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Why did the new NPO corporations diffuse? Reason for the increasing social economy organizations in Japan

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Japan



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ABSTRACT

This study discusses Nonprofit organizations (abbreviated as "NPOs" below) which is an important type of Japanese socioeconomic organization. The circumstances of social economy organizations changed drastically from the latter 1990s in Japan. One of the changes was the approval of a new nonprofit corporation due to the entry into force of the Law to Promote Specified Nonprofit Activities. Due to the outstanding work by volunteers in the disaster-relief activities after the 1995 earthquake in Kobe, the Law to Promote Specified Nonprofit Activities was enacted. It introduced the free establishment of nonprofit organizations and governance by citizens. This study, firstly, summarize the background of birth of the system, the outline of the system, and the current state of activities for Specified Nonprofit Corporation as a new actor of social economic organizations in Japan. Based on that, next, we consider multiple factors and examine it empirically for why Specified Nonprofit Corporations are active in a specific region, that is, why the number of those organizations are large in a specific district. Through these, eventually, we will discuss what is important for Specified Nonprofit Corporations to act more actively.

1. THE JAPANESE CONTEXT OF THE TRANSITION OF NPOs AND EMERGING NEW NPO CORPORATIONS

This study discusses Nonprofit organizations (abbreviated as "NPOs" below) which is an important type of Japanese socioeconomic organization. NPOs have been studied worldwide, and the definitions internationally compared by research projects led by Johns

Hopkins University are famous. That are; 1) Organized, i.e., institutionalized to some extent. 2) Private, i.e., institutionally separate from government. 3) Self-governing, i.e., equipped to control their own activities. 4) Non-profit-distributing, i.e., not returning profits generated to their owners or directors. 5) Voluntary, i.e., involving some meaningful degree of voluntary participation (Salamon and Anheier, 1996).

Due to the outstanding work by volunteers in the disaster-relief activities after the 1995 earthquake in Kobe, the Law to Promote Specified Nonprofit Activities (below abbreviated as "new NPO Law") was enacted. Until the new NPO Law was enacted, the Japanese government had strictly limited the establishment of nonprofit corporations (Laratta et al., 2011). Before the new NPO Law went into effect, the government classified nonprofit corporations rigidly and tightly regulated their activities¹. However, after the new NPO Law was passed, citizens could easily launch new nonprofit activities as Specified Nonprofit Corporations. Within 10 years following the NPO law, over 35000 organizations have been established. The corporate legal forms of representative non-profit organizations related with social welfare, or human care service activities in Japan as of 2000s (until 2008) are shown in Table 1. They are prescribed by different laws, and each nonprofit corporation is expected to do its own purpose and activity. Public interest corporations of foundations and associations, as well as NPO corporations have wide range of activities, while other nonprofit corporations have the very specific content in their activity which is permitted by each law.

Table 1. The main legal forms of nonprofit organizations related with social welfare in Japan (in early 2000s)

Name	Purpose, Activity	Government regulation for establishment and management	Information disclosure
Medical corporation	Narrow. Establishing a hospital, clinic or an elderly health care facility.	Medium (Approval)	Narrow. Government and stakeholders only.
Social welfare corporation	Narrow. Providing social welfare	Medium (Approval)	

	services based on social welfare law.		
Specified Nonprofit Corporation	Rather broad. 20 fields of new NPO Law	Weak (Certification)	Wide. Many documents for public.
Public interest corporation (Association and Foundation)	Broad. No restrictions.	Strong (Permission)	Rather wide. General.

