

# **The Development of Non-Profit Organizations within the Community Welfare System in Japan**

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## 1 The Development of Non-Profit Organizations within the Community Welfare System

One of the strongest arguments given for the development of non-profit organizations in Japan is that which asserts that they are necessary to respond to the rising needs of Japan's aging society. However, the details regarding the non-profits working in the social welfare and Community Welfare fields are largely unknown. In fact, people working in the field have at their disposal only a confusion of data and general notions.

How do non-profits relate to social and Community Welfare? What is the significance of the relationship that exists between non-profits and public service corporations such as social welfare councils and social welfare corporations? What is the role of the non-profit working in the social and Community Welfare fields? I take up these questions in the pages below.

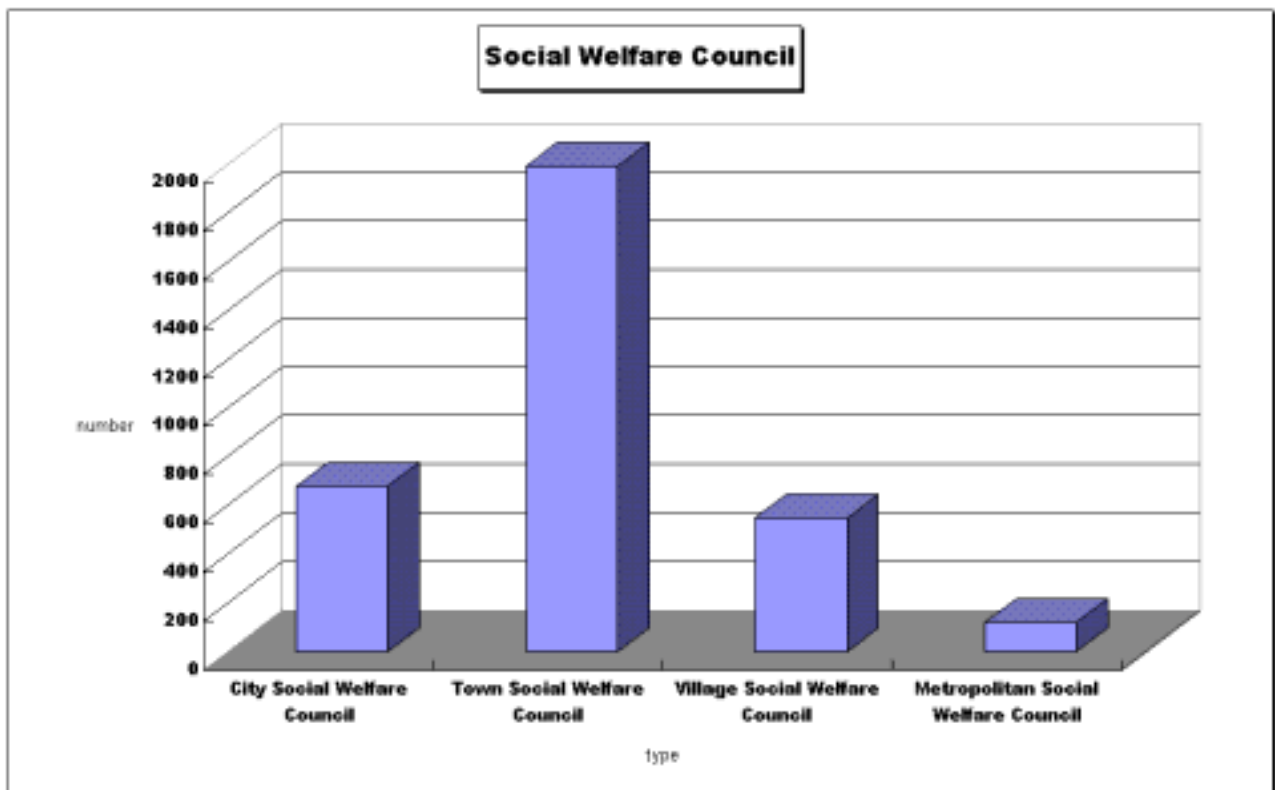
### 1-1 The Relationship between Non-Profit Organizations and Social Welfare Councils / Social Welfare Corporations

Approximately 3,400 social welfare councils, 15,600 social welfare corporations and 30,000 privately-owned social welfare institutions have been established in Japan. Public service corporations such as social welfare councils and social welfare corporations, non-profit organizations in the broad sense of the term, are principally responsible for social and Community Welfare services. Thus, in a sense, it is possible to say that welfare non-profits are already at the center of social welfare in Japan.

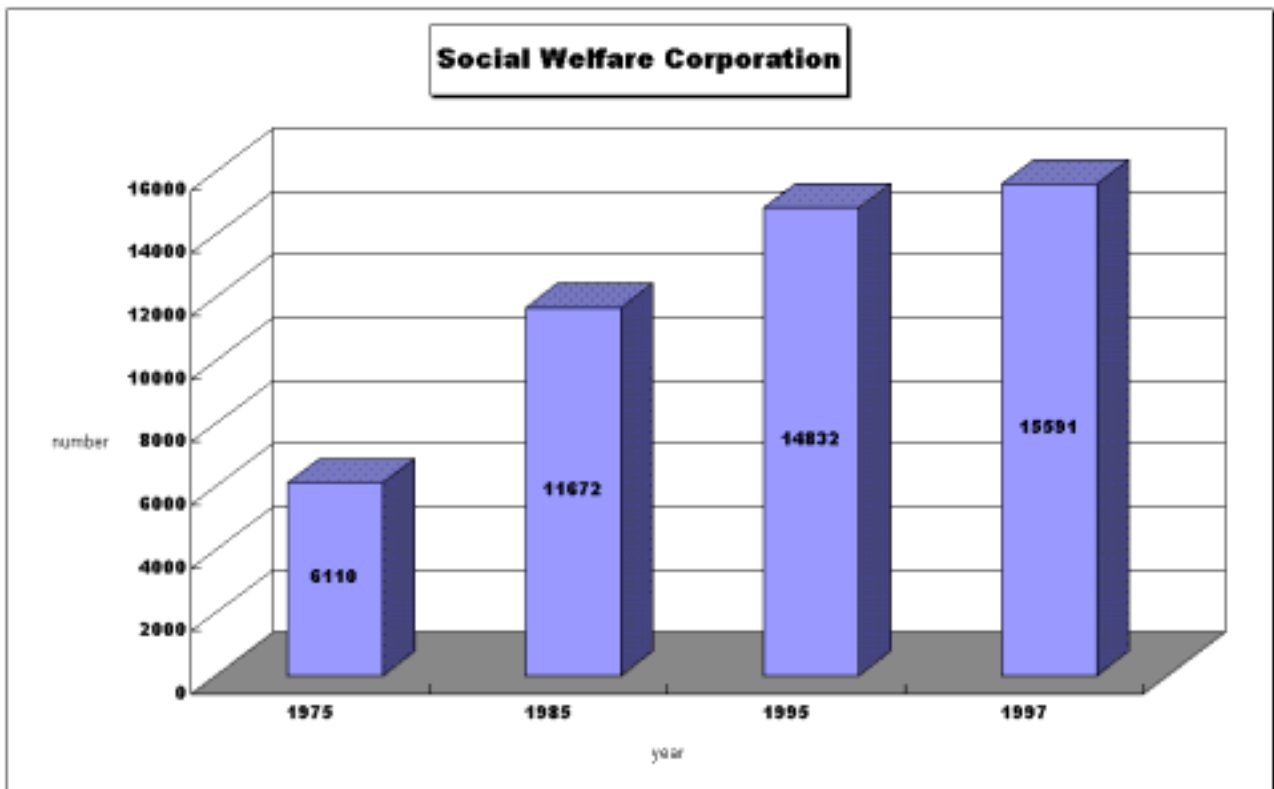
Quite a number of incorporated associations and incorporated foundations have already been involved in social welfare activities. Therefore, it is not necessarily a mistake to say that Japanese social services are mostly in the hands of non-profits and that Japan is a leader among nations regarding non-profit activities. However, as this paper points out, many more types of non-profit activities exist in Japan. These include unincorporated in-home service providing groups, citizens mutual assistance groups and other volunteer organizations.

