
ORIGINAL RESEARCH ARTICLE

Public Policy and Social Innovation: A Study of Work Integration Social Enterprises (WISEs) in Japan

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As in many other countries, Work Integration Social Enterprises (WISEs) are attracting great interest and expectation among the public in Japan. However, Japanese WISEs have long operated in a less than supportive environment due to there being no special government policy for them, unlike their European counterparts. The central questions for this study, therefore, are how the development of Japanese WISEs is affected by having to operate in a political vacuum and what kind of public policy would be necessary for them to produce social innovation. In an effort to find the answers, we conducted a questionnaire survey of 300 WISEs in the field of vocational training and work for the disabled and carried out semi-structured interviews with ten WISEs selected from those which took part in the survey. In addition, we implemented informal interviews with a number of public officials. In conclusion, we contend that the introduction of government funding alone would be an inadequate solution, needing a concomitant policy to promote a “collaborative labor project” between WISEs and for-profit companies to change the current social and economic system and facilitate social innovation.

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INTRODUCTION

Work is a defining feature of human existence and a strong tool to achieve inclusiveness (e.g., Hills, Le Grand, & Piachaud, 2002; Honneth, 1996; Parijs, 1995; Pierson, 2002; Power & Wilson, 2000). It brings about affluent social interaction, levels of income higher than benefits, and a positive attitude to life for individuals; it also provides social stability. As the ILO asserts, everyone has an equal right to work. On the basis of these discussions, we can say that “work” is expected to be accessible to everyone in society; it constitutes the means through which justifiable payments can be secured regardless of the forms of contract. However, in reality, work is highly characterized by exclusion (Traustadottir, 2008). Particular groups in society, including the disabled, women, the young, the elderly, the needy and refugees, as well as those who are poorly educated and without qualifications have long been discounted in the workplace and consequently marginalized in society (see: Spear, Defourny, Favreau, & Laville, 2001). In such circumstances, academics and policy makers around the world are now turning to WISEs as sources of innovative social model ideas to create intermediate labor markets, spread social economy and promote the social inclusion of marginalized people (Nyssens, 2006; Borzaga & Depedri, 2010).

In the case of Japan, the most excluded group is the disabled. Only 5.4% of the 7.4 million disabled manage to find jobs in the mainstream labor market (Cabinet Office, 2010; Ministry of Health, Labour and Welfare, 2009a) and the recent economic recession has exacerbated this deep-rooted market-discrimination, resulting in more than 200 disabled workers suffering unfair dismissal in the last two months of 2008 (Ministry of Health, Labour and Welfare, 2009b).

Like their European opposites, Japanese WISEs have acted for the social inclusion of the disabled by providing permanent jobs and sheltered, temporary employment as well as vocational training toward the mainstream labor market. However, the Japanese government has failed to follow European good practice by neglecting to establish any “special” policy which would enable WISEs to act widely without worrying about finances and social recognition (Laratta, Nakagawa, & Sakurai, 2011). Rather, it has often shown a preference in the past for the Third Sector (Kawashima, 2000). Historically, the Japanese governments have long monopolized the services relative to the welfare and human rights of vulnerable people and have mostly regulated undue interference by the Third Sector into activities into areas normally managed within the Public Sector. Despite the passing of the Law for Promoting Specified Nonprofit Activities of 1998, triggered by the Great Hanshin Awaji Earthquake, during which the limitations of government provision and the effectiveness of voluntary civil activity were clearly demonstrated, the view that the concept of the Third Sector as a cheap, supplementary welfare service provider has been a deeply held prejudice among certain administrations and politicians (Kojima, 2003).

The rationale for this study arises from a need to determine how the political environment in Japan is currently affecting the development of WISEs, and what public policies could possibly provide the leverage to enable them to produce social innovation toward an inclusive society. Previous studies have shown that public policies are crucial for the development of WISEs (e.g., Borzaga & Loss, 2006; Defourmy & Nyssens, 2008; Laville, Lemaitre, & Nyssens, 2006) and it is therefore appropriate that we next focus on the types of public policies that might help WISEs to achieve their mission.

CONCEPTUAL FRAMEWORK

Theories for This Study

A great deal of literature suggests that social innovation is the development and implementation of new ideas to include into various spheres of society individuals and groups of people who were previously excluded (e.g., Mulgan, 2007; Mumford, 2002; Phillis Jr., 2008). For example, Moulaert (2010) suggests that social innovation is about countering and overcoming conservative forces which are eager to strengthen or preserve a socially exclusive situation. MacCallum, Moulaert, Hillier, and Vicari (2009) also suggest that social innovation means getting rid of a variety of boundaries, and providing vulnerable people with opportunities for social mobility. Considering these discussions and current payment and work conditions for the disabled in Japan, we define social innovation for this study according these two criteria: a) Paying the disabled a minimum of \$213 per month*; b) Getting the disabled back into the mainstream labor market. Next, we should specify the two theories which we have used for this study.

