

Japan's Nonprofit Sector and the Care Nonprofits

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Japan's Nonprofit Sector and the Care Nonprofits

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Abstract

Nonprofit Organizations are emerging dramatically in the field of Community Welfare Services after Great Hanshin-Awaji Earthquake in 1995. New NPO Law (1998) and Public Long-term Care Insurance Law (1999) had also influenced greatly. We have conducted nation-wide research on Care Nonprofits in 2001 and show the data in this paper. Care Nonprofits are NPOs, which were born among community-based voluntary organizations and provide both care services under the Public Long-term Care Insurance system and voluntary services in the community. We identified how Care Nonprofits had developed size and scope of organizations and also developed consumer-direction cares. Their leaders have also developed highly missionary consciousness to reform community in terms of community welfare that would be build by citizens in the community. We estimate they would change and rebuild social & community welfare services in the community.

Key Words: Nonprofit Organization, Care Nonprofits, community-based voluntary organizations, Community Welfare, Social Welfare, Public Long-term Care Insurance, Consumer-direction cares

1) Japan's Nonprofit Sector — Issues

Japan's nonprofit sector possesses a number of aspects that make it quite distinct from its counterparts in the West.

Firstly, the regulations that govern public corporations are to be found in Japan's Civil Code which was developed during Japan's Meiji period (1868-1912). This legislation was based upon the notions regarding the nation-state and society that were prevalent at the time. The concept of a pro-active citizen who voluntarily and actively contributes to the public good via membership in nonprofit organizations did not exist. Then, during the years following the Meiji

period when Japan gradually emerged as a contemporary nation-state, the Japanese government monopolized the public space, and placed various restrictions on citizens' activities. A system by which voluntary citizens bodies could receive official accreditation was not established. Instead, Japan developed a system — under the direct management of the authorities — by which incorporated juridical persons, foundations and the like were established and maintained. In addition, social welfare corporations were established and maintained via special legislation. A system for authorizing tax reductions and exemptions for public corporations was developed. However, this structure served to further increase the official involvement in public corporations. This framework effectively obstructed the independence and development of Japan's nonprofit sector. It is these characteristics that make Japan's nonprofit sector so different from that of other countries. In particular, the American system by which nonprofits file with the state government for accreditation, and the British system which features a nonprofit accreditation system independent from the state, provide stark contrast.

Another important aspect of Japan's nonprofit sector is rooted in developments that took place directly following World War II. During the post-War Allied Occupation of Japan, the General Headquarters of the Allied Powers (GHQ) introduced three basic principles of social welfare: 1) non-discrimination and equality, 2) public assistance as a national responsibility and 3) separation of the public and private interests). These directions stipulated that the state not provide public funds to private organizations that were not under the state's direct control. This was a counter-measure to the pre-war Imperial Rule Assistance Association which had blurred the line between public and private, and which under the fascist order of the day, had severely twisted Japan's society. However, these directions as implemented also served to obstruct the nonprofit sector's development. In essence, they prohibited collaboration between government bureaucracy and private nonprofits in the field of social welfare services, and later led to the establishment of special bodies such as the social welfare corporation. This aspect of Japan's nonprofit sector sets it apart significantly from that of Germany, where private nonprofits have played a central role in social welfare services and other social services.

Finally, Japan's nonprofit sector has seen very little solidarity and collaboration between participating organizations, largely due to a lack of a network for such collaboration. In Japan, religious organizations have not become very involved in this area. Japan's failure to develop a collaborative network of diverse nonprofits is due, in part, to this lack of significant commitment on the part of religious organizations. Japanese nonprofits have been largely small, non-accredited, disjointed organizations. These groups have had trouble maintaining themselves over long periods, and have had difficulty developing expertise in specific areas. Consequently, they

have not established themselves very firmly in Japanese society. In the West, religious tenets and religious networks are often at the heart of the nonprofit sector's solidarity and networking system. In Japan, however, religious organizations have not performed that role, at least not to an extent where they could be compared to their Western counterparts. As a result, citizens' groups have not played a major role in shaping the nonprofit sector. These points outline the very significant historical differences between the nonprofit sector in Japan, and that seen in Western nations.