Types of In-home service providing NPOs							
provider	founder	membership organization	NPO status	size	budget	average registered user	average user
Citizens movement	individual citizens voluntary began providing in-home services	mostly yes	before NPO law in 1998, they have not	mostly small	mostly small	132.9	63.1
Welfare council	quasi governmental organization	no	Social Welfare NPO status	relatively large	relatively large	259.7	104.4
Co-op	consumers co-op	yes	consumer co-op status	mid	mid	204	67
workers co-op	consumers co-op	yes	no	mostly small	mostly small	78.4	57.6
agri co-op	agricultural co-op	yes	agricultural co-op	mostly small	mostly small	37.5	21.1
Welfare corporation	local government	mostly yes	zaidan hojin (incorporated foundation)	relatively large	large	483.7	391.7
Nursing home	nursing home	no	Social Welfare NPO status	mostly small	mostly small	454.8	117.8

Source: Zenkoku Shakaifukushi Kyogikai (National Social Welfare Council 1998)



Source: Kosei Hakusho 1998 (White Paper on Health and Welfare in Japan), Koseishou (Ministry of Health and Welfare)



Source: Kosei Hakusho 1998 (White Paper on Health and Welfare in Japan) , Koseishou (Ministry of Health and Welfare)

If one thinks of the pre-existing public service corporations as non-profit organizations and considers the role that these non-profits have played in social welfare, one would conclude that Japan already has an abundance of welfare non-profits. Such an exercise would seriously distort the situation, however. Likewise, referring to social welfare councils and social welfare corporations as non-profits would be meaningless.

In these pages I will show why non-profits are needed, despite the presence of public service corporations such as the social welfare councils and social welfare corporations. I will also outline the types of welfare reforms that are now being discussed.

For this task, I will define welfare non-profits in the narrow sense of the word, i.e., volunteer organizations and citizens mutual assistance organizations that are rooted in citizens activism. These are groups which acquire official non-profit status through Japan's NPO Law and engage (or attempt to engage) in social and Community Welfare work. In this way, I will distinguish between the public service corporations (social welfare councils and social welfare corporations) and the welfare non-profit (those groups which become official non-profits in order to provide welfare services).

It is impossible to discuss the welfare non-profit without treating the following themes:

The difference between the non-profit and the volunteer organization.

Whether or not non-profits can achieve things that the pre-existing government services and public service corporations cannot.

Whether or not tie-ups between non-profits and pre-existing welfare organizations or government offices will provide new beneficial results.

Whether or not non-profits will invigorate welfare services as a whole and otherwise bring about new advancements.

I will focus on the above points in examining the role of non-profits in the social welfare system.

First, I will introduce prior research regarding Japanese welfare non-profits. I will then discuss the actual state of these organizations.

## 1-2 Welfare Non-profits - Prior Research

As many scholars have pointed out, it was the Great Hanshin-Awaji Earthquake of 1995 which has spurred interest in non-profits. Even before this disaster struck, however, various groups had been experimenting with such activities. Hayashi Yujiro, Imada Tadashi Eds., 1999 contains a detailed treatise on Japan's corporate philanthropy.

This work shows that the forerunners of welfare non-profits are in-home service providing groups.

Scholars have taken an interest in in-home service providing groups since they began forming in the latter half of the 1980s. However, they were chiefly interested in studying their connection to the development of in-home welfare systems, time-saving measures and point deposition policy. Their transformation into non-profits has only been a topic of discussion in recent years [1].

In order to illustrate how scholars have viewed the role of non-profits in Community Welfare, I shall introduce a few relevant works here [2].

Tsuneji Makisato (Makisato, 1995) was one of the first social welfare scholars to report on the role that non-profits, particularly those in the United States, play in that field. In his 1998 work, Makisato pointed out that Japan's in-home service providing groups are the predecessors of the welfare non-profits in that country. The scholar portrays the non-profits as a veritable tidal wave which will allow citizens to recapture the rights and responsibilities of welfare service planning and implementation. Makisato predicts the emergence of a "social contribution market" in which non-profits and government offices will find a wide variety of new ways to cooperate with and support each other.

Sugioka Naoto published a report on in-home services in 1998. In this paper, he argued that pre-existing volunteer groups would not be able to adequately provide in-home services. Rather, he insisted, a new type of non-profit would be needed. Sugioka predicts that non-profits will help to raise people's social awareness, foster philanthropy, uncover new social needs and give rise to new organizations that will be able to coordinate activities with experts and be more transparent. Non-profits, Sugioka insists, will contribute significantly to the restructuring of Japanese society.

Both of these scholars used in-home services to explore the various dimensions and potentials of non-profits.

Toshiaki Wada's paper of 1998 examines in-home service providers in even greater detail, agreeing with Sugioka and Makisato that these groups may be considered to be a form of welfare non-profits. Wada outlines the historical and present political reforms related to social security, social welfare and volunteerism.

