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Background

The term corresponding to what we now call "social entrepreneurship" have existed in many regions since well before the early or mid-1980s. The term social entrepreneurship was first coined in the 1980s by Bill Drayton, founder of Ashoka (The organization to support social entrepreneurs who are leading and collaborating with change makers, built by Bill Drayton in 1998.).Though the concept of using market-based approaches to address social issues is not new in many societies, use of the term "social entrepreneurship " to describe specific, often innovation, types of this kind of activity is new.

Research on social entrepreneurship in the United States and Europe suggests that the field has been a growing global phenomenon for over two decades (Kerlin,2009), and since the 1980s both the U.S. and Europe have experienced a simultaneous expansion in social enterprise (Kerlin,2006). Japan is a relative newcomer in this arena, but the notion of social entrepreneurship is now here to stay among incorporated 'not-for-profits' and other nonprofits, social/community businesses, unions, co-operatives, social associations trying to establish social economy in Japan, social venture companies, large companies engaged in CSR (corporate social responsibility), and central and local governments.

The notion of "social entrepreneurship" was conceptualized in rather precise ways in the late 1990s.These conceptualizations stressed the social innovation processes undertaken by social entrepreneurs. However, the concept is increasingly being used in a very broad sense, as, for various authors, it now refers to a wide spectrum of initiatives, ranging from voluntary activism to corporate social responsibility (Nicholls, 2006).

Between these two extremes, many categories can be identified: individual initiatives, nonprofit organizations launching new activities, public-private partnerships with a social aim, and so on. While scholars from business schools and consultants now tend to stress the "blended value creation"(profit alongside social value) that characterizes social entrepreneurship (Emerson, 2006), social science scholars underline the fact that social entrepreneurship most often takes place within the "third sector"(i.e., the private not-for-profit sector).

The reasons behind the popularity of social entrepreneurship are many. On the most basic level, there's something inherently interesting and appealing about entrepreneurs and the stories of why and how they do what they do. People are attracted to social entrepreneurs like Nobel Peace Prize laureate Muhammad Yunus for many of the same reasons that they find business entrepreneurs like Steve Jobs so compelling – these extraordinary people come up with brilliant ideas and against all the odds succeed at creating new products and services that dramatically improve people's lives.

The survey of 2008 on 'social businesses' by the Ministry of Economy, Trade and Industry (METI) in Japan was valuable and it was the first survey in the area, but the sample size (N = 473) was not enough to grasp the overall status. The Cabinet Office conducted a large sample survey (N = 7,748) on incorporated 'not-for-profits' in 2012.

Over 46,000 incorporated 'not-for-profits' were created in Japan in the past 15 years. This is not a small achievement. However, many of the Japanese nonprofit organizations are small and financially weak. Of the 'not-for-profits' answering the survey, 56.1% employed fewer than five staff members and 59.6% employed no full-time paid staff. Also, 53.1% earned less than 500 million yen ($55,555) per year. In addition, businesses attempting to do social welfare work have received such critical comments as: "It is bottom feeding;" or, "Do you make money on welfare?" and "Welfare is not the object of a business."

In Japan, people have been indifferent to social and public problems, because it had been considered that the government sector should take responsibility for social problems. Japanese people have shown little interest in undertaking this task by themselves (Tanimoto 2002). People have also believed that solving complicated social issues, such as international relations and local community development, was not the responsibility of the individual, but that of technocrats (experts in law and administration) (Bellah et al., 1985). Therefore there is a problem between the number and the level of social entrepreneurship in Japan. More important is the paradox between the ideology of Japanese about the social issues and the nature of social entrepreneurship.

However the development of social entrepreneurship in Japan is really not simple like most of people in or out of the research circle look like. The problem about the development of social entrepreneurship in Japan is not only for Japan but also for the pioneers such as USA and EU. The most thought-provoking thing is the change process about the ideology of Japanese about the social issues. This paper will present an analytic framework to discuss the historical context and the current status of Japanese social entrepreneurship. Through the discussion about the history of social entrepreneurship in Japan, this paper shall answer the following research questions:

*How has Japanese social entrepreneurship been developed and what are the primary drivers in the process of its development?

