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The Survey on Service Industries in Japan

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Abstract

This paper describes the outline of the Survey on Service Industries which is conducted by the Statistics Bureau, Management and Coordination Agency every five years. The growth of the service sector in the recent period is reviewed at first. And then, the design of the 1994 Survey on Service Industries is presented together with major results.

I Introduction

This paper describes the outline of the Survey on Service Industries which is conducted by the Statistics Bureau every five years. In Japan, as with other developed countries, the post-war period has been marked by a steady shift away from the production of goods towards more emphasis on services. With the growth of the Japanese economy, the importance has gradually shifted from the primary industry to the secondary industry and further to the tertiary industry.

Because of the relatively short history of the service industries compared with other industries such as agriculture and manufacturing, compilation of statistics on services in Japan fell behind the statistics of other industrial sectors. In 1989, a new large scale sample survey on services was initiated in order to meet the growing needs for service statistics.

In Japan, the term “services” is interpreted in both broader and narrower senses. In the broader sense, it refers to the industrial activities not engaged in the physical production of goods. That is, the primary and secondary sectors such as agriculture, fishing and manufacturing are excluded, and the so-called tertiary sectors are considered as the services in the broader sense.

On the other hand, the services in the narrower sense refer to the services excluding distributive trade, financial and real-estate services. Statistics of these sector excluded from “services” in the narrower sense have been relatively well covered, as there have been well established regulatory authorities in these fields. But there have not been a comprehensive coverage of statistics on the services in the narrower sense. The Survey on Service Industries cover the services in the narrower sense.

In this paper, the growth of the service sector in the recent period is reviewed at first. And then, the design of the 1994 Survey is presented together with major results.

II Growth of Service Industries and Initiation of the New Survey

1 Growth of Service Industries

During the post-war period, the service industries steadily increased its share in the Japanese economy. With the first oil crisis at the end of 1973, the Japanese economy underwent a drastic structural change. The growth of manufacturing, particularly the petrochemical industry and the iron and steel industry slowed down. But the service industries kept increasing, and its relative importance in the Japanese economy became higher and higher.

In fact, the tertiary industry including wholesale and retail trade, transport and communications, finance and insurance and services, accounted for 51% of GDP in 1970, but it was up to 64% in 1995. The growth of the service industries sector was outstanding. This sector accounted for 22% of GDP in 1995.

The same trend is observed in terms of employment. According to the results of the Labour Force Survey, the number of persons engaged in the tertiary industry increased by 20.0% during the decade from 1985 to 1995, and the number of persons working in service industries showed a large increase of 33.5%. On the other hand, the share of the goods producing industries in terms of employment declined slowly. In 1994, the number of persons working in service industries exceeded that in the manufacturing industry for the first time. The service sector is now the largest

component of the Japanese economy in terms of employment. The number of workers in service industries is expected to increase further.

The major reasons for this outstanding growth of the service industries sector are as follows:

- i) The production structure has become highly sophisticated, and the share of services and information in intermediate input has increased. Since the 1970s, software services and information supplying services have grown more rapidly than the goods producing industries due to the development of electronic techniques.
- ii) The results of the Survey of Specific Service Industries conducted by the Ministry of International Trade and Industry show that in 1997, the total annual sales of the information service industry including software, data processing, information storage and retrieval, amounted to 7,585 billion yen, or an increase of 6.2% from the previous year, reflecting the expansion of information-oriented investment.
- iii) This rapid growth of the service industries is partly due to the recent phenomenon of "out-sourcing" driven by the tidal wave of restructuring throughout all industries. Recently, enterprises have promoted to contact out certain services which used to be done within the company, or have separated the department undertaking such services as an independent entity. In recent years, personnel agencies such as those engaged in placement of temporary workers have been booming, and the demand has been growing remarkably for temporary or part-time workers in the service sector.
- iv) Another reason for the growth of service industries is the change in the demand of consumers. After the war, the life styles of the people have been changing greatly. Especially since the late 1970s, the demand for various household services kept increasing remarkably, as the people generally tended to place higher priorities to improving the quality of life due to the rise in the income level, increased leisure time and the increase of the double-income couples. According to the results of the Family Income and Expenditure Survey, the ratio of expenditure for non-durable consumer goods such as food, fuel, light and water charges and semi-durable consumer goods such as clothing and footwear, household utensils to the total living expenditure has been declining. In contrast, the ratio of expenditure on services increased sharply from 28% in 1975 to 41% in 1997. In the future, the demand for services related to leisure activities, boarding and nursing services for elderly people is expected to increase further.