I find it very odd that none of these scholars directly addressed points raised by Lester Salamon and others: whether or not Japan's social welfare council, an institution which might be considered the classical social non-profit, is in fact a non-profit, at all.

It would appear that the scholars consider non-profits to be a new type of organization which are separate from public service corporations and which will invigorate Japan's welfare service industry, as a whole. The works do not answer the very basic question of whether social welfare councils are to be considered a non-profit organization.

By contrast, Tanaka (1997, 1998) meets this question head on. In his paper, he defines in-home service providers (also known as resident-based service providers), as true non-profits and insists that social welfare councils may not be considered non-profits. Tanaka argues that the word "resident" (jumin) is a word that the government offices conveniently use to refer to local "citizens" (shimin). He is against the term "resident-based" in-home services and insists that the groups be called "citizen-based" in-home services.

Tanaka insists that the social welfare councils are historically government sponsored bodies. As such, according to Tanaka, the social welfare council is different from the non-profit which is, by definition, generated on the grass-roots level. Tanaka claims that non-profits are more effective than government offices and social welfare councils. He supports his claims by introducing data that shows how the non-profits are able to provide services which directly address the needs of the people.

It is true that the emergence of the welfare non-profit will induce a profound reform of the government office-led welfare model. However, Tanaka's research on the non-profits focuses solely on the citizen/government dichotomy. He does not touch upon how the non-profits and social welfare councils relate to each other.

It is important to remember that it was, in fact, the social welfare councils who first proposed the concept of the in-home service providing group.

According to my research [3], the social welfare councils did so because they realized that Japan's society had reached a transitional period where it would be best to separate the two distinct elements that were emerging, i.e., the grassroots element in which citizens could be truly pro-active and the social welfare council-based element which acted as the interface between the government and society, providing funding, resources and only very basic participation opportunities for the citizens.

It is sometimes useful to view the two as part of a whole. However, the mechanism by which volunteer organizations are spreading across the nation and that by which social welfare councils are attempting to meet social welfare needs via project consignment and the establishing of new public service corporations, is decidedly different. It has become obvious that we cannot clearly see the relationship between volunteer organization, public service corporations and the government offices if we do not distinguish non-profits from social welfare councils.

In this paper, I will argue that in-home services are the transitional state of a full-fledged in-home care services sector. I will then use this model to illustrate how in-home service providing groups are being transformed into welfare non-profits [4].

Uda Kikue (1994) envisions the non-profit as the foundation upon which local governments will build their own social welfare services which would be run under central government guidance. Uda sees the non-profit as the vehicle by which residents will transform themselves from being residents who passively receive government services into modern day citizens who pro-actively interrelate with the government. In this respect, Uda is continuing earlier arguments made by Okamura Shigeo who proposed that such a local government-sponsored welfare service system be established.

I also recognized early on that the in-home service providing groups were the predecessor of the non-profit. My treatise of 1998 focused on the impact that they would have on welfare reforms. I divided welfare issues into two elements, social welfare and community welfare, arguing that the former is represented by social security-related laws and policies while the latter is a new model that had been generated by changes in family and community structures. In my view, community welfare is represented by social services developed and provided at the community level in direct response to social needs at that level. Community welfare needs, spurred on by a rapidly aging society and low birthrate, will quickly grow and diversify. These needs will thus develop into a more sophisticated state which can be described

neither as social welfare needs nor as community welfare needs. In these earlier works I referred to the new demands as "social service" needs, predicting that a new framework for dealing with these needs would emerge but that social welfare councils would continue to respond to social welfare needs and community welfare needs as they have been. How would society respond to social service needs which stretch beyond the framework of welfare? In my view, this will be the mandate of the non-profits. In my works I have argued that it is absolutely critical that this task be performed by non-profits. Such needs can not be addressed by the Social Welfare Services Law. Rather, the very diversified social needs of the recipient must be determined at the source, with the aid of the recipients, themselves. Only through this approach can we achieve the diverse and multi-faceted service system that is needed. In my works, I point to the American non-profits as an example of this model.

The non-profits represent a new social service system which responds to the recipient's needs in an interactive manner and transcends both the social welfare and community welfare frameworks.

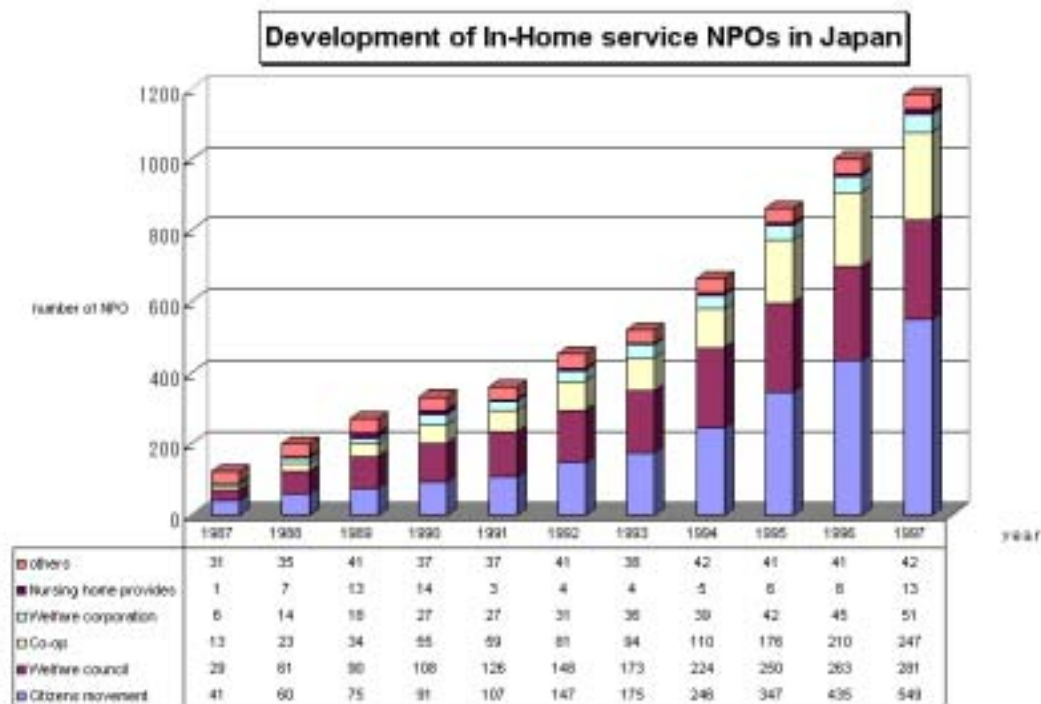
Each of the scholars mentioned above treat the in-home service providing groups as evidence that society is demanding the development of welfare non-profits. Furthermore, they agree either explicitly or implicitly that the pre-existing government-guided social welfare system cannot sufficiently respond to the emerging social service needs and they raise doubts about whether social welfare councils can function as the welfare non-profit.

