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**Accumulation of the “Relational Skills” in Japan for Promoting Civil Society
Mobilization into the Public Provision System of General Interest Services**

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Abstract:

Social Economy organizations in Japan have long been expected to be one of the primary solutions to the empowerment of public and social service supplies in the process of renewing its welfare system. European models of the collaboration between Social Economy organizations and the public authorities under independent citizenship participation have been the ideal model for the Japanese Social Economy organizations in the public policy sphere. However, they are not yet succeeded to acquire fully co-productive role in the public policy in Japan. This paper investigates the current positioning of the Social Economy organizations in the Japanese public policy for social service provision.

One reason for that is the government designed, top down institutionalized, non-profit social welfare service provision system in Japan. In this paper we will show that the Japan's government designed social welfare system through non-profit style organizations consists of Social Welfare Councils and Social Welfare Corporations. This is thought to be one of the typical cases of the Japanese “Associative Democracy” in the social service provision under the guidance of public authorities.

Secondly, although work incentives are very high through democratic governance in each organization, Japanese Social Economy organizations are not well coordinated as far as social capitals among them are concerned. This is not only the case for the relationship with other sectors; for-profit organizations and local governments, but also with other organizations in the same Social Economy organization group.

Starting from the findings of Suda(2011) showing isomorphism between for-profit and non-profit completely opposite from European findings, and extending analysis into institutional investigation into the environment around Japanese Social Economy organizations, this paper concludes the importance of promoting “relational skills” among Public authorities, For-profits and Social Economy organizations in the public policy of social service provision in Japan.

1. Key Questions on the role of Social Economy organizations in the Japanese public policy

1.1 Social Economy organization in Japan

Could Social Economy organizations in Japan be a key role player of solving multi stakeholder problems in social service provision? And, what is necessary for the Social Economy organizations to be enrolled into the co-production or co-construction platform of the social service provision in Japan? Are resource allocations for the Social Economy organizations enough when it comes to be individual motivations, human networks around organizations and management resources in providing its services?

Those above questions are the principal motive of this research which treats the theme why “Relational skills” are necessary for the empowerment of the Social Economy organizations in the public policy in Japan. This is because the Japanese society is in the transitional process from the “employment regime” to “welfare regime”, the former had supported Japanese high economic growth in compensation for the local and family community and we need urgently for the revitalization of social economy organizations consisting from civil society organizations in the local Japanese community.

1.2 Transition from the “Employment Regime” to the “Welfare Regime” is crucial viewpoint in the Japanese public policy

As Japanese social welfare system still closely connected with lifetime employment opportunity, we are in the serious difficulty of changing the system of enterprise based human capital accumulation mechanism, which has been caused serious damage on Japanese family life and local community. As for the “Life Security” of Japanese labor force, the contribution of “Employment Opportunity” is still high. Therefore, our “Life Security” level goes down seriously after losing the “Regular Employment” More seriously, social participation for most of the Japanese male labor force has been mainly through their workplace, so they lose their social ties after the retirement from their “Regular Employment Opportunity”.

To realize “work life balance”, not only the highly qualified training organization, but total coordinator of work life balance that supports understanding between employer and employees. Social Economy is the most hopeful way of regaining the “ties”. Social Economy organizations are expected to play an important role of promoting the “bridge” of information between service providers’ service beneficiaries

1.3 Work incentives in the Social Economy organization

Our crucial question is whether we can combine the management resources, such as human resources and financial resources, in both non-profit and for-profit social enterprises and local government, as a substitute to the traditional Japanese bureaucratic supply system of personal social services. However, under the current working condition that the idea of life time employment is decreasing, skills and experiences relating to one certain organization should be more diversified into different organizations, which mean multi organizational skills are urgently needed. We can interpret it as “relational skills” among different partners in local economy. It is identified that social entrepreneur as one who has developed substantial “map-making skills” and can navigate the “cracks between systems”.