It should be noted that since the upsurge in volunteer activity in response to the 1994 Hanshin-Awaji earthquake and the subsequent "Law to Promote Specified Nonprofit Activities" of 1999 (NPO Law), Japan's nonprofit sector has seen significant changes. In this paper, I will focus on the issue of social welfare services to illustrate the remaining problems faced by the nonprofit sector and outline the developments being made.

2) The Impact of the 1994 Hanshin-Awaji Earthquake and the NPO Law.

After the NPO Law was established, seven thousand nonprofit organizations sprang up in just four years. This sudden growth is highly significant and is best viewed as a type of social trend. While the promulgation of the NPO Law served to ignite this movement, there are other elements that need to be examined.

As illustrated by the relief activities that occurred in the wake of the Hanshin-Awaji earthquake, citizens in Japan are emotionally quite capable of voluntarily joining hands with others to provide support to those in need in times of disasters. However, the mentality of governmental bodies and corporations has served to oppress this voluntary spirit. In general, it has been difficult for people to engage in various activities of their own volition. In short, the pathways to voluntary collaboration have been surprisingly few. For the individual who does not belong to one or more organizations, those pathways have been even more obscure. The increase in nonprofit organization is, in part, a response from individuals seeking to free themselves from corporate and organizational ties for the purpose of contributing to society through free and independent voluntary activity. It was the earthquake and the power of volunteerism that provided the impetus needed to change Japan's flawed policies.

The structural transition that Japan's society has been undergoing is also a contributing factor to the sudden rise in nonprofits. In short, society is demanding new types of social services which need to be provided by the private nonprofit sector. Japan's society is graying at a rapid rate. At the same time, the fertility rate has dropped and very few children are being born.

Various kinds of nursing, child-rearing and elderly care services are coming into demand. The official services have been both limited and of a “one-size-fits-all” inflexible uniformity. When describing its response to these demands via the structures provided for by the social welfare corporation law, the government refers to a provision of services as a “measure,” a term that is quite behind the times.

By contrast, the services that nonprofits have begun to provide in various regions throughout Japan have been received warmly by local communities. The type of elderly care, child-rearing support and other services being provided have won the praise of the community because they are a direct and accurate response to the new needs that have been emerging.

The international trend towards smaller government that emerged in the 1980s made its way to Japan, as well, and played a role in the recent growth of the nonprofit sector. Japanese employees have seen an increasing number of layoffs as Japan’s economic slump continues. The governmental sector has also had to cut back on personnel costs and implement various efficiency measures. Third-party evaluations and cost-based efficiency measures have forced government offices to implement policy reforms and to outsource social welfare services. As both the private and governmental sectors move to become more efficient and to more directly meet consumers’ needs, expectations of the nonprofit sector have grown dramatically. The nonprofits are expected to respond to the outsourcing needs of both private firms and governmental offices on the one hand, and to provide employment opportunities to the rising unemployed, on the other. In this respect, the development of Japan’s nonprofit sector is quite different from that of its counterpart in the United States.

The above factors combined to outline the need for a new structure that would promote volunteerism. The response to this need came in the mid 1990s in the form of the NPO Law which paved the way for the subsequent explosive growth of nonprofits. However, in many cases, these new nonprofits have no special expertise and otherwise closely resemble generic volunteer organizations. According to a survey conducted by the Ministry of Public Management, Home Affairs, Posts and Telecommunications, most of these nonprofits have neither their own finances, nor their own management. Nor do they have their own full-time staff. In many ways, most nonprofits are nonprofit in name only, and still at an underdeveloped level. If a nonprofit can be defined as an organization whose members voluntarily and actively contribute to society, and as a juridical person through which citizen-based projects are realized, then one can only conclude that the supporting foundations for such citizen-based projects and for the management of a proper nonprofit is largely lacking. Furthermore, it is clear that more than policy-related support structures such as the NPO Law will be needed if Japan is to establish a proper nonprofit

sector. In other words, support for projects and for finances must be developed. In this regard, the litmus test for Japan's nonprofit sector will be public long term care insurance, or more specifically, how and to what extent nonprofits will interface with it in the coming years.

