

Outline of the Results of the Survey on Business Start-ups in Japan (FY2023)

AOKI Haruka*

Economist, Japan Finance Corporation Research Institute

September 4, 2024

* Corresponding Author. Email: jfcri011@nippon-kouko.jp

Note: This paper was originally published in Japanese in *White Paper on Business Start-ups 2024* [新規開業白書 2024 年版] (June 2024 pp.11-33.), SAIKI COMMUNICATIONS., Ltd., published by Japan Finance Corporation Research Institute.

Abstract

Japan Finance Corporation Research Institute (JFCRI) has implemented the “Survey on Business Start-ups in Japan” every year since FY1991. This paper reviews the results of the FY2023 survey implemented in August 2023 with reference to the results of the past surveys and observes the trends of business start-ups.

The results of the survey implemented in FY2023 are as summarized below.

- The proportion of females among the entrepreneurs was 24.8%, a record high since the start of the survey in FY1991.
- Regarding the reason for leaving their previous job just before the business start-up, 82.0% cited “own will,” which is higher compared to the past two years.
- The average number of employees at the time of the business start-up was 2.8, the lowest since the survey began. The proportion of entrepreneurs starting business alone was 44.9%, also the highest since the survey began, indicating a trend towards smaller-scale startups.
- Average initial expenses were 10.27 million yen, with a median of 5.5 million yen, showing a trend towards lower initial expenses.
- The proportion of the start-up enterprises whose sales at the time of the survey were “on the increase” (58.6%) and the proportion of the start-up enterprises whose profitability was “in surplus” (64.7%) were higher than in FY2021, which was heavily affected by the COVID-19 pandemic, indicating improved performance among entrepreneurs.
- Although there were few people “satisfied” with their income, a significant number were “satisfied” with their job, resulting in a high overall degree of satisfaction with starting a business.

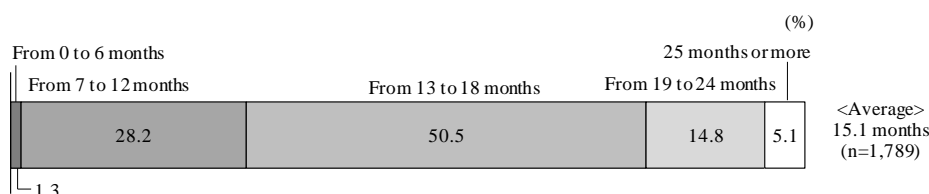
Since FY1991, our institute has been annually conducting the “Survey on Business Start-ups in Japan” and accumulating data. This paper reviews the results of the “Survey on Business Start-ups in Japan (FY2023)” (hereinafter, “this Survey”) which was conducted by Japan Finance Corporation Research Institute (hereinafter, “JFCRI”) in August 2023, with reference to the data of the past surveys, to explore the characteristics of entrepreneurs and their start-up businesses.

First, we will outline the procedures of the survey. This Survey covers 7,032 business enterprises, financed by Japan Finance Corporation's Micro Business and Individual Unit over the period from April to September 2022, which had been in operation for no more than one year at the time when financial support was provided, including enterprises prior to their start-up but excluding real estate lessors. A total of 1,789 enterprises responded, making the response rate 25.4%. The sending and collection of questionnaires were both conducted by mail. As to the distribution of the months from the time of the business start-up of the responding enterprises, the proportion of “13 to 18 months” was the highest at 50.5%, followed by “7 to 12 months” (28.2%), “19 to 24 months” (14.8%), “25 months or more” (5.1%), and “0 to 6 months” (1.3%) (Figure-1). The average period of business operation was 15.1 months.

Procedures for the “Survey on Business Start-ups in Japan (FY2023)”

Period of Survey	August 2023
Scope of Survey	A total of 7,032 business enterprises, financed by Japan Finance Corporation's Micro Business and Individual Unit over the period from April to September 2022, which had been in operation for not more than one year at the time of financial support, including enterprises prior to their start-up, but excluding real estate lessors.
Survey method	The questionnaire was sent by post, and the responses were collected by post. The questionnaire was filled anonymously.
Number of responses	1,789 (response rate: 25.4%)

Figure-1 Number of Months from the Time of Business Start-up of the Responding Enterprises



Source: The “Survey on Business Start-ups in Japan (FY2023)” by Japan Finance Corporation Research Institute. However, the time series data are based on the past surveys of the respective years (the same hereinafter).

Note: 1. n is the sample size (the same hereinafter).