Moreover, life time based employment system, still prevailing among core workers in both private for-profit and government sector might be a big hazard for enhancing social capital among different organizations. This may be the “legacy” of the high productivity employment system which had contributed to the economic recovery after the WWII. In addition to that, Japanese welfare policy relied on two pillars; one is the enterprise based fringe benefit system and the other is bureaucratic top down social welfare corporation system controlled by life-time employed bureaucrats, must have been provided inflexible and inefficient networks among providers of social services in Japan.

2. Networking structure of cross sector co-production

Although work incentives are very high through democratic governance in each organization, Japanese social economy is not well coordinated as far as the

inter-organizational social capital is concerned. This is not only the case for the relationship with other sectors, for-profit organizations and local governments, but with other organizations in the same social economy. We are going to verify the reverse relationship between work incentives and social capital networks.

In contrast, the Japanese employment systems in for-profit enterprises have been largely changed since 1990's. As far as the labor incentive is concerned, the introduction of performance based wage system had the negative effect on work incentives, and caused considerable loss of cooperative attitude among employees and loyalty to the organization. Moreover, the workers and officers in the government sector are losing trust and confidence within their workplaces and also from the local citizens.

It is apparent that it is urgently necessary to enhance the cross sectoral co-operations among social economy, for-profit sector and local governments. For that purpose, cross organizational skills rather than organization specific skills are needed for integrating the management resource among social enterprises in both social economy and for-profit sector, and local governments. We define it as "relational skills". This "relational skills" among persons who are going to coordinate personal social service provisions will play most crucial roles, leading into conquering the reverse relationship between work incentives and social capital networks in Japanese social economy. This should, in providing personal social services, go hand in hand with flexible human resource movement in the Japanese economy and "co-producing" or "citizen participatory" platforms.

2-1. Failure of coordination of governmental policy and local community initiatives in Japan

Public authority should coordinate the supplier of both general economic interest and general social interest in the local area. Design ability is needed by local public authority for coordinating and synchronizing the supply of locally needed services. Public, Profit and Non-profit have their own entrepreneurial goal and never converge into a similar goal. Especially for the human capital or human network (It may be said as a kind of social capital) required to each organization are different. Each organization has its own competence in their field. In figure-1, the precise calculation of Civil

Society Organizations including Social Economy organizations in Japan are done by Dongre(2009).

Figure-1 CSOs IN JAPAN

TYPE	JAPANESE NAME	NUMBER
Public Interest Legal Persons (Civil Code Corporations)	Koeki Hojin	25,263+
Social Welfare Corporations	Shakaifukushi Hojin	18,811+
The Religious Corporations	Shukyo Hojin	182,641+
The Private School Corporations	Gakko Hojin	7,874+
The Medical Corporations	Iryo Hojin	40,030+
Cooperatives	Kyodo kumiai	40,000*
Specified Incorporated Nonprofit Corporations (NPOs)	NPO Hojin	40,000*
Neighborhood Associations (NHA)	Chonaikai	292,227*
Children's Groups	Kodomokai	130,000 *
Elderly People's Groups	Rojinkai	150,000*
Other Civic Groups	PTA, Youth Groups, Voluntary Associations, Joint Buying groups etc	598,000*
TOTAL		1,524,846

Public authority coordinates the interaction among public, private for-profit and private non-profit. The role of public authority is not to monopolize the supply or compete seriously with private for-profit enterprises, but to enhance the level of human capital for networking the factors to provide services required for local development.

2.2 Human resources for local co-production

Japanese skilled human resources are compiled through intra firm or organizational training systems, which are less developed among NPOs and other social economic corporations. That is because of average size of the firm is too small affording the cost of training employees.

Recently, as the aging of the Japanese society progress, retired persons from for profit enterprises are expected to be sources of human resources for NPOs supplying locally necessary social services. Nevertheless, the problem is that they are efficiently trained

for the bonding social capital or company specific social capital enhancing the productivity within the firm.