Furthermore, there are differences in government regulation in establishing and managing organization, depending on the nonprofit corporate status. Differences in government regulation for establishment and management of nonprofits are divided into three types: "permission", "approval", and "certification." "Permission," as shown in Table 1, corresponds to the Public interest corporation. In the case of this "permission", even if people try to establish a nonprofit organization, the establishment requirement is not stated much legally. Besides, even if people wishing to establish meet the requirements specified by the law, whether to permit establishment depends on largely discretionary for the government administration. "Approval" is applied to medical corporations and social welfare corporations in Table 1. Under this principle, the requirements for the establishment of nonprofit organizations are stated in the law. The government administration has to approve the nonprofit's establishment as long as all the application complies with the requirements stipulated by the law. In practice, however, the government administration judges against the requirements specified by the enforcement orders of each law against their financial and managerial base of the corporation. With regard to changes in the articles of incorporation, corporations can not freely conduct it. The government administrative permission is necessary for the changes in nonprofits. With the "certification" principle, which is applied to the Specified Nonprofit Corporation, all the nonprofit's establishment requirements are written in the law. The government administration only confirms that the application satisfies the requirements specified by the law when anyone establish a nonprofit organization. "Certification" is also applied in the case of the change of articles of incorporation. Therefore, the range of the administrative discretion is very narrow for establishing and managing in nonprofits

under this principle.

In addition, there are institutional differences in information disclosure for each corporate type of nonprofit organization. Public interest corporations and Specified Nonprofit Corporations disclose annual reports to public. However, in principle, only government administrative and stakeholders can request information disclosure for other nonprofit corporations. Furthermore, from the viewpoint of monitoring by the citizen, Specified Nonprofit Corporations accept the public inspection at establishment application. The new NPO law considers that the Specified Nonprofit Corporation should obtain the trust of citizens by disclosing information on itself as much as possible. Therefore, extensive information disclosure is imposed on corporations by that law. The new NPO law stipulate that the Specified Nonprofit Corporation operates in specific 20 fields (Article 2 of the new NPO Law and Appended Table). A Specified Nonprofit Corporation can set up a plurality of "specified nonprofit activities" in the articles of incorporation. The Cabinet Office publicly announces it as shown in the Table 2.

Table 2. The type of specified nonprofit activities and the number of corporations

Type of activity	Number of corporations
(i) activities for enhancing healthcare, medical care, and welfare;	30,469
(ii) activities for promoting social education;	25,183
(iii) activities for promoting development of communities;	23,101
(iv) activities for promoting tourism;	3,300
(v) activities for revitalizing rural areas or hilly and mountainous areas;	2,697
(vi) activities for promoting science, culture, arts, or sports;	18,227
(vii) activities for preserving the environment;	13,819
(viii) disaster-relief activities;	4,445
(ix) regional security activities;	6,350
(x) activities for protecting human rights or promoting peace;	8,724
(xi) international cooperation activities;	10,089
(xii) activities for promoting the formation of a gender-equal society;	4,805
(xiii) activities for assisting sound development of children;	23,672
(xiv) activities for developing an information-oriented society;	5,879

(xv) activities for promoting science and technology;	3,160
(xvi) activities for vitalizing economy;	9,162
(xvii) activities for supporting the development of vocational skills or the expansion of employment opportunities;	13,330
(xviii) activities for protecting consumers;	3,110
(xix) activities for doing liaison work, or for providing advice or assistance for the operations or activities of organizations engaging in any of the activities set forth in the preceding items;	23,992
(xx) activities specified by Ordinance of the prefecture or designated city as those equivalent to the activities set forth in the preceding items.	245

Source: Cabinet Office Homepage

Moreover, an Authorized Specified Nonprofit Corporation (hereinafter referred to as "Authorized SNC") system was established with the aim of further supporting Specified Nonprofit Corporations' activities through donation from citizens and companies in 2001. Specified Nonprofit Corporation that conforms to certain criteria that contributes to the promotion of public good by appropriate organizational governance and activities can become an Authorized SNC. When becoming an Authorized SNC, individual or organizational donors are given preferential treatment on taxation. Corporate taxes paid by Authorized SNCs are given special tax treatment. Under the system of "authorization", a Specified Nonprofit Corporation authorized by the competent authority is confirmed that their organization and activities are whether appropriate and have a high standard of the public good character by conducting "public support test" and checking some items.

Table 3 shows the trends of the number of Specified Nonprofit Corporations and Authorized SNCs nationwide. Within 20 years following the new NPO law enacted, over 51000 Specified Nonprofit Corporations have been certificated. Although the number of authorized SNCs corporations was sluggish for several years from the start of the system, over 1000 organizations have been certified as of 2017 (see Table 3). The increase in the number of Authorized SNCs seems to have been influenced by somewhat that the system has been revised many times including relaxation of accreditation requirements during the 20 years after the start of the system.