The first theory relates to institutional type. From previous research, James and Rose-Ackerman (1986) and Steinberg (1987) suggest that the ability of NPOs (nonprofit organizations) to develop and act for society widely depends on institutional support, through tax exemption and donations, for example. North (1990) also suggests that every organization is created and developed in accordance with an institutional framework. According to North (1990), there are two types of institution, the first of which is the formal institution - such as constitutions, statues, policies and individual written contracts. The second is the informal institution, encompassing codes of conduct, customs and norms of behavior. Formal institutions may be changed overnight as the result of political and juridical decisions; however, informal institutions are resistant to change because they are deeply embedded in organizations and society.

*\$1 = 80 Japanese Yen.

Although this payment is less than \$375, which is the Japanese Government minimum, it is still higher than the average wage being paid to the disabled at present (Ministry of Health, Labour and Welfare, 2010a). Taking this into consideration, plus the recent worldwide depression, we set this amount as one of the criteria for social innovation in the area of work integration.

The second theory concerns the relationship between institutions. Young (2000) suggests three models for nonprofit-government relationships. The first, the supplementary model, relates to NPOs providing services to the public where the government provision is inadequate. In such circumstances, it is clear that the more the government takes responsibility for such provision, the less voluntary collective action is necessary. This view is related to the public goods theory propounded by authors such as Weisbrod (1977), Chang and Tuckman (1996), Feigenbaum (1980). Salamon and Anheier (1998) provide evidence. The second is the complementary model in which NPOs are seen as partners to the government, helping with the delivery of public services through contracting out and creating partnerships to achieve greater efficiency and effectiveness. Authors such as Salamon and Ostrom in the '90s and Williamson in the '80s gave us a deep insight into the rationality of this model. According to Young, both of these models of relationship between state and nonprofits can be joined by an adversarial view. Although Young (2000) presents this adversarial view as another type of model, it can actually be thought of as means used by nonprofit organizations or statutory organizations in an attempt to influence each other's behavior or decisions in a supplementary or complementary model. Thus if we see it from the angle of a nonprofit organization, the adversarial view conceptualized by Young is nothing more than the advocacy function by which nonprofits influence government decisions. Thus, while the supplementary model and the complementary model posit a specific relationship between nonprofit and government, the adversarial model "does not posit any specific relationship" between these two parties (Young, 2000, p. 155).

Najam (2000) proposes four alternative relationships between NPOs and the government, as follows: 1) Cooperative – meaning that, when NPOs have objectives and the means to achieve them which are similar to those of the government, they can cooperate; 2) Complementary – for when the goals are similar although the means are different; 3) Co-optive – in which the government tries to build such a relationship if the means are similar although the goals are different; and 4) Confrontational – for when both goals and means are different.

With regard to purpose and the degree of sharing involved, Himmelman (1996) separates into four stages the partnership which Young (2000) refers to as the complementary model and Najam (2000) calls the cooperative and complementary models. Himmelman's first stage is that of networking aimed at the exchange of information for mutual benefits. Participating organizations do not share resources in this stage, only information for a limited time.

His second stage is coordination and involves intermediary organizations or lead agencies accepting the role of facilitating communications and encouraging participating organizations to alter their own activities for mutual benefits and the achievement of a common purpose. There is no organization to monitor the progress because collectivity and mutual understanding are more emphatic and so resources are not shared among participating organizations.

The third stage, cooperation, operates through formal written agreement and contracts. Participating organizations exchange information, alter their own activities and share resources based on formal documents for mutual benefits and the achievement of a common purpose. It needs a substantial amount of time and enables participating organizations to access each other's areas of activity.

The fourth stage is collaboration and it is the most difficult and high-level form of strategy for partnerships. It requires participants to exchange information, alter their own activities, and share full resources, enhancing each function for mutual benefits and the achievement of a common purpose. In this stage, each organizational priority is secondary to the priorities imposed by the collaboration. Similarly Kagan (1989) and Kanter (1994) insist that engagement and the sharing of responsibility, power, authority and risk are needed for collaboration to be successful.

In the light of these theoretical perspectives, we have attempted to indicate what kind of policy is necessary and establish the importance of WISEs achieving social innovation to include the marginalized within society.

Transition on Public Policies for Work Integration in Japan

The 1947 Japanese Constitution in its Article 27 declares that all nations have an equal right and duty to work; however, there were no public policies for work integration until 1960. The implementation of vocational training and placement for the physically disabled, including wounded soldiers, came about with the Act on Job Placement established in 1947. In reality, the disabled were regarded as "people not having ability to work" as there was no definition of the term disabled and no comprehension of how the condition occurred or the types and degree of infirmity involved. However, the ILO Convention 99 on Vocational Rehabilitation and Employment (Disabled Persons) and the trend in a number of countries in the 1950s to introduce legislation to promote employment of the disabled prompted the Japanese government to establish the Act on Employment Promotion of the Physically Disabled in 1960.

