

Preface

In this monograph, we describe the current status of firm interrelationships in Japan by using a unique and huge data set that covers about 380,000 firms. To grasp the entirety of this huge dataset, which is almost the same as a picture of all firms in current Japan, we summarize the descriptive statistics of the variables and conduct statistical analyses. Further, we put special emphasis on trade credit between firms. The payment for interfirm transactions is usually made on account, or by payment after the delivery, rather than by immediate payment. Therefore, late payment is nothing but a provision of credit from a seller to a buyer, and hence, interfirm lending/borrowing is called *trade credit*. Trade credit is used all over the world and accounts for a non-negligible portion of the firms' balance sheets. We provide comprehensive information on to what extent, and in what terms, firms in Japan transact through trade credit—to a level of detail that has not been available for other countries. The uniqueness of this monograph also lies in its description of the legal background in Japan. In any country, the legal structure prescribes the basis of corporate activities.

For those researchers who want to grasp economic activities in the real economy, one of the major challenges is the lack of data availability. As for the interfirm activities, researchers have encountered serious difficulties due to the lack of detailed data. In this monograph, we make use of data that enable us to describe the current status of interfirm relationships in Japan in great detail. This data was made possible through the cooperation with Teikoku Databank Ltd., one of the largest credit information providers in Japan. The main data are from their credit reports from 2007 to 2010 and from the accompanying financial statement data.

This monograph has a companion paper (Ono et al. forthcoming). This monograph focuses on interfirm relationships in Japan, but Ono et al. (forthcoming) focus on firm-bank relationships in Japan using the same dataset. Taking information from this paper and from the present monograph, we can grasp the whole picture of the current status of the relationships of Japanese firms with their trade partners as well as financial institutions.

Organization of this Brief

The remaining part of this monograph is composed as follows. In Sect. 1 we briefly describe the original TDB data and our sample selection process. Section 2 presents the descriptive statistics and obtains an image of our sample firms. We also discuss the representativeness of our sample and conduct some preliminary analysis in Sect. 2. Section 3 provides a detailed description and conducts some analysis on trade credit in Japan. In Sect. 4, we describe the legal framework in Japan. Section 5 concludes the monograph.

Acknowledgments

This monograph is based on a study of our project “Designing Industrial and Financial Networks to Achieve Sustainable Economic Growth” under the Ministry of Education, Culture, Sports, Science and Technology’s program “Promoting Social Science Research Aimed at Solutions of Near-Future Problems.” We gratefully thank the Ministry of Education, Culture, Sports, Science, and Technology for its financial support, Teikoku Databank Ltd. for providing data, and Masahiro Miyatani and Takurou Kitou for their technical support. We also acknowledge Gregory Udell, Jonathan Moore, Masaji Kano, Noriyuki Yanagawa, Daisuke Tsuruta, Koji Sakai, and Takashi Hatakeda for their helpful comments. The views expressed in this monograph are those of the authors and do not necessarily reflect those of the institutions with which they are affiliated.

Reference

Ono, A., H. Uchida, S. Kozuka, and M. Hazama. A new look at bank-firm relationships and the use of collateral in Japan: Evidence from Teikoku Databank Data. In *The Economics of Interfirm Networks (Advances in Japanese Business and Economics, Volume 4)*, Chap. 12, eds. T. Watanabe, I. Uesugi, and A. Ono, Springer, forthcoming.

Interfirm Relationships and Trade Credit in Japan

Evidence from Micro-Data

Uchida, H.; Ono, A.; Kozuka, S.; Hazama, M.; Uesugi, I.

2015, X, 82 p. 48 illus., 46 illus. in color., Softcover

ISBN: 978-4-431-55186-7