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Experiences and Future Directions in the Development of Service Sector Statistics in Japan

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Summary

This paper describes our experiences and future directions in the development of service sector statistics in Japan. On the development of service sector statistics, vital recommendations were released in three reports, i.e. “Strategies for Government Statistical Services for the Coming Decade”(1985), “New Strategies for Government Statistical Services for the Coming Decade”(1995) and “New Directions in the Development of Government Statistical Services” (2003). This paper introduces main recommendations in these reports and their implementations. This paper also refers to future directions in the development of service sector statistics in Japan. The views expressed herein are those of the author, and are not necessarily those of the Statistics Bureau or any other Japanese government authorities.

1. Situations before “Strategies for Government Statistical Services for the Coming Decade” (1985)

(1) Situations of the development of service sector statistics then (1985)

The situations of the development of service sector statistics in Japan before “Strategies for Government Statistical Services for the Coming Decade” (submitted by the Statistics Council in 1985) were as follows;

- Statistical surveys which cover service sector comprehensively and measure its activities including service production (supply) had not been developed.
- The number of establishments, enterprises and employees was measured through existing censuses such as the Establishment and Enterprise Census and the Census of Commerce, while its fluctuation had not been grasped well.
- Statistical surveys by type of business supplied the information required for administrative policies, however, it was only on specific fields and did not cover the whole service sector. And the existing statistical information lacked the consistency based on the concept of basic common items, or the mutual relevancy. Thus it had been pointed out the difficulty in grasping the situation of the whole service sector, as well difficulty in utilizing for comparison and analysis.

2. “Strategies for Government Statistical Services for the Coming Decade” (submitted by the Statistics Council in 1985)

(1) The needs of developing service sector statistics

- Rising of the weight of service sector in national economy

- Problems of present statistical surveys on service sector
 - Lack of consistency
 - New types of business had not been grasped well
 - Classification for compilation, time series comparison and information about local areas was insufficient.

(2) The development of the system of service sector statistics

-) Statistics by type of business (detailed statistics on specific field)
 - It was necessary to strengthen statistical survey concerning the fields where sufficient statistics had not been developed, and to expand the coverage of development actively.
 - The statistics should contain specific survey items to the each individual type of business and the administrative purposes of it.
-) Wide and comprehensive statistics
 - In order to estimate SNA, it was necessary to measure the whole service sector consistently, and the implementation of wide and comprehensive statistics survey was required.
 - The survey focused on common items of service sector, and mainly aimed at supplying the basic information on service sector, taking into account comparison with other types of business.
-) Dynamic statistics
 - It was desirable to develop dynamic statistics on main types of business through sample surveys in order to measure the trend of service sector activities.
 - The survey focused on survey items about sales such as turnover of the types of business.

(As for the coverage of service sector statistics, we set the whole tertiary industries as objective and especially focused on services in areas not covered by existing statistics yet, primarily “*Division L Services*” (see *NOTE*).)

(3) The concrete measures for the development of the service sector statistics

- (a) Statistics required to be developed early

Statistics by types of business should be developed preliminary on some of the important types of business which had weight in Japanese economy to an extent or had been developing rapidly. In developing the statistics, it was required to take into account enhancement of existing statistics or use of administrative records.
- (b) Wide and comprehensive statistics should be conducted in “*Division L Services*” of service sector with basic common items of service sector.

(c) Statistics required to be developed from the standpoint of medium or long term

- Dynamic statistics
- Statistics on activity basis
- Demand-side statistics

3. “New Strategies for Government Statistical Services for the Coming Decade” (submitted by the Statistics Council in 10 March 1995)

(1) The development of the service sector statistics after “Strategies for Government Statistical Services for the Coming Decade”

- The Survey on Services Industries, which was a wide and comprehensive statistics in service sector was developed(1989).
- As for individual types of business, the coverage of the Survey of Selected, Service Industries was expanded(1990).
- The Statistical Survey on Service Industries Relating to Health and Welfare was developed(1990)
- As for dynamic statistics, the Current Survey on the Selected Service Industries was developed(1984).