The Act was relatively remarkable as it was the first public policy for work integration in Japan, though it was flawed as regards achieving equality for many reasons. Firstly, the target of the Act was limited to the physically disabled only while the ILO called for full participation and equality for every kind of disability. Secondly, although the Act defined the percentage of the workforces of national and local governments, for-profit companies and QUANGOs that should be comprised of physically disabled employees, the achievement of the specified quota was optional rather than binding. In addition, the quota system defined by the Act was unclear and difficult for employers to understand (Sugihara, 2008). Thirdly, the lowest wage defined by the Act on Minimum Wages did not apply to the physically disabled. This meant that, while they apparently had equal access to the mainstream labor market, they were still effectively excluded because the wages they were offered left them economically disadvantaged. In addition to these inequalities in legislation, shrinkage in the economy and the labor market caused by a series of oil crises in the 1970s further hindered many disabled from getting jobs. As a result, 36% of

organizations failed to achieve the quota (Sugihara, 2008), a factor most apparent in the large, for-profit companies. Furthermore, the types of disability that people suffered became more complex and diverse due to worsening environmental pollution and an increase in the numbers of traffic accidents and occupational diseases, yet there was no attempt by the government to introduce additional legislation to reflect the growing variety of disabilities. Consequently, while the mildly disabled were able to find jobs comparatively easily, the moderately and severely disabled had little or no opportunity to access to the mainstream labor market.

In order to address these issues, in 1976 the Japanese government introduced a number of drastic amendments to the Act on Employment Promotion of the Physically Disabled. Firstly, the percentage of the overall workforce required to consist of disabled employees was set at 1.5% and achieving this quota was redefined as obligatory for national and local governments, QUANGOs and for-profit companies with more than 63 employees. For quota purposes, hiring one severely physically disabled person counted the same as hiring two people with moderate disabilities. In addition, the government directed those organizations which could not achieve the quota to devise and put into effect a plan to ensure at least an increase of employment of the disabled. The names of organizations ignoring these government guidelines were publicly listed as “non-cooperators for work integration” and the employers were required to give reasons for the dismissal of disabled employees. Thirdly, the System of Payment for the Employment of the Physically Disabled was established whose objective was to promote the employment of the disabled by rewarding companies which exceeded the quota at the expense of those who failed to reach it. Under the System, a penalty of \$625 a month was levied on for-profit companies with more than 301 employees for every physically disabled person short of the quota, and companies of a similar size and structure who achieved the quota were paid \$337.5 a month. The money so collected was also used to provide \$262.5 a month to for-profit companies with less than 300 employees whose workforce comprised more than 4% of disabled workers, including those with learning difficulties. In 1977, the number of for-profit companies paying out money because of their inability to achieve the quota was 4629 whereas there were 1637 for-profit companies receiving compensation for exceeding the quota (Ono, 1990). Next, the Association for Employment of the Physically Disabled was established as a QUANGO of the Ministry of Labor*. One of their most important tasks was to administer payment for the employment of the physically disabled, another being the management of two national vocational rehabilitation centers as well as 47 prefectural vocational centers for the disabled. The latter had previously been run in collaboration with the public employment security office in each prefecture. Finally, the Institute for Special Subsidiaries was introduced. A special subsidiary was a limited company with an overall workforce of more than 20% disabled (or more than 30% if it included people with learning

* Renamed the Ministry of Health, Labour and Welfare with the implementation of the Central Government Reform of 2001.

difficulties) and with special facilities for disabled employees such as barrier-free buildings and highly trained instructors. Interestingly, many firms were able to establish special subsidiary companies as their affiliates just by getting authorization from the Ministry of Labour and they were then able to register the number of disabled employees in their special subsidiary affiliates as if they were employed in their main branches. The special subsidiaries became a means to avoid placing disabled people in the firms' main offices. Indeed, by April 2010 the number of special subsidiaries in the country had gone up to 281 (Ministry of Health, Labor and Welfare, 2010b). The inclusion of people with learning difficulties into the target quota and the establishment of the Payment for the Employment of the Physically Disabled System, brought about a change in the name of the Law in 1987 to the Act on Employment Promotion of the Disabled. In the same year, the government also increased the percentage of the workforce allocated to the hire of people with disabilities and learning difficulties from 1.6%, as laid down in 1988, to 1.8%. In addition, Centers for Supporting Employment and Quality of Life for the Disabled came into existence in Japan in 2002 through an amendment to the Act. The purpose of the centers is to provide a wide range of vocational and lifestyle support on a daily basis through the management of health and money and making good use of leisure time. They work in conjunction with local vocational centers, public employment security offices and medical and welfare organizations to advise employers on support of the disabled at work and at home. In 2010, there were 271 of these centers in Japan (Ministry of Health, Labour and Welfare, 2010c).

