

2021 Economic Census for Business Activity - Explanation of Terms

1. Establishments

“Establishments” refers to a unit of the place where business activities are performed and fulfill the following conditions in principle:

- (1) An establishment is a unit of place which occupies a certain space (1 plot) and in which business activities are performed under a single management agency.
- (2) An establishment has persons engaged and equipment, manufactures and sells goods, and provides services on an ongoing basis.

a. Private establishments

Establishments which are not national and local governments.

b. Establishments consisting of only loaned or dispatched employees

“Establishments consisting of only loaned or dispatched employees” refers to establishments where there is no person engaged who belongs to the establishments and where business activities are performed only by employees loaned or dispatched from separately-operated establishments, such as other companies.

c. Establishments not reporting their industry, etc.

“Establishments not reporting their industries, etc.” refers to establishments which exist as establishments, but whose business activities are unclear for such reasons as inadequate replies.

2. Persons engaged

“Persons engaged” refers to all those who belong to the establishments and work. Therefore, persons engaged include employees loaned or dispatched to the separately operated establishments such as other companies. Conversely, loaned or dispatched employees from the separately operated establishments such as other companies, who do not receive their wage/salary (including wages in kind) from the establishments concerned, are not included in persons engaged, even if they work at the establishments.

However, family workers working at establishments of individual proprietorships are regarded as persons engaged, even if they do not receive any wage/salary.

a. Sole proprietors

“Sole proprietors” refers to business owners of individual proprietorships and those who actually run the establishment.

An establishment of an individual proprietorship must have only one sole proprietor.

b. Unpaid family workers

“Unpaid family workers” refers to family members of sole proprietors who work for the establishments without receiving a wage/salary.

Family members are included in “regular employees” or “temporary employees,” provided they work and actually receive a wage/salary just like employees.

c. Paid directors

“Paid directors” refers to those who receive director’s remuneration 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 receive a salary paid in accordance with the salary regulations that are applied to other general employees.

d. Regular employees

“Regular employees” refers to those who are employed on a regular basis.

Also, this category includes those who are employed for an unspecified period, and those who are employed for over one month of a specified period.

e. Indefinite duration employees

This category includes those who are employed without a specified termination period (including those employed until retirement) among regular employees.

f. Limited duration employees (over 1 month)

This category includes regular employees who are employed for a specified period of at least one month.

g. Temporary employees (Fixed-term employees (less than 1 month, daily employment))

“Temporary employees” refers to those who are employed for less than a month of a specified period, or on a daily basis.

h. Loaned or dispatched employees to other establishments

“Loaned or dispatched employees to other establishments” refers to those who work at separately operated establishments such as other companies even if they are registered as employees of said original establishments, along with secondments or dispatched workers defined pursuant to the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers (Act No. 88 of 1985; hereinafter referred to as the “Worker Dispatch Act”), among persons engaged.

3. Loaned or dispatched employees from other establishments

“Loaned or dispatched employees from other establishments” refers to those who work at said establishments even if they are registered as employees of the original establishments which are separately operated, along with secondments or dispatched workers defined pursuant to the Worker Dispatch Act.

4. Number of persons engaged from private establishments

“Employees loaned or dispatched from private establishments” refers to person working at a national or local public entity even if they are registered as employees of private establishments, such as other companies.

5. Number of persons working at the location

“Persons working at the location” refer to persons actually working at the establishments concerned. The number is calculated by subtracting the number of loaned or dispatched employees to other establishments from the total number of persons engaged, and then adding the number of loaned or dispatched employees from other establishments.

6. Industrial classification of establishments

Industries have been classified based on Japan Standard Industrial Classification (revised in October 2013) by the amount of sales (income) and the kinds of main business of establishments (in principle, business having accomplished the highest income or sales in 2020).

7. Legal organization

a. Privately owned

Establishments which are not national or local public entities.

I. Corporations

Corporations refer to businesses run under what has been granted legal personality pursuant to legal stipulations.

The following companies and corporations other than companies fall under this category:

- Companies

“Companies” refers to stock companies, limited companies, mutual companies, general partnerships, limited partnerships, limited liability companies, and foreign companies.