*What are the characteristics of Japanese social entrepreneurship as compared with those in the United States or any other places and what are the social contexts generating the differences?

Definition of Social Entrepreneurship

It will be a good starting point for this research to clarify the definition of social entrepreneurship. However, one of the major barriers to discuss the definition of social entrepreneurship is due to the fact that different areas of the world have begun associating the term "social entrepreneurship" with their own distinct models and activities. Thus, cross-regional discussion on the topic is often difficult because everyone speaks from their own regionally defined version of the concept.

In Western Europe, according to Defourny and Nyssens (2006,4), the concept of social entrepreneurship "made its first appearance in the early 1990s, at the very heart of the third sector, following an impetus that was first Italian, linked closely with the cooperative movement". Indeed, according to European tradition (Evers & Laville, 2004), the third sector brings together cooperatives, associations, mutual societies, and, increasingly, foundations, or, in other words, all not-for-profit organizations (organizations not owned by shareholders) that are labeled the "social economy" in some European countries.

Specifically, in 1991, the Italian parliament adopted a law creating a specific legal form for "social cooperatives", stimulating their extraordinary growth. These cooperatives arose primarily in response to needs that had been inadequately met or not met at all by public services or private enterprises (Borzaga & Santuari, 2001). More than ten years later, the government in the United Kingdom defined social enterprises as "businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners "(DTI, 2004), and a new legal form, the "community interest company", was approved by the British parliament in 2004.

European researchers noticed the existence of similar initiatives in several other European countries. In 1996, researchers from a number of these countries decided to form a network to study the emergence of social entrepreneurship in Europe. This group became known as the EMES Research Network. Covering all fifteen countries that at the time comprised the European Union, this network of researchers carried out its initial work over a four-year period and gradually developed a common approach to the study of social entrepreneurship in Europe (Borzaga & Defourny,2001b).

Also in the United States there are a number of different definitions associated with the term "social entrepreneurship". Until recently, one of the largest divides was between academic groups that combined nonprofit and business forms of social entrepreneurship and some practitioner-oriented groups that focused solely on social entrepreneurship as a nonprofit activity.

However, the different groups interested in social entrepreneurship from an organizational perspective have coalesced around the broader definition of social entrepreneurship that includes both nonprofit and business forms. Social entrepreneurship is increasingly understood to include a variety of forms along a continuum, from profit-oriented businesses engaged in sizable social commitments (corporate philanthropies) to dual-purpose businesses that mediate profit goals with social objective (hybrids) to nonprofit organizations engaged in mission-supporting commercial activity (social purpose organizations, for-profit subsidiaries of nonprofits, nonprofit-business partnerships, etc.) (Young , 2006).

Actual definitions of social entrepreneurship used by academics and practitioners show this convergence of thought. One of the most important changes that facilitated convergence on the definition occurred when the Social Enterprise Alliance, a professional association for social enterprise practitioners, removed the nonprofit focus from its definition. It now defines a social entrepreneurship organization as "an organization or venture that achieves it primary social or environmental mission using business methods" (Social Enterprise Alliance, 2009, n.p.). However, more minor divisions in the conceptualization of social entrepreneurship in the United States continue to exist.

To summarize, the term "social entrepreneurship" in the United States is generally understood to mean a nonprofit or for-profit organization focused on a double bottom line of both earned income and social benefit. Unlike social entrepreneurship in other countries, it is tried to no single type of income generation or social benefit, though sometimes the concept of environmental sustainability is added to social benefit.

The concept of social entrepreneurship in Japan

Although the approaches to social entrepreneurship in Europe and United States can be different (Kerlin, 2006a, 2006b), much of the literature from these regions has viewed social entrepreneurship as socially innovative, entrepreneurial , hybrid organizations. Dees, Emerson, and Economy (2001) endorse the concept of social entrepreneurship as organizations that have a social intent as their primary objective but that also blend social and commercial methods. Therefore, social entrepreneurship can be considered hybrids of commercial and philanthropic approaches.