Concerning the mentally disabled, they have long been excluded from both the Act and the System on Payment for the Employment of the Disabled; however, hiring people with mental disabilities was made obligatory for employers by an amendment to the Act in 2006. Accordingly, Employment Support, which the Ministry of Health, Labour and Welfare began to implement in 2003, became subsidized. Under Employment Support, employment facilitators (job coaches) help to develop communication and work skills for disabled employees. They also give advice to employers on the effects of mental disorder as well as suggestions about work assignments, over a period of one to seven months. In addition to employment facilitators assigned to local vocational centers, this sort of work is also undertaken by those who belong to WISEs, social welfare organizations and firms with disabled workers. In total, there were 970 employment facilitators working for the benefit of around 3060 disabled in Japan in 2009 (Ministry of Health, Labour and Welfare, 2009c).

In another amendment to the Act in 2010, the target for the System on Payment for the Employment of the Disabled was extended to for-profit companies with more than 201 employees, and in 2015 this is expected to be extended again to include companies with more than 101 employees. Thus, the Act on Employment of the Disabled has been undergone a number of modifications, and various policies for work integration have been established since 1960. Different WISEs view the effectiveness of these changes on a range of levels. For example, the recent public naming of one non-cooperating for-profit company is thought to have applied considerable pressure to other companies to renew their efforts to increase their own quota of disabled employees. One WISE considers that the number of for-profit organizations consulting them is increasing year by year whereas others are of the

opinion that they still have a long way to go before achieving work integration. In another example, a certain WISE claims that most of the disabled workers taken on by one special subsidiary are given part-time jobs which are unrelated to the parent company's business. Others suggest that many of the bigger for-profit companies would rather bear the financial penalty than take on disabled workers and have therefore not tackled work integration seriously*. The result of these negative factors, and unfavorable economic conditions, is that only 5.4% of the 7.4 million disabled are employed in the mainstream labor market in Japan (Cabinet Office, 2010; Ministry of Health, Labour and Welfare, 2009a).

Background and Current Position of Japanese WISEs

A movement in support of the establishment of WISEs to provide work and vocational training has been spreading throughout Japan since the 1950s. In consequence, a wide variety of network associations and intermediary organizations, such as the Association for Small Workshops, for example, which was established by a group of 16 workshops in 1977, have come into being. In order to improve the quality of life of the disabled and assist with their integration into society, these groups have advocated toward the government, exchanged opinions and ideas with more than 1,800 workshops and supported their management and finances. Another WISE, the Association for Tackling Exclusion has dealt with work integration since 1984 and, unlike other movements which call for social and economic independence for the disabled, has developed through the fostering of equal relationships between the disabled and the rest of the community. In order to build new and stable social and economic systems and to spread social co-operatives in Japan, they have carried out nationwide events, advocated toward the national government twice a year, and set up an organization called Funds for Working and Living Together, which lends money to their members without interest, and has developed and sold merchandise.

Although the methodologies of business and vocational training for the disabled differ widely among WISEs, they generally have the following similarities: the first is to emphasize the importance of providing a service which is carefully designed for each disabled person in the community. Unlike local governments, QUANGOs and social welfare organizations, which deal with large numbers of disabled clients, WISEs generally set the maximum at 20. The second is that many of them offer a service to all disabled people regardless of the kind of infirmity. However, despite such social merits, the Japanese government for a considerable time recognized only local governments, QUANGOs and social welfare organizations as lawful providers of services relative to

* These voices of WISEs were collected by interviews which we have implemented since 2008.

the welfare and human rights of the disabled. Some local governments have subsidized WISEs although many of them have been operating with severe financial restraints, preventing them from paying their disabled workers enough to meet living costs. For example, the Research Committee for Systems and Support for Work Integration of the Elderly and the Disabled (2000) has reported that some WISEs who manage small workshops paid their workers no more than \$125 a month. In 2003, these financial difficulties plus the need to provide a wide range of service choices for the disabled, as well as increased public interest in and expectation of Third Sector provision, obliged the Japanese government to include WISEs as a lawful service provider through the System of Expenditure for Supporting the Disabled. However, this eventually failed to resolve their funding problems because the government was unable for financial reasons to meet its commitments on subsidy provision. Instead, the Act on Services and Support for the Disabled, under which the disabled are required to pay ten percent of the fees for services, was introduced in 2006.

This Act prompts WISEs to engage in one or more of the following four services for work integration of the disabled: the first is Transitional Support for Work for disabled people who hope to work in for-profit companies and the second is Transitional Support for Work for those who hope to acquire a qualification to start a new business or work from home. Both of these services are limited to disabled people who are under 65 years, and integration into the mainstream labor market has to be achieved within two years. The third and fourth are A-type and B-type Continuative Support for Work in which, unlike Transitional Support for Work, there are no time limits for work integration. The difference between A-type and B-type is that the former target the disabled under 65 years and conclude an employment contract with them, while the latter provide a service for all disabled regardless of age and do not demand an employment contract. WISEs, on the whole, consider integration of the disabled into the mainstream labor market within two years as difficult, given the recent economic crisis, so they tend to opt for A-type or B-type Continuative Support for Work as their preferred type of service. The result is that these two types have been used to provide work and vocational training for the disabled by about 1,250 WISEs since August 2010 (Welfare and Medical Service Agency, 2010). Under the Act, service providers do not receive payment from the disabled users directly; instead, they are paid by the government on the basis of how many of those users have benefited from their services.

