF mainly by asking for advice from scholars and experts in the study group of the Business Register carefully. Then, we reached the conclusion that we will move forward to reform the EC-BF to two kinds of usual activities as follows.

a) Rolling Survey on Grasping the Status of Businesses

b) Profiling the Structure and Activity of the Enterprises

Figure 4: Plans to Change the EC-BA



4-1 Rolling Survey on Grasping the Changes of Businesses

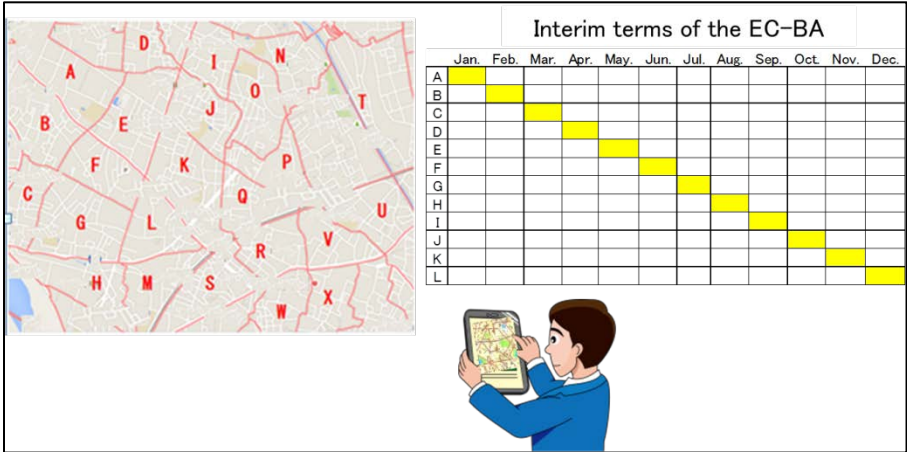
Once every five years, almost seventy thousand enumerators are temporally engaged in operating the EC-BF across Japan. In the Census, the questionnaire is distributed (for single-unit or new establishments) by enumerators and the responses are either collected again by enumerators or submitted online. As for establishments with branch offices, the questionnaire is distributed to the headquarters by the government and the responses⁵ are collected by mail or through the internet from those headquarters.

On this occasion, we are planning to drastically change the method of the EC-BF to a rolling survey. In a rolling survey, enumerators practically check the activities of businesses in all the enumeration districts (EDs) in turn, and regularly grasp the status, such as births and deaths of establishments. As for new establishments, enumerators distribute the questionnaire for them to get such basic information as the number of employees and economic activities. The portable devices will be developed and provided for enumerators so that the information which they grasped will be updated immediately on the Business Register.

⁵ The headquarters fill in all the questionnaires not only for the headquarters, but also for their branches in the Economic Census.

It is expected that the information on births and deaths of establishments and enterprises, etc. will be constantly and accurately grasped by introducing the rolling survey. The quality and coverage of the Business Register is also expected to be improved by this effort. In addition, enumerators will have a chance to work continuously throughout the year and their performing abilities for the survey will be improved through long service.

Figure 5: Image of the Rolling Survey



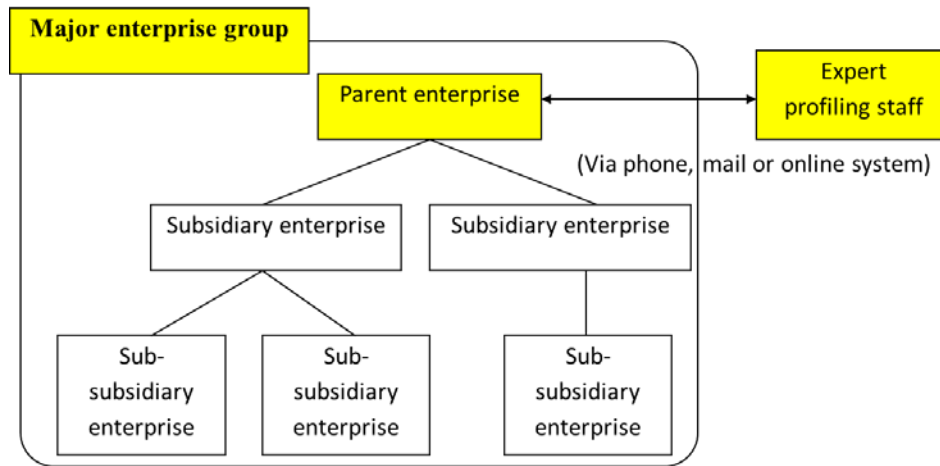
4-2 Profiling of the Structure and Activity of the Enterprises