EMES (Borzaga & Defourny, 2001) and other research networks (Nyssens, 2006) highlight their hybrid character as multi-goal, multi-stakeholder, and multiple-resource entrepreneurship. Even in countries where a more supportive environment has been created, there is no universal and commonly accepted definition of social entrepreneurship. This is also in true in Japan. Social entrepreneurship has remained an ambiguous and relatively new term, even among scholars and practitioners who are involved in the third sector. The legal and organizational forms of social entrepreneurship also tend to vary. Actually, the concept can cover different legal entities, such as the specified nonprofit corporation, also known as NPO (Tsukamoto & Nishimura, 2006), as well as cooperatives and business entrepreneurship that take on the legal forms of limited liability companies and joint-stock companies.

Instead of "social entrepreneurship", the term "community business" has been more commonly used in Japan to describe nonprofit organizations or businesses with a hybrid character. Since the late 1990s, the community business concept has become popular among nonprofit practitioners and policy makers and tends to be associated with the policies of local community regeneration. Hosouchi(1999) introduced successful cases of community businesses in the U.K. to Japanese society and applied this imported concept to similar activities in Japan. He defined community businesses as "local businesses by local community". However, proponents of community business do not necessarily stress their entrepreneurial character and approach to broader social issues beyond the locality.

Since the early 2000s, however, emerging innovative and hybrid organizations that have combined social and economic goals have increasingly utilized the concept of social entrepreneurship instead of community business. These social entrepreneurship concepts tend to be concepts imported from other European countries or the United States. Thus, their approaches to social entrepreneurship have been influenced by European and U.S. social entrepreneurship schools and practitioners such as the EMES

Network (Borzaga & Defourny, 2001), Dees (Dees, Emerson, & Economy, 2001), and Social Enterprise London (SEL) (2001).

Four main social entrepreneurship schools of thought have emerged in Japan. The first groups several approaches to social entrepreneurship into what can be called the social innovation school. The second school of thought is the cooperative school. The third school of thought regarding social entrepreneurship is the social work school. The fourth school of thought is the third sector school. The divisions between these four schools (social innovation, cooperative, social work, and third sector) are not absolute but relative.

What the schools have in common is that they view social entrepreneurship as socially innovative, entrepreneurial, hybrid organizations with both social and economic goals. These goals distinguish them from traditional nonprofit organizations, which are overly dependent on nonmarket resources such as donations, government and philanthropic foundation grants, and volunteering. Social entrepreneurship in the conceptual framework of all four schools can include nonprofit organizations, cooperatives, and business entrepreneurship such as the limited liability company and the joint-stock company. However, the cooperative and third sector schools tend to focus on social entrepreneurship rooted in the third sector.

Germination of the spirits of social entrepreneurship in Japan

Looking back at history, it can be said that Japanese society has had a rich tradition of what is now called social entrepreneurship, particularly in devising and utilizing innovative social schemes to strike a balance between cooperation and competition, in order to deal with the social problems or social needs. Of course during this historical period of Japan, these kinds of activities were not called social entrepreneurship. However these activities were based on the social problems or social needs, the most important elements of social entrepreneurship.

In 1869, three years before the promulgation of the governmental national educational system in Japan (and incidentally a year before the Elementary Education Act was introduced in England and Wales), residents in the city of Kyoto established bangumi shogakko (community elementary schools; bangumi refers to an autonomous local community) in each of the city's 64 bangumi. These schools were supported by ordinary citizens financially as well as spiritually. In particular, a donation was collected using an interesting scheme called kamadokin; each family was asked to decide the amount of donation on its own with a rough yardstick, which was proportional to the number of kamado (kitchen furnaces for cooking) at their homes. The idea was twofold: one was that a house with more kamado must be more prosperous and thus was expected to contribute more, and the other was to bring in an element of competition among citizens. This is one example of innovative ideas combining competition and harmony within the community.