2. The component ratios may not sum to 100% due to rounding off to the first decimal place (the same hereinafter).

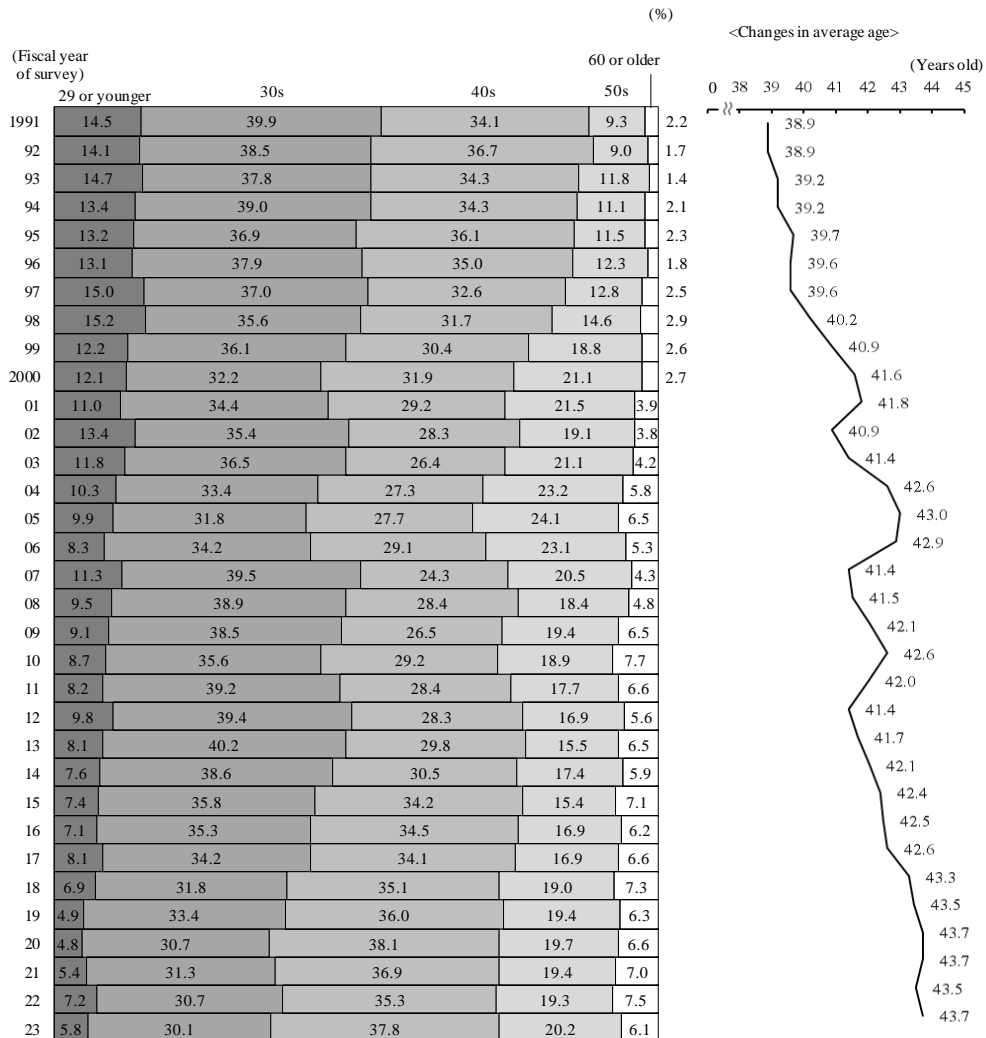
Figure-2 Gender

(Fiscal year of survey)	(%)	
	Male	Female
1991	87.6	12.4
92	87.1	12.9
93	87.1	12.9
94	85.3	14.7
95	86.7	13.3
96	86.8	13.2
97	85.1	14.9
98	86.4	13.6
99	87.5	12.5
2000	85.6	14.4
01	84.7	15.3
02	86.0	14.0
03	86.2	13.8
04	83.9	16.1
05	83.5	16.5
06	83.5	16.5
07	84.5	15.5
08	84.5	15.5
09	85.5	14.5
10	84.5	15.5
11	85.0	15.0
12	84.3	15.7
13	84.9	15.1
14	84.0	16.0
15	83.0	17.0
16	81.8	18.2
17	81.6	18.4
18	80.1	19.9
19	81.0	19.0
20	78.6	21.4
21	79.3	20.7
22	75.5	24.5
23	75.2	24.8

1. Characteristics and Career of Entrepreneurs

Among entrepreneurs, while the proportion of males remained high at 75.2%, the proportion of females was 24.8%, a record high since the start of the survey in FY1991, marking the highest level for the second consecutive year (Figure-2). According to the Cabinet Office's "Public Opinion Survey Concerning Gender Equality" (2022), 59.5% of respondents believe that "women should keep their jobs even after they have children," significantly surpassing the 27.1% who think "working women

Figure-3 Age at Business Start-up



should quit when they have children and then return to work after the children are grown up.”

This growing social awareness, increased motivation for women to work, and the rise in working women likely contribute to the increasing number of women taking the step to start their own businesses.

The age of the entrepreneurs at the time of starting business shows an upward trend, with an average age of 43.7 years (Figure-3). By age bracket, those “29 years or younger” accounted for 5.8%, which is relatively low. The majority was concentrated in the “30s” (30.1%) and “40s” (37.8%), accounting for nearly 70% of the total. Those in their “50s” made up 20.2%. The proportion of those “60 years and older” was 6.1%, which is higher compared to the 1990s. However, according to the

Figure-4 Academic History

(Fiscal year of survey)	Specialized training college/Miscellaneous school		Junior college/ National Institute of Technology (%)		Other	
	Junior-high school	High school		University/ Graduate school		
1992	7.4	40.7	16.5	4.8	30.6	0.0
93	8.0	40.8	17.2	3.8	29.6	0.6
94	8.6	39.4	18.0	3.9	29.5	0.6
95	7.6	40.9	12.9	7.5	30.8	0.3
96	7.5	41.5	13.2	7.4	29.7	0.7
97	5.7	42.2	15.5	7.1	29.1	0.3
98	6.9	39.5	18.4	4.1	30.5	0.7
99	6.2	40.0	15.3	3.8	33.8	1.0
2000	6.4	38.0	14.9	7.2	32.9	0.6
01	5.0	35.9	15.1	7.6	35.2	1.2
02	7.1	36.5	15.1	5.5	34.4	1.3
03	6.2	37.9	16.4	4.2	34.3	0.9
04	6.6	37.0	17.6	3.8	34.6	0.3
05	5.6	36.4	17.4	4.6	35.5	0.5
06	6.0	34.5	17.5	5.4	36.4	0.2
07	3.6	35.0	21.5	5.2	34.0	0.6
08	5.8	35.0	20.1	4.6	34.2	0.2
09	5.0	33.2	21.3	4.5	35.9	0.1
10	5.5	32.0	19.1	5.3	37.9	0.2
12	3.5	31.3	24.3	4.3	36.2	0.4
13	3.0	30.4	23.9	4.8	37.8	0.1
14	3.2	27.7	26.6	4.6	37.8	0.1
15	4.0	28.7	24.8	5.8	36.7	0.1
16	3.6	30.6	24.0	4.9	36.9	0.1
17	3.0	27.5	26.1	5.7	37.5	0.2
18	3.0	31.2	23.5	4.4	37.8	0.1
19	3.4	29.7	27.1	4.2	35.7	0.0
20	3.5	28.0	24.3	5.0	39.1	0.1
21	3.7	27.6	26.2	4.7	37.6	0.2
22	3.9	27.0	24.1	5.4	39.6	0.1
23	3.5	29.2	26.1	5.1	36.1	0.0

Note: 1. The results of the 1991 survey are not shown because the choices did not include “junior college.” The survey of FY2011 did not ask academic history.
 2. The choices for the 1992 survey did not include “other.” “Other” of the 1999 to 2002 surveys included “overseas schools.”

Ministry of Internal Affairs and Communications' “Employment Status Basic Survey for 2022,” the proportion of people aged 60 and over among the employed population was 21.7%, which is more than three times higher than the proportion of entrepreneurs in that age group. Thus, relatively few seniors choose entrepreneurship as a form of employment.

As to academic history of the entrepreneurs, “university/graduate school” was the highest, at 36.1% (Figure-4). It was followed by “high school” (29.2%) and “specialized training

Table-1 Work Experience

(% , year)

	Percentage	Years of experience (average)	Years of experience (median)
Have work experience (n=1,767)	98.1	20.7	20.0
Have previous work experience in relevant business (n=1,764)	84.4	15.2	15.0
Have experience in a managerial post (n=1,770)	66.6	11.0	10.0
Have experience in managing a business (n=1,620)	13.1	8.8	7.0

Note: 1. "Previous experience in relevant businesses" refers to experience in work related to the business at the time of the Survey. "Experience in a managerial position" refers to experience working as head or leader of a section, department, etc. with three subordinates or more. "Experience managing a business" refers to experience managing a different business prior to starting the business at the time of the Survey (including respondents who had quit the business).

2. Average and median of years of experience exclude the respondents without such experience.

college/miscellaneous school" (26.1%). Over time, the proportion of those with "high school" education, which was the highest in FY1992, has decreased, whereas the proportions of "university/graduate school" and "specialized training college/miscellaneous school" have increased, indicating a trend towards higher education levels.

Regarding work experience before starting business, 98.1% of the entrepreneurs responded that they had work experience (Table-1), with the average number of years of work experience being 20.7. Those who have experience working in business relevant to their business operated at the time of the Survey accounted for 84.4%, with the average number of years of experience being 15.2, suggesting that many entrepreneurs start their businesses after accumulating some experience in the industry. The proportion of those who had experience in a managerial post (head or leader of a section, department, etc. with 3 subordinates or more) was 66.6%, with the average number of years of experience being 11.0. Also, 13.1% of the respondents had experience managing a different business before starting the business for 8.8 years on average.