3. Efficient human resource management devices in the for-profit sector in Japan

3.1 Accumulation of human capital in Japan has been done within the organization of the for-profit firm or government administration

Japan has been accumulated a high level of individual human capital and a kind of social capital for coordinating persons and organizations “inside” private for-profit sectors. Bureaucratic organizations in both national and local government have also been accumulated its own specific skills to manage the organization, but, not enough human capital or entrepreneurship in local communities or organizations in the social economy.

And, the Japanese training system had been worked as the human capital accumulation devices. And also, fringe benefits and some personal social services had been provided from companies employed. It intends keeping loyalty of employees to the company. But, employment system has changed to more performance based and market linked reward system and, in addition, cutting the cost of enterprise fringe benefits lowered employee’s incentive to work. And, on the other hand, in 2006, Japanese government decided to lower the government social security cost, and now, Japan is in the lowest group of percentage of public spending for social security in GDP among developed countries.

Variety of ownership of organization should be considered if re-designing the working and payment system in Japan. Some of the uncertainty will be decreased if the “hold up” problem is avoided by changing ownership of the company. Governance and incentive structures with a variety of ownership in economic organizations should be considered not only for each organizational level, but for local government and many public services, even for creating so called “social capitals” for local development.

3.2 The structure and characteristics of Japanese human capital accumulation that prevents co-production across the sector

One of the main characteristics of Japanese human capital accumulation is the joint investment structure in the employment system. Organizational specific human capital with internal training makes possible for joint investment to human capital from both workers and companies. Employer can expect to decrease the risks of job change by employees, and the employees can reduce the risks of uselessness of experience in the workplace. It could be said very precise risk sharing system between enterprises and employees, by reducing the burden by jointly sharing the cost of training.

Organization specific human capital is the knowledge and ability valid only for the individual organizations such as, specific tools and machines, teamwork working with another employee, long time business partnership, and human relations in each workplace. On the other hand, general human capital is knowledge and ability valid in every organization; such as the ability to manipulate standardized tools and machines, knowledge of the accounting and corporate tax system, basic training on marketing and management, scientific knowledge for technological development.

Consequently, Japanese workers at for-profit enterprises or governmental organizations had been accumulating both high human capital and social capital during the post war period “within” each organization. Even for the case of relationship with the business partners outside the organizations, most of them are trained to behave according to their title or function always restricted by the internal decision making system.

4. Social Economy and Public Policy

4.1 Linking social economy or third sector into public policy

Broader linkage of social economy and public sector into employment policy is necessary. To realize “work life balance”, not only the highly qualified training organization, but total coordinator of work life balance that supports understanding between employer and employees, Social Economy or Third sector is the most hopeful way of regaining the “ties”. And, social enterprises in Social Economy are expected to play an important role of promoting the “bridge” of information between service providers’ service beneficiaries.

And also, the grass roots and democratic reformation of the Japanese welfare system is urgently required. To ensure the democratic structure of the Japanese Social Economy

organization, existence of the democratic architecture to reflect the opinion of all workers to the governance of organization is needed. For example, according to the 2005 survey on NPO and Workers Collectives in Kanagawa prefecture, in workers collectives, 84.0% think their organization is democratically managed, and similarly, in NPO 73.2% consider the same way. This is the important step for the Social Economy organizations to gain legitimacy by democracy, which is basically assured by Co-Production. The mix of activities both public service agents and citizens contribute to the provision of public services. The former are involved as professionals or ‘regular producers’, while ‘citizen production’ is based on voluntary efforts by individuals or groups to enhance the quality and/or quantity of services they use. (Pestoff (2008))

4.2 “Blurring boundaries” between for-profit and non-profit and isomorphism between for-profit and non-profit provider of social services