The entrepreneurial and independent-minded spirit among citizens is still evident in the city of Kyoto, now known as a city with an excellent and innovative public school education. Mr Daisaku Kadokawa, the superintendent of the Education Board of the City of Kyoto, introduced the first Community School in Japan in Kyoto in 2004 and declared that the Community School is a present-day bangumi shogakko. The Community School represents, as will be explained below, an innovation within the public school system enabling parents and local residents to take direct part in school management.

If we go further back in the history to the Feudal Age of Japan (circa 12th century to 16th century) or even earlier, we find that a variety of entrepreneurial social associations were formulated to solve problems in order to create vibrant communities. Yui, Ko, and Za are such community associations, or social tools, that were utilized in many areas of Japan in old days and are still being utilized.

Yui is a pragmatic and culturally based system used since as early as the seventh to the eighth century for the management of shared resources of communities; typical cases include mutual help in planting rice, picking tea leaves, and collective management of forests, irrigation water, hot springs, and other community resources. Yui is considered to be a variation of the 'common- pool resources (CPR)', which is the main theme of the research by Ostrom (1990).

Ko, which was originally a religious association, later transformed itself into a mutual financing scheme used as early as the thirteenth century to provide communities with a mechanism to hedge the risks of daily lives, mutual finance and insurance, and social security systems. Putnam (1993), in his famous book on social capital in Italian communities, points out that Ko is a variation of the 'rotating credit associations' which can be found in many diverse regions of the world.

Za is a uniquely Japanese community tool to achieve seemingly opposing goals of creating a framework for market-based competition on one hand and a harmony in the community on the other. Za dates back to the eleventh century or earlier. Originally, Za meant a 'seat' in religious ceremonies; that is, it implies a competition for a limited number of positions.

Between these manifestations in premodern times and what we call the new breed emerging in the early 2000s, what happened to the entrepreneurial spirit in Japanese society? Salamon refers to a certain 'traditional interpretation' of a change of mentality of Japanese society in the preface for the Japanese edition of the book entitled The Emerging Sector (i–iii of the Japanese translation of Salamon and Anheir [1994]), in which results of the first comprehensive global comparison of the nonprofit sector was reported. The 'traditional interpretation' is that two crucial historical events after the nineteenth century caused Japanese society to lose plurality and spontaneity.

The first event was the Meiji Restoration making Japan into a modern nation by building a giant system of bureaucracy, and the other event occurred after Japan's loss in World War II, when a combination of the groupings of giant companies and able and energetic bureaucrats led to the 'miraculous' economic resurrection.

At the same time, the two factors can be identified as the driving-force behind the change in social consciousness. First, the question "What is affluence?" was widely debated during the period of low-growth in the 1970s, following the oil crisis. Second, the Japanese have experienced an unprecedented boom and the collapse of the economy after the second half of the 1980s. As the so-called bubble economy collapsed, most business people started asking questions such as "What is a company?"

Therefore, from the historical perspective we can figure out that there exists a substantial body of social entrepreneurship in Japan. Although Japanese society has had elements of verticality and collectivity in its basic structure, individualism and entrepreneurial spirits have also long been exhibited by the general population and by those among the ruling class throughout the history of Japan. A marked tendency of losing individualism and spontaneity started to show around the end of World War I when the Japanese economy became centered on heavy industries by large companies. But when the development model of Japan has to face the predicament, the spirits of social entrepreneurship have been gradually recurrence.

The Development of Social Entrepreneurship in Japan

These studies and interpretations of history are presented here to provide a rough background of social entrepreneurial activities in Japan. Going back to the subject of the drivers of Japanese social entrepreneurship after the twentieth century, we identify two-generation groups of primary drivers where the second generation corresponds to the 'new breed' group.