The most common employment status held by the entrepreneurs just before their business start-up was "full-time employee in managerial position," at 40.0%, followed by "full-time employee in non-managerial position," at 30.9% (Figure-5). The proportion of "full-time employee/executive" consisting of these two categories and "full-time executive of company/organization" (10.3%) was 81.2%, declining since the 1990s when it was around 90%. The proportion of "non full-time employee," which is the sum of "part-time/temporary employees"

Figure-5 Employment Status and Positions Prior to Business Start-ups

(Fiscal year of survey)	Full-time employee/executive (%)				Non full-time employee	
	Full-time employee in managerial position			Full-time executive of company/organization	Full-time employee in non-managerial position	Other
	Full-time executive of company/organization	Full-time employee in managerial position				
1991	14.8	35.0	39.5	1.5	9.1	
92	14.5	36.3	36.7	2.9	9.5	
93	14.8	36.5	39.5	3.3	5.8	
94	13.9	35.2	41.9	3.0	5.9	
95	12.0	35.2	36.4	3.2	13.2	
96	14.2	37.6	36.2	2.6	9.4	
97	12.2	31.5	47.1	3.6	5.5	
98	11.3	37.1	42.2	3.2	6.2	
99	12.2	36.1	40.9	4.2	6.7	
2000	14.6	36.8	38.5	5.3	4.8	
01	14.5	36.6	36.5	6.9	5.5	
02	13.3	34.6	40.1	4.9	7.2	
03	12.0	42.1	30.4	7.4	8.0	
04	12.2	37.4	34.7	5.6	10.2	
05	12.4	36.1	33.5	8.0	9.8	
06	13.1	37.2	32.6	7.6	9.5	
07	10.9	39.8	33.6	8.7	7.0	
08	13.1	38.2	33.9	7.8	7.0	
09	13.7	38.4	32.9	8.0	6.9	
10	13.0	45.2	26.3	8.5	7.1	
11	13.0	38.0	31.3	8.7	9.1	
12	10.7	41.2	31.0	9.4	7.6	
13	10.7	44.7	28.8	8.8	7.1	
14	10.2	44.9	29.2	9.2	6.4	
15	11.3	40.7	29.4	10.6	8.0	
16	10.4	45.1	28.5	10.8	5.2	
17	10.0	40.8	31.9	9.1	8.3	
18	10.0	42.2	29.5	10.5	7.8	
19	11.4	38.3	32.1	11.1	7.1	
20	10.7	39.5	29.8	12.3	7.6	
21	11.2	41.3	28.3	10.7	8.4	
22	11.3	39.2	29.3	11.5	8.7	
23	10.3	40.0	30.9	11.0	7.8	

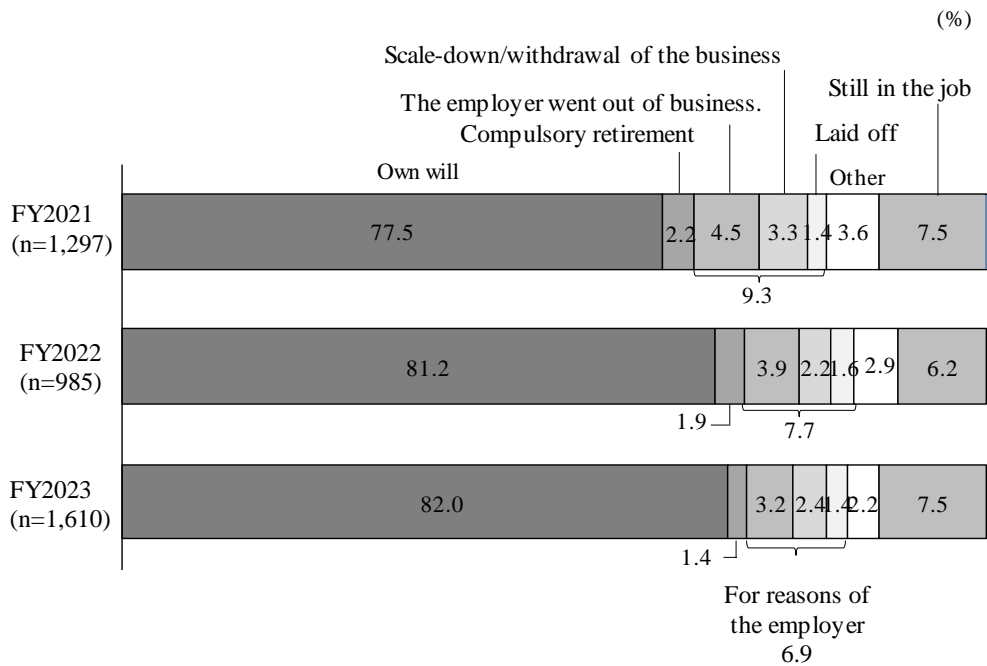
Note: 1. “Non full-time employee” is the sum of “part-time/temporary employees” and “dispatched/contracted workers.” However, choices for the surveys from FY1991 to FY1994 and FY2004 did not include “dispatched/contract employee.” The choices for the FY1995 to FY1999 surveys included “dispatched employee” instead of “dispatched/contract employee.”

2. “Other” includes “full-time homemaker” (“full-time housewife” until FY2007) and “student.”

and “dispatched/contracted workers” has been on the rise. It has increased from 1.5% in FY1991 to 11.0% in FY2023.

The proportion of the entrepreneurs who left their previous job just before starting their business due to “own will” was 82.0%, which was the majority and an increase compared to 77.5% in FY2021 and 81.2% in FY2022 (Figure-6). The proportion of “reasons of the employer” was low at 6.9% combining: “the employer went out of business” (3.2%), “scale-down/withdrawal of the business”

Figure-6 Reasons for Leaving the Job



(2.4%), and “laid off” (1.4%). The proportion of entrepreneurs “still in the job” was 7.5%, referring to those who run their business while continuing their job.

2. Business Outline

(1) Motivation for Start-up and Decision on the Business

The most highly cited motivation for starting business (multiple answers up to three) was “to work at my own discretion,” at 57.4%, increasing slightly compared to FY2021 (54.1%) and FY2022 (56.6%) (Table-2). It was followed by “to use my work experience, knowledge and qualifications,” and “to increase income,” at 45.8% and at 45.5%. While the order shifted, the top three motivations have not changed.