2 Initiation of the New Survey on Service Industries

In spite of the increase in the share of service industries in the Japanese economy, the activities in this sector have not fully been grasped as statistics. That is, there had not been a comprehensive statistical survey which can grasp the activities in the whole service industries, although some detailed surveys for specific types of services have been conducted in such fields as medical facilities, schools and some specified service industries.

Under such circumstances, there were strong requests from statistical users in various fields to improve and develop statistical surveys on service industries in a systematic manner. Nevertheless, as the service industries include diversified kind of businesses and their activities are of a wide variety, it was necessary to discuss carefully the topics to be investigated and the design of the survey.

The study of the survey on service industries was started in 1984 at the Statistics Bureau of the Management and Coordination Agency. Outside experts and officials of local governments also participated in this programme. In addition, two pilot surveys were taken in order to examine in detail the topics, the design of questionnaire, the method of survey, etc.

On the basis of these studies, the topics to be investigated, the form of questionnaire, the method of survey, etc. were determined. The first Survey on Service Industries was carried out as the Designated Statistics No.117 under the Statistics Law on 1 July 1989 by the Statistics Bureau. The second survey was conducted as of 1 November 1994 and the next survey will be taken in November 1999.

III Outline of the 1994 Survey on Service Industries

1 Reference Date and Coverage

The Survey was taken as of 1 November 1994. The information collected from the establishments referred to the same date, except for the figures regarding a certain period, such as the gross value of sales and payments, etc. which referred to the one-year period preceding the survey date.

The Survey covered private service establishments which are classified in the major group "L Service" of the Standard Industrial Classification for Japan. But non-profit establishments, such as religious groups, scientific research institutes, and political, business and cultural organizations, etc. were excluded from the Survey, although they were included in the First Survey. The reason for exclusion was either because there were some other data sources or because it was difficult to collect information from the establishments.

The following intermediate and minor groups were covered:

- 72-Laundry, beauty and bath services
- 73-Automobile parking
- 74-Miscellaneous domestic and personal services
 - 743-Photographic studios
 - 744-Garment sewing services and repairs
 - 745-Checkrooms
 - 746-Crematories and graveyard custodians
 - 747-Ceremonial occasions
 - 749-Domestic and personal services, n.e.c.(not elsewhere classified)
- 75 Hotels, boarding houses and other lodging places
- 76 Amusement and recreation services except motion picture and video production
 - 77 Automobile repair services
 - 78 Machine, upholstery, furniture, etc., repair services except otherwise classified
 - 79 Goods rental and leasing
 - 80 Motion picture and video production
 - 81 Broadcasting
 - 82 Information services and research
 - 83 Advertising
 - 84 Professional services, n.e.c.
 - 86 Miscellaneous business services

87 Waste treatment services

Note: The following industries in the minor and intermediate groups were excluded from the coverage.

- 741-Domestic services, resident
- 742-Domestic services, non-resident
- 881-Hospitals
- 882-Clinics of medical practitioners
- 883-Dental clinics
- 911-Elementary schools
- 912-Lower secondary schools
- 913-Upper secondary schools
- 914-Advanced educational organizations
- 915-Special schools
- 916-Kindergartens
- 917-Special training schools and miscellaneous schools
- 96-Foreign governments and international agencies in Japan

In addition, the following industries were excluded from the coverage in the 1994 Survey.

- 85-Cooperative associations, n.e.c.
- 884-Midwives
- 885-Offices of other health practitioners
- 886-Dental laboratories
- 887-Services related to health care, except otherwise classified
- 889-Miscellaneous health services
- 89-Public health services
- 90-Social insurance and social welfare
 - 918-Social educational services
 - 919-Miscellaneous educational services
- 92-Scientific research institutes
- 93-Religion
- 94-Political, business and cultural organizations
- 95-Miscellaneous services

2 Sampling and Survey Method

The number of establishments covered was about 350,000, around one-fourth of all private service establishments. The sampling frame for this survey was the list of establishments obtained from the 1991 Establishment Census and updated by the 1994 Establishment Directory Maintenance Survey.

- (1) The establishments with 100 or more persons engaged at the time of the 1991 Establishment Census were completely enumerated.
- (2) For the establishments with 10 to 99 persons engaged at the time of the 1991 Establishment Census, generally one half of the establishments were surveyed, that is, about 75,000 sample establishments were selected out of about 142,000 establishments.
- (3) For the establishments with less than 10 persons engaged and for establishments of all sizes newly established after the 1991 Establishment Census and before the 1994 Establishment Directory Maintenance Survey, about 29,000 sample enumeration districts were selected out of about 208,000 enumeration districts.

Within each designated enumeration district, all the establishments above mentioned were enumerated.