Table 3. The trends of the number of Specified Nonprofit Corporations and Authorized SNCs

Fiscal Year	Number of Specified Nonprofit Corporations	Number of Authorized SNCs
FY 1998	23	---
FY 1999	1,724	---
FY 2000	3,800	---
FY 2001	6,596	3
FY 2002	10,664	12
FY 2003	16,160	22
FY 2004	21,280	30
FY 2005	26,394	40
FY 2006	31,115	58
FY 2007	34,369	80
FY 2008	37,192	93
FY 2009	39,732	127
FY 2010	42,385	198
FY 2011	45,138	244
FY2012	47,540	407
FY 2013	48,980	630
FY 2014	50,087	821
FY 2015	50,866	955
FY 2016	51,514	1,021
FY 2017	51,871	1,066

Source: Cabinet Office Homepage

2. CURRENT STATUS SPECIFIED NONPROFIT CORPORATIONS

Below, we consider the current situation of NPO corporation by overviewing the result of "Actual State Survey on Specified Nonprofit Activation Corporation in 2017" announced in March 2018 by the Cabinet Office. The survey of Cabinet Office (2018) aimed to revise the Specified Nonprofit Activities Promotion Act and implement with the objective of

reviewing and obtaining basic data for measures concerning the establishment of a mutual aid society. Samples of 6,437 Specified Nonprofit Corporations, including authorized SNCs nationwide were extracted by stratified two-stage random sampling of districts and corporate types of Specified Nonprofit Corporation or authorized SNC. This investigation period was from August 21, 2017 to October 18, 2017, and the survey method is a combination of mail survey and online survey. The recovery rate was 53.8%.

First, we look at the field of activity of Specified Nonprofit Corporations. This survey asked the most central activity field of the specific non-profit activities field stated in the articles of incorporation. According to the results, "Activities to promote health, medical care or welfare" (39.7%) was the most frequent answer in Specified Nonprofit Corporations ($n = 2551$) as well as authorized SNCs ($n = 735$, 35.5%). The second frequent answer was also same in Specified Nonprofit Corporations and Authorized SNCs that a Specified Nonprofit Corporation. 12.7% of Specified Nonprofit Corporations and 14.3% of Authorized SNCs answered that "Activities to promote the sound development of children" is main activity field. From the results, it is understood that there are many organizations that are active mainly for the purpose of "promoting health, medical care or welfare" and "activities to promote the sound development of children".

However, there are differences in the third and below. The third most frequent answer was "Activities showing promotion of academic, cultural, artistic or sports" of 11.0%, the fourth was "promotion of community development" at 9.2% in Specified Nonprofit Corporations. In the case of Authorized SNCs, the third and fourth were the same rate, and the third most frequent activities were "activities to conserve the environment" and "activities of international cooperation" at 9.1%. The fifth most frequent activity was "Activities to conserve the environment" of 5.9% in Specified Nonprofit Corporations and "Activities to promote academic, cultural, artistic or sports" of 7.9% in Authorized SNCs. In addition, the main activity field with the largest difference between non-authorized Specified Nonprofit Corporations and Authorized SNCs was "activities of international cooperation", which was 7.3%. Based on these results, it can be understood that the activity field characteristic of Authorized SNCs having tax preferential treatment was "international cooperation activity".

Next, we look at the scale of activity. According to the survey results, when we see the aspect of annual budget size of the specified non-profit activity project in the organization,

43.9% of Specified Nonprofit Corporations (n = 1,198) and 67.9% of Authorized SNCs (n = 399) were more than 10-million-yen annual budget. Furthermore, looking at the proportion of groups exceeding 50 million yen, 15.0% Specified Nonprofit Corporations and 30.8% Authorized SNCs correspond to it. Approximately 85% of Specified Nonprofit Corporations and about 70% of Authorized SNCs were annual budget sizes of less than 50 million yen. Looking at the survey results on the breakdown of the revenue, "earned income" (service fee, consignment fee, etc.) was 83.8% for non-authorized Specified Nonprofit Corporations (n = 1198), and 67.9% for Authorized SNCs (n = 750). In the case of Authorized SNCs, it followed by "donation" (15.9%), and the ratio was higher than the proportion of the case of Specified Nonprofit Corporations (2.1%). In any case, the ratio of earned income revenue overall was high, and it was 77.0% of all surveyed corporations.