The most common reason for decision on the business contents was “can use my experience and skills of past jobs,” at 43.9%, maintaining similar levels compared to FY2021 (43.8%) and FY2022 (44.0%) (Table-3). Given that many entrepreneurs had work experience (as shown in the previous Table-1), it is likely that a significant number of them find business opportunities within their

Table-2 Motivation for Start-up (multiple answers up to three)

(%)

	FY2021 (n=1,453)	FY2022 (n=1,110)	FY2023 (n=1,768)
To work at my own discretion	54.1	56.6	57.4
To use my work experience, knowledge and qualifications	47.3	44.5	45.8
To increase income	43.4	47.2	45.5
Interest in business management	35.1	35.5	35.5
To commercialize my technology/idea	32.1	28.6	30.8
To do work of benefit to society	26.5	27.6	28.0
To have more time and composure	19.5	19.7	22.8
To work regardless of age or gender	12.1	11.5	12.0
To make the most of personal interests/special skills	8.5	9.8	8.6
Unable to find a suitable place of employment	5.9	6.0	4.9
Other	9.1	6.3	5.0

Table-3 Reason for Decision on the Business Contents

(%)

	FY2021 (n=1,437)	FY2022 (n=1,100)	FY2023 (n=1,722)
Can use my experience and skills of past jobs	43.8	44.0	43.9
Can use my qualifications and knowledge	19.4	19.1	23.2
Community and society need the business	15.9	14.3	13.6
The business is expected to grow	8.4	8.1	7.8
Can use my personal interest/special skills	3.9	5.3	4.0
Have found an idea/hint for the new business	4.0	4.2	3.8
The business is possible without experience	2.1	3.6	1.9
Can use my real estate, etc.	0.4	0.3	0.6
Other	2.1	1.2	1.1

employment. The second and third most common reasons were “can use my qualifications and knowledge” (23.2%) and “community and society need the business” (13.6%), respectively.

(2) Characteristics of Start-ups

By industry type, “Services” accounted for the highest proportion of start-up enterprises, at 28.6%, followed by “Medical, Health care and Welfare,” at 17.0%, and “Retail trade,” at 11.9% (Table-4).

Table-4 Industry Type of the Start-ups

(%)

	2004	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Construction	8.9	8.5	9.6	7.5	9.5	9.5	8.8	7.1	7.2	6.3	6.4	8.6	8.5	8.9	7.7	8.8	9.4	7.2	6.8	8.8
Manufacturing	5.5	5.2	5.4	5.0	4.0	6.2	4.7	2.7	3.2	4.5	3.5	4.1	4.4	4.2	3.4	3.4	3.1	2.7	3.9	3.6
Information and Communications	3.2	2.5	2.6	3.2	2.8	3.0	2.4	2.9	2.7	2.6	2.5	2.6	1.6	2.2	3.2	2.7	2.9	2.5	2.7	2.8
Transportation	3.8	3.6	3.6	2.4	3.2	3.6	2.5	4.0	2.2	2.5	1.8	2.0	1.9	2.7	2.8	3.5	2.6	4.6	3.8	3.2
Wholesale	7.5	6.8	8.2	5.9	7.4	6.1	8.4	7.9	7.2	6.1	5.5	5.1	5.6	4.6	4.9	5.3	3.5	4.3	3.2	4.2
Retail trade	14.2	15.9	15.2	13.6	14.0	10.4	14.0	12.9	14.6	10.6	13.2	11.9	9.4	11.9	13.1	12.8	11.8	11.5	13.8	11.9
Restaurant and Accommodations	14.0	14.5	14.5	16.9	14.5	13.9	12.8	13.6	12.9	15.1	14.9	15.9	15.8	14.2	14.7	15.6	14.3	14.7	10.1	11.0
Medical, Health care and Welfare	14.9	16.1	14.1	15.8	13.2	14.8	15.7	17.5	19.8	19.6	21.9	19.5	18.0	19.6	17.4	14.7	16.7	17.4	16.4	17.0
Education, Learning support	1.6	1.5	2.2	1.6	2.5	1.3	2.1	2.3	2.6	3.4	3.2	2.6	2.9	3.6	2.6	3.1	3.6	2.9	4.4	3.3
Services	23.5	21.1	20.9	25.6	24.1	26.3	23.2	24.8	22.0	23.6	22.2	23.2	26.2	23.3	25.1	25.9	26.4	28.1	29.4	28.6
Real estate	2.2	2.4	3.2	1.6	4.2	4.2	4.1	3.6	4.2	4.8	3.7	3.7	4.5	4.1	4.2	3.7	4.4	3.3	4.9	4.5
Other	0.8	1.9	0.5	0.9	0.6	0.9	1.2	0.8	1.5	0.9	1.2	0.7	1.1	0.7	0.8	0.5	1.3	0.9	0.6	1.2

Note: "Food takeout/delivery service" is included in "retail trade."

“Services” has always been the most popular industry since FY2004, for which comparable data are available, and this time it was the second highest compared to the record-high in FY2022 (29.4%). In the breakdown, “Hair-dressing and beauty salon,” “Aesthetic salon service” and “Certified tax accountants’ offices” accounted for high proportions. On the other hand, the proportion of the major industry category “Restaurants and Accommodations” was 11.0%, slightly higher than the lowest rate since FY2004, which was 10.1% in FY2022, but still not back to pre-pandemic levels. As seen in the previously mentioned Figure-1, the respondents to this survey had been in business for an average of 15.1 months at the time of the survey, meaning they started their businesses during the pandemic years of 2021-2022. This suggests that it was challenging to start restaurants or accommodation businesses amidst reduced opportunities for travel and dining out.

As to the legal status of the business at the time of business start-up, the proportion of “sole proprietor” accounted for the majority, at 60.4%, followed by “stock company, etc.” (39.6%) consisting of “stock company” (30.4%), “NPO” (0.5%), and “other (limited liability company, limited

Figure-7 Legal Status at the Time of Start-up

(%)

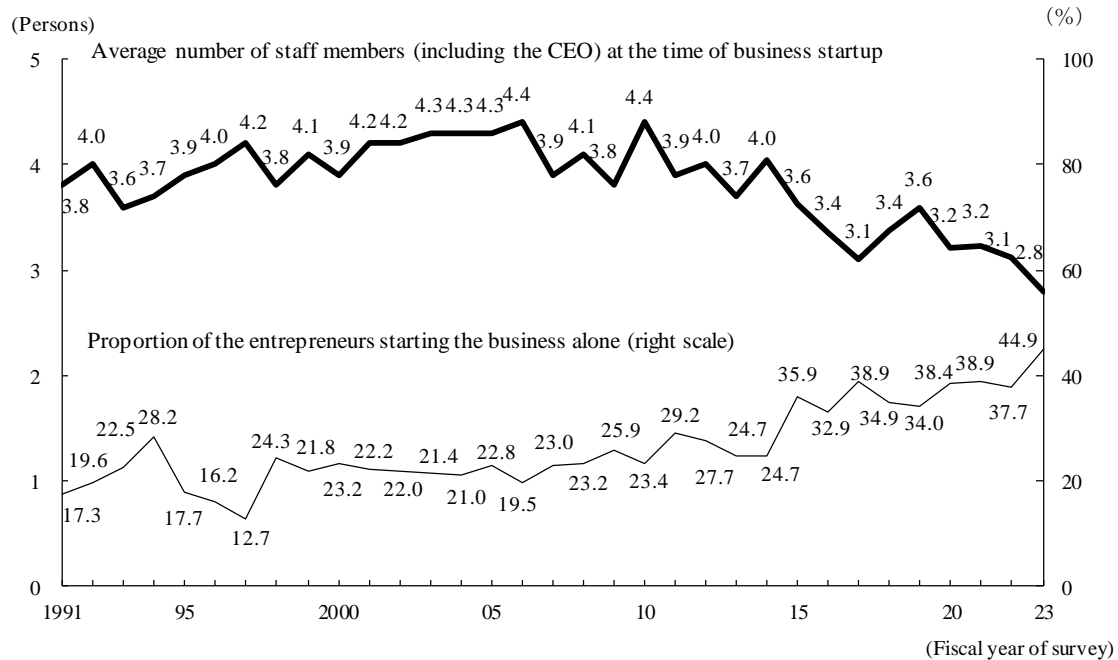
(Fiscal year of survey)	Sole proprietor	Stock company, etc.
1992	66.2	33.8
93	74.7	25.3
94	76.5	23.5
95	80.3	19.7
96	75.8	24.2
97	74.5	25.5
98	72.7	27.3
99	73.5	26.5
2000	71.0	29.0
02	69.5	30.5
03	64.6	35.4
04	60.4	39.6
05	63.5	36.5
06	63.0	37.0
07	66.1	33.9
08	61.2	38.8
09	62.6	37.4
10	60.4	39.6
11	64.1	35.9
12	63.8	36.2
13	61.1	38.9
14	61.0	39.0
15	60.2	39.8
16	61.0	39.0
17	62.7	37.3
18	60.4	39.6
19	63.5	36.5
20	61.6	38.4
21	61.3	38.7
22	60.5	39.5
23	60.4	39.6

