SOCIAL INNOVATION AND SOME JAPANESE CASES

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Abstract
There have emerged new types of social problems and issues that were too complicated to solve by simple solutions. Social innovation has been a concept and an approach to try to deal with these complex issues. There have been many definitions on the concept of social innovation. Even though there would be difference and contradictions among them, they have shared the same characteristics that were to think of problems and issues as social agendas, invent new ideas and adapt them to resolve through making new systems. If we try to find some theoretical basis of social innovation, it would be possible to figure out several theories like ‘social aspects of innovation’, ‘social entrepreneur’ and ‘social capital’. There have been also several activities of social innovation in Japan. Although they have varieties, they have shared same type of characteristics that were to deal with issues at the fundamental levels and would be equivalent to what Muhammad Yunus had tried to do. It would be necessary to get empirical researches about social innovation due to demands for new solutions to complicated problems all over the world.

Introduction
A lot of new social issues have emerged since 1990s. These were problems, such as social exclusion of minorities, serious environment disruption, corruptions of education systems, disparities of living conditions and so on. In many developed countries, widening of globalisation, decreasing birth rates and aging populations provide a backdrop for these issues and huge efforts have been exercised to find solutions to them. Social innovation has been thought to be one of the approaches and/or ways of thinking for managing these issues.

The term ‘social innovation’ has been widely discussed by a few scholars, such as Mumford (2002), Mulgan (2007) and Phillips Jr., Deigmeier and Miller (2008), who tried to clarify the concept of social innovation in different ways of thinking (Table 1). For example, Mumford has thought of social innovation as the generation and implementation of new ideas regarding how people should organise their interpersonal activities, or social interactions, to meet one or more common goals. Mulgan has suggested that social innovations were social activities and services motivated by the goal of meeting social needs, and were predominantly developed and diffused through organisations whose primary purposes were social. According to Phillips Jr. and colleagues, social innovation could create new, unprecedented approaches and processes for advancing social demands and issues.

Although there were several differences among their definitions and notions, they shared a common perspective of social innovation. They tried to identify social issues and needs and place them on the social agenda for resolutions. Furthermore, they proposed ‘new’ ideas and plans to address these issues and needs. They also pointed out the importance of realising these ideas and plans by setting up the institutes and organisations to initiate practical activities.

It was noteworthy that social innovation had been applied to many areas, including political and governmental areas (new models of public health systems), commercial markets (open source software and organic foods), social movements (fair trade), academic areas (pedagogical models of childcare) and social enterprises (microcredit and new type of magazines; Mulgan, 2007). The most famous example of social innovation would be the Grameen Bank, a microfinance banking system that provided unsecured credit at low interest to poor people in Bangladesh. Muhammad Yunus (2009), the founder of the Grameen Bank, who has received much favourable press coverage over the years and was awarded the Nobel Peace Prize in 2006 for his pioneering activities in microfinance, asserted that poverty has not been self-imposed, but rather it has been imposed by our institutionalised practices and policies toward poverty. He emphasised that we should redefine our established ideas, policies and current practices to better combat poverty.

It will not be enough for us to just concentrate on the phenomena of issues or problems to be resolved in our society. We should call into account their root causes, if we really wish to resolve problems such as poverty. Yunus’ activities, and specifically setting up the Grameen Bank based on a new idea of microfinance, were not only just about renting money to the poor but were also about empowering poor people to tackle their living conditions—one of the fundamental social issues in poor countries.
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Table 1: Several definitions of social innovation

<table>
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<tr>
<th>Source</th>
<th>Definitions of Social Innovation</th>
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<tr>
<td>Mumford (2002)</td>
<td>The generation and implementation of new ideas regarding the organization of interpersonal activities or social interactions in order to meet one or more common goals.</td>
</tr>
<tr>
<td>Mulgan (2007)</td>
<td>The development and distribution of new ideas that serve the social objective in the form of new, revolutionary activities and services through organizations whose primary motives are to meet social needs.</td>
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Concepts of innovation