Although partial government funding has provided some financial help for Japanese WISEs, they are still faced with fundamental problems. There are no special Acts or institutions for WISEs, unlike many European countries. In Italy, for example, the establishment of B-type social cooperatives under Law 381 of 1991 triggered both growth and activity in WISEs. While this Law requires that at least 30% of the workforce of B-type social cooperatives comprise marginalized people, it provides them with exemption from social security contributions. It also stipulates that surpluses going to the mandatory reserves are not subject to tax and that cadastral and mortgage taxes are reduced by a quarter. In some regions, social cooperatives are exempted from regional tax, or it is at least reduced. Such institutional concessions encourage the development of B-type social cooperatives and foster work integration to the extent that their numbers are increasing year

by year, reaching 1,915 in 2000. They now employ more than 18,000 marginalized people and their total workforce is expected to reach 45,000 in the future (Borzaga & Loss, 2006; CECOP, 2006). In Belgium, the most recognized field of activity for social enterprises is work integration (Nyssens, 2006). In response to the increase in the number of WISEs launched by citizens since the 1970s, regional governments have established public schemes and provide financing for organizations such as “work integration enterprises” which create temporary or long-term employment through subsidies, and “social workshops” which create long-term employment in a sheltered work environment for jobseekers with serious disorders. These institutions further promote an increase in the number of WISEs (Defourny and Nyssens, 2008). At a national level, social enterprise as a legal form was introduced under Law 13 in 1995. The Law provides such types of organizations with exemption from employers’ taxes for taking on the poorly skilled unemployed. In addition, the government set up a special fund for social economy initiatives.

Due to the lack of legal forms for Japanese WISEs, they are forced to operate as other organizational forms, such as specified nonprofit corporations, business co-operatives, incorporated associations, public interest incorporated associations, and so on. Many of them are managed as specified nonprofit corporations, as defined in the Law for Promoting Specified Nonprofit Activities of 1998, for the following reasons: firstly, unlike a business co-operative which can distribute profits among members or an incorporated association which can engage in a wide range of activities regardless of whether they are for the benefit of the public or not, a specified nonprofit corporation must clearly show that they engage in at least one of 17 “nonprofit” activities defined by the Law* and do not seek to serve their own interests. Secondly, a specified nonprofit corporation can maintain its legal form if it formally submits the following documents: an activity report, an inventory, a statement of revenue and expenditure, a balance sheet, and a list of at least 10 board members to a prefectural government or the Cabinet Office** every year. In contrast, a public interest incorporated association has to submit many documents such as an activity report, a statement of revenue and expenditure, a statement of changes in net assets, a balance sheet,

*The Law requires specified nonprofit corporations to engage in at least one of the following non-profit activities: Welfare, health and medical service; Social education; Community service; Culture, art and sports; Environmental preservation; Disaster relief; Community security; Human rights and peacekeeping; International cooperation and cultural exchange; Promoting gender equality; Raising children; Developing information society; Promoting technology; Increasing economic activities; Developing vocational skills; Protecting consumers; Support for NPOs.

**If a specified nonprofit corporation has one office in a prefecture, it submits the document to a prefectural government. If it has offices in more than two prefectures, it submits the documents to the Cabinet Office.

notes for the financial statement and bank account, a document explaining property increases/ decreases, a list of the names and addresses of its members, a report on personnel changes and a copy of the minutes of the annual general meeting. In addition, unlike a specified nonprofit corporation, a public interest incorporated association needs to take judgment from Public Interest Corporation Commission every year.

Basically, the most serious drawback for a specified nonprofit corporation is that they cannot enjoy any fiscal advantages. It is also liable for the same tax rate as for-profit companies, 30%, even if it operates for the public benefit. Furthermore, there are no tax benefits at national level for individuals who contribute to a specified nonprofit corporation. In order to gain tax deductible status for themselves and their individual donors, WISEs have to attain the status of a “certified nonprofit corporation” by meeting the requirement that the ratio of donations to their total revenues must exceed 20%. Having achieved this status it is very difficult for Japanese WISEs to maintain it because donations to them do not qualify for any tax incentives. Due to this anomaly, the number of certified nonprofit corporations is only 190 while that of specified nonprofit corporations is in excess of 41,000.

As a result, even though government funding enables Japanese WISEs to meet the expenses for personnel, administration and purchasing necessities, they still have to find alternative sources to cover work integration of the disabled. According to one result of our preliminary survey of 146 WISEs, around 35% of them tackle social exclusion of the disabled operating on quite small revenues - often less than \$250,000.