In order to clearly understand those implications, we need to examine one other segment of Japan's emerging nonprofit sector: the citizen-based participatory in-home services for the elderly.

3) The Citizen-based Participatory In-home Services for the Elderly

As illustrated above, the development of Japan's nonprofit sector was hindered by various factors. The policy-related problems are quite obvious. In addition, however, it is important to note the scarcity of opportunities for citizens groups, a factor that denied citizens groups an environment in which they could achieve stable and continued growth.

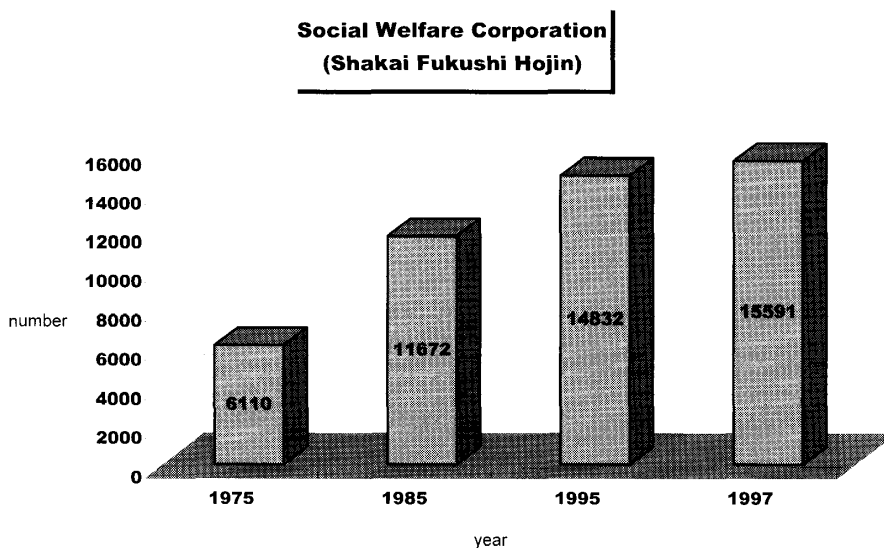
In the West, nonprofits were able to play an active role in areas including health care, medicine, social welfare, culture and education. In Japan, however, these same areas have historically been under the tight control of the government. Private involvement in these areas was the exclusive domain of Quasi Governmental Organizations which were only private organizations on the surface.