The first generation emerged after the Great Kobe Earthquake occurred in 1995 when many nonprofit organizations rushed into the Kobe area and provided help to the quake victims while the central and local governments proved inoperative in the early stages of the recovery period. Recognition of the importance of nonprofit organizations became widespread among the public, leading to the enactment of the Law to Promote Specified Nonprofit Activities (the 'NPO Law') in 1998, enabling 'not-for-profits' to be incorporated and to obtain a legal status. It was around this time when what is now known as community businesses and social businesses started to appear in various localities in Japan (Honma et al. 2003). For-profit companies including giant corporations in Japan started to show interest in so-called CSR and corporate philanthropy activities in the 1980s and 1990s; for instance, 'the 1% Club' was founded in 1990, as a voluntary association, by Kedaren (the Japan Business Federation), which is the most powerful economic and industrial group consisting of many of the largest companies in Japan as members. All these organizations constitute the first-generation group of social entrepreneurship in Japan.

The second generation is what we refer to as 'the new breed of social entrepreneurship in Japan. This group consists of nonprofit and for-profit organizations started mainly in the early 2000s through the present. The new breed group has distinctly different characteristics from those of its predecessors. The first-generation group of social entrepreneurship in Japan is characterized by being strong in social mission limited to their particular region of activities, weak in activities in the general market, and not active in social innovation with influence in society at large.

Most of the associations or organizations belonging to the second-generation group have a strong sense of social mission, tend to be passive with respect to market orientation, and with some exceptions, they tend to lack innovative approaches. In contrast, the new group has the characteristics of being active in all three dimensions of social entrepreneurship, i.e., sociality, market orientation, and innovation. In particular, the new breed organizations have strong and clear intentions aiming at changing society at large for the better by devising and carrying out social innovation (see Table 1).

There are two reasons to focus on what we call the new breed of social entrepreneurship in Japan in this paper. The first reason is that there seems to have been a turning point for Japanese social entrepreneurship in the early part of the 2000s. The other more substantial reason is that identifying the new group and analyzing its characteristics in a historic context would contribute to the academic efforts that have taken place in the past several years on the global comparison of social entrepreneurship/enterprise.

Table 1. A summary of the generations of Japanese social entrepreneurship

Generation group	Dates of foundation	Characteristics	Examples and references
First-generation group	1995 to date	Strong social mission Majority is not active in revenue generation Not necessarily active in innovation	Community business(Honma [2003],in Japanese) 1% Club(see below) Enterprising not-for-profits Nagareyama Yuai Net(see below) Non-enterprising not-for-profits(see below) Sanagitachi Project(Tsukamoto and Nishimura 2009)
Second-generation group	2000 to date	Strong social mission Active in market Clear intention for generating social innovation	Florence(Tsukamoto and Nishimura 2009) Waku Work English(see below) Music Securities(see below)

The Characteristics of Social Entrepreneurship in Japan

Historical Factors Promoting and Shaping Social Entrepreneurship

In the research on global comparisons of social entrepreneurship/enterprise, Kerlin (2006, 248–249) points out that 'social enterprise in Europe is viewed as belonging to the "social economy" where social benefit is the main driving force,' while in the United States, 'much of the practice of social enterprise remains focused on revenue generation' and nonprofits are expected to operate in the market economy. Nicholls and Young (2006, xiii) point out that there is a contrast between 'the North American view that typically prioritized business solutions to social problems' and 'the European tradition of studying innovation in the broader social economy, with a strong interest in cooperatives,' and they note that 'the latter saw social entrepreneurship more as collective action, rooted in communities, and often innovating within existing organizations or institutional settings.'

Academic references in related subjects (see, e.g., Kerlin 2006, 2009; Defourny and Nyssens 2009; Borzaga and Defourny 2001; Galera and Borzaga 2009) suggest that those trans-Atlantic differences resulted largely from the economic and political background of the 1970s to the 1990s. In the United States, the dramatic government cutbacks on funding for 'not-for-profits' made it necessary for these organizations to take on social enterprise activities in the market. The retrenchment of the welfare states in Europe between the 1970s and 1990s paved the way for decentralization, privatization, and a reduction in services.