In this sense, the thinkers who argue that non-profits are necessary are, in fact, criticizing social welfare councils at the same time.

The aforementioned scholars disagree on one essential point, however. Some see non-profits as an entity that will serve to invigorate the social welfare councils and which needs to be supported by the social welfare council (the Tokyo Volunteer Center is an example of this model. The non-profit changed its name to the Tokyo Volunteer and Citizens' Activities Center and now supports other non-profits). Others see non-profits as an alternative to social welfare councils.

Scholars have only just begun to explore the relationship between non-profits and public service corporations (social welfare councils, social welfare corporations, incorporated foundations, incorporated associations, etc.).

<Diagram>



Source: Zenkoku Shakaifukushi Kyogikai (National Social Welfare Council 1998)

## 2 - In-home Service Providing Groups

The scholars mentioned above have each explored the in-home service providing groups to a certain extent. In the pages below, I will briefly touch upon the activities that these groups are engaged in and illustrate the need for such non-profits in the community welfare area. Furthermore, I will show that it is indeed imperative that such volunteer organizations make the transformation to non-profits.

In-home service providing groups are volunteer groups that provide low-cost home care services on a membership basis to elderly people who live alone. According to a survey conducted by the National Social Welfare Council, there were only a few dozen of these organizations in the early 1980s. These groups began springing up very rapidly in the late 1980s, however. In 1998 there were more than one thousand such organizations in operation. Various management styles may be observed including that of the in-home service providing group, social welfare council, Social Services foundation, co-op, workers' collective, welfare institution and family club [5].

Most of these organizations were founded by middle-aged housewives. These women formed volunteer networks because they realized that something had to be done to meet the care needs of the elderly who lived alone. Most of these people were not very good at management tasks, e.g. coordination of the group's activities, procurement of funds and resources, and communication with government offices. According to a 1992 survey which I conducted along with some colleagues and the National Social Welfare Council, most of these volunteers were women between forty and sixty who had finished raising their children and had begun to take care of their aging parents. Most of them had an interest in social

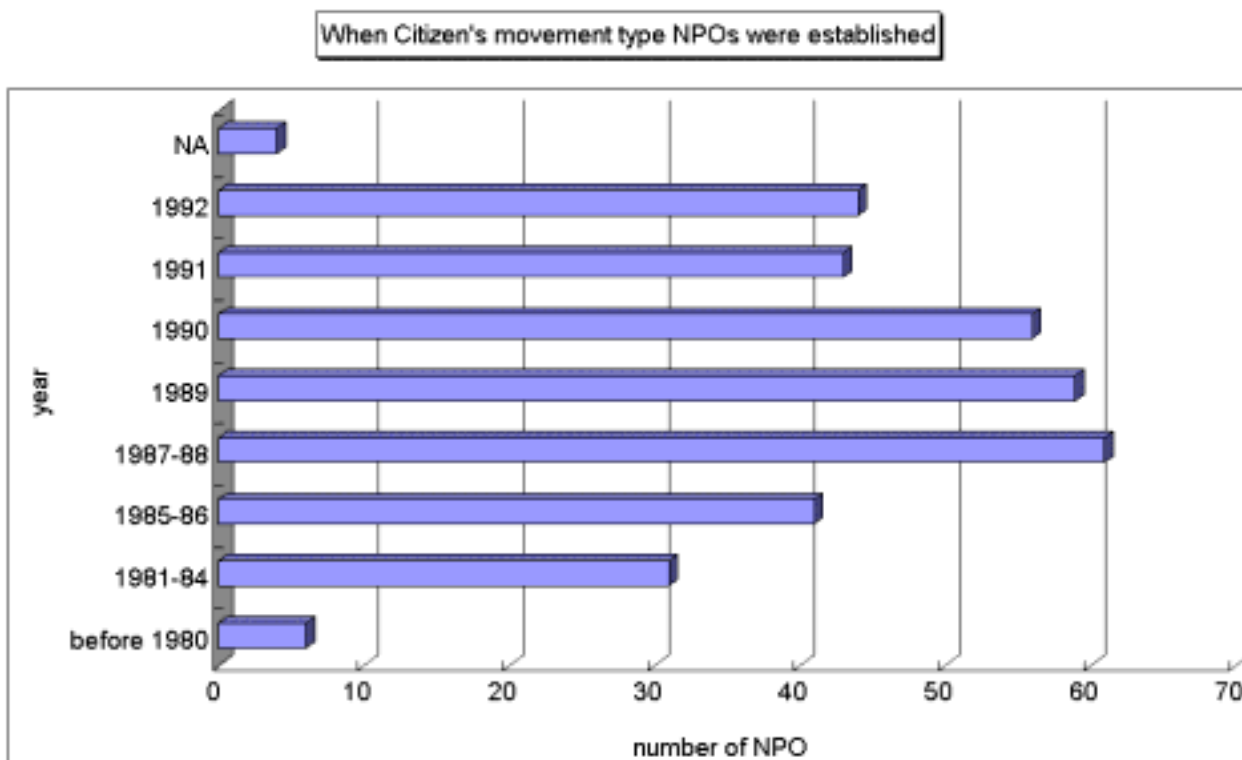
welfare, were prepared to spend time educating themselves on the topic and were keen on addressing their community's care issues [Adachi, 1993].

In the years after that survey, government offices and the National Social Welfare Council have taken steps to foster in-home service providing groups, having been quick to perceive them as a form of in-home service provision. As a result, some of these organizations are managed in a similar fashion to the National Social Welfare Council and other Social Services foundations. Welfare foundations such as the Wonderful Aging Club and Sawayaka Welfare Foundation have very worked very diligently to realize a network of in-home service providing groups.

