

Social enterprises and their ecosystems in Japan

history, social networks, and labor markets

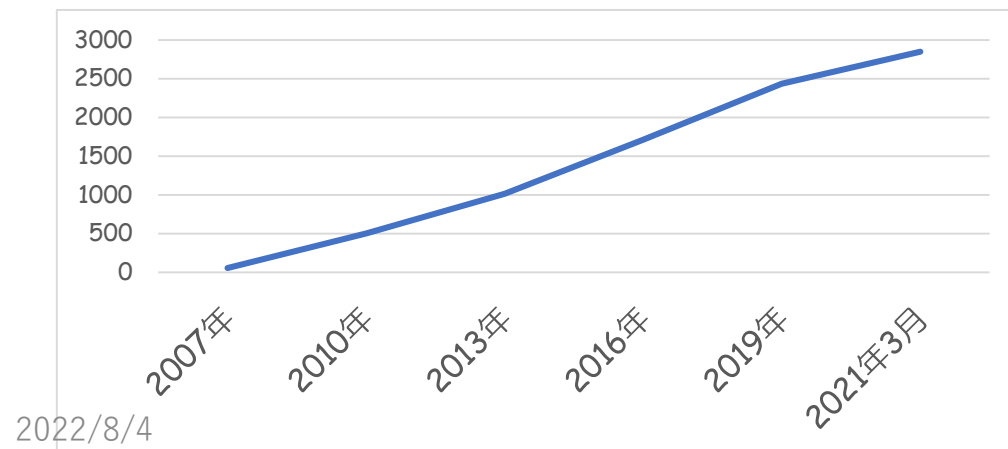
Akira Yonezawa Meijigakuin University

Email: ayone@soc.meijigakuin.ac.jp

Introduction: Two contrasting pictures of Korea/Japan's social enterprise ecosystem

Korea: SEs ecosystem

- Social Enterprise Promotion Act (SEPA:2006)
- Public support: Strong
- Number of social enterprises →2500



Japan: SEs ecosystem

- Absence of legal system for SE.
- Public support: Weak
- Enactment of Tokyo Social Firm Ordinance (2019)
 - Number of organizations: just 20

...but common origin and background

- There are some similarities in the introduction and development of social enterprises in both countries.
- Common Idea and background
 - Roots of concept: Social Cooperatives (Italy), CIC(UK), Ashoka Foundation (America)
 - Background: Relevance to social welfare reform
 - Korea: National Livelihood Security Act => Job support for poverty people
 - Japan: Basic Social Welfare Structural Reform => allowed the entry of for-profit companies to provide social services.

Research question

- Research question
 - Why are these SE ecosystem differences between two societies
 - What are the implications of these differences for the management and staff careers of social enterprises?
- This presentation examines social enterprises in Japan, particularly in terms of history and career paths within SEs.

Presentation's goals and topics

- Outline of today's presentation
 - History characteristics of social enterprise in Japan
 - Innovative social service vs. employment creation
 - Comparison of social enterprise model
 - Relationship between social enterprise model and welfare regime
 - Labor market of SEs from interview survey
 - Social enterprises as special and residual career workplaces in Japan

Brief history of SE ecosystem in Japan

Social Enterprises in Japan Case: Florence

- Florence is one of the most well-known social enterprises in Japan.
- Starts a service to dispatch a childcare provider to take care of a child when the child is sick.
- Then they develop other new kind of childcare services => incorporated into municipal and government policies later
- Focusing on lobbying new policy formation in the childcare field.



Social Enterprises in Japan

Case: Sodateage Net

- Pioneering organization to job support young people
- Support for NEETs, young people with limited work experience.
 - Provides work experience, job training, internship placement, etc.
- Focus on policy formation in the area of employment support.



Basic model of Social Enterprises in Japan

(1) Social service-providing oriented

- Development at innovative social services.
- ✘ Companies that enter the social service market for profit are not called social enterprises in Japan.