According to the survey results on the number of staffs, the median for Specified Nonprofit Corporations (n = 2,534) was 5, with an average of 10.3. In the accreditation and Authorized SNCs (n = 732), the median of staff was 7, with the average value being 18.3 persons. Among them, the number of female staffs was 3 median and 7.1 on average in Specified Nonprofit Corporations. Authorized SNCs had 5 median and 12.9 on average of female staff. There are also slightly more female employees for Specified Nonprofit Corporations and Authorized SNCs. Furthermore, when we examine the number only for the paid staff, the median was 2 people and the average was 8.6 in Specified Nonprofit Corporations (n=2, 318), while the median Authorized SNCs (n=715) had 6 paid staff and the average is 16.2. looking at the number of females in paid staff members, Specified Nonprofit Corporations was a median of 2 and an average of 6.7. Authorized SNCs had a median of 4 women staff, and the average was 12.4. For paid employees, it can be understood that the percentage of female staff is higher in the organization than the whole staff. In any case, it can be seen that Specified Nonprofit Corporations including Authorized SNCs tends to rely on women as their labor force. In addition, although the number of staff members was small overall, the size of a non-authorized Specified Nonprofit Corporations was smaller than that of Authorized SNCs. Furthermore, from the results of this survey, it can be understood that the proportion of paid people in organizational staff is less than half in Specified Nonprofit Corporations excluding Authorized SNCs, and they rely on volunteers significantly.

The survey asked the number of volunteers engaged in organization's activities.

"Volunteers engaged in organization's activities" here excludes persons engaged in managerial and administrative work. The number of volunteers indicates the number of participants in the volunteer activities multiplied by the number of engaged days of participants. According to the survey results of the number of volunteers, any volunteers didn't engage activities in 24.1% Specified Nonprofit Corporations (n = 2,664) and 10.6% Authorized SNCs (n = 748). Meanwhile, the number of 100 or more volunteers accounted for more than half Authorized SNCs (54.8%) while there were 29.1% Specified Nonprofit Corporations.

Next, we look at the findings on information disclosure. Regarding to the means used for disclosure of information other than browsing under the Act on Promotion of Specified Nonprofit Activities, many non-authorized Specified Nonprofit Corporations (n = 2, 666) answered that "Publicly disclosed to the public on the Internet site operated by our organization" (49.6%) and "Publicly disclosed to the public on the Internet site managed by the Cabinet Office, the competent authorities, and the private organizations" (30.4%). In the case of Authorized SNCs, high proportion answers were that that "Publicly disclosed to the public on the Internet site operated by our organization" (87.2%), "Publicly disclosed to the public on the Internet site managed by the Cabinet Office, the competent authorities, and the private organizations" (52.8%), and "opening by a public relations magazine for the public" (26.8%). On the other hand, only 1.3% of Authorized SNCs said that "information disclosure other than browsing documents directly has not been done" is only 1.3%, however 15.8% non-authorized Specified Nonprofit Corporations responded so. It can be seen that Authorized SNCs are generally active in information disclosure, and among Specified Nonprofit Corporations, about 15% of organizations are very reluctant to disclose information.

Looking at the survey results on the contents of information disclosure, firstly Specified Nonprofit Corporations (n=2,666) opened the information disclosed on the Internet managed by themselves was "Activity Report" (87.5%), "the board member list" (31.1%), and "Constitution" (29.6%). Authorized SNCs (n = 750) opened "activity report" (93.0%), "calling donations" (80.7%), "accounting documents" (65.4%). As for "calling donations", the difference between Authorized SNCs and non-authorized Specified Nonprofit Corporations (24.4%) is as large as 56.3%. The difference between "accounting documents."