The 1992 survey revealed that the groups were facing a variety of problems, including a lack of education and training opportunities, insufficient social recognition, and other insurance, medical, communication and organization-related difficulties. All of the organizations surveyed noted a scarceness of financial resources as one of their chief management-related problems. With the exception of the organizations that were being run like Social Services foundations, all of them were finding it difficult to coordinate activities with government offices. With the advent of the NPO Law, in-home service providing groups were able to obtain official non-profit status and it became possible for them to receive consignments from the government offices. After Japan introduces its Public Long Term Care Insurance Plan, these groups will be able to use care insurance funds to engage in the planning and coordination of care services.

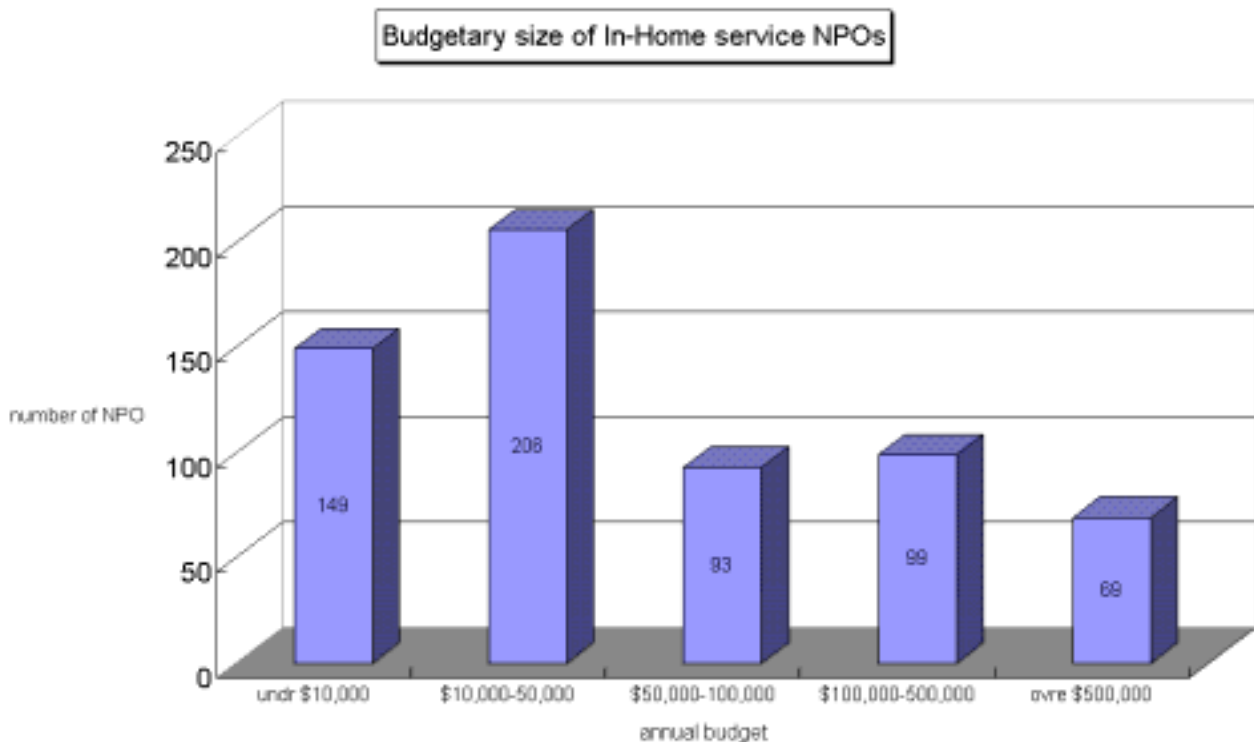
The NPO Law and Public Long Term Care Insurance Plan will combine to provide a financial base to the in-home service providing groups and officialize their activities. However, it is quite possible that this new framework will also stifle the volunteer groups' spontaneity and make it difficult for them to use their inherent flexibility to provide the kind of care services that are needed in each particular community [6].

It will not be easy for these groups to maintain their volunteer spirit and operate with the functionality of the official non-profit.



Source: Zenkoku Shakaifukushi Kyogikai (National Social Welfare Council 1998)





Source: Zenkoku Shakaifukushi Kyogikai (National Social Welfare Council 1998)

### 3 Transformation from Volunteer Group to Non-profit

Will these volunteer groups transform themselves into official non-profits? It is still too early to determine the answer to that question as the NPO Law was only recently passed and the Public Long Term Care Insurance Plan has yet to be introduced. However, recent surveys conducted by the National Social Welfare Council and the Sawayaka Welfare Foundation offer some clues.

I will take up this issue here, drawing from these surveys and from my own research.

#### 3-1 Surveys conducted by the National Social Welfare Council and the Sawayaka Welfare Foundation

The Community Welfare Division of the National Social Welfare Council has been conducting surveys on in-home service providing groups since 1987 through affiliated social welfare councils located in each of Japan's provinces and in the larger urban areas. The Council has made the data from the surveys available to the public in a series of documents entitled "In-home Service Providing Groups Survey Reports".

I will now analyze data from the Council's 1996 report and a similar report made by the Sawayaka Welfare Foundation in order to explore two questions: whether volunteer groups will apply for official non-profit status and whether they will seek to become Official Public Care providers in accordance with the Public Long Term Care Insurance Plan. The reader should be aware of the fact that the Sawayaka Welfare Foundation's survey was rather limited in scope.

National Social Welfare Council Survey on In-home Service Providing Groups

According to the National Social Welfare Council's Survey on In-home Service Providing Groups, only 18.5% of the in-home service providing groups surveyed said that they would apply for official non-profit status under the NPO Law. Social welfare councils and other organizations which already had other types of official accreditation were also targeted by this survey. If we look at the responses of organizations which did not have official status, we find that approximately 33% of this group had plans of filing for the special status. Likewise, approximately 37% of the workers' collectives that were surveyed said they planned to file while 15% of in-home service providing groups said that they would.

Seven percent of all in-home service providing groups surveyed said that they wished to confine their operations to insurance payment-based welfare projects. Twenty-three and a half percent said they would take on insurance payment-based projects as a part of their activities. Groups that would not seek such consignments made up 11.3% of the whole while 25.8% of all in-home service providing groups said that they had not made up their minds yet.

This data is a bit dated and the conditions surrounding the NPO Law and Public Long Term Care Insurance Plan have changed somewhat since this survey was taken. Nevertheless, these survey results do give us some idea of how the groups viewed the new policies which would enable them to become official non-profits.

As of December, 1997, one third of all volunteer groups who participated in this survey had definite intentions of becoming official non-profits. Approximately 15% of them had decided against such a move, opting rather to continue their activities as volunteer organizations. The remainder of those surveyed said they had not yet made up their minds and were waiting to see how things would develop.

