2016 White Paper on Small Enterprises in Japan (Summary)

April 2016

Small Enterprise Division
Small and Medium Enterprise Agency
Annual Report based on Article 12 of the Basic Act for Promoting Small Enterprises (Statutory White Paper)

The Act obliges a report be compiled on developments among small enterprises based on opinions of the Council for Small and Medium Enterprise Policy and submitted to the Diet every year.

This is the second annual report after the enactment of the Basic Act for Promoting Small Enterprises.

**Basic Act for Promoting Small Enterprises (extract)**

(Annual Report, etc.)

Article 12 (1) The Government must submit a report on the developments among small enterprises, and related measures it has taken, to the Diet every year.

(2) The Government must prepare a document clarifying measures it intends to take in consideration of the developments compiled in the Annual Report, based on opinions of the Council for Small and Medium Enterprise Policy, and submit it to the Diet every year.

**Definitions under the Small and Medium-sized Enterprise Basic Act and the Number of Enterprises and Employees**

<table>
<thead>
<tr>
<th>Business type</th>
<th>SMEs</th>
<th>Small enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stated capital or number of employee</td>
<td>Number of employees</td>
</tr>
<tr>
<td>Manufacturing industry and others</td>
<td>300 million yen or less</td>
<td>300 or fewer</td>
</tr>
<tr>
<td>Wholesale trade industry</td>
<td>100 million yen or less</td>
<td>100 or fewer</td>
</tr>
<tr>
<td>Service industry</td>
<td>50 million yen or less</td>
<td>100 or fewer</td>
</tr>
<tr>
<td>Retail trade industry</td>
<td>50 million yen or less</td>
<td>50 or fewer</td>
</tr>
</tbody>
</table>

**Remarks**

“2014 Economic Census for Business Frame” (rearranged and processed)
Outline of the Trends of Small Enterprises in FY2015

In light of one of the characteristics of micro businesses – their ability to respond flexibly to diverse demands and working styles – the 2016 White Paper analyzes in detail those achieving sustainable development, as well as those achieving growth.

Part 1: Trends in Micro Businesses(*)
Chapter 1: Trends in Micro Businesses
Chapter 2: Activities and Initiatives of Micro Businesses
Chapter 3: Micro Businesses from the Viewpoint of Supporters
Chapter 4: Micro Businesses in Regions

Part 2: The Future of Micro Businesses
Chapter 1: Characteristics of Micro Businesses Showing Favorable Business Performance
Chapter 2: Diverse Aspects of Micro Businesses

Part 3: Robust Initiatives of Micro Businesses - Leading to the Future -
Chapter 1: Promotion of Management with an Eye on Demand
Chapter 2: Promotion of Regeneration of Institutions
Chapter 3: Promotion of Business Activities that Contribute to the Revitalization of Regional Economies
Chapter 4: Enhancement of Support Systems through Region-wide Collective Efforts
Introductions of examples in line with the above (44 examples in all)

Measures Targeting Small Enterprises Taken in FY2015
Chapter 1: Promotion of Management with an Eye on Demand
Chapter 2: Promotion of Regeneration of Institutions
Chapter 3: Promotion of Business Activities that Contribute to the Revitalization of Regional Economies
Chapter 4: Enhancement of Support Systems through Region-wide Collective Efforts
Chapter 5: Other Measures for the Promotion of Small Enterprises
Chapter 6: Measures by Business Type and Sector

* A small enterprise is defined as a business operator whose number of regular employees is not more than approx. twenty (the number is five in the case of a business operator whose business is a retail business or service business) based on Article 2, paragraph (5) of the Small and Medium-sized Enterprise Basic Act and Article 2, paragraph (1) of the Basic Act for Promoting Small Enterprises.

Although the White Paper on Small Enterprises in Japan is for small enterprises as defined above, small enterprises are referred to as micro businesses in order to articulate that not only companies but also sole proprietorships are included within the scope of this White Paper.
Part 1: Trends in Micro Businesses
Trends in Micro Businesses (Business Conditions)

- Business Conditions DI among micro businesses is recovering but the movement is still weak.
  - Recent DI levels among micro businesses(*) remains lower than those among medium enterprises.(*)
- Employee Overcapacity and Insufficiency DI among micro businesses continues to show a downward trend.
  - Recently, both medium enterprises and micro businesses still have a strong sense that they are short of staff.

Fig. 1 Changes in Business Conditions DI among Medium Enterprises and Micro Businesses

Fig. 2 Changes in Employee Overcapacity and Insufficiency DI among Medium Enterprises and Micro Businesses

[Source] "Survey of SME Business Conditions" (Small and Medium Enterprise Agency (SMEA) and SME Support, Japan)
[Note] Business Conditions DI is obtained by subtracting the percentage of enterprises that consider the current business conditions to have worsened from the previous quarter from the percentage of those that consider the current business conditions to have improved from the previous quarter.

<table>
<thead>
<tr>
<th>Business Conditions DI (from the previous quarter; seasonally adjusted)</th>
<th>1st quarter of 2015</th>
<th>2nd quarter of 2015</th>
<th>3rd quarter of 2015</th>
<th>4th quarter of 2015</th>
<th>1st quarter of 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium enterprises</td>
<td>▲ 10.8</td>
<td>▲ 12.7</td>
<td>▲ 8.0</td>
<td>▲ 8.8</td>
<td>▲ 12.2</td>
</tr>
<tr>
<td>Micro businesses</td>
<td>▲ 19.7</td>
<td>▲ 20.5</td>
<td>▲ 17.7</td>
<td>▲ 16.8</td>
<td>▲ 19.8</td>
</tr>
</tbody>
</table>

[Note] Figures in the parentheses are changes from the previous quarter.

<table>
<thead>
<tr>
<th>Employee Overcapacity and Insufficiency DI (level for the current quarter)</th>
<th>1st quarter of 2015</th>
<th>2nd quarter of 2015</th>
<th>3rd quarter of 2015</th>
<th>4th quarter of 2015</th>
<th>1st quarter of 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium enterprises</td>
<td>▲ 15.0</td>
<td>▲ 13.1</td>
<td>▲ 16.3</td>
<td>▲ 19.5</td>
<td>▲ 18.3</td>
</tr>
<tr>
<td>Micro businesses</td>
<td>▲ 10.9</td>
<td>▲ 10.6</td>
<td>▲ 12.0</td>
<td>▲ 13.1</td>
<td>▲ 12.7</td>
</tr>
</tbody>
</table>

[Note] Figures in the parentheses are changes from the previous quarter.