As Schumpeter (1934) has pointed out, the concept of innovation was not limited to the technological sphere, but encompassed much more than technology. Schumpeter has considered entrepreneurship and innovation as being essential to economic development, and clearly distinguished them from invention. As following his view on the concept of innovation, new products and services were generated through the combination of available/existing resources/goods and powers. He observed that one phenomenon that characterises innovation is the discontinuous occurrence of ‘new combination[s] (neue Kombination)’, through which radical new products and methods of production could be introduced. He listed five kinds of ‘new combinations’: First, the introduction of unknown/unfamiliar ‘new goods’, or goods having a new quality, and yet unknown to the consumer; Second, the development of a new method of production; Third, the opening of a new market; Fourth, the acquisition of a new source of supply of raw materials and intermediate goods/half-manufactured goods; and Fifth, the creation of a new organisation.

Therefore, effects of innovation could reach over reforming or revising organisations and social systems which used to work ineffectively with something new. For example, the Dutch East India Company, which was established in 1602, has evolved into a new organisational form, namely a corporation (as a business construct), in which innovation was institutionalised. In this sense, the innovative adaptations of business organisations into modern corporations were a driving force behind the industrial revolution in Europe, and was an institutional or social innovation, rather than technological ones.

Heiskala (2007) has also defined innovation as being comprised of the following three steps: First, an idea or action that is defined as ‘new’ emerges; Second, an idea or action that influences changes in social practices begins to take root; and Third, an idea or action that has an effect of improving social and/or economic performance is implemented.

The first step is based on the notion that if something is novel, it could be innovative. However, the most crucial point in this stage is that ‘novelty’ will be recognised in a particular context/environment. Therefore, even a well-known, well-established invention or finding that we have already recognised could have a possibility to foster ‘innovation’, if it was put in a specific context/environment where it could be recognised as novel (Swedberg, 1991). Thinking about innovation as in this way would offer a wide variety of perspectives/definitions of innovation. Several recent discussions in policy areas have shown that when recognising the contexts as very important to innovation, entity of innovation would be multi-dimensional and much broader than what we have thought of. For example, the Department for Innovation, Universities and Skills (DIUS) in the United Kingdom has tried to widen the concept of innovation to the state-/nation-wide level through discussions of policy directions on several specific policy issues. One crucial point of these discussions was not only just changing the concept and definition of innovation in a given framework, but also changing the whole perspectives about innovation (Department for Innovation, Universities and Skills, 2008).

Traditionally, the United Kingdom has dealt with innovation in several policy areas, especially in science and technology, which were similar to those of other developed countries including Japan. Currently, the United Kingdom has extended its focus and interests to much broader concepts of innovation, which have sometimes been called as ‘hidden innovation’. Although this type of innovation has not been clearly recognised, it has been said that it should be used to inform policy to effect innovations in many fields (NESTA, 2007a), and so could be called as ‘total innovation’ (NESTA, 2008a, 2008b). Changing the concept of innovation to be more comprehensive would encourage the development of specific indicators for innovation in the United Kingdom, and therefore go beyond policy discourses.

The concept of ‘innovation’ has a long history, so the focus of this article is limited to the concept and the history of innovation that would be directly related to social innovations.
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about innovation of technology and sciences (NESTA, 2008c).

Unlike Japan, the United Kingdom has tried to broaden the concept of innovation, specifically into policy areas that might lead to change or improve society. This occurred because the United Kingdom has recognised that the environment in developed countries had changed, and that technology, which was the focus of private companies for example, had lost the potential to create innovations. It would be also necessary, therefore, for policy makers in other mature countries to expand the concept of innovation to encompass the social sphere.

Theoretical concepts based on social innovation

Social aspects of innovation

Since 1970s, several studies have given attention to the social aspects of innovation, although the mainstream has remained entrenched in its conviction of the importance of technology (Williams and Edge, 1996). The notion supporting the traditional concept of innovation has based on a ‘linear model’, in which changes that made by technological innovations could occur in a linear fashion. In addition, this model supposes that innovation processes commence with basic researches, which are followed by applied researches. And then, a new technology that results in applied researches would happen and be diffused by the market, as a consequence of a kind of innovation processes.