Next, let us examine the results of the survey conducted by the Sawayaka Welfare Foundation.

#### Results of the Sawayaka Welfare Foundation Survey

The Sawayaka Welfare Foundation conducted their survey in October of 1998, ten months after that of the National Social Welfare Council. Unlike the Council's survey which targeted a broad range of organizations across the country, the Sawayaka Welfare Foundation focused on a smaller number of relatively newly established groups. Their sample consists of just 84 organizations.

Though their survey is very limited in scope, their results are very similar to those of the Council's. Of the groups surveyed, one third planned to become official non-profits, another one third had not such plans and the remainder were undecided.

This data confirms that the volunteer organizations engaged in in-home service provision may be broken down into three groups: those who wish to become non-profits, those who do not and those who have not committed themselves yet, preferring to wait to see how the situation around them develops.

### 3-2 Questions put forth by In-home Service Providing Groups

#### Volunteer Groups and Non-profits

In-home service providing groups which are currently providing single elderly people with housework and care services began their activities when it was still difficult for citizens' groups to obtain official status. As such, their activities have raised many theoretical and practical questions. In particular, they serve to illustrate two contradictions: that which exists between organizational management and volunteerism and that which exists between the community-based welfare services and the welfare volunteers.

When the in-home service providing groups began appearing in the late 1980s, Japan had still not

developed a non-profit accreditation policy. Organizations dealing with welfare services fell into one of three categories: non-accredited volunteer organizations, government offices and public service corporations such as social welfare councils. No one had heard of the non-profit system, a middle ground between the existing organizational types.

As in-home service providing groups developed as organizations, they soon were faced with the limitations of their operational model. In order to succeed in the field, they began to provide services by which they would collect welfare service fees or gratuities from the service recipients. Through the system that developed, elderly persons living alone would, after applying for membership at one of these organizations, pay a small fee for their in-home care services. There was much debate regarding whether or not these activities represented true volunteerism or not. Critics pointed out that most of the groups, while not commercial in nature, required the recipient to pay a fee [7]. Even organizations that did not charge for their services tended to employ point systems by which they rewarded their "volunteers". The critics argued that such activities could not be called volunteerism because they involved fees, rewards and incentives. This attitude has its roots in the long-standing Japanese notions which divide enterprises into two types: commercial and volunteer (pro bono). Scholars such as Hayase Noboru argued that spontaneity was at the core of volunteerism. The idea that it should be work done without charge was, historically, a secondary matter. Tochimoto Ichisaburo, Takahashi Hiroshi and others countered by insisting that the groups could be considered volunteer groups only if the services they provided were less costly than those provided by commercial enterprises.

Without question, however, the in-home service providing groups did not fit into the traditional volunteer model. The reason for this could be found in the nature of their very activities. In other words, they operated as they did because that was the only method by which they could provide constant and reliable support to elderly living on their own.

If volunteerism necessarily involves spontaneity on the participant's part, then people who engage in activities without having such a mindset may not be considered true volunteers. However, it is important to remember that people's mindsets can change over the course of time. Also, we must note that the in-home service providing groups would not have been able to maintain their care activities over the long term with a pure volunteer mindset. This last point has been the source of anguish for Social Services foundations and other government-type organizations that have been struggling to find ways to support the in-home service providing groups. The mechanism which ensures that the groups are spontaneous and which ensures it can be maintained as a well-organized, consistent welfare service provider, are different. In other words, the coordination and management of these groups has always been a severe problem for most organizations. Most of the organizations have been managed by the volunteers, themselves. Naturally, organizations being managed in such a fashion were very limited in their activities. Essentially, they were forced to charge for their services because they did not have any hopes of obtaining financial assistance from the government or other outside sources. They had no other choice but to do so, because they had found that they could not sustain their voluntary home helper and care services otherwise.

When these in-home service providing groups first began their operations, the people involved found it very difficult to understand the concept that has become a matter of fact in the United States: organizations can engage in care activities on a non-profit basis. For them, the concept of the non-profit was totally detached from that of volunteer activity. This was, of course, due to the fact that non-profits were non-existent in Japan [8]. Under such circumstances, it was only natural that services were categorized into two groups: volunteers who provided services on a gratuitous basis and commercial entities which charged for services rendered. The government offices and social welfare councils existed

outside of this volunteer / non-volunteer dichotomy and they were perceived as being of a completely different nature. Thus, it may be said that volunteerism was viewed in very narrow terms in Japan. Now that more Japanese are familiar with the non-profit system of the United States, more observers have come to realize that the volunteer / non-volunteer dichotomy issue is just a small part of the bigger picture. When in-home service providing groups first appeared, some scholars thought that volunteerism would change the face of community welfare. Time has proven that these people were being overly hopeful. Only now are people realizing that the social welfare system will change slowly due to increasing non-profit activity with a wide range of volunteer community support. As more people come to grips with this reality, the confusion in Japan will give way to a true understanding.

Looking back, the traditional division of welfare services into two categories, e.g., government-affiliated services and volunteer services, had severe conceptual limitations, as well. No one was able to understand that there could be a middle ground, namely that provided by the non-profit. Thanks to the introduction of the non-profit as a concept, people can see that it is, in fact, possible for volunteers to provide sophisticated social services on a sustainable basis via the medium of the non-profit. At the same time, people came to understand that obtaining official non-profit status is one of several valid options available to volunteer groups. In other words, the transformation from volunteer group to official non-profit should not be taken as a matter of course. After numerous interviews with volunteer groups it is now evident to me that the organizational characteristics of the volunteer groups that wish to become non-profits and those which do not, are not the same [9].

Some organizations, particularly those which started out as a union of neighborhood friends, have no desire to change their status. On the other hand, some organizations are willing to take that step, developing themselves further to help meet Japan's rising care needs. It is imperative that we recognize this distinction and not lump the two types together.

### 3-3 The Transformation of In-home Service Providing Groups to Non-profits

#### The Necessity of Networks

The number of in-home service providing groups which have been actively working to form nationwide networks has been on the rise since the early 1990s. Many organizations had hoped to develop a nationwide system of time-savings and point deposition by which the several hundreds of organizations in operation could coordinate operations. The idea was to share care service staff amongst the groups, sending personnel to whichever part of the country that required their services.