* The White Paper on Small Enterprises in Japan covers small enterprises as defined in Article 2, paragraph (5) of the Small and Medium-sized Enterprise Basic Act and Article 2, paragraph (1) of the Basic Act for Promoting Small Enterprises. However, in order to articulate that not only companies but also sole proprietorships are included within the scope of this White Paper, small enterprises are hereinafter referred to as micro businesses except for cases where the term is used as a legal term. Additionally, in this White Paper, enterprises of the scope of SMEs excluding micro businesses are referred to as medium enterprises.
Trends in Micro Businesses (Changes in the Number of Businesses) (i)

- A decrease of approx. 91,000 micro businesses is mainly due to a decrease in sole proprietorships. The number of companies remains unchanged.
- In the last two years, there were approx. 285,000 business start-ups and approx. 457,000 business closures. A reorientation of business activities has thus been progressing considerably.
- By type of business, the number of businesses decreased notably in the retail trade, manufacturing, and construction industries. At the same time, increases are observed in the medical, health care and welfare industry and the education and learning support industry.
- While the number of businesses is decreasing significantly, the sales have not decreased, showing a slight increase of approx. 0.2 trillion yen (up by 0.1%) in two years.

**Fig. 1** Changes in the Number of Micro Businesses (sole proprietorships/companies) (2012 to 2014)

**Fig. 2** Causes of the Changes in the Number of Micro Businesses (2012 to 2014)

**Fig. 3** Changes in the Number of Micro Businesses by Business Type (2012 to 2014)

**Fig. 4** Changes in Sales (2012 to 2014)

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[Source] "Economic Census for Business Frame" (MIC) and "2012 Economic Census for Business Activity" (MIC and METI) (rearranged and processed)

[Note] Number of enterprises = Number of companies + Number of sole proprietorships

[Notes] 1. Based on Economic Censuses for 2014 and 2012, out of enterprises whose data are confirmed in either of these censuses, those whose business establishments are considered to be all opened are categorized into "Business start-ups" and those whose business establishments are considered to be all closed are categorized into "Closures." Enterprises that fall under neither of them are categorized into "Others."

2. Upon tabulation, the number of business counted as start-ups and closures may be larger than the actual number due to such reasons as relocation.
Behind the decrease in the number of micro businesses, the aging of self-employed business owners has been accelerating recently (2014). Self-employed business owners in their 70s are the largest in number (approx. 800,000).

The most frequently cited reason for retirement of self-employed business owners was "Due to illness or old age," followed by "Due to a slump in business or anxiety over the future," and "Due to bankruptcy or closure of a business establishment."

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**Fig. 1**  Changes in the Number of Business Owners by Age Bracket

**Fig. 2**  Reasons for Retirement of Self-employed Business Owners

- Due to illness or old age
- Due to a slump in business or anxiety over the future
- Due to bankruptcy or closure of a business establishment
- Due to low income
- Due to the need of caring for a family member
- Because the job was not suited to her/himself
- Due to marriage
- Due to relocation or inheritance
- Due to personal accidents or encouragement of retirement

[Source] "Labor Force Survey" (MIC)

[Notes] 1. Only data for industries other than the agriculture and forestry industry are tabulated.
2. Self-employed business owner: A person who runs an independently operated business

[Source]  "2012 Employment Status Survey" (MIC)

[Note] Respondents chose one major reason for their having quit the job.
Activities and Initiatives of Micro Businesses (Trade Areas and Sales)

- Micro businesses target consumers of the municipality where they are located and achieve approx. 60% of the total sales therefrom.
- Approx. 70% of micro businesses whose sales are increasing are expanding their trade areas. Those showing an increasing trend in sales but whose trade areas are narrowing account for only 1.8%. This suggests the necessity to expand trade areas in order to increase sales.
- Micro businesses whose sales are increasing cited "We have clients and regular customers," "Quality and reliability of goods/services are high" as major factors of sales increases, while the largest number of micro businesses showing a decreasing trend in sales cited "Business conditions of the trade area (clients and regular customers) are bad" as a major factor of sales decreases.

Fig. 1
Sales (Distribution Ratios) by Trade Area

Fig. 2
Trends in Sales and Expansion or Contraction of Trade Areas

Fig. 3
Factors of Sales Increases and Sales Decreases

[Source] "Survey for Ascertaining Current Status of Business Activities of Micro Businesses" (January 2016; Applied Research Institute, Inc.) under contract from the SMEA

[Notes]
1. "Neighboring municipalities" refer to all municipalities (within the same prefecture) adjacent to the administrative district under the jurisdiction of the municipality where a micro business's major business establishment is located.
2. "Neighboring prefectures" refer to all prefectures adjacent to administrative districts under the jurisdiction of the prefecture where a micro business's major business establishment is located.
3. Distribution ratios in this figure are simple mean values of sales distribution ratios of each of the 4,857 micro businesses by trade area classification.
Regarding IT utilization in information management, the utilization rate of clerical work software and bookkeeping software is relatively high but other types of software are not utilized sufficiently.

In advertisement, the utilization rate of websites is the highest at around 40%, and 17.1% of the respondents have introduced an online order-receiving system and approx. 60% receive 1% to less than 20% of their orders via the Internet while approx. 10% receive no orders via the Internet.

Those with a higher rate of order receipts via the Internet show an increasing trend in sales.

**Fig. 1**
IT Utilization Rates in Information Management (multiple answers)

- Clerical work software (word processor, spreadsheet, graph making, etc.) 62.2%
- Bookkeeping software 40.5%
- Customer management software 25.7%
- Other business software 25.1%
- Sales and purchase software (inventory management, etc.) 21.4%
- Wage management software 14.4%
- Tax preparation software 12.6%
- Nothing in particular 20.1%

(n=4,857)

**Fig. 2**
IT Utilization Rates in Advertisement (multiple answers)

- Website 41.4%
- Blog, SNS (Facebook, Twitter, etc.) 25.6%
- Email, mail magazines 16.5%
- Order receipt and placement, sales, and booking via the Internet (own website) 12.3%
- Order receipt and placement, sales, and booking via the Internet (other websites) 9.3%
- Others 4.4%
- Nothing in particular 43.9%

(n=4,857)

**Fig. 3**
Percentage of Online Order Receipts among Total Sales

80% or more but less than 100% 6.8%
60% or more but less than 80% 13.9%
40% or more but less than 60% 3.8%
20% or more but less than 40% 1.9%
10% or more but less than 20% 0.4%
1% or more but less than 10% 0.0%
1% or more but less than 20% 0.0%