In the process of verifying linkage process between for-profit and non-profit, we should notify that there exists adverse isomorphism in Japan, that is to say, for-profit organizations approaches to nonprofit style of organization. To explain shortly, this is from the governmentally designed “Social welfare organization” and “Social Welfare Council” in Japan, in another words, this is the top down institutionalized social welfare provision system which is not designed from the grass roots civil society initiatives. This is completely opposite to the “New Public Commons” which was proposed by Democratic Party Japan under the ex-prime minister Hatoyama

Suda has compiled considerable evidences for this adverse isomorphism in Japan. “Precedent researches accumulated in English speaking countries reports that non-profits strengthen its character as for-profit in case the public services are privatized like the long term care insurance. And, as a result, the border between for –profit and non-profit become ambiguous (Grønbjerg, 2003; Guo, 2006; Harris, 2003). And also, “Contrary to that, in Japan, the difference between for-profit and non-profit is maintained, or it is shown the reverse isomorphism that for-profit strengthens it character as non-profit (Suda and Guo, 2008). Furthermore, from the result of panel date survey form the long term care associations, non-profits remain rather stable than for-profits even the turnover of the enterprises in the long term care insurance service market.”(Suda, 2008)

Institutional economics tells us that the organization in a certain domain of activity which requires several mode of activity and style of organization, and it regulates the behavior of each organization. Accordingly, the similarity of every organization increases. This means there exist certain amount of isomorphism in the ex-ante expectation to the organizations within the frame work of long term care insurance. The process of isomorphism is not the non-profit becomes for-profit like many other countries, but the for-profit becomes non-profit in Japan. It is said that there exist certain deficiencies in the social welfare corporations and medical corporations about the management skills and also the for-profit tendency of medical corporations. However hard that the for-profit enhances the characteristics of non-profit, it is impossible that the for-profit takes over the position of non-profit. As a result, non-profit plays its role something like an anchor of the service provision in Japan.

4.3 Relational Skills for enrolling in the social enterprises into Japanese local personal social services

Social enterprises, such as the cooperative, mutuality and non-profit organization, are expected to be a primary solution to the empowerment of social service supplies in the Japanese local community. However, it is strongly necessary to set up some sort of cross sectoral co-operative platform among social economy, for-profit and local government for the empowerment of human resources, otherwise the quality and the cost of social services are not sustainable even for the short future period.

It is true that social economy enterprises have been contributing to the supply of community social services in Japan by cooperating with local government. However, organizations in Japanese social enterprises are weak in both of their financial and human resource foundations; furthermore, networking among social economy enterprise and local governments has been had several difficulties, especially in utilizing the mapping of social capital endowment of the region.

It may be possible to say that the workers in social enterprise are highly motivated with its mission, and they understand very well about the significant importance of mutual cooperation between members.

In contrast, as far as the labor incentive is concerned, wage system reform to performance based payment had the negative effect on workers in Japanese for-profit enterprises, and it is apparent that we had a considerable loss of reliable and cooperative

attitude among employees. Moreover, the workers and officers in the government sector are losing the “trust” and the “confidence” in both externally from Japanese citizens, and internally within the employees in the government sector.

Our crucial question was whether we can promote the social enterprises through cross sector coordination of human resources among organizations of social economy enterprise, for-profit and local government for realizing demand matching quality of local services in Japan.

5. Keeping consistency between public authority and private for-profit/non-profit initiatives through overcoming several asymmetries

5.1 Government intervention into the coordination providing local services and Citizenship participation

To what extent the local and central government intervenes in the activities of individual corporations, especially, in case of inadequate performance of private entries into coordination coming from insufficient entrepreneurship? Conventional frameworks or borders between organizations are sometimes no longer useful for creating demand matching local services. Through cooperation and co-production of different type of economic organizations, demand matching services can be created through solving several asymmetries.

It is not a market mechanism which solves the variety of demand in local services, but citizenship participation in providing services through the democratic decision making process. “Blurring boundaries” of walls and frames between sectors and economic organizations are already progressing through democratic participation of individuals of those organizations.