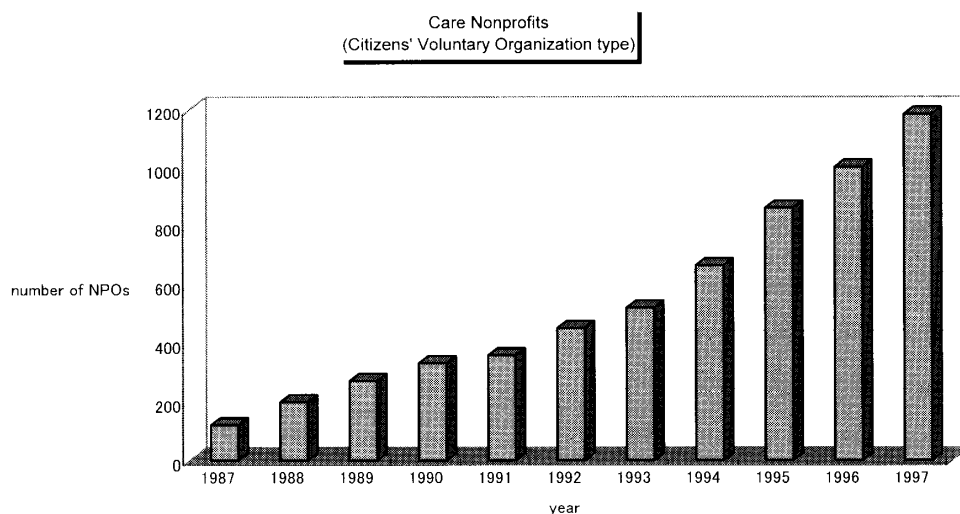
Before the Public Long Term Care Insurance Plan was enacted, the social welfare services field was quite exclusive and centralized. The post-war social welfare reform instigated by the GHQ was a critical reaction to the pre-war social welfare services including central government-based charitable relief of the Meiji period, peace-keeping measures of the Taisho period (1912–1926) and military recruitment measures of the earlier part of the Showa period (1926–1989). The post-war model aimed to disassemble the pre-war Imperial Rule Assistance Association and was intended as a step towards a democratic social security system, but it also prevented collaboration between private organizations and governmental bodies.

The private organizations that were active in the social welfare services field were social welfare corporations and other similar organizations under the tight control of either the national or provincial governments. As illustrated above, these entities by no means fit the nonprofit definition put forth by Salamon and others, and would best be described as Quasi Governmental Organizations.

In the latter half of the 1980s, a new type of organizations began to surge up in localities across the nation. These private groups, which have come to be known as citizen-based

participatory in-home service providers, were very different from the social welfare corporations that operated under the mandate and strictly within the mandate of the existing legislation. The citizens groups were staffed by local residents and concerned citizens who took it upon themselves to provide at-home care such as home helper services to elderly persons living alone. The groups operated with extremely low budgets and charged fees for the services provided. These groups did not provide free services, for without incoming fees from the service recipient they would not have been able to cover their running costs and thus would not have been able to sustain their operations. In this sense, the organizations were not volunteer organizations, per se. Nor were these commercial outfits, however, for the fees they charged were considerably less than those of a commercial maid service. Rather, these organizations represented the transitional form between volunteer organization and nonprofit. Often staffed by local housewives, these groups usually started out providing homemaking services and then moved on to provide more complete social services in their communities. Their number has increased steadily over the years, reflecting the greater needs of the graying society and the increased awareness and interest in social welfare. Quite a few of these groups later became incorporated as nonprofits and entered the public long term care market. As these organizations came from a volunteer group background, they tended to provide volunteer-type services that were outside of the mandated framework of public long term care, in addition to the mainstream public long term care services. This situation has provided for very active and diversified development among nonprofits.





4) Care Nonprofits

As of June, 2002, there were 700 authorized service providers of public long term care insurance in Japan. As yet, very little is known about the nature of these care nonprofits, as they have come to be called. In December, 2001, I carried out a study of these groups, together with a number of colleagues. Based on the results we obtained, I will now illustrate two main ways that nonprofits have been changing, namely through their incorporation as official nonprofits and their entrance into their entrance into the public long term care insurance provider market.

The Origins of the Care Nonprofit

Approximately 90% of public long term care insurance providers started out as non-accredited volunteer organizations. In other words, most of these nonprofits started out doing volunteer work, went through a non-accredited period, and then obtained their accreditation through the NPO Law. Most of them were established just before or after the Hanshin-Awaji earthquake. Significant social changes taking place at that time played a large role in generating today's nonprofit.

Transformation of the Organizational Structure

As these groups entered the public long term care insurance provider market, they were impacted by the resulting increase in project scale. As their organizational structure also underwent transformation, their services also changed. They went from organizations that provided mostly low-cost, voluntary in-home services for the elderly to full-fledged nonprofits, and induced a

redefinition of the nonprofit role in Japan.