(n=832)

**Fig. 4**
Percentage of Online Order Receipt and Trends in Sales

<table>
<thead>
<tr>
<th></th>
<th>Increased</th>
<th>Unchanged</th>
<th>Decreased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall (n=832)</td>
<td>16.9%</td>
<td>41.1%</td>
<td>41.1%</td>
</tr>
<tr>
<td>1% or more but less than 20% (n=529)</td>
<td>14.5%</td>
<td>43.5%</td>
<td>41.7%</td>
</tr>
<tr>
<td>20% or more but less than 40% (n=116)</td>
<td>42.9%</td>
<td>38.6%</td>
<td>18.7%</td>
</tr>
<tr>
<td>40% or more but less than 60% (n=44)</td>
<td>38.6%</td>
<td>38.6%</td>
<td>22.7%</td>
</tr>
<tr>
<td>60% or more but less than 80% (n=34)</td>
<td>44.1%</td>
<td>15.3%</td>
<td>40.0%</td>
</tr>
<tr>
<td>80% or more but less than 100% (n=32)</td>
<td>53.1%</td>
<td>11.2%</td>
<td>35.7%</td>
</tr>
<tr>
<td>100% (n=5)</td>
<td>60.0%</td>
<td>40.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

[Source] "Survey for Ascertaining Current Status of Business Activities of Micro Businesses" (January 2016; Applied Research Institute, Inc.) under contract from the SMEA

[Notes] 1. The "Internet (other websites)" refers to shopping mall sites.
2. Respondents choosing "Nothing in particular" did not choose any other options.
Activities and Initiatives of Micro Businesses (Efficient Management)

- Approx. 50% have formulated business plans, and the remaining 50% have not.
- Those having formulated a business plan are more likely to show sales increases than those who have not.
- The most frequent answer for the background or motivation for having formulated a business plan was "Because it was necessary in order to apply for subsidies," and that for a favorable outcome of formulating a business plan was "Management policies and goals were clarified."

[Source] "Survey for Ascertaining Current Status of Business Activities of Micro Businesses" (January 2016; Applied Research Institute, Inc.) under contract from the SMEA

[Note] Respondents chose the three most applicable options.
Activities and Initiatives of Micro Businesses (Short-term and Medium- to Long-term Initiatives)

- Frequent daily management efforts were "Improving the ability to attract customers and sales capabilities" and "Collecting information through the participation in meetings and seminars of industry groups."
- As for initiatives for acquiring repeat customers, many respondents cited "Pursuing reliability in goods/services" and "Acquiring trust through thoroughly meeting deadlines and offering courteous services."
- The gap between what is considered to be significant for medium- to long-term business development and initiatives actually being taken was most notable for "Securing and fostering successors and employees." This activity, in addition to initiatives for expanding sales channels and developing new products, is considered to be significant, but sufficient actions in this regard are often not taken.

**Fig. 1**

Daily Management Efforts Actually Being Made (multiple answers)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving the ability to attract customers</td>
<td>49.2%</td>
</tr>
<tr>
<td>Collecting information through participation in meetings and seminars</td>
<td>48.1%</td>
</tr>
<tr>
<td>Timeliness in delivering and providing information</td>
<td>20.3%</td>
</tr>
<tr>
<td>Ensuring high quality products</td>
<td>29.1%</td>
</tr>
<tr>
<td>Ensuring high quality services</td>
<td>28.4%</td>
</tr>
<tr>
<td>Ensuring high quality products</td>
<td>21.4%</td>
</tr>
<tr>
<td>Ensuring high quality services</td>
<td>20.5%</td>
</tr>
<tr>
<td>Ensuring high quality services</td>
<td>19.1%</td>
</tr>
<tr>
<td>Ensuring high quality products</td>
<td>18.7%</td>
</tr>
<tr>
<td>Ensuring high quality services</td>
<td>14.7%</td>
</tr>
<tr>
<td>Ensuring high quality products</td>
<td>13.0%</td>
</tr>
<tr>
<td>Ensuring high quality services</td>
<td>2.9%</td>
</tr>
<tr>
<td>Ensuring high quality products</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

**Fig. 2**

Initiatives for Acquiring Repeat Customers (multiple answers)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pursuing reliability in goods/services</td>
<td>51.3%</td>
</tr>
<tr>
<td>Acquiring trust through thoroughly meeting deadlines and offering courteous service</td>
<td>44.1%</td>
</tr>
<tr>
<td>Developing comfortable business offices</td>
<td>18.6%</td>
</tr>
<tr>
<td>Preparing and taking orders</td>
<td>26.4%</td>
</tr>
<tr>
<td>Respecting and following older and small delivery requests</td>
<td>17.8%</td>
</tr>
<tr>
<td>Reaching out to customers through direct mail and personal contact</td>
<td>16.4%</td>
</tr>
<tr>
<td>Devoting better loyalty points and memberships</td>
<td>15.7%</td>
</tr>
<tr>
<td>Holding participatory briefing and training sessions (including testing and training)</td>
<td>7.0%</td>
</tr>
<tr>
<td>Taking no initiative</td>
<td>4.7%</td>
</tr>
<tr>
<td>Others</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

**Fig. 3**

Initiatives Considered Significant for Medium- to Long-term Business Development and Those Actually Being Taken (multiple answers)

- Initiatives considered significant for medium- to long-term business development (n=4,857):
  - Expanding trade areas (sales channels) for existing businesses: 56.8%
  - Enhancing value of existing businesses or devising better means for future: 51.6%
  - Securing and fostering successors and employees: 47.0%
  - Developing new goods/services for existing businesses: 45.6%
  - Enhancing productivity: 44.0%
  - Making preparations for launching new businesses in new fields: 28.7%
  - Diversifying clients for existing businesses: 17.5%
  - Making preparations for changing business forms (market surveys and research, etc.): 21.3%

- Initiatives actually being taken (n=4,857):
  - Expanding trade areas (sales channels) for existing businesses: 41.2%
  - Enhancing value of existing businesses or devising better means for future: 34.9%
  - Securing and fostering successors and employees: 27.8%
  - Developing new goods/services for existing businesses: 32.0%
  - Enhancing productivity: 28.7%
  - Making preparations for launching new businesses in new fields: 17.5%
  - Diversifying clients for existing businesses: 9.3%
  - Making preparations for changing business forms (market surveys and research, etc.): 4.2%
  - Others: 1.8%
  - Nothing in particular: 25.4%

[Source] "Survey for Ascertaining Current Status of Business Activities of Micro Businesses" (January 2016; Applied Research Institute, Inc.) under contract from the SMEA

[Note] Respondents choosing "Nothing in particular" did not choose any other options.
Activities and Initiatives of Micro Businesses (Human Resources Development)

- Approx. 40% of the respondents answered that they are taking measures for human resources (HR) development.
- The most frequent answer for not taking measures for HR development was "Because we have little time to spare."
- "Enhancement of technologies and skills" was cited as the major aim and objective of HR development, followed by "Increase of knowledge concerning goods/services" and "Enhancement of communication skills."
- Business performance is generally better for micro businesses that are taking measures for HR development than for those that are not.