Finally, I would like to summarize these findings. Specified Nonprofit Corporations have been steadily growing numbers throughout the country. However, the current situation is that there are many organizations whose budget size is not so large. Because of that, there are not many staffs, and there are current conditions that depend on female staff. The situation that the proportion of female staff is high in Specified Nonprofit Corporations is likely to be strongly related to the fact that women's wages tend to be lower in Japan than in men. In addition, although many organizations are actively engaged in information disclosure for citizens that the Specified Nonprofit Activity Promotion Law was expecting, over 15% of non-authorized Specified Nonprofit Corporations have a passive attitude. It is clear that it is taking.

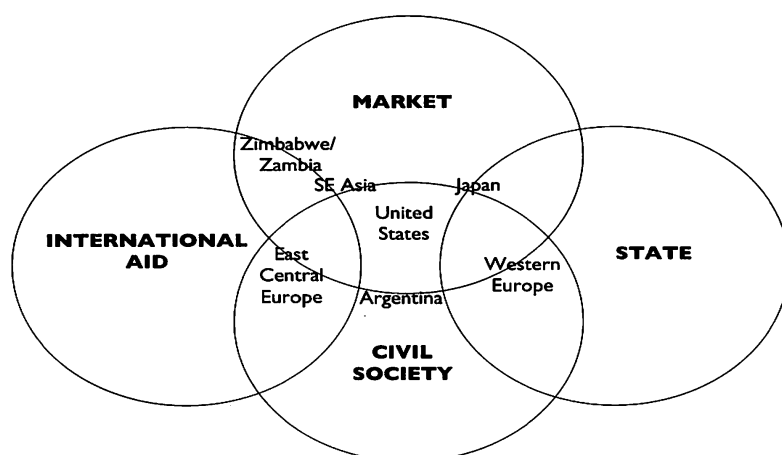
3. WHY DID INCREASE SPECIFIED NONPROFIT ORGANIZATIONS? ANALYSIS OF FACTORS ON THE MALDISTRIBUTION

For the Specified Nonprofit Corporation as a new trend of the social economic organization in Japan, the background of the birth, the system and current situation have been reviewed so far. Although there are some challenges there, why has the NPO corporation increased in Japan like this in this way? The social origin approach provides an assumption worth consideration for helping to resolve our question. The approach is based on research the Johns Hopkins Comparative Nonprofit Sector Project conducted in twenty-two countries during the 1990s (Salamon and Sokolowski, 1999). It emphasizes that each country or region have the historical contexts which regulated uniquely development of civil society organizations. The approach treats the nonprofit sector "not as an isolated phenomenon floating freely in social space but as an integral part of a social system whose role and scale are a by-product of a complex set of historical forces" (Salamon and Anheier, 1998: 245). Salamon and Anheier (1998) mentioned that the contours of third-sector development go beyond the simple "large" vs. "small" dimensions of standard empirical research. Addition to that, they also said it is important to look at a series of institutions in prevailing social structures, and at the very least, it should be clear that there are multiple routes leading to the creation of a non-profit sector of a certain size.

Based on this hypothesis of social origin, Kerlin (2009) studied to sort out and classify the

context of social enterprises in various regions of the world by several comparative axes (Kerlin, 2009). Kerlin (2009) stated, based on the consideration of Tsukamoto and Nishimura (2009), Chapter 8 of the same book, that the government has a strategic development base of Japanese social enterprises. For example, in Europe, it is based on the EU in addition to the governments of various countries, and it is assumed that foundations are the fundamental base rather than the government in the United States. Moreover, in Japan, market economy is being incorporated into the social sector, and furthermore, the results of activities are expected both socially and economically. Thus, Kerlin (2009) suggested that Japanese social enterprise models are different from other and it is a "civil society / market / nation" model compared to other region and country.

Figure 1. Relative placement of social enterprise for seven world regions and countries with regard to market, state, civil society, and international aid



Source: Kerlin, (2009) p.191

The discussions of Kerlin (2009) suggest that social origin approach which understands the uniqueness of historical context such as society, politics and culture of Japan to disclose the development of NPO has certain possibilities in analyzing the development of NPOs in Japan. However, Kerlin (2009) have not been empirically clarified on what kind of factor specifically promoted it. It should be noted that it merely presented a hypothetical model is there. In addition, that model can not sufficiently explain the maldistribution of social enterprises' location, that is, the regions where they are active or not in Japan as well as all other countries. In order to explain this, it is necessary to specify factors as driving force to develop social enterprises in different area. Therefore, in the following, we will use the multiple variables as independent variables to identify whether there are differences

in the number of Specified Nonprofit Corporations in each prefecture in Japan.

