

Outline of the 2022 White Paper on Small Enterprises in Japan

Part I of this report analyzes trends among SMEs and small businesses—including business conditions, bankruptcies, financing, and the employment environment—in the context of external factors such as the spread of COVID-19 and crude oil and raw material price hikes.

Part II analyzes small businesses' post-pandemic efforts to revise their businesses and solve regional issues. It also analyzes digitalization, fair trade, and accompanying support as shared foundations for SMEs and small businesses.

Note: The "Small enterprises" covered by the White Paper on Small Enterprises in Japan are enterprises with a workforce of 20 or fewer workers (five or fewer workers in the case of commercial trade and services industries) who are employed on a mostly regular basis as defined under Article 2, Paragraph 1 of the Basic Act for Promoting Small Enterprises. In the text of the report, "small enterprises" are referred to as "small businesses" so that readers can easily understand that the term "small enterprises" includes all categories of companies with 20 or fewer workers.

Part I. Trends among small businesses in FY2021

- Trends among SMEs and small businesses

This chapter notes that the business environment surrounding SMEs and small businesses shows a gradual trend of recovery but remains harsh, and that business sentiment and sales have not yet recovered to pre-COVID-19 levels in most industries.

Part II. Small businesses making business revisions and solving regional issues

- Business revisions of small businesses

This chapter indicates that many small businesses are actively revising their businesses as their sales continue to be affected by COVID-19. It also explains that support organizations play an important role in helping small businesses with the various challenges they face when doing so.

- Solving regional issues and regional collaboration

This chapter notes that when small businesses decide how they will work on solving regional issues, it is important to utilize support organizations with networks and know-how related to working with other businesses to solve such issues.

- A shared foundation of fair trade and digitalization, and accompanying support to restructure management capabilities

Fair trade, digitalization, and accompanying support are the focal points in creating an infrastructure (shared foundation) that can support business continuity and growth

in SMEs and small businesses. This chapter explains the importance of fair trade in pass-through situations related to cost fluctuations and creating opportunities to negotiate with purchasers. It also notes that the effects of digitalization are more noticeable with further progress in digitalization during infection waves of the pandemic. Additionally, it uses examples to show that when SMEs accurately establish goals, supporting them through their discussions with support organizations can be effective in improving their ability to transform on their own.