(2) Focusing on lobbying, not scaling up

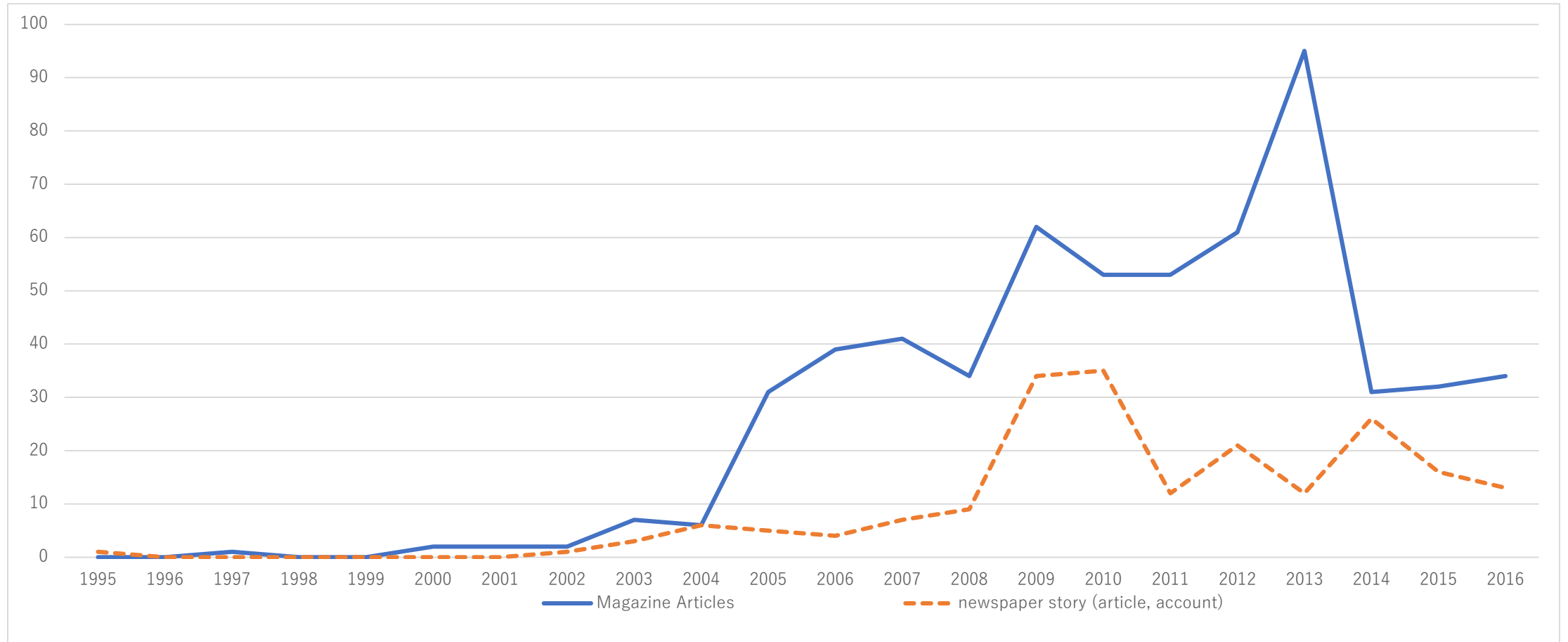
- Although some social enterprises are large in scale, they are basically oriented toward introducing their services into municipal and government policies.
- Expectations for job creation by social enterprises are weak.
 - Even if SEs engage in job support, they focus on the employment assistance field not creation of jobs - just placement and training.

Development of Social Enterprise Policy in Japan

- Absence of a national level legal status for SEs and social enterprise policy.
- Based on social service reform, social enterprise gain attention.
- Failure of attempts to position social enterprises as places of employment creation
- Social enterprises are not a particularly popular policy for conservative parties(LDP).

date	Policy	Summary	Government
1998	NPO Law passed	Facilitates the establishment of civic associations.	LDP(Conservative)
2000	Basic Social Welfare Structural Reform	Allow non-social welfare corporations to participate in social welfare-related services.	LDP(Conservative)
2002	Report of the NPO Subcommittee of the Industrial Structure Council	Nonprofit organizations are discussed as a way to create jobs.	LDP(Conservative)
2009	emergency job-creating measures	Social enterprise job creation is the name of the game among emergency employment measures.	DPJ(Liberal)
2010	New Public Roundtable	Promotion of policies related to social enterprises	DPJ(Liberal)
2010	Community Employment Creation Project	Social enterprises are positioned as an employment policy	DPJ(Liberal)
2013	Passage of the Services and Supports for Persons in Need Act	Social enterprises are positioned as a service provider in employment support	DPJ(Liberal)
2018	Tokyo Social Farm Ordinance enacted.	An ordinance to support social enterprises for people with employment difficulties is enacted by the Tokyo Metropolitan Government.	LDP(Conservative)
2020	Worker Cooperative Law passed.	A law is enacted allowing workers' cooperatives to be recognized as legal entities.	LDP(Conservative)

Number of social enterprises in newspaper and magazine articles



Summary of this section

In Japan, social enterprises are strongly linked to social service.

- Organizations that provide “innovative” services are called social enterprises in Japan.
 - Not job creation and not regular social service
- The social functions and objectives of social enterprises seem to differ between Japan and Korea.
- Social entrepreneurs could be adaptive to this situation.
→ They also have motivations to social change by lobbying to the government rather than scaling up.