Based on the consideration as described above, here, we will analyze empirically the difference in the number of Specified Nonprofit Corporations by prefectures in Japan, and then consider the results. In the analysis, the number of Specified Nonprofit Corporations for each prefecture shall be the dependent variable. Independent variables are adopted from the following viewpoint, and multiple regression analysis is performed. First of all, as expected by Kerlin (2009), the influence of the resources of government, market, and civil society are assumed to explain the unevenness of existence of Specified Nonprofit Corporations. The number of NPO corporations by prefecture is 51,671 corporations total as of December 31, 2018 published on the Cabinet Office website. In addition to corporations that have been certified by prefectures, corporations that have been certified by government-designated cities in that prefecture also include the numbers.

The items to be adopted as explanatory variables are the main resources of governments, markets, and civil society, which are thought to influence the development of social enterprises Kerlin (2009) assumed. First of all, in this survey, as the scale items showing the resources of the government, the average of the financial power index in the municipalities in each prefecture (fiscal 2017), and the number of facilities introduced Designated Manager System introduced by the local governments including prefectures and municipalities in each prefecture as of April 1, 2015 are used. The financial power index is an index showing the financial strength of local public bodies, and the higher this indicator is, the more financially prosperous (the public service can be enhanced). With respect to the Designated Administrator System, pursuant to the revision of Section 24 of Article 244 of the Local Autonomy Act which came into force in 2003, the purpose is to be able to delegate management of public facilities to private business operators at the discretion of local governments. There, Specified Nonprofit Corporations can also accept outsourcing services, so we considered this as an indicator of the impact by local governments.

Next, as the scale items for measuring the influence of the market as a driving force for increasing the number of Specified Nonprofit Corporations, employer remuneration for each prefecture's population (fiscal 2015) and prefectural income per population (fiscal 2015) are used. Employer remuneration is the total amount of value added from all

production activities such as public and social services and distributed to employers. Prefectural income is the sum of income earned by citizens and companies in the prefecture such as property income such as interest, dividend and corporate profit, as well as employer remuneration. Therefore, per capita income does not represent the level of personal income or salary, it represents the income level of the prefecture's economy as a whole. Either indicator can not be said to be an indicator that strictly measures the market effect, in other words, whether NPO corporations are increasing in market transactions, however, it will be a variable indicating whether the people have the rich economic resources in that prefecture.

In addition, the number of volunteers in each prefecture (fiscal 2016), the donation amount of community chest (fiscal 2017), and the number of community voluntary firefighters (fiscal 2015) are used as the scale items showing resources from civil society. Volunteers and donations are also important resources of NPOs. The number of volunteers used in this survey is based on the "Survey on Basic Social Life in 2016" (Statistics Bureau of the Ministry of Internal Affairs and Communications), and it covers the people over the age of 10 years. The volunteer activity there refers to the activities "to provide their labor force, skill and time without any compensation aimed at promoting the welfare of local communities and individuals and groups." Moreover, even if "payment of the actual expenses such as transportation expenses for activities is received, it is not regarded as compensation". Not all volunteers are working in nonprofit organizations, but because volunteer activities themselves can be thought of as driving forces to generate Specified Nonprofit Corporations, and therefore it adopted as one of the indicators of civil society. The Community chest in Japan, also known as the Red Feather, is prescribed in the social welfare law¹. Donations to the Red Feather have totaled 181billion in FY 2016. Although it has not been clarified how much it is allocated to Specified Nonprofit Corporations, since fund-raising activities are being conducted in each prefecture, it was adopted as an index showing the performance of donation in various places. Furthermore, the number of firefighters is one of the indicators showing the autonomy potential of how much residents are participating in the autonomous activities in local communities in each prefecture.