However, various researchers proved that such a system was impossible to construct due to two main reasons. First, standardization of time-savings and point deposition systems is not legally feasible. Second, because the staff are volunteers, it would be impossible to accurately predict which ones would be available at any point in time. In short, there was no guarantee that such a network would be capable of sufficiently providing care services on a national scale. The Sawayaka Welfare Foundation and other groups have introduced their own time-savings and point deposition systems. While their system does not feature the legal security provided by similar plans commonly used by banks, it does serve to stimulate volunteerism and encourage volunteer groups to network. For this reason, it is a very useful system. The in-home service providing groups have also introduced a system of mutual aid. The organizations attempted to form a nation-wide network for two additional reasons. First, there was a growing awareness amongst their members that independently operated volunteer groups would not be able to deal with all of the care needs of the elderly. Second, most of the groups felt that government moves such as the introduction of the so-called Gold Plan and Public Long Term Care Insurance Plan were heavy-handed

and did not sufficiently address the desires of the people.

The organizations' plans to form a nation-wide network helped to pave the way for the introduction of the non-profit system.

#### 4 Examining the Role of the Non-profit in Social and Community Welfare

##### 4-1 Hesitation of the Non-profits

Surveys conducted by both the National Social Welfare Council and the Sawayaka Welfare Foundation reveal that only about one third of Japan's in-home service providing groups intend to become official non-profits. What is the reason for this low figure?

Unfortunate timing of the surveys is one of the probable causes; some of the organizations had not had time to deliberate the issue at their annual meetings. Another reason is the absence of any apparent benefits to the organization. Organizations who become official non-profits will suddenly have a mountain of tax-related documents to fill out each year, but no tax deduction. During 1999, policy-makers considered a special tax deduction for the official non-profits, but no definite conclusions have been reached. Non-profits may be able to utilize Public Long Term Care Insurance funds. This is an obvious incentive for making the transformation. However, at this point in time, the Japanese government has not made any firm decisions regarding the plan. Furthermore, many organizations fear that they will lose their spontaneity and independence if they begin to accept consignments through this system.

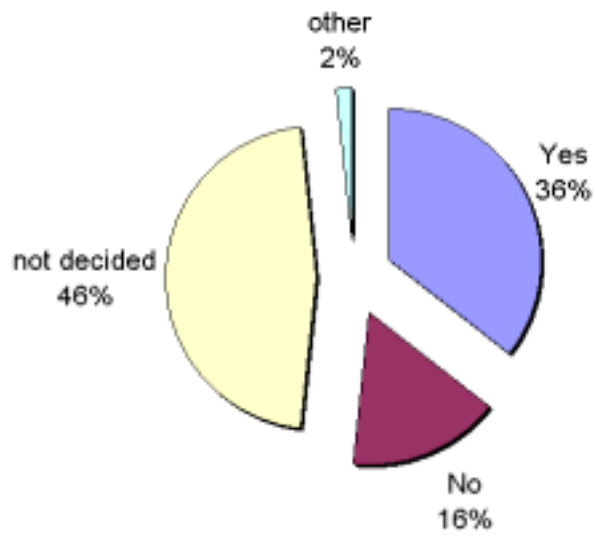
All of these factors have combined to slow the transformation of volunteer groups into non-profits [10].

However, there is an even greater impediment: the absence of clearly defined roles for the welfare non-profit.

A host of bodies, e.g., social welfare corporations, social welfare councils, etc., are already involved in welfare services. There are also a great number of active volunteer organizations. What is the role of the newly emerging non-profit? How does it differ from that of the organizations already in existence?

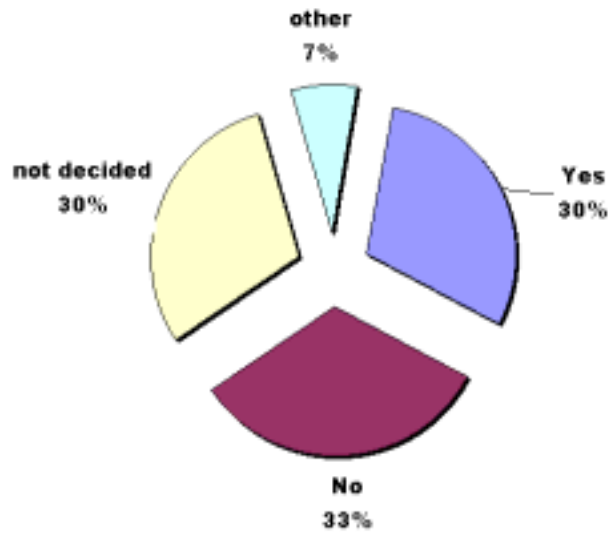
As I noted earlier, it is important that we employ a broader perspective in investigating the root of Japan's recent interest in non-profits. In doing so, we will find that the focus of the differences between the social welfare councils and the non-profits is not tax deduction, funding or who is delegating projects to whom. We must not focus only on whether non-profits will enjoy the same sort of treatment received by the social welfare councils and on what role they will play in the new paradigm emerging with the introduction of the NPO Law and Public Long Term Care Insurance Plan. If we did, we would miss all but one part of the issues that their emergence is raising. In the following pages I will take up the practical problems of non-profit-related tax policies, consignment relationships and corporate partnerships, examining the social/community welfare role of the non-profits from a broader perspective.

**Will you plan to have a NPO status?**



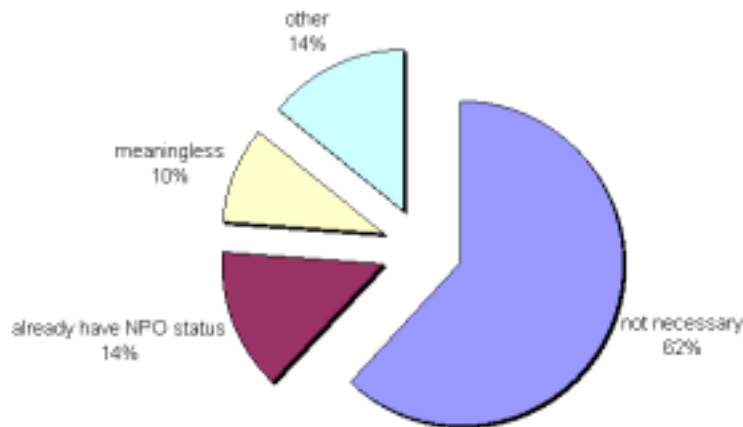
Source: Zenkoku Shakaifukushi Kyogikai (National Social Welfare Council 1998)

**Will you plan to have NPO status?**



Source: Sawayaka Fukushi Zaidan (Social Welfare incorporated foundation 1998)

### Why won't you become a NPO?



Source: Zenkoku Shakaifukushi Kyogikai (National Social Welfare Council 1998)

#### 4-2 Social Welfare / Community Welfare and Non-profits

As I reported earlier [Adachi, 1998], social welfare can be described as a utilization of public assistance funds and social security to respond to national minimum needs via institutions. Community welfare, on the other hand, is represented by community-based welfare services which are meant to meet the newly emerging needs brought about by community and family structure changes.