**Fig. 1** Whether or Not Measures Have Been Taken for Human Resources Development (in the last three years)

- Have not taken any measures (n=1,823) 37.5%
- Have been taking measures (n=3,034) 62.5%

(n=4,857)

**Fig. 2** Reasons for Not Taking Measures for Human Resources Development

- Because we have little time to spare, 20.1%
- Because such efforts do not directly increase sales or profits, 1.9%
- Because information from clients, industry groups, and mass media suffices, 4.3%
- Because we cannot spare time during working hours, 5.3%
- Others, 32.5%
- Because we do not know where to start, 11.6%
- Because we have little money to spare, 9.6%

(n=3,034)

**Fig. 3** Details of Measures for Human Resources Development Being Taken (multiple answers)

- Enhancements of technologies and skills: 73.8%
- Enhancements of communication skills: 61.5%
- Enhancements of knowledge concerning goods/services: 48.9%
- Enhancements of presentation skills: 33.9%
- Enhancements of management skills: 26.0%
- Others: 21.5%

**Fig. 4** Whether or Not Measures Have Been Taken for Human Resources Development and Trends in Sales

<table>
<thead>
<tr>
<th>Measures Taken</th>
<th>Increased</th>
<th>Unchanged</th>
<th>Decreased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall (n=4,857)</td>
<td>44.3</td>
<td>27.5</td>
<td>28.1</td>
</tr>
<tr>
<td>Have been taking measures (n=1,823)</td>
<td>42.9</td>
<td>34.9</td>
<td>22.2</td>
</tr>
<tr>
<td>Have not have any measures (n=3,034)</td>
<td>45.2</td>
<td>23.1</td>
<td>31.7</td>
</tr>
</tbody>
</table>

[Source] "Survey for Ascertaining Current Status of Business Activities of Micro Businesses" (January 2016; Applied Research Institute, Inc.) under contract from the SMEA
Activities and Initiatives of Micro Businesses (Business Succession) (i)

● After business succession, approx. 70% of new managers have launched new initiatives.
● Comparing business performance immediately before business succession and after launching new initiatives, upward trends were observed in 23.2% for the former businesses and in 57.5% for the latter. Upward trends in business performance thus increased significantly after launching new initiatives.
● With regard to concrete details of new initiatives, the most common was "Renovation and renewal of stores and development of parking lots" in the retail trade industry and "Sales activities for expanding clients (cultivation of sales channels)" in the manufacturing industry.

Fig. 1
Whether or Not New Initiatives Have Been Launched after Business Succession

- Have launched new initiatives (including ongoing ones) 66.9%
- Have not launched any new initiatives 33.1%

(n=2,631)

[Source] "Survey for Ascertaining Current Status of Business Activities of Micro Businesses" (January 2016; Applied Research Institute, Inc.) under contract from the SMEA

Fig. 2
Business Performance Immediately Before Business Succession and After Launching New Initiatives

- Upward trends (n=610), 23.2%
- Unchanged (n=1,226), 46.6%
- Downward trends (n=795), 30.2%

(n=2,631)

[Source] "Survey for Ascertaining Current Status of Business Activities of Micro Businesses" (January 2016; Applied Research Institute, Inc.) under contract from the SMEA

Fig. 3
Concrete Details of New Initiatives (retail trade industry; multiple answers)

- Renovation and renewal of stores and development of parking lots (including equipment and facilities) 60.3%
- Sales activities for expanding clients (cultivation of sales channels) 40.4%
- Improvements of existing goods/services and enhancement of their value 35.5%
- Development of new goods/services (including industry-academia collaboration and interfirm collaboration) 23.4%
- Development of IT environment (enhancement of website and addition of order receipt functions) 20.6%
- Strengthening of transmission of information (advertisements, blog, SNS, etc.) 22.3%
- Improvement of business management (inventory management and cost management, etc.) 21.3%
- Participation in meetings of industry groups and cross-industrial associations (strengthening of networking capacity) 17.7%
- Entry into new fields (business diversification) and change of business forms 17.0%
- Employee education (training concerning product knowledge, technologies and skills, etc.) 8.9%
- Others 2.7%

(n=164)

[Source] "Survey for Ascertaining Current Status of Business Activities of Micro Businesses" (January 2016; Applied Research Institute, Inc.) under contract from the SMEA

Fig. 4
Concrete Details of New Initiatives (manufacturing industry; multiple answers)

- Renovation and renewal of stores and development of parking lots (including equipment and facilities) 54.9%
- Sales activities for expanding clients (cultivation of sales channels) 47.4%
- Improvements of existing goods/services and enhancement of their value 41.2%
- Development of new goods/services (including industry-academia collaboration and interfirm collaboration) 25.8%
- Development of IT environment (enhancement of website and addition of order receipt functions) 23.7%
- Strengthening of transmission of information (advertisements, blog, SNS, etc.) 21.4%
- Improvement of business management (inventory management and cost management, etc.) 24.0%
- Participation in meetings of industry groups and cross-industrial associations (strengthening of networking capacity) 15.8%
- Entry into new fields (business diversification) and change of business forms 10.8%
- Employee education (training concerning product knowledge, technologies and skills, etc.) 6.3%
- Others 10.8%

(n=430)

[Source] "Survey for Ascertaining Current Status of Business Activities of Micro Businesses" (January 2016; Applied Research Institute, Inc.) under contract from the SMEA
Activities and Initiatives of Micro Businesses (Business Succession) (ii)

- With regard to "Policies for business succession (successors)," approx. one-third of the respondents answered "There is no immediate need," another one-third answered "We have a successor or a candidate," and the remaining one-third answered "We cannot find any candidate successor" or "We will close our business," etc.
- Out of the respondents who answered "We want someone to succeed our business but have no candidate successor at present," 52.1% feel hesitation about "Business succession to a person other than relatives." As reasons, many cited "Because we run business with our relatives (kin)" and "Because the office/store, etc. and the living space are on the same site," etc.
- The most frequent reason cited by respondents planning or considering business closure was "Due to old age (decreased strength and impaired judgment, etc.)."