International Comparison of Social Enterprise Models

Social enterprise models and welfare regime

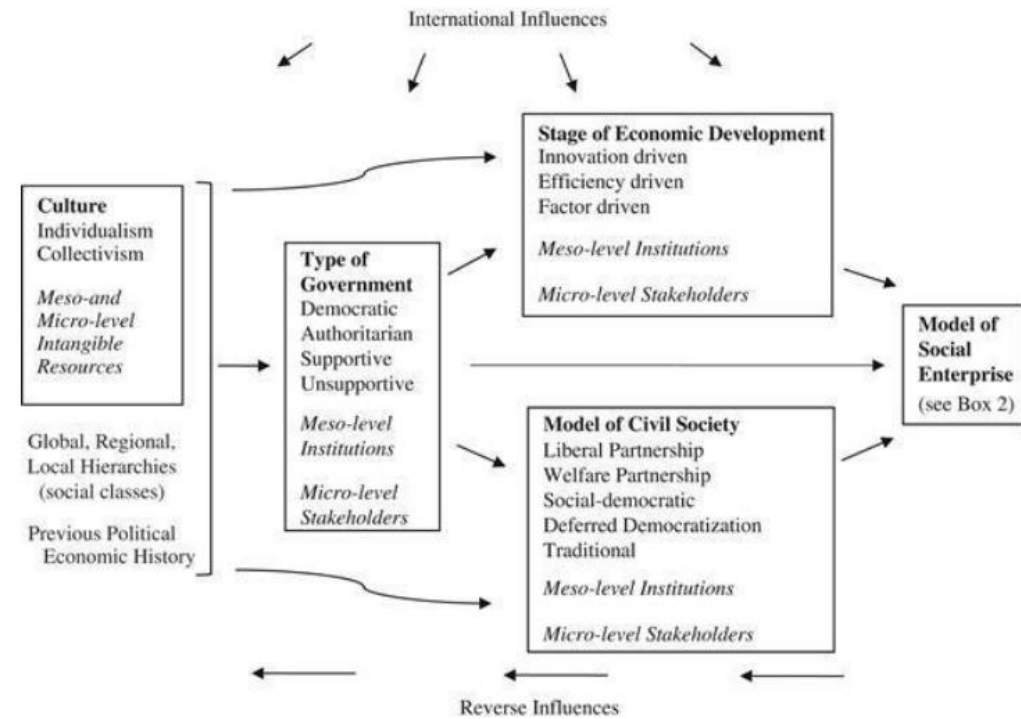
Welfare regime and SEs ecosystem

- It is reasonable to assume that differences in welfare regimes (Esping-Andersen 1990) are behind the differences in the size, role, and relationship of social enterprises to government.
- A framework for studying the relationship with welfare regimes is Kerlin's Macro Institutional Framework for Social Enterprise Model (MISE).
- MISE could be useful to explain the differences between Japan and Korea.

Macro Institutional Framework (MISE) by Kerlin

- Macro Institutional Framework (Kerlin 2019)

- Kerlin (2006) takes the contrast between the U.S. and Europe SE model as a starting point,
- U.S.: Entrepreneurship style
- Europe Cooperative style
- Then, she developed a macro institutional framework for SE to include other countries.
- The point of distinguishment is welfare regime theory.



Four models of social enterprises in developed countries

- (1) Liberal regime: Autonomous diverse → U.S., U.K.
 - Diversity and size of social enterprises: High
 - Government support: Weak
- (2) Conservative regime: Dependent focused → Germany, Japan
 - Diversity and size of social enterprises: Low
 - Government support: Weak
- (3) Social Democracy regime: Enmeshed focused → Sweden, Finland
 - Diversity and size of social enterprises: Low
 - Government support: Medium
- (4) Developmentism regime: Strategic diverse → Korea, China
 - Diversity and size of social enterprises: High
 - Government support: Strong

Strategic diverse=Korea / Dependent focus = Japan

Strategic Diverse: Korea

- Government uses social enterprise as an overarching public policy tool to achieve social and economic aims and reduce the role of the welfare state.
- Government defines social enterprise or forms of it in policy and provides a high level of support including subsidies and tax incentives. The types of social enterprise remain diverse in the Strategic Diverse model because government does not restrict the kinds of social activities it supports.

Dependent Focused: Italy Germany, Japan

- [It is]characterized by the large presence of the welfare state, leaving a narrow space for the development of social enterprise activities. Although they may develop in the civil society sphere to provide a unique service, once proven, they can become captured in state welfare policy and dependent on state funding for their activities.
- Thus, social enterprise runs the danger of only being associated with the narrow sphere of services popularized and supported by the state.

Summary of this section

- The model of social enterprises differs between Korea and Japan. Using MISE, the characteristics of social enterprises in the two countries are different
- In Korea: SEs are an alternative to the welfare state. With government support, they play an important role in economic development and civil society development.
- In Japan, social enterprises are complementary to the welfare state. If innovative services of SEs are not linked to core social services, management is unstable.