¹ In the social welfare law, the community chest is "the entity that recruits of donations to be made only once a year within a period prescribed by the Minister of Health, Labor and Welfare, with the prefecture's area as a unit, and allocates the donation to entities which operate project aiming for social welfare (excluding national and local public entities) for promoting community welfare within the area".

However, if we follow the social origin approach to treating the existence of non-profit organizations as “as an integral part of a social system whose role and scale are a by-product of a complex set of historical forces”, paying attention only to "resources" from the government, market and civil society is not sufficient. It is also necessary to consider the possibility that the differences in regional needs also affect the uneven distribution of the number of Specified Nonprofit Corporations in Japan. For this reason, as an item indicating regional needs, this analysis employs the number of welfare recipients of each prefecture (fiscal 2015) and the number of persons to whom long term care insurance needs care (and support required) as also explanatory variables (fiscal 2016). Each of these indicators shows the needs that made life difficult for various reasons and the need for nursing care with age.

In addition, we can also assume some variables affecting the number of Specified Nonprofit Corporations. First, more NPO corporations may be established in areas with more population. For this reason, we will introduce the population of each prefecture (estimate as of October 1, 2017) as a variable (control variable) that takes account of the influence separately from the hypothesis in explanatory variables. Second, from another point of view, the 20 years since the NPO Act was enacted was also the years that the country experienced many major natural disasters nationwide. A previous study mentioned that the impact of large-scale disasters on the emergence of social enterprises is considered to be significant in East Asia (Defourny and Kim, 2011). For this reason, disaster restoration expenditure per capita (total of prefectural / municipal finance, the average of 2005, 2010 and 2015) per population will be introduced into the model as an indicator of the influence of disaster. This indicator means how a prefecture suffered a major disaster in the past year and it can be measured whether it affects the increase in the number of NPO corporations.

For numerical values other than the financial power index, logarithmic transformation (natural logarithm) is performed, and it is input as a variable for analysis. By doing so, it is expected that each variable can be numerically placed and that the influence of biased distribution and outliers can be alleviated.

4. RESULTS AND DISCUSSIONS

Although the explanatory variables to be introduced into the model of the multiple regression analysis have been described above, we do not use everything for analysis, we select variables by stepwise method and then put them into the model. JMP 14.0 is used for statistical software, and variable reduction method (the method of decreasing explanatory variable one by one from all explanatory variables for the first time) is used to select the explanatory variables with the minimum BIC. The results are shown in Table 4. VIF is calculated to see the problem of multicollinearity that explanatory variables are influenced mutually to make the model of analysis unstable. The value is sufficiently low as to be regarded as not being able to recognize multicollinearity. The result of multiple regression analysis is as shown in table 4. As shown in the table, the number of Specified Nonprofit Corporations in each prefecture is significantly and positively affected by the prefectural income per population, the number of volunteers (over 10 years old), and the number of welfare recipients. In addition, municipal financial power index had a negative influence on that.

It can be said that in Japan, from the survey results, the driving force to emerge new social economic organizations is civil society and market, and it is also important to recognize social needs. The analysis result that the influence of the government was not seen coincides with the fact that the proportion of earned income was high in the income structure of Specified Nonprofit Corporations. Also, in common with the aforementioned survey results that the organizational staff relied on volunteers, volunteers also affected the number of Specified Nonprofit Corporations in our survey analysis. In the future, in order to expand the activities of social economy organizations in Japan, the shortage of government support will be a bottleneck. It must be necessary to procure resources from the market and civil society in excess of the small government support. It may possibly be also said that civil society organizations need a campaign to encourage government support for them, i.e. a strategy to make advocacy activities and social movements more active.

It can be said that in Japan, from the survey results, the driving force to emerge new social economic organizations is civil society and market, and recognition of social needs is also important. These are the results that confirm the view of Kerlin (2009). However, the

result of the municipal financial power index average as a governmental factor giving a negative effect is different from the model of Kerlin (2009) that the government had influenced the development of Japanese social enterprises. This can be interpreted as the weakness of municipal budgetary power is increasing the number of NPOs working in the area. In other words, it can understand that NPOs are actively responding in Japan to the social needs that the government has not dealt with, as explained by the "government's failure" theory.