Fig. 1 Policies for Business Succession (Successors)

Fig. 2 Hesitation about Business Succession to a Person Other than Relatives

Fig. 3 Reasons for Considering Business Closure

Fig. 4 Reasons for Having Hesitation about Business Succession to a Person Other than Relatives

Fig. 5 Reasons for Being Unable to Close Business as Present

[Source] "Survey for Ascertaining Current Status of Business Activities of Micro Businesses" (January 2016; Applied Research Institute, Inc.) under contract from the SMEA

[Note] Respondents chose the three most applicable options.
Micro Businesses from the Viewpoint of Supporters
(Commerce and Industry Associations and Chambers of Commerce and Industry)

- Business types of micro businesses to which instructors for management frequently provided consultations and guidance were the retail trade (26.1%), services (18.2%), construction (16.8%), and eating and drinking places and accommodations (16.4) industries.
- Consultations are increasing on such issues as "Business closures," "Cultivation of sales channels," and "Formulation and review of market survey plans and business plans." Consultation issues that are becoming difficult to resolve include "Securing and fostering of personnel," "Development of new goods/services," and "Cultivation of sales channels." The issue that is not often the subject of consultation but is difficult to resolve is "Second business startups (change of business forms and entry into new fields)."

---

**Fig. 1**
Business Types of Micro Businesses Provided with Consultations and Guidance (in the last one year)

- Retail trade: 26.1%
- Services: 18.2%
- Construction: 16.8%
- Eating and drinking places and accommodations: 16.4%
- Manufacturing: 13.7%
- Wholesale trade: 4.1%
- Others: 4.5%

**Fig. 2**
Issues Increasingly Consulted on and Issues Becoming Difficult to Resolve (in the last three years)

- Issues on which consultations are increasing:
  - Business closures
  - Cultivation of sales channels
  - Development of new goods/services
  - Formulation and review of market survey plans and business plans

- Issues whose resolution is becoming difficult:
  - Securing and fostering of personnel
  - Development of new goods/services
  - Cultivation of sales channels

---

[Note] The above figure shows the percentages of micro businesses by type among the total number of businesses to which instructors on management provided consultations and guidance within the last year.

[Source] "Survey for Ascertain Current Status of Business Activities of Micro Businesses" (January 2016; Applied Research Institute, Inc.) under contract from the SMEA

[Note] n-values are the numbers of instructors who answered that they have received consultations on the relevant issues within the last year.
The government deploys experts with diverse backgrounds to Comprehensive Support Centers nationwide with the aim of helping SMEs and micro businesses resolve their business issues. Consultations from businesses in the manufacturing industry account for the largest share (29.5%).

Centers provide means for resolving business issues on a case-by-case basis in collaboration with other support organizations.

**Fig. 1** Backgrounds of Experts Deployed to Comprehensive Support Centers

<table>
<thead>
<tr>
<th>Backgrounds of Experts Deployed to Comprehensive Support Centers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative secretaries: 1.2%</td>
</tr>
<tr>
<td>Experts from NPOs: 0.7%</td>
</tr>
<tr>
<td>Experts from local governments: 0.2%</td>
</tr>
<tr>
<td>Experts from research institutes (universities): 1.0%</td>
</tr>
<tr>
<td>Certified social insurance labor consultants: 1.2%</td>
</tr>
<tr>
<td>Certified tax accountants: 4.4%</td>
</tr>
<tr>
<td>Experts from financial institutions: 6.4%</td>
</tr>
<tr>
<td>Management consultants: 56.4%</td>
</tr>
<tr>
<td>Experts from private companies: 32.6%</td>
</tr>
<tr>
<td>Other: 3.9%</td>
</tr>
<tr>
<td>(n=401)</td>
</tr>
</tbody>
</table>

* Comprehensive Support Centers are offices established in each prefecture since FY2014 where various business consultations are provided comprehensively in collaboration with other support organizations of respective regions.

**Fig. 2** Breakdown of Persons Receiving Consultations (by business type)

Consultations from those in the manufacturing industry account for approx. 30%.

**Fig. 3** Breakdown of Persons Receiving Consultations (by number of employees)

Consultations conducted with persons before starting up business and businesses with 20 or less employees jointly account for approx. 80%.

**Fig. 4** Methods of Resolving Consulted Issues at Comprehensive Support Centers

- One-stop support 5.5%
- Team support 4.5%
- Direct advice 90.2%

(Breakdown) Support Organizations, etc. Introduced by Comprehensive Support Centers

[Note] The total number of businesses that have made consultations from April to December 2015 is tabulated. The n-value for Fig. 3 excludes businesses for which the number of employees is not clear and does not match the n-value for Fig. 2.

[Source] SME Support, Japan
Looking at percentage changes of the population of 1,741 municipalities and the number of business establishments, it is found that the influence of population changes is larger for small-sized business establishments than for medium or large-sized ones.

A comparison of the numbers of business establishments per 1,000 residents among municipalities revealed the existence of a certain number of business establishments in proportion to population (30 on the national average) with no relation to municipalities' population sizes. Micro businesses exist in proportion to population, deeply rooted in local communities.

Comparing rural municipalities and large cities in terms of the number of small-sized business establishments per 1,000 residents, the number is larger in large cities for many business types, such as the information and communications, professional and technical services, wholesale trade, real estate, and medical, health care, and welfare industries.

The number of small-sized business establishments is larger in rural municipalities for business types closely related to daily living, such as the construction, retail trade, and living-related and personal services (barber shops and beauty parlors, and laundries) industries.

**Fig. 1** Percentage Changes of Population (2010 to 2015) and the Number of Business Establishments (2009 to 2014)

**Fig. 2** Number of Small-sized Business Establishments per 1,000 Residents

**Fig. 3** Number of Small-sized Business Establishments per 1,000 Residents (comparison between rural areas and large cities)

[Source] "2009 Economic Census for Business Frame" (MIC), "2014 Economic Census for Business Frame" (MIC), and "Basic Resident Register" (2010 and 2015) (MIC)

[Notes] 1. Percentage changes are compared between 2010 and 2015 for population and between 2009 and 2014 for the number of business establishments.
2. The numbers are counted on the basis of business establishments, not through name-based aggregation on the basis of companies.
3. Publicly announced values for business establishments with 19 employees or less or four employees or less in total are used. The definition of a small enterprise under the Small and Medium-sized Enterprise Basic Act (a business operator whose number of regular employees is not more than approx. twenty or five for some business types) is not applicable.
4. Data for industries other than the agriculture, forestry and fisheries industry are tabulated.

