

A Report on the Aggregated Activity Size of Social Enterprises in Japan

“Survey on Aggregated Activity Size of Actors in Society of Mutual Assistance” commissioned by cabinet office
(Mitsubishi UFJ Research & Consulting Co., Ltd.)

Director for Volunteering Support Policy
Director General for Economic, Fiscal and Social Structure
Cabinet Office

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1. CONTRIBUTION OF SOCIAL ENTERPRISES TO THE JAPANESE ECONOMY IN 2014¹

In Japan, the total number of social enterprises is 205 thousands (11.8%²), the gross value added of social enterprises is 16 trillion yen (3.3% of GDP), and the total number of paid employees is 5.776 million. Business income from social business by social enterprises is 10.4 trillion yen (17.1%³).

	Total Number of Social Enterprises (10,000)	Gross Value Added ⁴ (trillion yen)	Number of Paid Employees (10,000)
Social Enterprises	20.5	16.0	577.6
Percentage to the Japanese Economy ⁵	11.8%	3.3%	10.3%

○ Aggregated activity size of social enterprises (defined as businesses that have mainly social or environmental aims) are estimated using the following survey.

- Target : Small and medium-sized enterprises (SME), incorporated associations and incorporated foundations, specified nonprofit corporations
- Methods : Questionnaires for SME, incorporated associations and incorporated foundations (Sample size: 10,060 (Responses: 1,932))
Survey on Specified Nonprofit Corporations (fiscal year 2013) for specified nonprofit corporations (Sample size: 47,303 (Responses: 13,130))

○ In order to be classified as a social enterprise, it must meet all of the following seven criteria⁶

1. The enterprise should have mainly social or environmental aims.
2. It should agree that it is a business with primarily social/environmental objectives, not with the pursuit of profit.
3. It should agree that it is a business whose surpluses are principally reinvested for that purpose in the business

¹ See Figure 23 on page 32 in the report for the details.

² The percentage to the population in this survey (1.746 million). See page 25 in the report for the details.

³ The percentage to the macro estimates of business income of social enterprises (60.7 trillion yen).

⁴ Note that the Gross Value Added of social enterprises and GDP have different definitions. See page 27 in the report for the rate of the Gross Value Added in this survey.

⁵ The total number of social enterprises is indicated in 2. Others are the percentages to National Accounts (GDP, wage, number of employees).

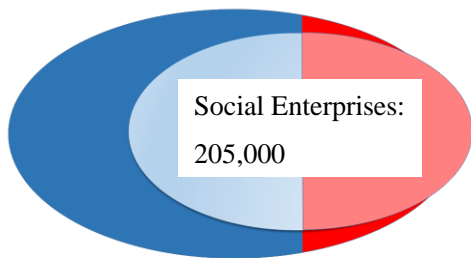
⁶ All specified nonprofit corporations are assumed to meet the criteria 1 and 2.

or community rather than mainly being paid to shareholders and owners. (only applied to for-profit corporations)

4. It should not pay more than 50 percent of profit or surplus to owners or shareholders (only applied to for-profit corporations)
5. It should not generate less than 50 percent of income from trading
6. It should not generate more than 50 percent of business income from public insurance (medical insurance, long-term care insurance, etc.)
7. It should not generate more than 50 percent of business income (income except from grants and donations) from commissioned projects of the government.

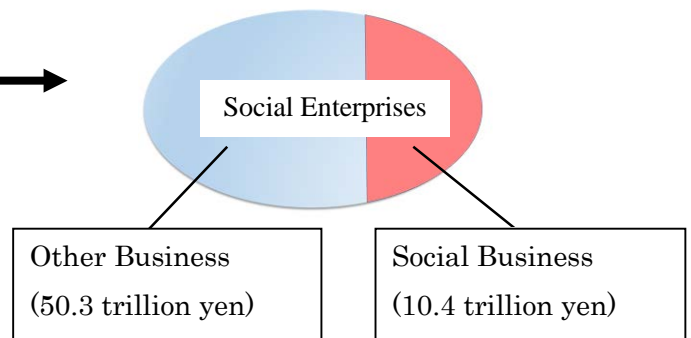
(cf.) Relationships between Social Enterprises and Social Business

Total Number of Businesses: 1.746 million



Business Income of Social Enterprises:

60.7 trillion yen



2. COMPARISON BETWEEN JAPAN AND UK ACCORDING TO THE GUIDELINE OF THE UK CABINET OFFICE

11.7% of the Japanese economy are social enterprises while 14.4% of the UK economy are social enterprises. The percentage of paid employees is 13.2% in Japan and 7.1% in the UK. Although contribution of social enterprises to the economy is slightly smaller in Japan than in the UK, considering their total numbers and GDP, the impact on employment is larger in Japan than in the UK.

		Total Number of Social Enterprises	Business Income	Gross Value Added	Total Number of Paid Employees
Japan	Percentage to SME	11.8%	13.4%	14.1%	23.3%
	Percentage to the economy	11.7%	4.4%	3.2%	13.2%
UK	Percentage to SME	14.4%	11.2%	11.4%	10.8%
	Percentage to the economy	14.4%	4.9%	3.3%	7.1%

• Target of the survey: Small and Medium-sized Enterprises

○The UK Cabinet Office⁷ has the following six criteria in order to be classified as a social enterprise.

1. The enterprise should have mainly social or environmental aims.
2. It should agree that it is a business with primarily social/environmental objectives, not with the pursuit of profit.
3. It should agree that it is a business whose surpluses are principally reinvested for that purpose in the business or community rather than mainly being paid to shareholders and owners.
4. It should not pay more than 50 percent of profit or surplus to owners or shareholders
5. It should not generate less than 25 percent of income from trading
6. It should not generate more than 75 percent of income from grants and donations

⁷ See “Social Enterprise: Market Trends” (Cabinet Office 2013) for overview and results of the survey in UK.