Here, “foreign companies” means branch or sales offices of corporations founded overseas, which are registered in Japan pursuant to the stipulations of the Companies Act (Act No. 86 of 2005).

Conversely, foreign-capitalized companies, which are run by companies owned by foreigners or founded by foreign capital, are not considered as foreign companies.

- Corporations other than companies

“Corporations other than companies” refers to corporations which are not included in the category of companies among organizations with legal personality.

For example, the following are regarded as corporations other than companies: incorporated administrative agencies, general incorporated associations, general incorporated foundations, public interest incorporated associations, public interest incorporated foundations, social welfare corporations, incorporated educational institutions, healthcare corporations, religious corporations, agricultural cooperatives (fishery and fishery processing cooperatives), business cooperatives, labor unions (with legal personality), mutual aid associations, national health insurance societies, credit unions, and legal professional corporations.

II. Individual proprietorships

“Individual proprietorships” refers to businesses run by individuals.

Partnerships are also included in this category, unless they are legal entities.

III. Organizations other than corporations

“Organizations other than corporations” refers to organizations without legal personality.

For example, this category includes support groups, alumni associations, crime prevention associations, academic societies, and labor unions (without legal personality).

b. National and local governments

Establishments operated by the national government, prefectures, municipalities, and special local governments (cooperatives of local governments, property wards, etc.).

8. Startup date of establishments

The “startup date of establishments” 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. The following are examples of startup dates of establishments:

- When there has been a change in the management at an establishment of an individual proprietorship because

of the transfer of the management right. However, cases where succession occurs because of inheritance are excluded.

- When an establishment of an individual proprietorship has become a stock company.
- When a corporation has been merged in a consolidation-type merger (on an equal footing).
- When a corporation has been established through a division.
- When the ownership of the establishment is transferred to another corporation through the transfer of business or absorption-type merger.

9. Enterprises, etc.

“Enterprises, etc.” refers to corporations engaging in businesses/activities (excluding foreign companies) or establishments of individual proprietorships. When the same management agency runs multiple establishments of individual proprietorships, all of those establishments are regarded as a single, combined “enterprise, etc.”

Specifically, enterprises, etc. are legal organizations which exist as stock companies, limited companies, mutual companies, general partnerships, limited partnerships, limited liability companies, corporations other than companies, and individual proprietorships. The whole consisting of a main office and branch offices is regarded as an enterprise. Single-unit establishments are considered as enterprises, etc. in their own right.

10. Companies

“Companies” refers to legal organizations, which exist as stock companies, limited companies, mutual companies, general partnerships, limited partnerships, and limited liability companies. The whole consisting of a main office and branch offices is regarded as a company. Single-unit establishments are considered as companies in their own right.

11. Industrial classification of enterprises

Industries have been classified at the level of single enterprises in accordance with the Japan Standard Industrial Classification (revised in October 2013), based on the amount of sales (income) and the kinds of main business of the whole enterprises including their branch offices (in principle, the businesses having accomplished the highest gross income or gross sales of the whole enterprises in 2020).

12. Classification by single or multi-unit enterprises

Enterprises, etc. are divided into the following two types, according to the establishments comprising enterprises, etc.

a. Single-unit enterprises

“Single-unit enterprises” refers to enterprises, etc. that exist as a single unit in a dependent establishment.

b. Multi-unit enterprises

“Multi-unit enterprises” refers to enterprises, etc. that consist of a main office in Japan and branch offices within or outside Japan (including those that consist of a main office in Japan and branch offices only outside Japan).

13. Classification by single-unit, head office or branch office, and by single or multi-unit

a. Single-unit establishments

“Single-unit establishments” refers 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.

b. Head offices (Headquarters/Main offices)

“Head offices (Headquarters/Main offices)” refers to establishments which hold branch offices (branch shops/branch houses) at different locations run by the same management agency and which control all of them. When each department belonging to a head offices is located in a number of separate locations, an establishment where a representative like a president works is regarded as the head offices and other establishments are regarded as branch offices.

c. Branch offices (Branch shops/Branch houses)

“Branch offices (Branch shops/Branch houses)” refers to establishments controlled by a head offices (headquarters/main offices) at another location. Intermediary establishments, which control subordinate establishments while being controlled by establishments in upper positions, are also considered branch offices.