Note: 1. The FY1991 and FY2001 surveys did not ask the legal status at the time of business start-up.
 2. Choices of legal status slightly vary depending on the survey. For this reason, styles other than “sole proprietor” were lumped together into “stock company, etc.”

partnership company, general incorporated association, etc.)” (8.7%) (Figure-7). As concerns the legal status at the time of the survey, the proportion of “sole proprietor” was 57.9%, while “stock company, etc.” was 42.1%, not changing significantly since the time of starting the business.

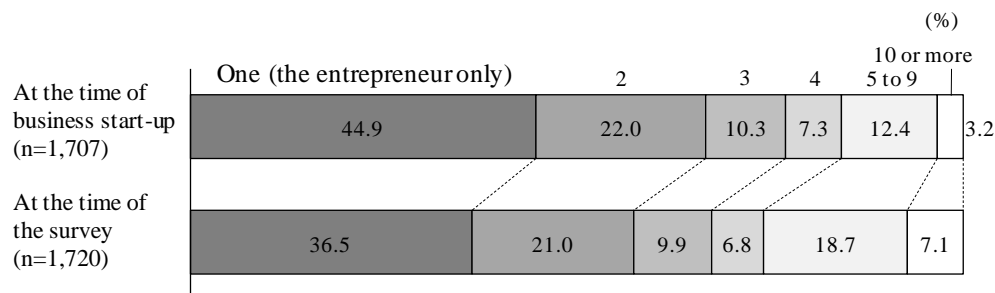
The average number of staff members (including the CEO) at the time of starting the business was 2.8, the lowest since FY1991, with the downward trend continuing (Figure-8). The proportion of the entrepreneurs starting the business alone without employing staff members exceeded 40% for the first time since the survey began, reaching 44.9%. The proportion of the entrepreneurs operating the business alone without employing staff members was 36.5% at the time of the survey, which is about 10 percentage points lower than at the time of starting the business (Figure-9). However, even at the

Figure-8 Average Number of Staff Members (including the CEO) at the Time of Start-up and the Proportion of the Entrepreneurs Starting Business Alone



Note: Staff members include “the entrepreneur,” “Family employees,” “Full-time executives/full-time employees,” “Part-time and temporary employees” and “Dispatched/contract employees.” (the same applies hereafter.)

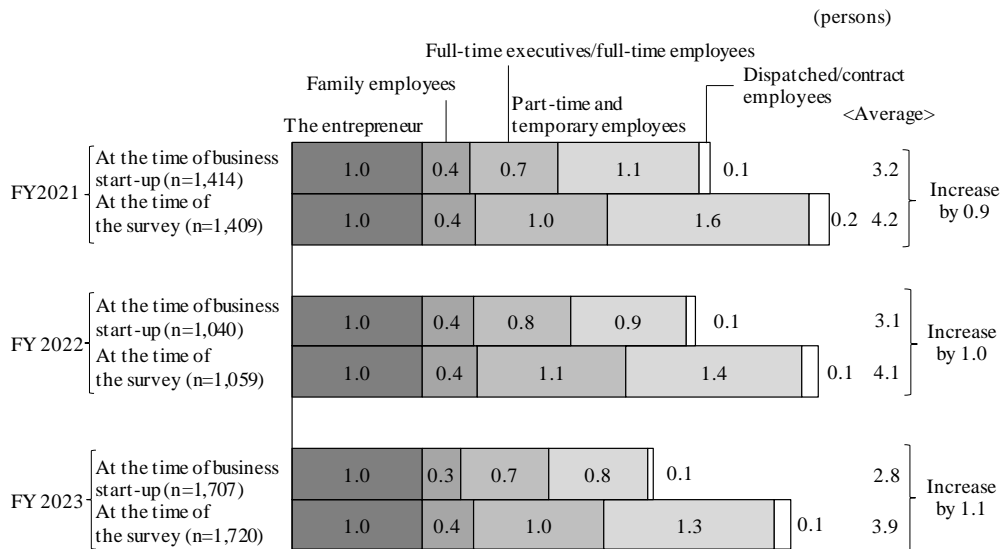
Figure-9 Number of Staff Members (including the CEO) at the Time of Business Start-up and at the Time of the Survey



time of the survey, more than half of the businesses have 2 or fewer employees, indicating that many people are operating business on a small scale.

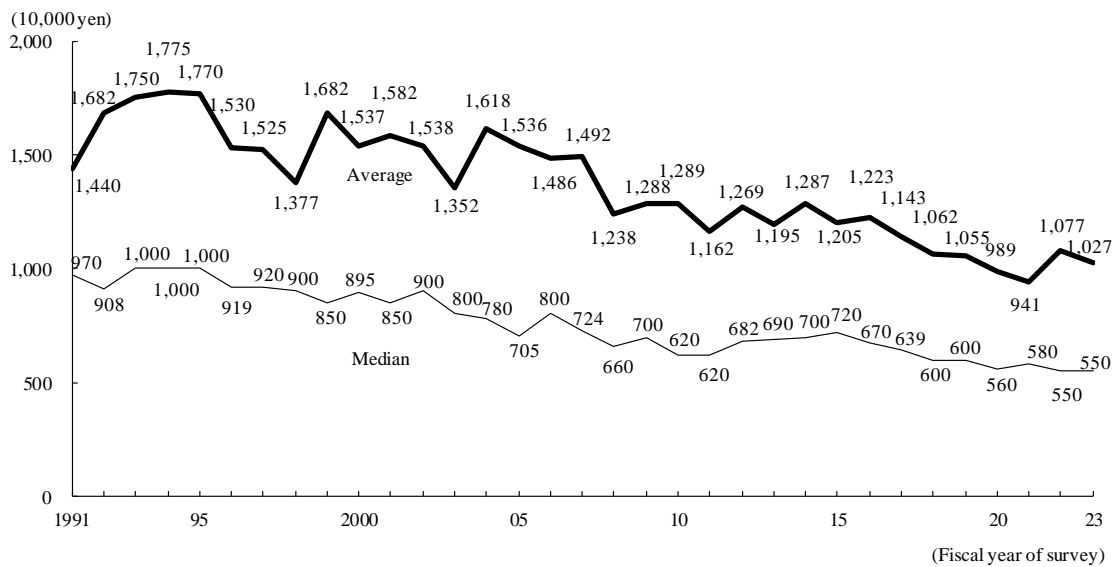
By type of staff member employed at the time of business start-up, the average number was 0.3 for “family employees,” 0.7 for “full-time executives/full-time employees,” 0.8 for “part-time and temporary employees,” and 0.1 for “dispatched/contract employees” (Figure-10). The average number

Figure-10 Average Number of Staff Members (including the CEO) at the Time of Business Start-up and at the Time of the Survey



Note: Due to rounding to the first decimal place, the same value may be expressed in different graph lengths, and the total of the breakdown and the average, and the differences in the average and the increase may not agree.