Project Scale

Before public long term care insurance was introduced in 1999, the average size of a non-profit projects was 7,630,000 yen (this is the average of the figures from the 195 organizations studied). After public long term care insurance was introduced, this figure shot up to 27,070,000 yen. Furthermore, more than 90% of the organizations we surveyed had less than 1,000,000 yen project scale in 1999. In 2000, this percentage fell to just 30%. At the same time, the year 2000 saw a rapid increase in the number of organizations with project scales of greater than 50,000,000 yen. Some of these larger organizations marked annual project scales of larger than 100,000,000 yen. The public long term care insurance obviously did much to boost the project scales of these organizations.

Organizational Scale

My colleagues and I were not able to determine precisely how the organizations had grown on average, after the introduction of public long term care insurance. This is because these groups did not follow any particular standard for determining which participants in the operation were “staff,” which were “helpers,” and which “volunteers.” These conditions made it very difficult to determine the size of a given organization before or after the change. However, the organizational charts of these groups did reveal that the numbers of full-time staff and full-time helpers is quite low, for the most part. Judging from this fact, we can conclude that many of these organizations have not fully matured in terms of their organizational structure. Rather, they still resemble their old selves, in this regard. The exception is the composite service provider which has a more sophisticated organizational structure with full-time staff and helpers, as well as in-house experts. Thus, for the most part, these organizations have kept alive the volunteer group spirit, i.e., an environment where all members are equal and help each other for the mutual benefit of the community. At the same time, however, they have transformed themselves into organizations that can provide specialized care services. This transformation was not easy to accomplish, according to our research. In particular, these groups had to overcome serious obstacles before they could begin to provide specialized services. It was quite difficult for the organizations to shift management styles during that process. In addition, the organizations found it very difficult to instill their organizational philosophy and mission into new helpers that joined on after the group incorporated.

The Six Types of Public Long Term Care Insurance Services provided by Nonprofits

The services provided by care nonprofits may be categorized as follows.

- 1) In-home Care Services
- 2) in-home Care Services + Care Planning
- 3) in-home Care Services + Daycare Center Management
- 4) Composite Services
- 5) (Mostly) Care Planning
- 6) (Mostly) Daycare Center Management

At the time public long term care insurance was introduced, in-home care services such as homemaking were predominant. However, as time passed the nonprofit began to devise their own care plans and to provide a broader range of services. Examples include more general in-home care and support services, and services that cater to the needs of elderly homes and group homes.

In the case of (mostly) care planning (item #5), nursing expertise is a requirement. In the case of (mostly) daycare center management (item #6), we may assume that social welfare experts who had been working at elderly and special group homes are the people managing these. All in all, there is much diversity among the services provided by these organizations.

The Seven Types of Nonprofit Services outside of Public Long Term Care Insurance Coverage

Nonprofits are providing services other than those that fall within the bounds of public long term care insurance. This is only natural, as they were active before public long term care insurance was introduced. These organizations often continue to provide the type of services that first gave them their *raison d'être*: community-based mutual support services. In other words, fee-based in-home service and volunteer services. These services outside of public long term care insurance may be categorized as follows.

- 1) In-home Help Services (outside of Public Long Term Care Insurance Coverage)
- 2) Various In-home Services based on Homemaker Services (outside of Public Long Term Care Insurance Coverage)
- 3) Homemaker Services and Transportation Services (outside of Public Long Term Care Insurance Coverage)

Insurance Coverage)

- 4) Homemaker Services and Daycare Center (outside of Public Long Term Care Insurance Coverage)
- 5) Transportation Service centered type (outside of Public Long Term Care Insurance Coverage)
- 6) Daycenter centered type (outside of Public Long Term Care Insurance Coverage)
- 7) Day and Night Care Facility for the Elderly with Frailty or Dementia

Nonprofits' Welfare Services outside of Public Long Term Care Insurance Coverage

Most nonprofits are engaged in more than just public long term care insurance services. During an interview I conducted, one of the representatives referred to public long term care insurance services and service outside of that domain as “the two wheels of an automobile.” The sentiment is that the organization is manageable if these two wheels are in place. One can sense a unique nonprofit manner in the way these organizations pursue this two-track course. Via items one through four, nonprofits provide elements that are not covered by public long term care insurance, through a sense of mission, as a nonprofit. Similarly, these groups provide items five through seven — also not covered by public long term care insurance — on the basis that they are included in the “nonprofit’s role.”