METHODOLOGY

Data Collection Methods

The selection of data collection methods obviously depends on what the research aims to investigate. Yin (1993), for instance, indicates that when selecting a research strategy, the most important preliminary consideration is to identify the research propositions, and adopt the research strategy, especially when ‘how’ or ‘why’ questions are being asked. However, as Brannen (2005) eloquently stated in her article, *Mixing Methods: The Entry of Qualitative and Quantitative Approaches into the Research Process*,

“the claim that qualitative research uses words while quantitative research uses numbers is overly simplistic. A further claim that qualitative studies focus on meanings while quantitative research is concerned with behaviour is also not fully supported since both may be concerned with people’s views and actions. The association of

qualitative research with an inductive logic of enquiry and quantitative research with hypothetic-deduction can often be reversed in practice; both types of research may employ both forms of logic. That qualitative research lacks quantitative research's power to generalize is moreover only true if generalizability is taken to refer only to statistical inference, that is when the findings of a research sample are generalized to the parent population. Qualitative findings may be generalized in a different sense; they may be generalized to other settings or contexts or they may involve theoretical generalization, where findings are extrapolated in relation to their theoretical application." (175)

And Brannen (2005) concludes that, "The kinds of questions *or propositions* we pose lead not only to the choice of method but, increasingly commonly, to a complex of methods." (p. 176, emphasis added). In the current study, the case study approach was chosen for the research strategy, and case study was taken as an "umbrella term" for the application of the full range of research methods (quantitative and qualitative approaches). Indeed, Yin (1994) defined the strategy of case study as an umbrella term for a family of research methods having in common the decision to focus an inquiry round an instance. The decision to adopt both methods was made due to the concern that some case study investigators using only a qualitative approach tend to bias the findings or conclusions with their own subjectivity (*ibid.*) and consequently influence the generalizability of the research data. Thus conceptualized, the case study strategy can be considered as a "comprehensive research strategy" that can provide first-hand information about what people do and explicate how they think (Yin, 1993, p. 13).

In this study quantitative (questionnaires) and qualitative (interviews and observation) methods were planned to be mainly means of elaboration: the qualitative data analysis exemplifies how the quantitative findings apply in particular cases.

Questionnaires

We sent questionnaire sheets to 300 WISEs categorized as providers of A-type or B-type Continulative Support for Work from October to November, 2010, and obtained 146 valid responses. In the questionnaire, we asked the following questions: 1) How are your finances composed? 2) What kind of relationships with for-profit companies do you have for work integration for the disabled? And 3) what kind of relationships with governments do you have for work integration for the disabled?

Our methods for comparing and analyzing answers to the above questions are explained as follows: as to the first question, we wanted to establish the effect of governmental funding, including welfares subsidies, on the capacity of WISEs to produce social innovation. In effect, we compared whether the achievement of social innovation differed between WISEs whose finances depended mainly on government funding, i.e., more than 70% of total income (which was more than the average percentage among our target WISEs) and those with less than 70% government funding, using the Chi-Square Test.

As to the second and third questions, following the Himmelman’s definition of “partnership levels”, we set the choices and gave scores as shown in Table 1. We then compared how the level of partnership with for-profit companies and the government affected the ability of WISEs to produce social innovation using the Wilcoxon Rank-Sum Test, one of the non-parametric statistical hypothesis tests.

Table 1

Choices and Scores on Partnerships between WISEs and for-Profit Companies/the Government

Choices	Score
• No relationship with for-profit companies or the government	0
• Suggesting a policy for work integration (only for relationships with the government)	1
• Exchanging ideas for work integration	2
• Giving advice to undertake work integration in their work places	3
• Providing a place where disabled users can engage in vocational activities (only for relationships with for-profit companies)	3
• Contracting out with those organizations for the provision of services to disabled people.	4
• Implementing a collaborative project	5

Interviews and Observation

We implemented a follow-up observation and semi-structured interviews with current and former representatives and secretary-generals of the 10 WISEs shown in Table 2 below from the Hokkaido prefecture, where a large number of WISEs are located (see: Welfare and Medical Service Agency, 2010). More specifically, having clarified what kind of relationship they had with for-profit companies and the government, we explored the reasons for their collaboration with for-profit companies and the extent of existing collaborative involvement by the government in that area. In addition, we gathered information on how the Japanese government currently perceives WISEs by implementing informal interviews with a number of public officials.

Table 2

Target WISEs in the Case Study

WISEs Producing Social Innovation	WISEs not Producing Social Innovation
<ul style="list-style-type: none"> • Community Life Kitano Center Pao • Recovery • Sapporo Challenged 	<ul style="list-style-type: none"> • Association of Sun Flower • Atelier Burari • Community Life Activity Center for Disabled People Sosei Moegi
<ul style="list-style-type: none"> • Sapporo Disabled People Life Activity Support Center • Taimu 	<ul style="list-style-type: none"> • Kyodo-Yu-Gakusya • Tree of Dreams in the Okhotsk Area

PRESENTATION OF FINDINGS

This section presents both the questionnaire results and the interviews and observation results.