Figure-11 Average and Median of Initial Expenses



of staff members increased by 1.1 to 3.9 at the time of the survey from 2.8 at the time of business start-up. The average number increased for “part-time and temporary employees” (up 0.6) and for “full-time executives/full-time employees” (up 0.3).

The average amount of initial expenses is on a declining trend in the long term, and it was 10.27 million yen in FY2023 (Figure-11). The median was 5.5 million yen, the lowest level, along with

Figure-12 Initial Expenses

(%)

(Fiscal year of survey)	Less than 5 million yen	5 million to <10 million yen	10 million to <20 million yen	20 million yen or more	
1991	23.8	26.7	28.7	20.8	
92	22.4	29.3	26.8	21.5	
93	21.0	28.3	27.8	22.9	
94	19.6	28.1	27.0	25.3	
95	20.3	28.0	27.5	24.2	
96	22.1	30.3	25.2	22.4	
97	21.5	29.8	28.6	20.1	
98	24.3	27.5	28.8	19.3	
99	24.3	30.8	23.6	21.3	
2000	5.3	19.1	29.2	25.2	21.1
01	5.8	16.8	32.2	24.5	20.8
02	6.7	18.2	28.8	25.2	21.1
03	8.8	20.8	30.2	23.0	17.1
04	8.8	21.0	28.9	21.7	19.6
05	11.2	20.6	29.0	19.8	19.4
06	9.4	20.7	27.1	23.9	18.9
07	10.4	21.3	28.6	21.4	18.3
08	14.7	20.6	29.1	21.6	13.9
09	12.1	22.2	28.3	21.6	15.8
10	14.7	23.4	28.5	17.9	15.5
11	18.2	21.5	26.6	19.2	14.5
12	12.1	23.3	31.1	19.2	14.3
13	12.0	22.7	31.0	21.1	13.2
14	12.6	19.9	31.8	20.5	15.2
15	12.6	20.2	31.6	21.8	13.8
16	13.6	21.7	30.9	20.5	13.3
17	14.4	23.0	29.3	20.8	12.6
18	16.7	20.7	31.0	19.5	12.1
19	18.2	21.8	27.8	20.6	11.5
20	20.3	23.4	27.3	18.2	10.8
21	19.8	22.3	30.2	17.8	9.9
22	21.7	21.4	28.5	18.0	10.5
23	20.2	23.6	28.4	18.8	9.0

Less than 2.5 million yen 2.5 million to <5 million yen

Note: Since FY2000, the category of “less than 5 million yen” has been divided into “less than 2.5 million yen” and “2.5 million yen to under 5 million yen.”

FY2022. As to the distribution of amount, the proportion of “less than 5 million yen” has been increasing (Figure-12). The proportion of “less than 2.5 million yen” was as low as 5.3% in FY2000, but in FY2023, it rose to 20.2%. The proportion of “5 million yen to under 10 million yen” remained at around 30%, while the proportion of those with costs over 10 million yen is decreasing. The proportion of businesses with costs “20 million yen or more” was 9.0%, the lowest since the survey

Figure-13 Amount of Funds Procured and Source of Funds

(10,000 yen)

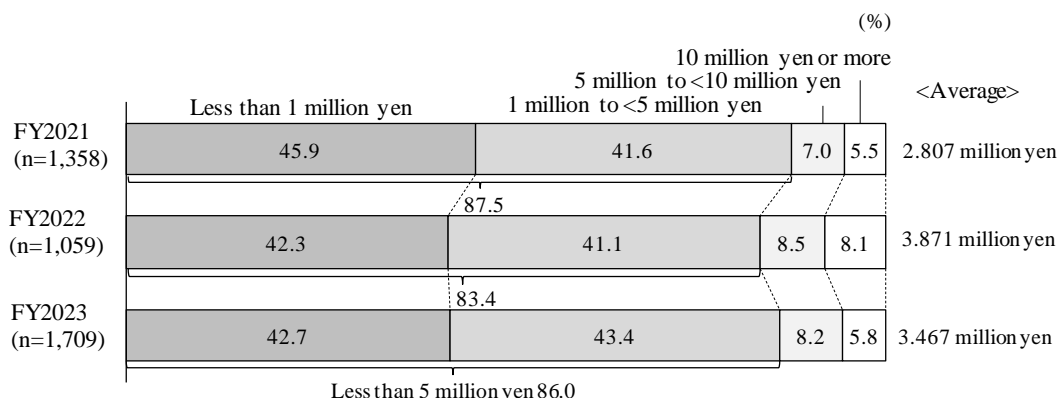
(Fiscal year of survey)	Source of Funds						<Average total capital procurement>
	Entrepreneur's own fund	Spouse/parents/siblings/ relatives		Friends/acquaintances	Loans from financial institutions	Other	
1991	360	124	119	748		101	1,452
92	441		151	129	917	111	1,750
93	426		154	77	972	120	1,749
94	445		149	81	1,062	91	1,828
95	453		136	65	1,067	92	1,813
96	424		151	53	897	73	1,598
97	412		150	83	881	70	1,596
98	435		149	68	723	67	1,442
99	445		177	132	969	108	1,832
2000	428		131	110	895	82	1,645
01	440		159	88	939	78	1,704
02	413		151	113	865	86	1,628
03	405		152	91	748	67	1,461
04	439		146	110	954	102	1,750
05	448		165	89	932	95	1,729
06	443		161	91	882	70	1,645
07	422		137	77	935	60	1,631
08	374	100	72	793		66	1,405
09	398	124	65	798		62	1,448
10	364	141	70	827		46	1,449
11	356	97	51	840		69	1,413
12	369	112	47	855		95	1,478
13	327	95	50	833		32	1,337
14	350	100	45	928		40	1,464
15	311	110	53	866		25	1,365
16	320	84	56	931		42	1,433
17	287	75	44	891		27	1,323
18	292	70	40	859		21	1,282
19	262	53	39	847		36	1,237
20	266	51	27	825		25	1,194
21	282	46	28	803		17	1,177
22	271	49	52	882		20	1,274
23	280	50	37	768		45	1,180

- Note: 1. "Spouse/parents/siblings/relatives" and "friends/acquaintances" include both loans and investments.
 2. "Friends/acquaintances" includes "customers" (FY 1992 to 1999 surveys), "individuals/organizations endorsing the business" (FY 1992 to 2023 surveys), "Officers/employees of the enterprise" (FY 2004 to 2023 surveys), and "associated companies" (FY 2016 survey).
 3. "Financial institutions" includes "Japan Finance Corporation" (FY 1991 to 2023 surveys), "private financial institutions" (FY 1991 to 2023 surveys), "financing system of local governments" (FY 1992 to 2023 surveys), and "public institutions other than JFC and local governments" (FY 1999 to 2023 surveys).
 4. The initial expense amount and fund procurement amount do not agree because the two were asked separately.

began. This trend is likely due to advances in communication technology, the expansion of the sharing economy, and enhanced startup support measures, which have made it easier to keep startup costs down.