[Source] "2014 Economic Census for Business Frame" (MIC), and "Basic Resident Register" (January 1, 2015) (MIC)

[Notes] 1. The numbers are counted on the basis of business establishments, not through name-based aggregation on the basis of companies.
2. Data for industries other than the agriculture, forestry and fisheries industry are tabulated.
3. Publicly announced values for business establishments with 19 employees or less or four employees or less in total are used. The definition of a small enterprise under the Small and Medium-sized Enterprise Basic Act (a business operator whose number of regular employees is not more than approx. twenty or five for some business types) is not applicable.
4. Others consist of the mining and quarrying of stone and gravel, electricity, gas, heat supply and water, and combined services industries.
Looking at when small-sized business establishments were opened by regional classification, a larger percentage of establishments have been surviving 30 years or longer in rural areas than in urban areas. This suggests that the more rural an area is the longer the period of time that businesses tend to conduct business activities.

In term of sales, total wages and number of employees by business size and by regional classification, the percentage accounted for by micro businesses becomes higher in more rural areas and their contribution to regional economies is more significant in local cities and rural municipalities than in large cities.

**Fig. 1** When Small-sized Business Establishment Surviving in 2014 were Opened (by regional classification)

**Fig. 2** Composition Ratios (Sales) by Company Size (2012; on the basis of businesses; by regional classification)

**Fig. 3** Composition Ratios (Total Wages) by Company Size (2012; on the basis of businesses; by regional classification)

**Fig. 4** Composition Ratios (Number of Employees) by Company Size (2012; on the basis of businesses; by regional classification)

---

**Source** "2014 Economic Census for Business Frame" (MIC)

**Notes**
1. 500,000 or more companies out of approx. 3.86 million did not provide answers.
2. Local cities in this figure refer to cities excluding government-designated cities, prefectural capitals and cities with 300,000 or more people.

Local cities in this figure refer to cities excluding government-designated cities, prefectural capitals and cities with 300,000 or more people.
Part 2: The Future of Micro Businesses
Characteristics of Micro Businesses Showing Favorable Business Performance
(Analysis of Managers by Age Bracket)

Looking at sales and status of formulating business plans by managers' age bracket, younger managers generally take a positive stance toward business activities and are achieving better performance.

Fig. 1: Sales in the Last Three Years (by age bracket)

Fig. 2: Whether or Not a Business Plan Has Been Formulated (by age bracket)

[Source] "Survey for Ascertaining Current Status of Business Activities of Micro Businesses" (January 2016; Applied Research Institute, Inc.) under contract from the SMEA
Characteristics of Micro Businesses Showing Favorable Business Performance

(Women's Working Environment)

- Compared with middle-sized enterprises, micro businesses are generally less positive toward the development of systems for better utilizing female workers.
- Women are apt to choose smaller businesses when they try to find a job after a break for childbirth and child rearing, compared with the time when they first become employed after graduation. This suggests that micro businesses are offering more flexible options for recruitment of such women.
- The years of service of female full-time workers are generally longer for smaller business establishments with one to four employees. This also implies that micro businesses offer a better employment environment where women can continue working for a longer period of time.

![Graph: Development of Systems for Better Utilizing Female Workers](image)

![Graph: Places of Employment of Female New Graduates and Places of Reemployment of Women after Break due to Childbirth and Child Rearing](image)

![Graph: Years of Service (by number of employees; female workers)](image)

[Source] "Survey on Efforts to Secure and Foster Personnel by SMEs and Micro Businesses" (December 2014; Nomura Research Institute, Ltd.) under contract from the SMEA

[Note] The n-values in this figure are the sums of respondents who answered that the relevant system is put in place and those who answered not.
Diverse Aspects of Micro Businesses (Current Status and Business Activities of Freelancers) (i)

- As in the previous year, a questionnaire survey was conducted for so-called "freelancers," who do not belong to any organization and act as individuals based on their own experience and expertise, for example, designing and developing software (system engineering), performing web design, writing, translating or interpreting.
- Business types popular among freelancers are "Designers" (20.7%), "System consultants, software producers" (17.7%), and "Writers" (12.1%).
- The percentage of directly received orders is high for personal tutors (71.8%), writers (41.5%) and designers (38.5%).

[Fig. 1] Business Types of Freelancers

- Designers 20.7%
- System consultants, software producers 17.7%
- Writers (novelists, screenwriters, critics, copywriters, etc.) 12.1%
- Translators 8.1%
- Reporters, editors 6.1%
- Architectural engineers, civil engineers, surveying technicians 7.1%
- Personal tutors (music, dance, sports, study guidance, Japanese art of tea ceremony, flower arrangement, calligraphy, etc.) 5.0%
- Cartoonists, animators, illustrators, etc. 4.4%
- Management consultants 4.4%
- Photographers, videographers 3.5%
- Others 7.9%
- Producers, actors, entertainers 3.1%

[Fig. 2] Order Reception by Freelancers (by business type)

- Personal tutors (music, dance, sports, study guidance, Japanese art of tea ceremony, flower arrangement, calligraphy, etc.) 71.8%
- Writers (novelists, screenwriters, critics, copywriters, etc.) 41.5%
- Designers 38.5%
- System consultants, software producers 37.4%
- Translators 34.9%
- Architectural engineers, civil engineers, surveying technicians 34.8%
- Reporters, editors 28.5%

[Note] Freelancers are not necessarily defined clearly, but are defined as follows for this White Paper, and the questionnaire survey was conducted under such definition.

Business operators who do not belong to any specific organization and have no regular employees and operate business by providing technologies and skills by themselves with the awareness that the relevant business is on freelance basis.
Freelancers often receive orders through "Introduction from acquaintances and peers" (55.1%) and "Sales activities by themselves" (50.7%), but some receive orders through "Crowdsourcing" (7.8%).

Those only covering the prefecture where they are located as their trade areas account for approx. 56% of freelancers and approx. 89% of micro businesses, respectively. Freelancers generally do business targeting wider areas.