Results of “Ecosystem Survey”

Outline of Ecosystem Survey

- Questions addressed in the main research projects
 - (1) How are social networks formed in social enterprises?
 - (2) How are social enterprises as workplaces experienced by staff?

For (1), a questionnaire survey focusing on entrepreneurs
⇒ Dr. Fukui presentation

For (2), interviews with staff and other member
=> This presentation

Detail of the interview survey

- Characteristics of interview survey
 - Identification of SEs is major problem=> referred by incubation organization
 - 4 social entrepreneur and 12 staffs in different social enterprise
 - Points of attention: Career and social network

Topics of interview

(1) Entry to social enterprises

(2) Career development in social enterprises

(1) Entry to social enterprises

- Outside of “Simultaneous recruiting of new graduates” system
 - The Japanese employment system is characterized by Simultaneous recruiting of new graduates.
 - but social enterprises are not positioned within this system.
 - Many staffs have interned at social enterprises and NPOs when they were students but no one thought as realistic workplace.
- *With so little time, and with everyone going through the same job hunting process, it was difficult to consider such an out-of-the-ordinary option(entry to social enterprise). (ID4)*
- *I think there were probably no such jobs as NPO jobs for new graduates. So I didn't see any, and I didn't hear from any of my seniors(who is also involved in SEs) who had such employment. (ID9)*

(1) Entry to social enterprises

- Mid-career entry into social enterprises
 - Most staff are mid-career hires, not new graduates
 - Their first job was in a large company or other firm where they experienced weak setbacks.
 - They are not an adventurers, not excluded from society, but moderate social contribution with high skill
- *At that time(considering job change), I wondered what I would be satisfied with spending most of my time at work, which is what I spend most of my life doing, and I began to think that I wanted to work in a job that I had been interested in since college, such as a job in the field of "xx".*
- *When I started to do some research for new job, I found that 'Organization A' was advertising that they were "looking for a □□□ person" or something like that (ID2)*

(2) Career development in social enterprises

- Difficulty of career development inside SEs
 - No role models, and it is difficult to envision a career in which they can work for a long time.
 - Social enterprise don't have enough HR policy and budget
 - *“In the midst of a labor shortage and a lack of manualized work, it is difficult for workers to improve own WLB because we cannot take over their own work.”*
 - *Difficult to acquire skills (ID2, 10)*
- Career development by changing jobs is also not realistic.

(2) Career development in social enterprises

- Lack of legitimacy of social enterprise as workplace
 - Social enterprises are viewed by employees as special workplaces where special people work and no legitimacy in society.
 - *I think it's relatively common for people to say about my job like, "I don't know what you're doing," and "like social welfare job and cheap pay," (ID5)*
 - It also means that family of staff are concerned about the lack of legitimacy.
 - Hope that it will be like a general "for profit" workplace.
 - *I hope that the way of working within the corporation will be designed to be similar to that of a regular company, and that it will become stable and recognized by the public as one of the normal career choices for new graduates.*

Summary of this section

(1) Entry to social enterprise: mid career entry

- Entry into social enterprises is mid-career hires
- Based on the recalling social contribution motivation they entry job change:
- It is not often the case that people are choose this career because they have been unemployed for a long time.

(2) Difficulties in career development

- Career development also presents difficulties. Difficulties in career development stemming from the small size of the social enterprises can put staff in precarious positions.
 - Lacks social legitimacy as a workplace
-
- Peripheral to the provision of social services, and at the same time, they are peripheral as a place for career development.

Discussion and conclusion

Characteristics of Japanese Social Enterprises

- Japan's SEs are nonmainstream, but they are a testing lab for policy ideas.
 - Scale up may be not so important. The spread effect of innovative ideas is important for Japan's SEs.
 - Because it is a place like an outlier in society, it is not easy for staff to advance their careers.
 - Social enterprises in Korea are a place to earn a living and may be more legitimate. Scaling up will be important to achieve employment growth?
- On one other hand, as hybrid organizations, there may be some commonalities ex. How to use social networks

Implications and further research topics

- Various support policy depending on social enterprise ecosystem (practical implication)
 - It is also natural that This comparative study suggests that the "social values" brought about by social enterprises differ depending on the underlying welfare state and civil society infrastructure.
 - the supporting policies create "social value" also differ.
- Implication for Sociology of organizations and social policy (theoretical implication)
 - Import, translate, and develop organization and policy ideas and concepts. SEs in two societies are vivid examples of this issues.
 - There also appear to be commonalities in the management of hybrid organizations. Digging deeper into this point may provide a better understanding of the activities of hybrid organizations that are not dependent on the social context.