About 8,000 establishments which were separately investigated in the Survey of Selected Service Industries by the Ministry of International Trade and Industry in 1994 were excluded from the sample. For such establishments, the individual records obtained from the 1994 Survey of the Selected Service Industries were merged in the tabulation process. The 1994 Survey on the Selected Service Industries covered the following industries: "goods rental and leasing", "information services", "advertising", "engineering services", "display services", "golf courses", "motion picture theaters" and "legitimate theaters".

The Survey was conducted through the following channel:

Director-General of the Statistics Bureau ---- Prefectural governments

----- Municipal governments -----Supervisors---- Enumerators ----- Establishments.

Enumerators visited the establishments to be investigated and asked the responsible persons of each establishment to fill in a questionnaire. The completed questionnaires were collected by the enumerators after the date of the Survey. Then the questionnaires were sent to the Statistics Center through municipal governments and prefectural governments.

3 Topics investigated

The following topics were investigated in the 1994 Survey.

- (1) Name of establishments
- (2) Location of establishments
- (3) Legal organization and capital
- (4) Whether head or branch office
- (5) Year of opening business at the current location
- (6) Form of the opening business
- (7) Number of persons engaged in the establishment
- (8) Gross value of all sales and expenses, etc.
 - Gross value of all sales
 - Current expenses
 - Wages and salaries
 - Equipment investments
 - Kind of business and share in sales
 - Kind of destinations and share in sales
- (9) Business hours
- (10) Regular holidays
- (11) Busiest day of the week and busiest month in the year

4 Tabulation and Publication

The completed questionnaires were computer-processed at the Statistics Center. The results were published in the following.

- 1) Results for Japan
- 2) Regional Results (Number 1) (Hokkaido ? Mie-ken)
- 3) Regional Results (Number 2) (Shiga-ken ? Okinawa-ken)
- 4) Summary Results and Analysis

IV Summary Results of the 1994 Survey on Service Industries

According to the results of the 1994 Survey, the total number of service establishments other than non-profit ones was 1,192,639, showing an increase of 9.3% from the previous survey in 1989. The total number of persons engaged in service establishments was 7,860,764, an increase of 15.1% from the previous survey. The total annual sales of service establishments amounted to 118.72 trillion yen, showing an increase of 46.9% during the past five years.

Among intermediate groups of the Standard Industrial Classification for Japan, the subcategory having the largest number of establishments was "laundry, beauty and bath services" (409,000), followed by "professional services" (299,000), "hotels, boarding houses and other lodging places" (89,000), and "amusement and recreation services" (71,000). The industry having the largest number of working persons was "professional services" (1,480,000), followed by "miscellaneous business services" (1,230,000), and "laundry, beauty and bath services" (1,170,000).

The industry showing the greatest growth in the number of establishments during the past five years from 1989 to 1994 was "motion picture and video production" which showed an increase of 32.9%. The next industry showing large growth was "information services and research (21.9%)". The industry showing the highest increase rate in the number of persons engaged was "amusement and recreation services" (35.3%). Another industry showing large growth was "machine, upholstery, furniture, etc. repair" which showed an increase of 28.6%. The industry showing the highest increase rate of annual sales in service industries was "amusement and recreation services (82.7%)".

On the other hand, the growth of the following industries was relatively slow. For "hotel, boarding houses and lodging places", the number of persons engaged and annual sales increased by 6.8% and 30.6%, respectively, but the number of establishments decreased by 3.4% during the past five years. For "advertising", the number of establishments and annual sales increased only 0.5% and 6.1%, respectively, but the number of persons engaged decreased by 0.1% due to the recession after the collapse of the bubble economy. For "laundry, beauty and bath services", a large change was not observed in term of employment, establishments and annual sales.

V Future Tasks

At the Statistics Bureau, the next Survey to be conducted as of 15 November 1999 is being planned. Under the current plan, some changes in comparison with the 1994 Survey are being considered.

First, the coverage of industries is planned to be expanded to non-profit establishments. Although they were excluded in the 1994 Survey, their weight in the national economy is becoming more and more important. In March 1998, a new act to promote the foundation of non-profit bodies was enacted. This legislation is expected to accelerate the emergence of non-profit establishments. But the non-profit bodies are generally more difficult to approach in the statistical surveys than profit-making enterprises. The method to win cooperation from non-profit establishments are now being considered.

Second, the sampling method is planned to be improved. The Survey aims to provide the statistics broken down by 47 prefectures and detailed types of industries. Under the tight financial situation, however, it is difficult to increase the budget significantly, although the non-profit sector is to be covered in the next Survey. For this

reason, improving the sampling efficiency and the survey methodology is being considered.