As for the frequency and accuracy of updating the information on enterprise structure and enterprise groups, we are planning to introduce the profiling. The members of the expert profiling staff regularly contact the headquarters of major enterprise groups and try to grasp the latest information on the structure and activities of major enterprise groups, including the turnover, and the number of employees.

It is expected that the information on changes in the structure of enterprises will be constantly and accurately grasped by introducing profiling, and that the quality and coverage of the Business Register will be also improved by this effort, like the introduction of the rolling survey.

To put that plan into practice, it is necessary to develop organizational frameworks, and human resources who have expert knowledge and experience concerning profiling.

Figure 6: Image of the Profiling



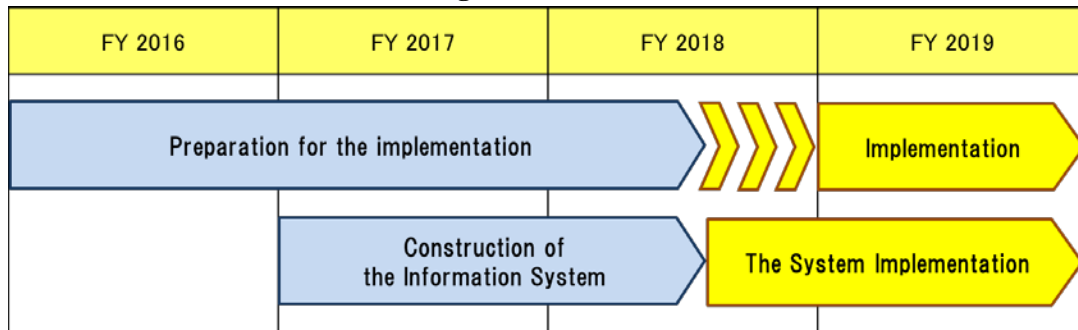
5 Business Statistics by Using Business Register

It will become possible to accurately figure out the actual status of the businesses in the Business Register by introducing the rolling survey and profiling. It will also become possible to annually produce and provide small area statistics to figure out the number of establishments by size, attribute, etc. which will be useful in dealing with social issues, etc. In addition, we aim to flexibly produce business statistics in the Business Register in response to requests from users; for example, statistics on tourist spots, which will be useful for the commitment toward becoming a tourism-oriented nation and local revitalization. To promote broader use of the Business Register, researching will be conducted on how to make the most of geographical information on the Business Register.

6 Future Plans

We will continue to discuss the issues mainly in the study group of the Business Register carefully and aim to conduct the pilot survey in FY 2017. We hope to start full-scale restructuring in FY 2019.

Figure 7: Schedule



References

- [1] Isao Takabe, (2014). How to develop and improve the New Business Register in Japan. Presented at the 24th Meeting of the Wiesbaden Group on Business Registers, Vienna, 15-18 September 2014
- [2] Masao Takahashi, (2013). Development of New Establishment Frame Database - Reformation of the Japanese Business Register- (in Japanese only), Research memoir of the statistics NO.70, Statistical Research and Training Institute
- [3] Masao Takahashi, (2012). Renovation of the Japanese Business Register. Presented at the 23rd Meeting of the Wiesbaden Group on Business Registers, Washington D.C., 17-20 September 2012