Nonprofit Development under Public Long Term Care Insurance Coverage

The six types of public long term care insurance services that nonprofits provide are directly related to the organizational developmental process the nonprofits experienced in their developmental period. Items one through four represent services that the nonprofits performed before the introduction of public long term care insurance. These services tend to be very basic such as homehelper services that gave birth to the volunteer groups. That birth came about when local volunteers found they “simply could not ignore” the plight of the elderly living alone in their community. In-home help services outside of public long term care insurance coverage (#1) represents the first step that a volunteer group which provides homehelper services makes on its way to entering the public long term care insurance market. At this stage, the group usually is not able to keep a full-time care manager on staff, nor is it able to create care plans on its own.

In the case of in-home care services with care planning (#2), the nonprofit can and does create care plans on its own. The many nonprofits that provided homehelper services before the introduction of public long term care insurance were able to develop care plans which had a

particular nonprofit feel. One interviewee suggested that nonprofits “had a natural desire” to create care plans that would allow them to provide services such as voluntary in-home services for the elderly that were outside of the framework of public long term care insurance (in addition to those covered). These groups usually went on to hire care managers after they attained sufficient management capabilities.

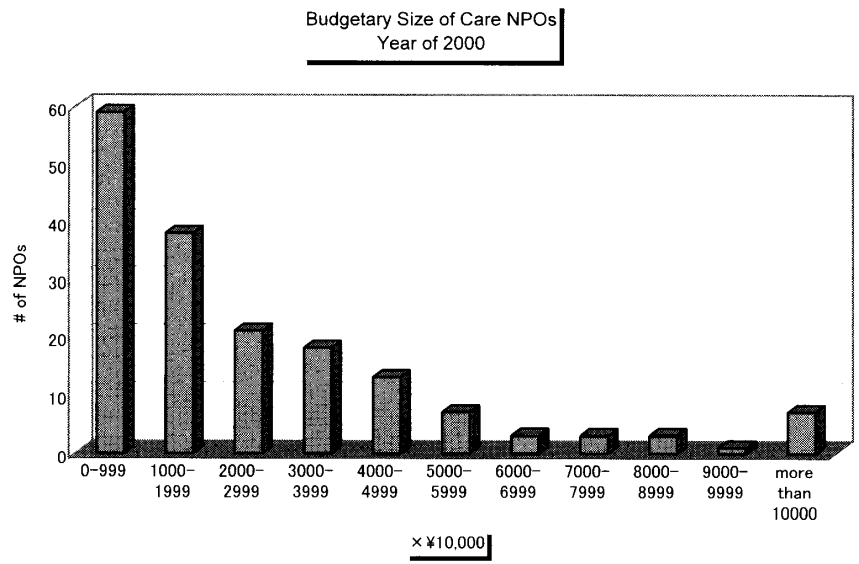
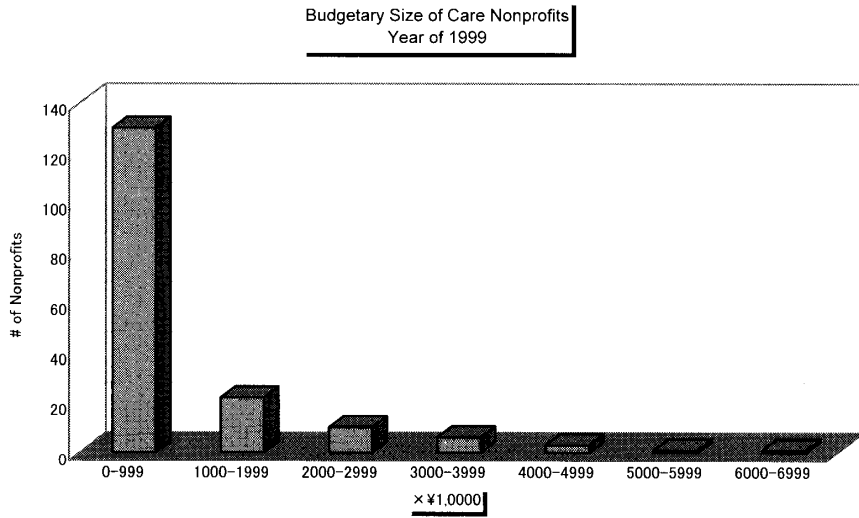
As these groups had been engaged in homehelper services, they were quite familiar with the needs of the elderly, such as cooking, shopping and other related services. In the course of these activities, nonprofits attain a desire for greater community involvement. This leads to in-home care services + daycare center managing (#3). A nonprofit that has achieved this level usually takes on more volunteers. Along with new clerical staff and homehelpers, day-service workers and cooking staff also grow in number. The nonprofit’s structural changes lead to a larger project scale. The services provided also become more diversified.