The amount of funds procured for business start-up has also been decreasing. The total amount of funds often exceeded 15 million yen up until the 2000s (Figure-13). However, in the 2010s, it fell below 15 million yen, and currently, it has decreased to around 10 million yen. In FY2023, it was 11.8

Figure-14 Monthly Sales



million yen, which is the second lowest level after FY2021 (11.77 million yen). The most common source of funds was “loans from financial institutions,” accounting for an average of 7.68 million yen, or 65.1% of the total funding. The second largest source was “entrepreneur’s own funds,” which amounted to 2.8 million yen on average, or 23.8% of the total. Approximately 90% of funds for business start-up are covered by loans received from financial institutions or the entrepreneur’s own funds. Other sources include “spouse/parents/siblings/relatives” at 500,000 yen on average, “friends/acquaintances” at 370,000 yen on average, and “other” at 450,000 yen on average.

(3) Business Conditions

As to monthly sales, 42.7% have sales of “less than 1 million yen,” and 43.4% have sales of “1 million to under 5 million yen” (Figure-14). The average amount was 3.467 million yen, which is lower than 3.871 million yen in FY2022 but higher than 2.807 million yen in FY2021, when the impact of the COVID-19 pandemic was significant.

The proportion of enterprises achieving their expected monthly sales (monthly sales at the time of the survey ÷ monthly sales expected before the business start-up × 100) of “100% or more” was 55.8% (Figure-15). While the rate was a low 42.5% in FY2021, more than half of the enterprises have been meeting their expected monthly sales since FY2022 (55.2%).

The proportion of enterprises whose sales were “on the increase” has risen over the past three

Figure-15 Achievement Ratio of the Expected Monthly Sales

(%)

	Less than 50%	50 to <75%	75 to <100%	100 to <125%	125% or more
FY2021 (n=1,356)	17.8	22.1	17.7	18.9	23.6
FY2022 (n=1,058)	9.8	19.7	15.3	20.6	34.6
FY2023 (n=1,702)	9.7	17.6	16.9	23.1	32.7

Expected monthly sales were achieved 55.8

Note: Achievement ratio of the expected monthly sales = (monthly sales at the time of the survey ÷ monthly sales expected before the business start-up) × 100

Figure-16 Sales Conditions at the Time of the Survey

(%)

	On the increase	Marginal change	On the decrease
FY2021 (n=1,438)	44.4	35.9	19.7
FY2022 (n=1,083)	52.4	37.0	10.5
FY2023 (n=1,770)	58.6	33.4	7.9

years, reaching 58.6% in FY2023 (Figure-16). The proportion of “on the decrease” was 7.9%, which is lower than the levels of the past two years.

With regard to profit, the proportion of the enterprises “in surplus” was 64.7%, remaining steady from FY2022 (64.5%) but slightly higher compared to FY2021 (58.2%) (Figure-17). It took 6.5 months on average for the enterprises to record a surplus, and 61.3% of the enterprises recorded a surplus within 6 months after starting the business.

Compared to FY2021, which was heavily impacted by the COVID-19 pandemic, the number of enterprises showing good performance increased in FY2022 and FY2023, indicating a return to pre-pandemic conditions. When asked if there were negative impacts from COVID-19 on their business, 53.9%

Figure-17 Profitability at the Time of the Survey

	In surplus		In deficit		The time period required to record a surplus	
	(%)		(%)		<Average>	<Ratio of "shorter than 6 months">
FY2021 (n=1,413)	58.2		41.8		5.8 months	67.0%
FY2022 (n=1,060)	64.5		35.5		6.2 months	66.2%
FY2023 (n=1,713)	64.7		35.3		6.5 months	61.3%

Note: Average refers to the time period required to record a surplus. Ratio of "shorter than 6 months" shows the proportion of the enterprises that recorded a surplus within 6 months among the enterprises "in surplus."

responded "no" which is nearly 30 percentage points higher than in FY2022 (24.3%)¹. "Somewhat" was 35.4%, and "yes, to a considerable degree" was 10.7%. In FY2022, these figures were 44.5% and 31.1%, respectively, showing a decrease in the proportion of enterprises affected negatively.

3. Difficulties and Satisfaction

(1) Difficulties Experienced at the Time of Business Start-up and the Time of the Survey

The difficulties experienced at the time of business start-up and the time of the survey (multiple answers up to three) are shown in Table-5. The most common difficulty at the time of business start-up was "financing/fundraising," at 59.6%, followed by "customer acquisition/market development" (48.5%) and "lack of financial/tax/legal knowledge" (37.5%). The top three difficulties remained the same in FY2021 and FY2022. The fourth most common difficulty, "securing suppliers/subcontractors" (20.3%), was higher compared to the past two years but stabilized at a similar level by the time of the survey. The most common difficulty at the time of the survey was "customer acquisition/market development" (49.5%), with nearly half of the respondents experiencing difficulties, reflecting the

¹ The FY2021 survey had different options: "a large negative effect before but currently none" (4.0%), "some negative effects before but currently none" (6.2%), "a large negative effect currently" (39.6%), "some negative effects currently" (27.1%), "no negative effect currently but likely to be affected in future" (8.8%), and "no negative effect currently and likely to be unaffected in future" (14.3%)

**Table-5 Difficulties at the Time of Business Start-up and at the Time of the Survey
(multiple answers up to three)**

(%)

	At the time of business start-up			At the time of the survey		
	FY2021 (n=1,425)	FY2022 (n=1,083)	FY2023 (n=1,766)	FY2021 (n=1,422)	FY2022 (n=1,080)	FY2023 (n=1,762)
Financing/fundraising	57.6	57.1	59.6	34.6	35.9	37.0
Customer acquisition/market development	44.8	47.4	48.5	47.9	47.7	49.5
Lack of financial/tax/legal knowledge	38.4	31.0	37.5	33.0	25.3	32.2
Securing suppliers/subcontractors	15.1	16.8	20.3	9.6	9.4	9.3
Securing employees	15.1	17.9	15.2	24.0	27.5	26.0
Planning and development of products/services	12.8	14.7	14.6	13.4	14.5	15.0
Have no one to consult on management	14.4	9.4	13.1	16.0	9.0	12.4
Lack of knowledge of the industry	10.5	10.6	10.1	5.3	6.5	6.6
Employee education and human resource development	11.6	13.5	9.7	18.0	20.7	17.0
Balancing with housework and child/family care	7.4	7.2	7.8	10.0	9.6	11.2
Lack of knowledge of products/services	7.3	7.9	7.2	4.6	5.7	4.5
Other	2.6	1.7	1.2	4.2	2.2	1.7
Nothing in particular	5.8	4.6	4.8	7.2	8.3	7.5