Japanese social entrepreneurship organizations appear to have fairly strong similarities with the European tradition in that they are community based and their innovations tend to be within existing regions and organizations. Also, as explained above, much of the revenue of the second-generation social entrepreneurship group comes from quasi-markets and from contracting out by governments. These strong relationships with government suggest another similarity to their European counterparts. Overall, however, despite some similarities, the situation of social entrepreneurship in Japan is much different from that in the United States and Europe as it has a history of a little over two decades, and so the majority of the incorporated 'not-for-profits' and other entrepreneurial organizations are still in the process of maturing.

For instance, as pointed out in the Background, although there is a small group of enterprising-type not-for-profits active in revenue generation, the majority of nonprofits are small scale and financially weak.

Legal Environments

According to Kerlin (2006, 253), in the United States, after the passage of the Internal Revenue Act 501[c][3], 'virtually no new policy has been created over the past 50 years to accommodate the business activities of the growing number of nonprofits' involved in social enterprise, whereas 'in Western Europe, most social enterprises operate under the legal form of either a nonprofit association or a cooperative.

In Japan, the 'NPO Law' was enacted in 1998 and was revised in 2011 to relax the public support test (PST) criterion among other things. Also, in 2011, there was a major revision of the income tax law to allow a 50% tax credit to donors contributing to certify 'not-for-profits' and other certified nonprofits. These revisions in 2011 are expected to have far-reaching positive effects in the promotion of grass-roots donations in Japan. On the other hand, little has been done in Japan to create a European-type new legislation scheme for nonprofit organizations such as social cooperatives and Community Interest Companies.

In the tax law revision of 2011, a tax credit option was added to the existing tax deduction scheme. In the case of a tax deduction scheme, the amount of the donation (within a certain limit and after an adjustment) is subtracted from the taxable income, whereas in the case of a tax credit scheme, the amount of the donation (within a certain limit and multiplied by the tax credit rate) is subtracted from the amount of income tax. It is well known that tax credits tend to benefit those with relatively low income. Thus, the Japanese tax law revision of 2011 is expected to promote grass-roots donations.

The 2011 tax law revision based on the Japanese tax credit scheme set the tax credit rate as high as 50%, where 40% is by the national and 10% by the local treasuries. That is to say, a donor could subtract (about) half of the amount of the donation from his/her income tax.

The United States, the UK, Germany, and Australia adopt tax deduction schemes. Among major countries adopting tax credit schemes, France with a high credit rate (66%) admits only limited kinds of group to which the tax credit scheme applies; the tax credit rate in Canada and New Zealand is 30% or so. This implies that as far as promoting grass-roots donations to nonprofits goes, it can be said that Japan now has a more favorable legal environment than the United States or many Western European countries.

In order for the tax credit option to apply to a donor contributing to a 'not- for-profit,' the nonprofit organization must be certified by passing PST. Before the revision of 2011, the main part of PST in the 'NPO Law' was that the ratio of the donation to the amount of income from revenue-generating sources must be larger than or equal to 25%. In the revision, the condition 'a donation of 3,000 yen ($33.3) or more by 100 or more people' was added as an optional PST. For a nonprofit organization of a certain size, collecting a donation (in lieu of membership fee) of 3,000 yen by each member is relatively easy, and thus this optional requirement would be relatively easily satisfied. The combination of the income tax reform and the 'NPO Law' revision of 2011 made Japan a global frontrunner in terms of encouraging grass-roots donations to nonprofits.

Institutional Support Environments

Regarding the institutional support environment for social entrepreneurship, Kerlin (2006, 254) mentions that it is 'a private/business focus in America and a government/social service focus in Europe.' In Japan, support comes mostly from governments. In fact, one impetus for the rapid growth of interest in social entrepreneurship in Japan in the past several years was driven by the central government under the Democratic Party of Japan.

There were two main sources: one being the 'New Public Commons' policies (see the Cabinet Office web page 'the Declaration of New Public Commons' (in English) 2010) organized by the Cabinet Office, and the other by the Council for Social Business by the METI (Ministry of Economy, Trade and Industry). The 'New Public Commons' Round Table was one of the major forces in proposing the realization of the income tax law reform described above and the PST criterion relaxation for 'not-for-profits' in 2011.