Branch shops/branch houses also include sales offices, satellite offices, factories, warehouses with persons engaged, and dormitories with supervisors. Legal organizations which exist as foreign companies are regarded as branch offices.

d. Multi-unit establishments

Multi-unit establishments include main offices/stores and branch offices/stores.

14. Distribution range of branches in Japan

“Distribution range of branches in Japan” is following as for “Multi-unit enterprises.”

a. Inside the prefecture (inside the city)

“Inside the prefecture” (inside the city) refers to enterprises with branches only in the prefecture (municipality) where the main office is located.

b. Outside the prefecture (outside the city)

“Outside the prefecture” (outside the city) refers to enterprises with a branch located outside the prefecture (municipality) where the main office is located.

15. Capital amounts

For stock companies and limited companies, “capital amounts” means the amount of capital. For unlimited partnership, limited partnership, and limited liability companies, it means the amount of contribution. For mutual insurance companies, it means the amount of fund.

16. Account closing month

“Account closing month” refers to the closing months of all relevant annual accounts. The closing months of tentative accounts or half-year accounts are not included.

17. Amounts of sales (income)

“Amounts of sales (income)” refers to sales of commodities, or sales, operating revenues, and amounts of completed work resulting from providing services, as a general rule, during the solar year of 2020. Income from selling properties, including tangible fixed assets such as securities, land and buildings, and machines and instruments, is not included in the amounts. Ordinary revenues are regarded as amounts of sales (income) for enterprises, etc. in “finance and insurance,” corporations other than companies, and organizations other than

corporations.

18. Business activities

In principle, industrial classifications of establishments or enterprises, etc. are based on their main industries having accomplished the highest sales (income). However, some establishments or enterprises, etc. operate several businesses other than their main industries, and the businesses indicated in terms of sales (income) are regarded as business activities.

19. Expenses

a. Total cost (cost of goods sold + selling cost and administrative expenses)

Expenses corresponding to the amounts of sales (income). Ordinary expenses for enterprises, etc. in “finance and insurance” and for corporations other than companies.

b. Cost of goods sold (excluding individual proprietorships, enterprises, etc. in “finance and insurance,” and corporations other than companies)

Numbers included in the total cost. “Cost of goods sold” is the total amount of cost of goods purchased, manufacturing costs, costs of completed work, costs of revenue from operation of service businesses, and depreciation costs (those included in cost of goods sold), which correspond to sales values.

c. Total wages and salaries (wages and salaries for individual proprietorships (excluding wages of family employees))

Total amount of wages and salaries (director's remuneration before income tax, insurance premium, wages and salaries, bonuses, allowances, wages, etc.) to directors (including part-time directors) and persons engaged (including temporary employees). Wages and salaries to employees loaned or dispatched to separately operated establishments are included.

d. Costs for health and welfare (including retirement benefits) (excluding individual proprietorships)

Total amount of statutory welfare costs (pursuant to acts such as Employees’ Pension Insurance Act, Health Insurance Act, Long-Term Care Insurance Act, and Industrial Accident Compensation Insurance Act), contribution to welfare facilities, welfare expenses, estimated wages and salaries in kind, retirement benefit expenses, retirement allowances, etc., which are borne by companies.

e. Rents on movable or immovable property (Rents for individual proprietorships)

Total amount of rents on land, buildings, machines, etc. Amount of lease payments, which is treated as sales for accounting, is not included.

f. Depreciation costs

Depreciation costs involved in fixed assets. Total amount of depreciation costs recorded as “cost of goods sold” and “selling cost and administrative expenses,” respectively.

g. Tax and public imposition (excluding corporate tax, inhabitant tax, and business tax)

Total amount of taxes which should be borne in business, such as fixed assets tax, automobile tax, and stamp tax. Business tax of taxable revenue (electricity, gas and insurance) and consumption tax, which should be paid in the case of adopting the tax-included accounting method, are included. Corporate tax, inhabitant tax, and business tax of taxable income are not included.