Not the only mixture of organizations in different disciplines still keeping its organizational borders, but flexible utilization of human resources across the borders of organizations will give us more fluent supply of demand matching local services.

5.2 Relational skills are necessary to promote the coordination between key players in local social service provision

As we have seen before, Japanese men are difficult to get used to the social and regional networks after the retirement of workplace. That is the evidence of scarcity of social skills of retired people. And that makes difficult to get used to the new organization like NPOs or other social enterprises.

The statistics in Figure-2 and 3 shows us that there is the strong need for the regular communication of local government with NPOs. Furthermore, NPOs require local government to understand NPOs more accurately as a partner of collaboration in providing social services.

Figure-2

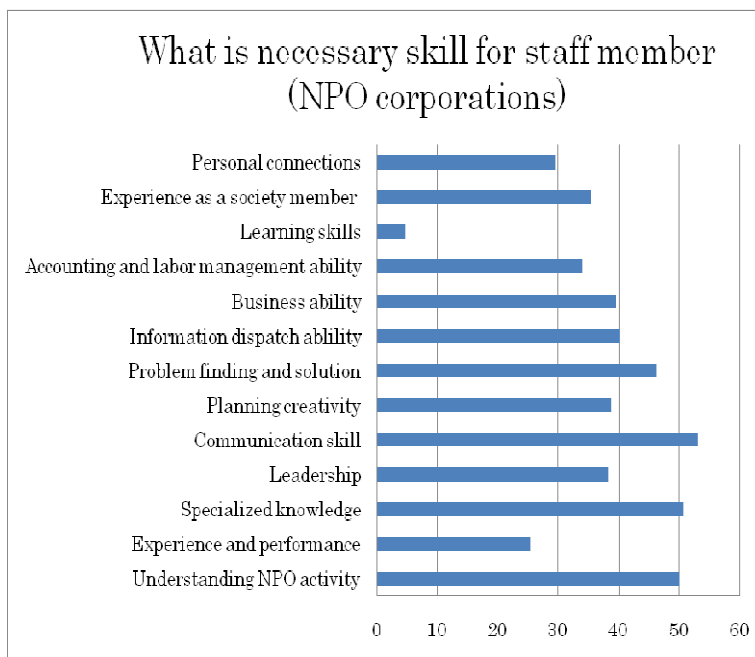
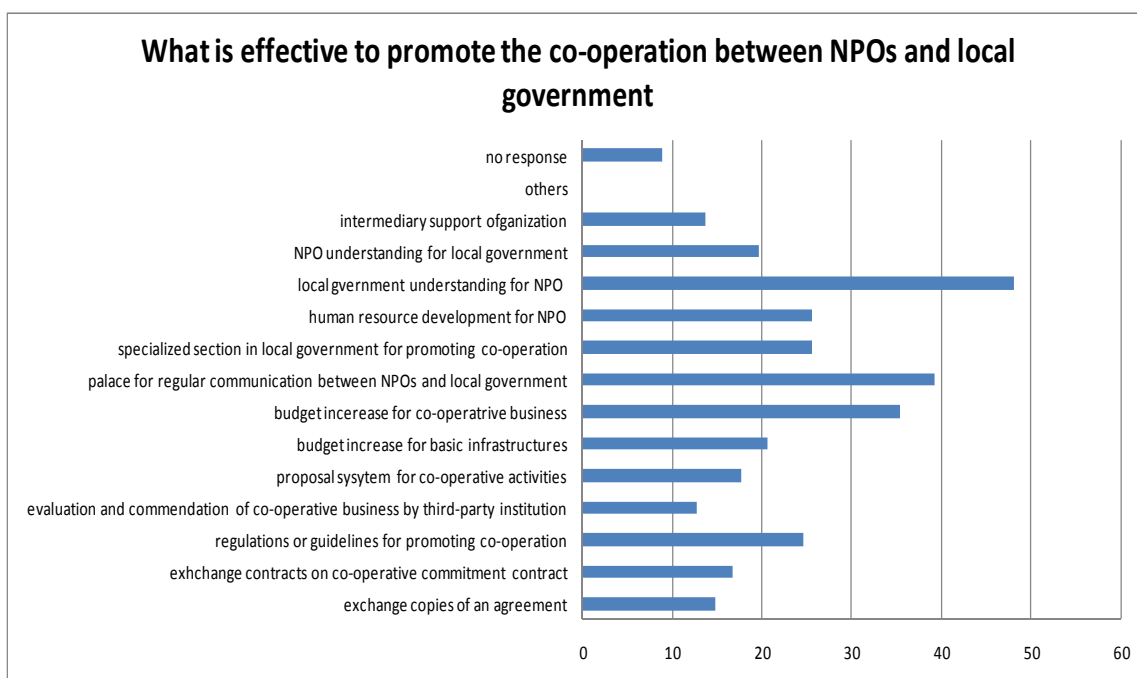