The effort for receiving orders that is being made most actively by freelancers showing sales increases is that for the "Enhancement of technologies and skills" (63.3%). The freelancers showing sales increases engage in this effort more aggressively than the freelancers showing sales decreases (49.0%).

---

**Fig. 1** Methods of Receiving Orders (multiple answers)

<table>
<thead>
<tr>
<th>Method of Receiving Orders</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction from acquaintances and peers</td>
<td>55.1%</td>
</tr>
<tr>
<td>Sales activities by themselves (own websites and blogs, preparation and distribution of leaflets, unsolicited sales activities, etc.)</td>
<td>50.7%</td>
</tr>
<tr>
<td>Crowdsourcing</td>
<td>7.8%</td>
</tr>
<tr>
<td>Introduction from interpretation/translation companies, construction companies, management companies, etc.</td>
<td>7.3%</td>
</tr>
<tr>
<td>Introduction from public organizations</td>
<td>3.6%</td>
</tr>
<tr>
<td>Applying for job offers (newspaper inserts, free papers, etc.)</td>
<td>2.7%</td>
</tr>
<tr>
<td>Via a joint work-introducing company</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

**Fig. 2** Percentage of Sales by Trade Area Classification (freelancers and micro businesses)

<table>
<thead>
<tr>
<th>Trade Area Classification</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>5.3%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>2.7%</td>
</tr>
<tr>
<td>Overseas</td>
<td>1.2%</td>
</tr>
<tr>
<td>In remote areas in Japan</td>
<td>2.4%</td>
</tr>
<tr>
<td>In neighboring prefectures</td>
<td>4.3%</td>
</tr>
<tr>
<td>Within the same prefecture</td>
<td>1.7%</td>
</tr>
<tr>
<td>Within the same municipality</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

**Fig. 3** Efforts for Receiving Orders (by sales trend)

- **Enhancement of technologies and skills**: 63.3% (Sales increases), 49.0% (Sales decreases)
- **Strengthening of information collection for receiving orders**: 38.8% (Sales increases), 26.9% (Sales decreases)
- **Enhancement of follow-through services for customers**: 34.6% (Sales increases), 18.8% (Sales decreases)
- **Strengthening of capacity to present goods/services**: 32.4% (Sales increases), 19.5% (Sales decreases)
- **Expansion of the scope of services**: 29.8% (Sales increases), 14.4% (Sales decreases)
- **Collaboration with peers**: 23.9% (Sales increases), 17.2% (Sales decreases)
- **Strengthening of information transmission regarding orders received so far**: 20.7% (Sales increases), 8.1% (Sales decreases)
- **Diversification of sales methods**: 18.6% (Sales increases), 11.1% (Sales decreases)
- **Collaboration with business operators in other fields**: 16.5% (Sales increases), 10.2% (Sales decreases)
- **Expansion of trade areas**: 8.5% (Sales increases), 4.9% (Sales decreases)

[Source] “Survey for Ascertaining Current Status of Business Activities of Freelancers” (January 2016; Applied Research Institute, Inc.)

[Notes] 1. The graph for micro businesses is the same as Fig. 1-2-1 shown in Part 1, Chapter 2, Section 1 of the Main Text.
2. The questionnaire survey for micro businesses did not provide the options "Don’t know" and "Others."
Part 3: Robust Initiatives of Micro Businesses

- Leading to the Future -
Examples (i)

[Four Goals and Ten Priority Measures for Promoting Small Enterprises]
The Basic Act for Promoting Small Enterprises, which was enacted in June 2014, stipulates four basic policies for taking measures regarding the promotion of small enterprises. The Basic Plan for the Promotion of Small Enterprises (approved by the Cabinet in October 2014) stipulates four goals and ten priority measures for the implementation of the four basic policies. From these perspectives, this Part introduces 44 examples of various efforts, including human stories, regarding micro businesses that are steadily operating business closely tied to local communities.

<table>
<thead>
<tr>
<th>Basic Act for Promoting Small Enterprises</th>
<th>Basic Plan for the Promotion of Small Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Basic Plan for the Promotion of Small Enterprises (Article 13)]</td>
<td>Four goals</td>
</tr>
<tr>
<td>Formulation of the Basic Plan to facilitate the promotion of measures in a comprehensive and systematic manner</td>
<td>Ten priority measures</td>
</tr>
<tr>
<td>[Basic Policies (Article 6)]</td>
<td>1. Promoting business management that should be implemented for future demand:</td>
</tr>
<tr>
<td>(i) Selling products corresponding to demand, promoting the development of new businesses</td>
<td>Creating and discovering demand for micro businesses by more proactively taking advantage of their conventional face-to-face relationships with customers</td>
</tr>
<tr>
<td>(ii) Effectively utilizing management resources, developing and securing human resources</td>
<td>(i) Promoting business management based on business plans, etc.</td>
</tr>
<tr>
<td>(iii) Promoting business activities contributing to the revitalization of regional economies</td>
<td>(ii) Support for creating demand</td>
</tr>
<tr>
<td>(iv) Developing appropriate support systems</td>
<td>(iii) Support for the development of new businesses and added value enhancement</td>
</tr>
<tr>
<td></td>
<td>2. Promoting business renovation:</td>
</tr>
<tr>
<td></td>
<td>Developing and creating business by providing diverse and new human resources with opportunities for success in the workplace</td>
</tr>
<tr>
<td></td>
<td>(iv) Support for business startups</td>
</tr>
<tr>
<td></td>
<td>(v) Business succession and smooth business closures</td>
</tr>
<tr>
<td></td>
<td>(vi) Securing and fostering human resources</td>
</tr>
<tr>
<td></td>
<td>3. Facilitating business activities contributing to regional economies:</td>
</tr>
<tr>
<td></td>
<td>Increasing the public awareness of certain regions to create brands so as to invigorate regional economies</td>
</tr>
<tr>
<td></td>
<td>(vii) Promoting businesses having spillover effects on regional economies</td>
</tr>
<tr>
<td></td>
<td>(viii) Promoting businesses supporting local communities</td>
</tr>
<tr>
<td></td>
<td>4. Developing a system for supporting micro businesses through region-wide collective efforts:</td>
</tr>
<tr>
<td></td>
<td>Providing meticulous measures to address challenges that business operators are facing</td>
</tr>
<tr>
<td></td>
<td>(ix) Developing a support system</td>
</tr>
<tr>
<td></td>
<td>(x) Streamlining of procedures and providing information on measures</td>
</tr>
</tbody>
</table>
Example (ii)

With a view to promoting management which has an eye toward future demand, a number of examples are introduced, including "cases where business management is carried out based on a business plan," "cases where efforts are made to create demand and cultivate sales channels," "cases where efforts are made to enhance added value of existing products and develop new goods/services," and "cases of seeking entries into new fields" (14 examples in total).