(2) Measures for improvement

- Enhance the activity-based measurement of services in statistical survey on establishments and enterprises conducted by ministries and agencies concerned
- Add survey items such as about entrusting of management services and use of outside service to Survey on Services Industries and other existing surveys on individual industrial sectors, looking from the viewpoint of accurate measurement of soft- and service- oriented trends in business enterprise such as outsourcing.
- Improve supply-side measurements in the Survey of Selected Services in order to provide timely and accurate measurement of consumer services
- Ministries and agencies concerned shall improve the statistics gradually to measure activities of the diversifying information and communications sector through necessary coordination
- Dynamic statistics shall be steadily improved, taking into account the progress of improvement in wide and comprehensive statistics in service sector and service statistics by types of business

4. “New Directions in the Development of Government Statistical Services” (the agreement of the Heads of the Statistical Departments of the Cabinet Office and ministries in June 2003)

(1) Development of statistics on services

< Background and current situation >

- There are relatively many types of annual or periodic statistics, but as far as specific items (for example, gross output, etc) are concerned, some provide adequate coverage while others need refining, on the type of industry. Additionally, in monthly or quarterly statistics, few items have been measured, except in the Current Survey of Selected Industries (annual statistics are lacking in amount-based statistics in such items as eating and drinking places, hotels, machine repair shops, etc. Furthermore, in monthly supply-side statistics, there are some areas not covered, such as broadcasting, waste disposal business, real estate brokerage, and lessons).
- Each local government holds data on public services (water and sewage, waste disposal, etc) for use in their own work, but when they are tabulated on the national basis, they are presented as an annual unit and come out only at later date compared with other statistics.
- With regard to statistics for services, survey items related to the activity level (in amount-based and quantity-based items) are lacking in uniformity, thus often creating difficulty when making inter-industrial comparisons.
- Given the current situation characterized by the widespread emergence of service activities that arisen out of business diversification, it is important to measure economic activities in services on an activity basis(by type of activity). Statistical surveys that are implemented at present from these standpoints include the Survey on Services Industries and the Survey of Selected Services Industries. These surveys measure the percentage of sales from other business than those providing services aiming to measure the state of the services activities.

< Basic directions >

- In order to help improve GDP statistics, the development of supply-side statistics for the services field (including public services field) shall be promoted.
- With regard to the services field, under the collaboration of the Cabinet Office and ministries concerned, survey maps, which serve as a bird's-eye-view of the state of statistical development by industries and item of survey shall be prepared and, after the clarification of the fields that are yet to be developed, the systematic development of statistics shall be promoted.
- In line with business diversification, the measurement of services field shall be promoted as necessary.

< Concrete measure >

- The supply-side statistics focusing on the Survey of Selected Service Industries, and the Current Survey of Selected Service Industries shall be developed and strengthened.

- With regard to public services, the Cabinet Office and ministries concerned shall make an effort to release annual statistics earlier, and shall study the further development of statistics taking into account the state of progress in computer processing of their work.
- With regard to basic statistical surveys, the Cabinet Office and ministries concerned shall look into setting up common survey items (number of employees, sales and revenues, etc.).
- The MPHPT (Statistical Standards Department) shall prepare statistical maps concerning the services field.
- Responding to the expansion of economic activities in the services field in line with business diversification, each of the Cabinet Office and ministries shall strengthen their understanding of the services field. This involves understanding the state of sideline business in the services industries.

(2) Deliberation on the creation of the Economic Census (provisional title)

< Basic directions >

We will seek to compile statistics (under the provisional title of the “Economic Census”) that can measure the economic activities of all industrial fields comprehensively and at the same point in time.

< Concrete measure >

Regarding the Economic Census (provisional title), we will work towards bringing about this Census by compiling statistical surveys by 2009 that will ascertain, from an accounting angle, the state of economic activities of, in principle, all establishments and enterprises in all industrial categories.

5. Conclusion

The development of service sector statistics has been implemented as the following process. We need to repeat this process periodically, for the services field is developing rapidly.

< Process of the development of service sector statistics >

-) Grasp requirements for service sector statistics and present issues
-) Set up the concrete plan for the development
-) Develop and improve statistics to be required
-) Evaluate improved statistics and set up new plan

NOTE

Division L Services (the 9th revision of the Japan Standard Industrial Classification)

This division is composed of the following major groups. Please note that the classification is based on the 9th revision of the Japan Standard Industrial Classification (JSIC), existing in 1985 when “Strategies for Government Statistical Services for the Coming Decade” was introduced, and it is not equal to the present JSIC (Rev.11).

- Goods rental and leasing
- Hotels, boarding houses and other lodging places
- Domestic services
- Laundry, beauty and bath services
- Miscellaneous personal services
- Motion pictures
- Amusement and performances, except motion pictures
- Radio and television broadcasting
- Automobile parking
- Automobile repair services
- Miscellaneous repair services
- Corporative associations, not elsewhere classified
- Information services, research and advertising
- Miscellaneous business services
- Professional services, not elsewhere classified
- Medical and other health services
- Public health services
- Waste treatment services
- Religion
- Educational service
- Social insurance and social welfare
- Research institutes of science
- Political, business and cultural organization
- Miscellaneous services
- Foreign governments and international agencies in Japan