Figure-3



Source: Center for non-profit and public management (2009)

6. Conclusion: the direction of the Japanese Social Economy and government intervention into the coordination providing local services

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Conventional frameworks or borders between organizations are sometimes no longer useful for creating demand matching local services. Through cooperation and co-production of different type of economic organizations demand matching services can be created through solving several asymmetries

One of the consequences of this paper is that integrating the effort of research and training among organizations in the social enterprise is acutely needed, and the government and for-profit sector should be more flexible for co-ordination and co-production with the Social enterprise sector. This seems to be the only way to solve the multi partner or multi stakeholder problems in Japanese local economy in the

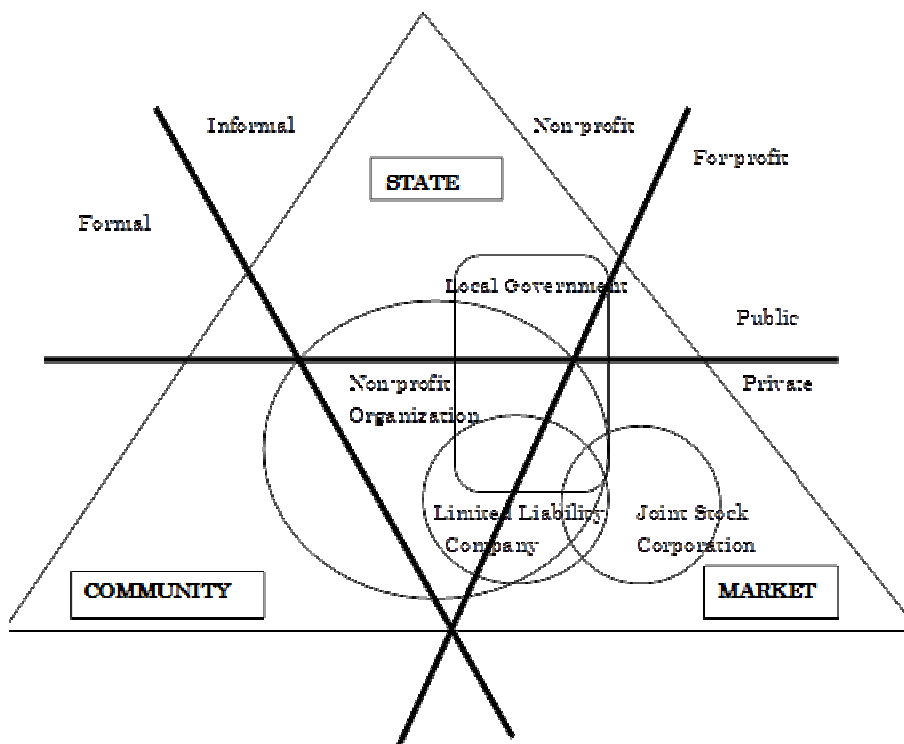
Japanese aged society. However, we need more careful and intensive discussion with different countries.