Also, large-scale governmental support was provided by the Cabinet Office in relation to the 'New Public Commons' (total of $271.5 million in FY 2009– 2011) and by the METI (total of $17.1 million), directly targeting 'not- for-profits' and other social business organizations. This support was mainly in the areas of incubation and internship programs for social businesses; model building for the 'New Public Commons' and social innovation; sup- port for constructing activity bases of nonprofit organizations; funding for intermediary organizations supporting social/community business; and promotion of social businesses to create employments and to solve social problems concerning the earthquake damages and victims.

Another set of governmental actions that had a substantial impact on enlarging opportunities for sustainable economic activities for social enterprises was the establishment of quasi-market that started in the year 2000. Defourny and Nyssens (2009) describe how a New Public Management approach stressing quasi-market mechanisms was introduced in the 1970s and 1980s mainly in the UK, to increase efficiency in service provision.

As they point out, 'within a quasi-market, the state still contributes to the financing and the regulation of the service but provision is open to all kinds of organizations: public sector, third sector and for-profit sector providers compete on the market' (2009, 4). The first major quasi-market scheme started in Japan in 2000 and was based on national insurance for elderly care, resulting in the creation of a huge market ($92.4 billion in 2011) for 'not-for-profits' and other nonprofit organizations to compete with for-profit companies. Also, the quasi-market for nursery schools in some municipalities has been expanding.

Conclusion

In this paper, we have analyzed the historical context and the current status of social entrepreneurship in Japan. In particular, we discussed the following issues: the development of Japanese social entrepreneurship and its primary drivers; the characteristics of Japanese social entrepreneurship as compared with those in the United States and Europe, and the social contexts generating these characteristics.

Traditional Japanese society has had a rich tradition of what we now call social entrepreneurship, providing a basis for what has followed in Japanese society. We can identify two 'generations' with different characteristics and drivers of social entrepreneurship in postmodern times Japan. We have shown that the first generation is identified, as beginning in 1995, the year in which the Great Kobe Earthquake occurred, and many nonprofits provided urgently needed help to the victims.

Three years later, the law to establish a legal status for 'not-for-profits' was enacted. In addition to 'not-for-profits,' community businesses and for-profit companies engaged in corporate philanthropy on a significant scale, which started to appear in the 1980s to the 1990s. There are various indications showing that there was a turning point for Japanese social entrepreneurship from the year 2000 onward, which marked the beginning of the second generation or what we refer to as the new breed group of social entrepreneurship in Japan.

It has been noted that overall, Japanese social entrepreneurship organizations are fairly similar to the European tradition in that they are collective and community-based, create innovations within existing regions and organizations, and much of the institutional support comes from the government.

Although there is a group of 'not-for-profits' in Japan active in revenue generation, the situation is much different from that in the United States where social enterprises acting in the market are strong and prevalent. With regard to the legal environment, except for the fact that the revisions of the 'NPO Law' and the income tax law in 2011, which are expected to promote grass-roots donations to nonprofit organizations, there is not much legal support for nonprofit organizations and associations compared with their European counterparts.

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Social Entrepreneurship in Japan from the perspective of history

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Field organizations, corresponding to what we now call social entrepreneurship, have existed since well before the mid-1990s when the term began to be increasingly used in both Western Europe and the United States.

Indeed, the third sector, be it called the nonprofit sector or the social economy, has long witnessed entrepreneurial dynamics that resulted in innovative solutions for providing services or goods to persons or communities whose needs were met neither by private companies nor by public providers. Research suggests that since the 1980s, both the United States and Europe have experienced a simultaneous expansion in social entrepreneurship.

In the early 2000s, a new breed of social entrepreneurship emerged in Japan. A careful reflection on the movement will reveal that there were many manifestations of social entrepreneurship in pre-modern Japan as well. This paper analyzes the historical perspective and the current trends in social entrepreneurship in Japan.

In particular, the paper will try to answer the following questions:

(i) How has Japanese social entrepreneurship been developed and who are the primary drivers in the process of development?

(ii) What are the characteristics of Japanese social entrepreneurship as compared with those in the United States and Europe?