20. Added value

“Added value” refers to the value that is newly generated during the production activities of an enterprise, etc. It is calculated by subtracting the intermediate input value, including costs of raw materials, from the value of production. The following formulas were used in this survey to calculate the amount of added value concerning enterprises, etc.:

a. Net value added for the whole industry

I. Basic calculation formula (cases other than the following II and III)

Net value added = Sales Value - Total Cost + Total Wages And Salaries + Taxes and Public Imposition

II. “Finance and insurance” and corporations other than companies

Net Value Added = Ordinary Income - Ordinary Expenses + Total Wages And Salaries + Taxes and Public Imposition

III. “Political Organizations” and “Religion”

Net value added = Total Wages and Salaries + Taxes and Public Imposition

b. Gross value added for the whole industry

Gross Value Added = Net Value Added + Depreciation Costs

This survey does not include some of the gross domestic product items included in national accounts of Japan, mainly:

Consumption of fixed capital, employer's share of social insurance premiums, imputed rent for owner-occupied homes, research and development costs, added value for farmers, foresters and fishermen, public enterprises, and government service producers.

21. Amount of Capital Investment

“Capital investment” refers to “tangible fixed assets (except land)” and “intangible fixed assets (software only)”. It also includes the leased properties recorded as fixed assets for which contracts were newly concluded in 2020.

a. Tangible fixed assets (except land)

“Tangible fixed assets (except land)” refers to the amount newly recorded as tangible fixed assets excluding land during the one-year period between January and December 2020, for example buildings and annexed equipment, structures, machinery and equipment, ships, vehicles and carriers, construction in progress account, tools with the useful life of 1 year or more and those leased assets (only the case of accounting same as sales transaction). Also, it does not include the amount of fixed assets accounted by transfer from construction in progress account.

b. Intangible fixed assets (software only)

“Intangible fixed assets (software only)” refers to the amount newly recorded as intangible fixed assets in investments in software during the one-year period between January and December 2020.

It doesn't include in capital investment as following.

- Acquisition or improvement cost of land included in acquired amount of buildings and structures etc.
- Dwelling section of dwelling with shop
- Used items

22. Number of vehicles owned for business operations

The “number of vehicles owned for business operations” refers to the number of vehicles owned for business operations (so-called white-number-plate vehicles [including mini vehicles]) which are used for business. It includes leased vehicles but excludes those used only for commuting or leisure activity or construction- and machinery-related vehicles which are not used for the purpose of transportation.

a. Motor trucks

“Motor trucks” refers to vehicles used for the transportation of cargoes. Trucks used exclusively for the transportation of personnel are excluded.

b. Passenger cars

“Passenger cars” refers to vehicles which are used mainly for the transportation of personnel and which can seat up to 10 personnel.

c. Buses

“Buses” refers to vehicles which are used mainly for the transportation of personnel and which can seat 11 or more personnel.

23. Ownership of land or buildings

“Ownership of land or buildings” as referred to in “with or without of ownership of land or buildings” is land or buildings in Japan which are owned in the name of enterprises. It does not include land or buildings which are rented or which are owned in the name of affiliated companies.

24. Status of establishment (continued/newly established/closed)

Data based on this categorization covers changes in the 5 years between the 2016 Economic Census for Business Activity (hereinafter referred to as the “2016 Business Activity Survey”) and the 2021 Economic Census for Business Activity (hereinafter referred to as the “2021 Business Activity Survey”), rather than changes in any one-year period.

a. Continued establishments

“Continued establishments” refers to establishments which were surveyed in both the 2016 Business Activity Survey and the 2021 Business Activity Survey.

b. Newly established establishments

“Newly established establishments” refers to establishments which were surveyed in the 2021 Business Activity Survey but which were not surveyed in the 2016 Business Activity Survey. Establishments relocated from other places and establishments whose legal organization changed are included (establishments which were established after the 2016 Business Activity Survey and which were closed before the 2021 Business Activity Survey are not included).

c. Closed establishments

“Closed establishments” refers to establishments which were surveyed in the 2016 Business Activity Survey and which did not exist at the time of the 2021 Business Activity Survey. Establishments relocated to other places and establishments whose legal organization changed are included.