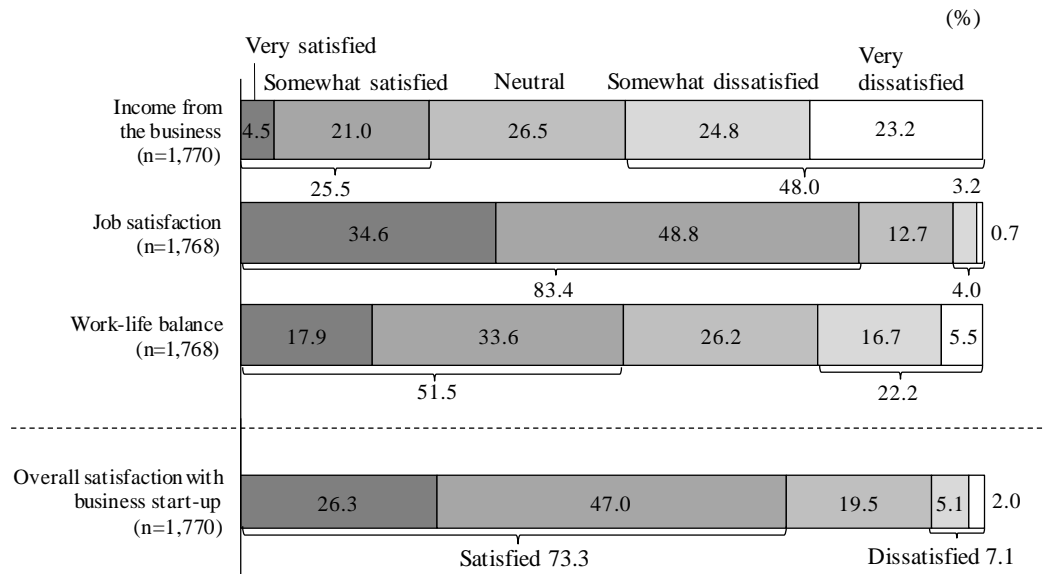
challenges in expanding sales channels. The second was “financing/fundraising” (37.0%), and the third was “lack of financial/tax/legal knowledge” (32.2%). Items showing an increase in difficulty compared to the start-up phase include “securing employees” (from 15.2% at startup to 26.0% at the time of the survey) and “employee education and human resource development” (from 9.7% to 17.0%). Many entrepreneurs seem to face challenges related to human resources as they expand their business.

(2) Satisfaction and Future Plans

Many entrepreneurs experience various difficulties at the time of starting their business and at the time of the survey, but how satisfied are they with their business? Looking at the satisfaction levels by category, the proportion of those “satisfied” with their income from the business is low at 25.5%, while the proportion of those “dissatisfied” is high at 48.0% (Figure-18). Since nearly half of the entrepreneurs struggle with market development both at the start of their business and at the time of the survey (as shown in the previous Table-5), it is likely that securing satisfactory income is challenging.

Regarding job satisfaction, the proportion of “very satisfied” (34.6%) or “somewhat satisfied” (48.8%) was higher compared to other items, with the overall satisfaction rate exceeding 80%. The

Figure-18 Satisfaction with the Business Start-up



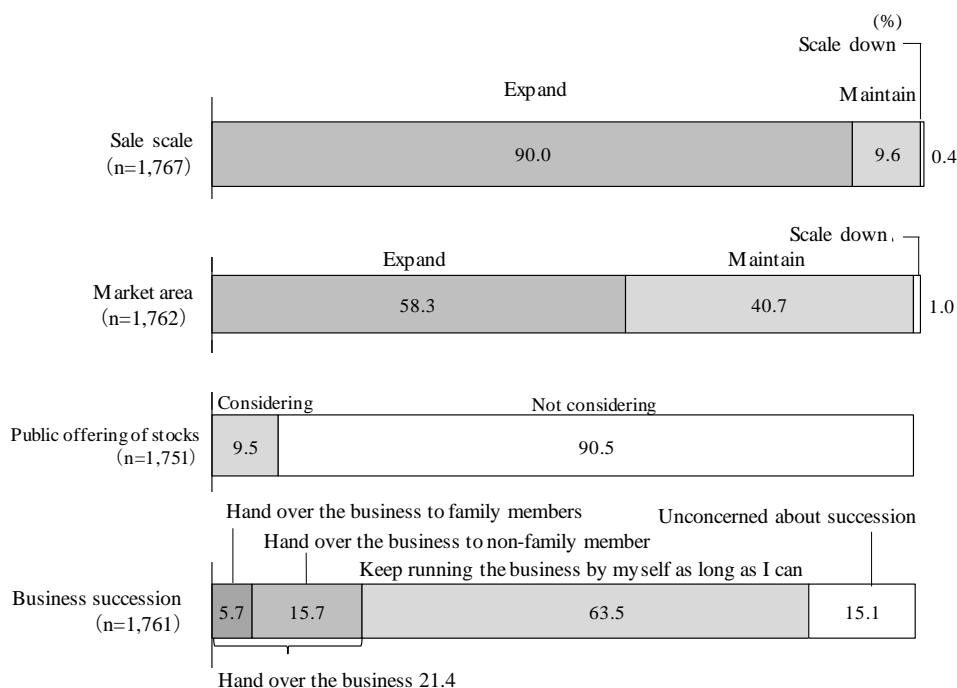
proportion of those “dissatisfied” was low at 4.0%. This might be because entrepreneurs can make their own decisions regarding work content and processes, which contributes to their sense of fulfillment compared to their previous employment.

Over half (51.5%) of entrepreneurs were “satisfied” with their work-life balance. However, the proportion of those who are “dissatisfied” was not low at 22.2%. Unlike during their employment, some may struggle with balancing work and personal life due to the inability to clearly separate work and personal time.

As to overall satisfaction with the business start-up, a majority of entrepreneurs are “satisfied” (73.3%), while the proportion of those “dissatisfied” is low at 7.1%. Despite challenges related to income, the fulfillment of the most common motivation for starting a business—“to work at my own discretion” (as mentioned in Table-2)—seems to contribute to high overall satisfaction.

Looking at future business plans, 90.0% of entrepreneurs want to “expand” their sales (Figure-19). While wanting to “expand” their market area was the most common response (58.3%), 40.7% of entrepreneurs were content with “maintaining their current market area.” Given that many operate with a small number of employees and on a small scale, some may prefer to deepen their presence within their current market area rather than aggressively expanding. Regarding public offering of

Figure-19 Future Plans



stocks, the majority (90.5%) were “not considering it,” with only 9.5% “considering it.” Regarding business succession, the proportion of those who wish to “hand over” their business to someone is low at 21.4%, since many are still in the early stages of their business, while the majority (63.5%) prefer to “keep running the business by myself as long as I can.”

* * *

Many of the entrepreneurs in this survey started their businesses amidst the lingering effects of the COVID-19 pandemic. The impact of the pandemic was observed in certain types of businesses, such as with fewer restaurants and accommodations compared to before the pandemic. On the other hand, in May 2023, the classification of COVID-19 under the infectious disease act was changed to Category 5, leading to increased social and economic activity. As a result, improvements in sales and profit were observed at the time of the survey (August 2023) compared to the surveys in FY2021 and FY2022. The impact of the pandemic seems to be gradually diminishing.