Questionnaire Results

The questionnaire results, as presented in Tables 3, 4, and 5, demonstrate that high levels of government funding do not help WISEs to produce social innovation. Further, it seems clear that for WISEs to produce social innovation they need to build strong partnerships with for-profit companies, not with the government. This suggests that the government needs to think about what extra degree of commitment to WISEs is necessary in order to effectively promote work integration for the disabled. Additionally in this case study, we investigated how relationships between WISEs and for-profit companies/government differed, and how they could be developed by comparing those WISEs producing social innovation with those which do not.

Table 3

Relationship between Capacity of WISEs to Produce Social Innovation and Their Levels of Government Funding

	Less than 70% Government Funding	More Than 70% Government Funding
WISEs Producing Social Innovation	41.1%	20.5%
WISEs not Producing Social Innovation	58.9%	79.5%

Notes: (1) Sample size of WISEs was 139. (2) $\chi^2 = 5.948264$. (3) $\chi^2 (1, 0.05) = 3.841459$. (4) $p < .05$.

Table 4

Relationship between Capacity of WISEs to Produce Social Innovation and Scores on Their Partnerships with for-Profit Companies

	WISEs Producing Social Innovation	WISEs not Producing Social Innovation
Sample Size	44	101
Total Score	2751	5908
Average Position	62.52273	58.49505

Notes: (1) These results are based on plural answers. (2) $p < .05$.

Table 5

Relationship between Capacity of WISEs to Produce Social Innovation and Scores on Their Partnerships with Government

	WISEs Producing Social Innovation	WISEs not Producing Social Innovation
Sample Size	44	101
Total Score	2093	5281
Average Position	47.56818182	52.28713

Notes: (1) These results are based on plural answers. (2) $p > .05$.

Interviews and Observation Results

The results indicate that Japanese WISEs are able to produce social innovation by committing to the implementation of a “collaborative labor project” with for-profit companies even if the latter have no special policy for such collaboration. WISEs who have successfully produced social innovation have done so by actively seeking to build stable, continuous collaborative relationships with for-profit companies and convincing them of the effectiveness of the collaboration. For example, Taimu, one of the WISEs surveyed, worked very closely with a local for-profit company who happened to be looking for staff for its sales department. Taimu provided them and, through this collaboration, the for-profit company gradually began to realize that the disabled staff actually presented a valuable asset for increasing the productivity of the company and also as a source of knowledge exchange with its regular employees. This subsequently led the company requesting additional Taimu clients as either part-time or full-time workers.

The representative from Taimu explained that the reason they thought it was more productive to collaborate with for-profit companies is that the government regards them as a welfare service provider rather than an efficient business organization and so does not entrust them with top quality work or with contracts where a fixed delivery time has to be met. Currently, Taimu receives direct contracts from for-profits which allow its clients (i.e. the disabled) to engage in a variety of jobs such as the posting of advertisements, managing and painting apartments and buildings, as well as in the agricultural and construction industry after they have received special training. Indeed, Taimu’s efficiency and reputation

for increasing sales as a business partner has now produced orders for the posting of more than 6,000 advertisements a day from six for-profit companies.

Community Life Kitano Center Pao believes that inviting for-profit companies to join one of the WISE collaborative labor projects first is crucial to producing social innovation. Pao thinks that the reason many for-profit companies are reluctant to employ the disabled is that, due to lack of previous experience, they have no knowledge of their capacity for work and are uncertain about how to support them in the workplace. They have therefore begun a campaign to encourage for-profit companies to engage more with the disabled with a view to discovering what skills they may be able to offer as part-time or full time workers. In practice, when answering advertisements for clerical staff placed by for-profit companies, Pao telephones the company and asks if they would be willing to provide an opportunity for practical training or consider employing one of their disabled clients as a part-time worker. The potential employer is also given details of the nature and extent of the clients' disability. Pao also has ties with the Association for Medium and Small Sized Enterprises and has invited its members to participate in collaborative work. Within its own organization, on the other hand, Pao has made it clear to both staff and their disabled clients that they engage in work on the basis of cost-effectiveness and that collaboration should be seen as a means to achieve higher productivity. With this business strategy and through their sales campaign, Pao is demonstrating that their clients are able to see jobs through and beginning to convince companies to commit to collaborative labor projects.

Currently, they implement vocational training under technical instruction from for-profit companies, placing disabled employees for practical training, part-time work and future employment in a wide range business operation, including the service industry, transportation, retail business and building management. In addition, in order to provide permanent jobs for the disabled who find working in the mainstream labor market difficult due to physical and other problems, Pao manages a stock company for work integration called "Compass" consisting of two departments, one for housing and another for computer technology. Through Compass, Pao receives contracts from for-profit companies, other organizations and individuals for the analysis and input of data, editing photographs and images, refurbishing houses, connecting TVs and so on. After undergoing vocational training with Pao for from 3-12months, followed by a period of employment with Compass, these disabled workers usually achieve social and economic independence.