Table 4. The results of multiple regression analysis (Dependent value: the number of Specified Nonprofit Corporations in each prefecture)

		Standard β	p value	VIF
Governmental factors	Municipal financial power index average	-.132	.025*	3.0
	Facilities introduced Designated Manager System	--	--	--
Market factors	Prefectural income per capita	.118	.014*	2.0
	Prefectural Employee Reward per capita	--	--	--
Civil society factors (Community)	Volunteers (over 10 years old)	.837	<.001*	4.2
	Donation amount of community chest	--	--	--
	Community voluntary firefighters	--	--	--
Social needs factors	Welfare recipients	.206	<.001*	2.5
	Long term care recipients	--	--	--
Control variables	Disaster restoration budgets per capita	--	--	--
	Population	--	--	--
R ²	0.955			
F	222.6723			
AICc	-22.7998			
BIC	-13.7989			

I would like to briefly summarize the contents discussed in this study at the end. First of all, this article outlined the background of the establishment and the system of the Specified Nonprofit Corporation system. The Specified Nonprofit Corporation is a

corporate system aiming to be an easier procedure, freely to acquire for citizens' activities groups, distinct from the nonprofit corporation system so far. Minimizing management by regulatory authorities, instead emphasizing information disclosure. Addition to that, they can receive preferential tax treatment by clearing a certain standard of public interest (certified NPO corporation). Therefore, it can be said that the corporation has a strong citizenship character.

In Section 2, we confirmed the activities and the current status of the organization from an existing survey result for Specified Nonprofit Corporations. Specified Nonprofit Corporations have been steadily growing numbers throughout the country, however, there are many groups whose budget size is not so large in the current situation. Because of that, there are not many staffs in Specified Nonprofit Corporations, and they tend to depend on female staff. The situation that there is a high proportion of female staff is likely to be strongly related to the fact that women's wages tend to be lower than men's one in Japan. In addition, as expected by the Law for Promotion of Specified Nonprofit Activities to them, although many organizations, particularly Authorized SNCs, were actively engaged in information disclosure for citizens, about 10% Specified Nonprofit Corporations were seemed to take a negative attitude. Furthermore, when observing the breakdown of the income (revenue related to specific nonprofit activities), the percentage of earned income exceeded 80% in non-profit corporations that did not receive tax incentives. It can be understood that earned income is becoming an important income source in NPO corporations.

Furthermore, in Section 3, we analyzed the factors affecting the number of geographical corporate numbers by using prefecture-specific data for answering the question of why Specified Nonprofit Corporations have increased nationwide. We adopted the idea of social origin approach and assumed that several factors as "resources" contribute to an increase in the number of Specified Nonprofit Corporations. As a result of the analysis, market factors (economic factors), civil society factors, and regional needs factors had a positive influence on the number of Specified Nonprofit Corporations. In other words, it can be said that economic, civil society and regional needs were related to the development of Japanese NPOs. The municipal financial power index as a governmental factor had a negative influence on the number of Specified Nonprofit Corporations. This means that the weaker the financial strength of local governments in Japan, the more the NPOs are

developed. This survey result can be said to be consistent with the fact that the income structure of the Specified Nonprofit Corporation seen in paragraph 2 is biased largely into earned income. This result can also prospect that Japanese NPOs can not rely on government resources, in the sustainability and development of their activities, there are sides depending on market resources and civil society resources.

As mentioned in Section 2, there are about 15% of NPOs which are reluctant to disclose information despite the fact that many NPOs rely on citizens and market resources. Citizens might condemn the low transparency of the organization as an NPO corporate governance issue in the future.

In the future, such an insufficiency of government support may become a bottleneck to expanding the activities of Japanese civil society organizations. It must be necessary to procure resources from the market and civil society in excess of the small government support. It may possibly be also said that civil society organizations need campaigns to encourage government support for them. In either case, it can be said that this study's findings that the Specified Nonprofit Corporations have been increasing its number to meet social needs beyond the government's support shortage even in the present situation is a great significance for the future development of nonprofit studies in Japan. In addition, the geographical imbalances nonprofit organizations have been revealed to be affected by several factors. The findings will have some significance for nonprofit organization research in other countries around the world.

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