6.1. Human Resources that enables inter-organizational cooperation under the mixture of different types of organizations

According to our hearing from the leaders of non-profit organizations in providing personal social services, they admit that inter-organizational matching for cooperation has been very badly organized. They explain that it is coming from fewer developed human resources, especially the deficiency of the leadership in each organization for collaboration. Why the leaders find it difficult to collaborate with each other? We found that this comes from positive incentives within organizations and negative and weak coordination among different principle organizations. In other words, there exists high social capital inside the organizations and low social capital among the organizations.

In case of long-term care services in Japan, the type of organizations providing personal social services varies in its organizational type. Figure- 12 is the one of the example of the image of distribution in the map of Pestoff's Triangle. It is important to note that there are organizations with different organizational goal and labor incentives. And, inflexible labor market does not allow the human resources move frequently among different type of organizations. This discrepancy has widened after the introduction of the Long-term Care Insurance Law, the increasing share of for-profit organizations make it difficult to clarify the border of for-profit and non-profit organizations. This is because of the weakening coordination power of Social Welfare Councils, especially in urban area of Japan. And it gives rise to the oligopoly of large scale for-profit service provider employing low paid non-regular employees. And, on the contrary, non-profit organizations with high social value and worker democracy are in severe condition when it comes to the market competition with for-profit oligopoly enterprises. This weakening government coordination and intervention can only be conquered by setting up some sort of cross sectoral co-operative platform for social enterprises and local governments, and to promote "relational skills" of persons who are going to coordinate organizations in the personal social service provision in Japan.

Figure-4 Maps of providers of long-term care insurance in Japan after the scheme of Pestoff' s welfare triangle



Source: Suda(2007)

6.2. Relational skills in the relationship between Social Economy and public policy

Development of the human resources overcrossing the border of organizations is the key factor to ensure the existence of the Social Economy in the public policy of Japan. Japanese human capital accumulation, especially of organizational specific human capital is done through the process of sharing the management and governance within the organization. There should not be big difference between mechanism of intra-organizational enhancement of organizational specific human capital in the for-profit enterprises and in the non-profit organizations.

Problem is the mutually exclusive mechanism of accumulation of intra-organizational social capital and inter-organizational social capital, because of the long lasting idea of life time employment system. Flexible circulation of that human and social capital among the different sectors makes it sustainable for creating the new platform of human capital and social capital development in Japan.

Relational Skills enabling the cooperation overcrossing the border of the sectors, especially skills required for people in “Public”. That includes grasping the resource mapping having a possibility of mobilization for providing social services. And also the ability of “co-production” and “co-construction” with other sectors, and it opens up their professional ability in the cooperative structure. This includes the ability to grasp the reality, ability to communicate, and system improvement ability.

And, what skills required for people in private for-profit? Social participation, not through the workplace, but individual participation thorough regional and civil organizations is the primary requirement. And also, the ability to change the work ways through the negotiation and collaboration with enterprises without concern over past institutions and traditions are the requirements. Then, it provokes introduction of policy designing process of CSR thorough flexible collaboration with third sector organizations

Finally, what skills required for people in private non-profit? Strengthen their professional abilities and management ability is the first order priority, and sharing the skill and information network without depending on their charismatic leader

Lastly, what is the sustainability for Japanese society after “3.11” earth quake? Independent grass roots democratic body of civil society organization especially in the cooperative and NPO sector is the most required elements for the recovery. And, sharing the revival process by over crossing sector organizations, and it needs paradigm shift from the life time and organization oriented decision making system to more individual but grassroots democratic architecture of decision making system. Life time employment inertia is no exception; they have effect on decision making inclining to intra organizational consistency and homogeneity of membership, low flexibility to organize the heterogeneous initiatives and cultures into positive power.

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