The composite services (#4) represent the stage in the nonprofit’s development where it manages an elderly facility, group home or other community-based, multi-functional, small facility. In Japan, nonprofit-managed facilities of this kind have been springing up all across the country. Organizations at this level of development hire additional full-time specialized staff such as care workers. The number of volunteer workers also increases. At this stage, nonprofits also develop networks with special care facilities, elderly homes, hospitals and other facilities. Many interviewees managing such facilities mentioned that their groups incorporated the ideas of nonprofit leaders across the nation into their own activities, goals and dreams. At the present time, the nonprofits that have developed the most have activity centers in elderly homes or group homes, and engage in volunteer activities in the community from these bases.

Items #5 and #6, i.e., the care planning and daycare center management being provided by today’s nonprofits, have not developed from the homehelper services of the volunteer groups. Rather, these have been initiated by former staff members of hospitals and other facilities. In the former case, these services are being provided by former visiting nurses and other professionals who decided to start up a nonprofit as a new vehicle for exercising their talents. Such nonprofits do not provide nursing care. Rather, they have specialized in preparing care plans. In many cases these people are escaping the limitations they experienced creating care plans within large scale facilities such as social welfare corporations and medical facilities. Working independently in the field, they tend to create care plans that are more sensitive to — and accommodating of — the user.

Nonprofits providing daycare center management services (item #6) are usually staffed by people who had previously been working at welfare facilities and hospitals. These nonprofits

tend to manage smaller, community-based, multi-functional facilities such as elderly homes and group homes. These group do not provide homehelper or in-home care services. As elderly facilities and group homes are sure to grow in number across the nation, this area of the nonprofit sector is sure to increase, as well.



Nonprofit Services Outside of Public Long Term Care Insurance

Nonprofits are flourishing and diversifying, under public long term care insurance. However, while nonprofits do indeed provide public long term care insurance services, that is not their reason for existence. Most have their roots in homehelper services. They started out caring for the very average person in the very average community, who was in need of in-home services, and whose need neither required hospitalization nor was eligible for coverage by the government “measures.” At the time the volunteer groups started providing these services, they were virtually alone in the field. The groups had to come up with some sort of independent service of their own making, and at their own expense. In the process, they came to discover the other needs of the user, e.g., food-related needs, the need to be transported to medical facilities, etc.