Although the major participants in such collaborative labor projects are WISEs and for-profit companies, the government can also provide support to develop the projects effectively in the capacity of "enabler." For example, an organization located in Hokkaido, Recovery, runs a project providing rental apartments for elderly women with mental disabilities in collaboration with a for-profit welfare housing company and other social enterprises. A QUANGO of the Hokkaido prefectural government introduces for-profit companies to Recovery. Sapporo Disabled People Life Activity Support Center implements sales drive to for-profit companies and distributes work contracted from them to more than 200 WISEs to help their registered disabled achieve social and economic independence. As well as providing subsidies for this collaborative labor project for the past two and a half years, the Sapporo municipal government has also provided it with a work place in the center of Sapporo city. It is hoped that more for-profit companies learning of this project

will generate greater participation in the collaborative arena and further the progress of work integration.

The government could also become an effective publisher to develop collaboration between WISEs and for-profit companies for work integration. Sapporo Challenged established the Assembly to Promote Employment of the Disabled as Telephone Service Representatives in Sapporo against a background of high demand for telephone service representatives and lack of employment for the disabled in the city, even though they first had to acquire computer literacy through vocational training. It was the Sapporo municipal office who called on for-profit companies to participate in this collaborative labor project together with Sapporo Challenged and, as a result, 26 of them started to learn about how to support the disabled in their work place. At present, more than 40 disabled are actively employed as telephone service representatives with these companies.

By contrast, the staff themselves of some WISEs are not sufficiently committed to the principal of developing collaborative relationships with for-profit companies and consequently do not achieve social innovation. As an example of this, whilst one group of the employees at the Tree of Dreams in the Okhotsk Area, believed that a sales drive directed at for-profit companies would be the best way to achieve work integration, others were reluctant to go ahead with it because they felt that the best course would be to involve the welfare service for the disabled, rather than work with for-profit companies. Unfortunately, they were unable to negotiate a resolution to different viewpoints and so an opportunity for collaboration lost. In other cases, staff shortages are the problem; the Community Life Activity Center for Disabled People Sosei Moegi says that, because they are fully occupied in providing a daily service for the disabled, they do not have the staff to allocate to finding potential for-profit collaborators and carrying out sales drives. Consequently, the relationships they are able to develop with for-profit companies are never long-lasting ones. This also explains why government subsidies still represent the main funding source for these WISEs.

CONCLUSION

Many previous studies in the field of WISEs have suggested that the type of relationship these organizations have with their governments and for-profit companies, especially in terms of legal framework and financial assistance, is crucial to achieve social innovation and include the marginalized people (e.g., Borzaga & Loss, 2006; Defourny & Nyssens, 2008; Smallbone, Evans, Ekanem, & Butlers, 2001; Spear & Bidet, 2003). By analysing the kind of relationship WISEs should build with for-profit companies to be able to achieve social innovation and how the government should support their social innovation attempts beyond establishment of legal form and monetary assistance, our research took those discussions a step further.

This study suggests that the government needs to establish a policy for promoting collaborative labor projects between WISEs and for-profit companies to advance the spread

of social innovation and thereby integrate marginalized people with society. Through such a policy, the government would be required to create an organization to act as coordinator for potential collaboration, additionally providing funding and a work place, and undertaking a publicity campaign to promote collaborative labor projects aimed broadly at for-profit companies. The reason that government funding and close institutional partnerships alone are insufficiently effective in enabling WISEs to produce social innovation is that these factors do not necessarily impact on either the current institutional configuration or the social and economic system. The crucial component in the process of reforming these is work integration. This precept has not been given sufficient recognition in Japan until now despite the establishment of many formal institutions because WISEs, and other similar organizations, have always been considered as playing a purely marginal role in addressing such problems as employment and disability.

Japanese formal institutions, such as local governments, which not long ago were viewed as the most financially stable in the world, providing services which would be unthinkable even in other developed countries, are now feeling the effects of the economic downturn and consequently are no longer able to deliver their traditional services. This shortfall in provision calls for the introduction of new policies; however, for a new policy to be able to fundamentally change the traditional, informal institutions that regard WISEs simply as supplementary welfare service providers and consider the disabled as people incapable of economic activity, there has to be a recognition by policymakers that WISEs have the potential to become effective and valuable business partners of for-profit companies, also that everyone has the capacity for and the right to work regardless of disability, and finally that promoting collaborative relationships between for-profit companies and WISEs is critical to the production social innovation. With the establishment by the government of a WISEs/for-profit collaborative scheme and its support as an enabler, WISEs could achieve their full potential in the drive to innovate society.

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