Community welfare cannot respond to the rapidly diversifying needs of the community simply by relying upon law and policy structure.

As England's community care reforms and the American gerontological policies have amply shown, the needs of the elderly cannot be met through the "welfare" framework alone. That is precisely the reason why new policies and service supply systems are being tested and implemented in America, the UK and other parts of the world.

The American non-profit system is now being introduced in Japan, in response to the demands of the times.

Until now, social welfare councils and other public service corporations have been taking charge of not only the basic social security and social welfare needs of the nation, but the community welfare needs, as well. The in-home service providing groups have taken up the slack in the latter area, when social welfare councils were not able to respond adequately. Now, non-profits will be moving in to take charge of the community welfare area. If the development of the non-profits progresses as planned, they will also come to address the social services area. Such human needs and social needs are extremely diverse, being easily affected by social changes including changing family structure, low birth rates, rapid aging of society, nuclearization of the family and a general trend toward smaller families. The disparity between urban areas and isolated rural areas is particularly pronounced. This inherent diversity makes a standard, nation-wide policy difficult to construct and, indeed, inappropriate. The non-profits will act as one of

several service provision systems to meet the needs in this area.

Just as social welfare is at the heart of social security, so too should the non-profit cover the diverse social service needs which policy and government cannot address. Such social needs are now escalating due to rapid social changes. During the deliberations concerning the Public Long Term Care Insurance Plan, it has become increasingly evident that public funds cannot meet the community needs brought about by the low birth rate and aging of society. Researchers and policymakers have made great efforts to come up with new service provision methods which were not possible within the framework of Japan's Social Welfare Services Law. This plan is nothing less than a reform of the very foundations of Japan's social welfare foundation.

#### 4-3 Conclusions

In the United States, the non-profit organization has developed to become an essential social services provider which responds to community social needs. By contrast, the Japanese social welfare industry has shown but a limited interest in non-profits. The emerging non-profits cannot even begin to compete with social welfare councils, neither on a qualitative nor quantitative level. On the other hand, people in many sectors have great hopes for the welfare non-profit. These people recognize that the pre-existing system has serious limitations and cannot cope with the new and growing social needs.

Non-profits have just arrived on the community welfare scene. The new roles of the non-profit, government office and social welfare council have yet to be decided. It is evident, however, that the pre-existing social welfare councils and social welfare corporations will continue to play the central role of social welfare provider as mandated by law. It is likely that non-profits will slowly develop a role for themselves, as well. They will probably be called upon to provide timely, flexible social services which meet the rapidly changing needs of the community. Examples of their jurisdiction will probably include food services and transport services, neither of which will be covered under Public Long Term Care Insurance funds. In addition, they will probably provide guardianship systems, community welfare protection activities, advocacy for service recipients who are just entering welfare institutions and community welfare service assistance activities. I expect the need for the above-mentioned services to grow considerably in the near future. These needs cannot be met under the pre-existing organizational structure and methodology. A new medium is needed; this is to be one of the roles of the non-profit.

As Okamura Shigeo illustrated in his work entitled "Community Welfare", the spontaneous, participatory activity of citizens groups is at the very center of community building.

In America, non-profits receive funding, support and consignments from all levels of governmental offices, including national, state, county and municipal. The main providers of social services are the non-profits; the role of the government office is one of financial support [11].

In Japan, governmental reforms and the trend towards small-sized government offices will progress. Government will find that it cannot directly provide many of the services that it has in the past. The non-profits are capable of responding directly to social needs, not simply playing a complimentary role to government services. In order for them to fulfill this role, however, a dynamic relationship between them and the government offices and public service corporations must develop. Official funding, support and consignment for the non-profits should not be limited to Public Long Term Care Insurance. Rather, the entire system of cooperation between the public and private sector is in order. As a side benefit, such a move will surely invigorate the government offices, social welfare councils and social welfare corporations. It is conceivable that this very stimulation will work to transform social welfare councils, social welfare corporations and other public service corporations into welfare non-profits. Acting as such a catalyst would,



of course, be another very important role of the non-profit organization.

## Notes

1 In Japan, people working in the philanthropy field were the first to show an interest in non-profits. At the same time, some citizens groups took an interest in the American non-profit system. The first authors to deal with the topic in depth were, for the most part, scholars in the fields of economics, political science, public administration and sociology. Scholars in the social welfare field took notice a bit later on. In-home service providing groups were finally recognized as a type of non-profit in 1995.

2 Traditionally, English and Scandinavian welfare system have been the model of social welfare policy in Japan. This is the reason why Japanese scholars were late in discovering and researching the non-profits.

3 I heard this kind of criticism on several occasions when I interviewed members of the Osaka Volunteer Association, Sawayaka Welfare Foundation, the Wonderful Aging Club and other organizations that have dealings with in-home service providing groups.

4 I refer to these organizations as in-home service providing groups. This categorization is transitional and insufficient. However, as most scholars are now using this terminology, I shall follow suit. This terminology is popular due to the fact that the only nationwide data available on these groups at this time is that presented by National Social Welfare Council. They release the data in the form of surveys of in-home service providing groups.

5 The present National Social Welfare Council categorization is slightly different from the one they first used.

6 This fear is particularly prevalent among smaller organizations.

7 Hayase Noboru has written in depth on this topic. See Hayase [1998].

8 One would think that organizations such as the Osaka Volunteer Association would be in charge of incubating such non-profits, but it seems that there are only a few in existence at present.

9 During the course of my research in Japan, I have determined that many volunteer groups feel uneasy about making the transformation to non-profit. Also, my research in America has shown that the people who are suited to managing volunteer organizations are not necessarily suited to managing non-profits.

10 According to research that I conducted in August 1999, more than one thousand organizations have filed for official non-profit status via the NPO Law. I expect that another one thousand organizations will be granted this status during the same year.

11 The situation is very different from that in Japan where social welfare councils and social welfare corporations have almost no funding of their own and must rely almost totally on governmental funding and consignments. By contrast, according to my research in the United States, American non-profits are actually cautioned if it is discovered that they are growing reliant upon government funding.

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