(ex.) Iwaki Takahashi Co., Ltd. (Iwaki-shi, Fukushima) / Production and sale of high quality disposable chopsticks

- President Takahashi, who is from Yokosuka-shi, moved to Iwaki-shi in order to utilize mountain forests he had inherited from his deceased grandfather. He founded a company to produce and sell high quality disposable chopsticks in 2010.
- Immediately before the first shipment of the products after going through trial production, the Great East Japan Earthquake occurred in March 2011. Contracts with wholesalers were all cancelled and President Takahashi almost gave up continuing the business.
- At that time, an organization consisting of volunteer designers, which was established for supporting reconstruction activities after the earthquake, purchased 3,000 pairs of chopsticks, sold them in a package of their design, and donated all the sales to the Red Cross. President Takahashi was deeply moved.
- Highly motivated, he developed new products one after another. In particular, the product named “Sanken Fukko Kibo no Kakehashi” (Chopsticks serving as a bridge towards hope for reconstruction of three disaster-stricken prefectures) received various awards (such as the 2013 Good Design Award, 2014 Social Products Award, and 2015 Wood Design Award) for its following features: the product is made of domestic cedar trees; the production process is partly outsourced to a facility for the physically handicapped; and petroleum-based fuel is not used in the drying process, etc.

With a view to promoting regeneration, a number of examples are introduced, including "cases of success in starting up businesses or founding companies," "cases of launching new initiatives after business succession," and "cases of endeavoring to secure and foster human resources" (10 examples in total).

(ex.) Nature and Future, Inc. (Kumamoto-shi, Kumamoto) / Production and sale of bio diesel fuel (BDF)

- In 2011, President Hoshiko established a company to produce and sell environmentally-friendly bio diesel fuel from used cooking oil collected from ordinary houses and companies.
- In particular, collection of used cooking oil from ordinary houses is titled “Wakuwaku Yuden Project” (exciting oil field project), aiming to make Kumamoto an oil field. The company designates collection points and collects cooking oil used at home at such points.
- The company has been endeavoring to achieve a recycling-oriented environmental society through actively developing a network for collecting used cooking oil, promoting technological innovation of the production process and securing purchasers mainly among companies making contributions to the environment.
Example (iii)

With a view to promoting business activities which contribute to the vitalization of regional economies, a number of examples are introduced, including "cases of operating business that have spillover effects on regional economies," "cases of engaging in business activities to support local communities," and "cases of micro businesses utilizing personnel with technologies and skills" (11 examples in total).

(ex.) Mitsuura Jozo Co., Ltd. (Hofu-shi, Yamaguchi) / Production and sale of miso, soy sauce and related processed food

- A miso and soy sauce producer with a history of 150 years
- President Mitsuura, who became the 8th president at the age of 31 in 2008, decided to use only domestic materials for producing products in response to requests from consumers. However, as such a shift is expected to significantly reduce profit rates, he placed emphasis on the development of new products and the increase of sales thereof.
- In five years after assuming the office, President Mitsuura actively developed products in new fields, such as “Vegetarian Meat Miso” made of soy beans, “Chickpea Miso”, and “Float Lemon Tea”.
- As a result of such efforts, he succeeded in shifting the raw materials of all products to domestic ones, focusing on those made locally in Yamaguchi.

(ex.) Tsutsui Farm (Shouo-cho, Katsuta-gun, Okayama) / Production, processing and sale of grapes (Pione, etc.)

With a view to the development of a support system through region-wide collective efforts, a number of examples are introduced, including "successful cases with support by instructors on management of Commerce and Industry Associations and Chambers of Commerce and Industry" and "cases in which support was provided by Comprehensive Support Centers in collaboration with other support organizations" (9 examples in total).

[supported by the Mimasaka Society of Commerce & Industry]

- In 2013, the farm consulted the Mimasaka Society of Commerce & Industry concerning its problems (20% of grapes it grew are below the standard; prices and yields are not stable; it is difficult to place processed fruits on market as their seasons are limited and durable periods are short).
- The farm set a goal to triple sales in five years and endeavored to secure sales channels by involving buyers from the stage of planning and designing products.
- The farm's comprehensive business plan (project to process sweets from fruits below the standard) was approved under the Sixth Industrialization Act.
- In 2014, the yields decreased by 30% due to poor sunshine. The farm established a joint company "Nofu" together with other farm owners in order to secure materials for sweets.
- The farm prepared and enhanced its website, leaflets and package design with granted subsidies for supporting continuation of micro businesses, and succeeded in achieving a significant increase in sales (up by 72%).
[Awareness]
3.81 million SMEs nationwide: in particular 3.25 million micro businesses, which account for approx. 85% thereof, are engaging in business activities while taking advantage of characteristics of respective regions and providing employment opportunities in response to local needs, and are playing an extremely significant role through their contribution to the stabilization of regional economies, improvement of daily living of local residents, and promotion of exchanges among them.

In June 2014, the Basic Act for Promoting Small Enterprises and the Act for Partial Amendment of the Act on Supporting Small Business by Commerce and Industry Association and Chamber of Commerce and Industry were enacted. The former positions "sustainable development of business" as one of the basic principles, in addition to "growth" as prescribed in the Small and Medium-sized Enterprise Basic Act, and aims to directly support micro businesses maintaining employment and striving in local communities.

[Key points]
In order to effectively implement measures targeting micro businesses, efforts will focus on the following four goals, which were set in the Basic Plan for the Promotion of Small Enterprises formulated and approved by the Cabinet in October 2014 based on the Basic Act for Promoting Small Enterprises.

1. Promotion of Management with an Eye on Demand
2. Promotion of Regeneration of Institutions
3. Promotion of Business Activities that Contribute to the Revitalization of Regional Economies
4. Enhancement of Support Systems through Region-wide Collective Efforts

[Structure]
Chapter 1: Promotion of Management with an Eye on Demand
Chapter 2: Promotion of Regeneration of Institutions
Chapter 3: Promotion of Business Activities that Contribute to the Revitalization of Regional Economies
Chapter 4: Enhancement of Support Systems through Region-wide Collective Efforts
Chapter 5: Other Measures for the Promotion of Small Enterprises
Chapter 6: Measures by Business Type and Sector