As in-home help services outside public long term care insurance coverage (item #1) develop in various communities across the nation, they generally lead to item #2, i.e., the various in-home services based on homemaker services outside public long term care insurance coverage (food-related services). As these activities became mainstream for the group they needed to have their own transport vehicles and to have dealing with the government and related bodies. At this stage, as a matter of course, they had to add item #3, i.e., homemaker services and transportation services outside public long term care insurance coverage. It should be noted that many organizations are reluctant to engage in full-fledged transport services, at present, despite the clearly rising needs in this area. Policy decisions in this area bear monitoring. Nonprofits that reach this level of development and begin operating small daycare centers from within existing facilities have moved on to item #4, i.e., homemaker services and daycare center outside public long term care insurance coverage.

Taken as a whole, items #1 through #4 are services that are added to those covered by public long term care insurance. Nonprofits provide these additional homehelper and other services, because public long term care insurance does not provide satisfactory coverage, neither from a time perspective, nor from a policy perspective. Furthermore, by adding these elements, they provide the user with services that have a “nonprofit feel.”

Items #5 through 7 grew out of a sentiment by some groups that, with the advent of public long term care insurance, volunteer groups had fulfilled their roles as homehelper service providers and could move on to provide services that public long term care insurance did not cover. Such service providers have thus begun providing new service packages of their own creation.

As we have seen, there are a great many types of nonprofits and varieties of development

within the concepts of “diversified nonprofit services” and a “nonprofit feel.” While nonprofits provide services that are covered by public long term care insurance and services not covered, both of these two groups of nonprofit services can also be broken down into many types. With nonprofits exploring new areas increasingly, we will see even more variety in the future. One of the areas to watch is “community-based and at-home welfare services,” specifically, the new type that the nonprofits are creating.

5) Considerations — The Impact of Nonprofits

As we have seen, nonprofits are growing and diversifying under the influence of public long term care insurance. Nonprofits still make up a small percentage of the public long term care insurance service providers. However, they will grow further both in their role as public long term care insurance service providers and as providers of other community-based services. There are three reasons for their continued growth.

- 1) The nonprofits’ unique services meet the needs that are not covered by public long term care insurance. The importance of the support role that they play will grow in the coming years.
- 2) The services being provided by nonprofits are, due to their quantity and quality, at a stage where they can and should be organically integrated with those provided by governmental offices, medical facilities and institutes specializing in social welfare.
- 3) As pioneers in the community, the nonprofits and their exploratory and experimental efforts will continue to act as a directional guide for other players in the field. This applies especially to the areas of at-home and community-based social welfare.

Nonprofits provide services that others cannot provide. Their support services in the at-home care services area fit perfectly with the spirit and objectives of public long term care insurance. The nonprofits tend to provide services that more accurately address the needs of the users in the community; their efforts often lead to community-based preventative care.

The nonprofits’ project scale is growing explosively. The need for an organic cooperation and collaboration between the nonprofits on one hand, and governmental offices, and specialized medical and welfare institutes on the other, is evident. As nonprofits are increasing involved in

the management of elderly homes and group homes, they cannot make do without organic relationships with special care facilities, special elderly care facilities and medical institutions. In the past, nonprofits and governmental offices had very little to do with each other. However, there is a growing need for collaboration, as well as growing opportunities. When collaboration occurs, it is extremely important for the governmental side to recognize and respect the “non-profit feel” that these organizations possess. For it is precisely in that aspect of the nonprofits, and in their history as community-serving volunteer groups, that their special qualities lie.

Born as a response to changes in society, the nonprofits have a new management style and are engaged in pioneering activities “on the ground,” in the communities across Japan. As they are operating in the very midst of the community’s welfare needs, they have developed a hitherto nonexistent unique approach to those needs. Their qualities do not end with an idea, however. They are constantly checking the feasibility of their ideas in the field. The nonprofits’ way of managing elderly and group homes is entirely different from that of the specialized institutions and hospitals. Nonprofits, being the closest to the welfare needs of the community, have amassed a great amount of high-quality information about community welfare, and are constantly exploring new ways to respond to the community’s needs. It is for this reason that nonprofits will continue to grow and expand their role in community welfare services.

Translation: Tony Laszlo