On the other hand, some researchers have become interested in the social aspects of innovation and they have been known as advocates of the ‘social construction of technology’. According to their theory, it would not be necessary that innovation process be subject to the preceding linear developments of technology. Rather, innovation would be open to multiple directions (Pinch and Bijker, 1987). As both the creators and the beneficiaries of innovation are human beings, so innovation is not only the consequences of the outputs of linear technological developments, but also the results of interactions among many factors, including technological, economic, political, social and/or geological.

This way of thinking about innovation has emphasised especially that innovation would result from interactions between innovation seeds like a technology and environment around innovation, that is society, and interactions themselves would have the potential to be changed. Therefore, both society and technology would be equivalent. This notion of innovation is complicated in comparison to that preoccupied by technology, but it could be a reflection of the dynamic and complex processes that characterise innovation. Furthermore, it reminds us that if we would think about innovation, we cannot avoid thinking of social aspects.

Mumford (2002) has focused on contextual factors of technology, and thought of them as creative and structural factors to innovation. He emphasised contextual factors as having an effect on the acceptance and implementation of new ideas and suggested the following four hypotheses: First, (social) innovation needs to sophisticate ideas through information exchanges with others in a communicative environment. Second, ideas must show their benefits clearly and be able to be implemented at low cost within given systems. Third, the support of the elite must be acquired in accordance with existing support circles. And Fourth, effective communication is necessary for the acceptance of innovation.

Several studies have focused on social interactions to create innovations through combinations of related stakeholders in multi-stage processes. They have been interested in connectedness, or networks among stakeholders and other factors. For example, in a modern complex society, it would be hard to imagine that only one stakeholder and/or factor could stimulate innovation. Therefore, several researchers have explored the possibility of openness in innovation process. For example, Chesbrough (2003) has used International Business Machines Corporation and Procter & Gamble to showcase the advantage of ‘open innovation’, in which alliances or networks of different companies could allow merging internal and external ideas to create innovations. Alliances and networks could also have an advantage in which a service or product would acquire de facto standards in a market, because the connectedness such as alliances and networks could give companies efficiency with same infrastructures to make services and products. In addition, this type of innovation might have an impact on society as a result of the associated networking among various types of organisations, which would be different from the present so-called division of labour among companies.

The concept of this type of innovation has gradually been introduced into the discussion of industrial policies, to promote small and medium firms. At the same time, several studies have tried to assess the effectiveness of open innovation systems by reviewing cases focusing on industrial policies and theories of industrial clusters. For example, Doi (2005) has called the accumulation of networked conditions as a cluster and examined its effectiveness in terms of developing standards of creativity for new methods, social values for dealing with actual social problems, and the incubations needed for social enterprises and social businesses.

These notions have shared characteristics in which social factor is essential to invoke innovations. That is, social aspects were needed to create innovations. However, the concept of social innovation has a much broader focus than emphasising importance of social aspects of innovation in which it could put social phenomena on the agenda where they could be tackled and generalised into more universal phenomena. Mainstream or ordinal concepts of innovation have only been dealing with subjects that technology should be able to overcome. Therefore, the main foci of the ‘mainstream innovation’ concept have been on very specific issues that mainly technology would be related, and this type of innovation could have impacts on society indirectly, as a consequence of its technological outcomes. On the other hand, social issues and problems themselves would be much broader and more complex than technology. Therefore, if we deal with
them through changing world, we have to make them social agendas to which society as a whole should react. In this sense, social innovation would have a potential to make impacts directly on societies.

**Social entrepreneur**

It has been said that 'entrepreneur' is a kind of actor, who is likely to evoke innovation. In Japanese, it has been called as 'Kigyouka', which sometimes has two meanings. One is business enterprise and the other is an entrepreneur. However, it would be hard to call everyone who started something new as an entrepreneur. In addition, the meaning of entrepreneurship would be trivialised if we were to label every business as entrepreneurship. Entrepreneurs might have the potential to destroy existing regimes and create new values. In other words, entrepreneurs could initiate a revolution from which something new and valued could be created. In this sense, it is necessary to distinguish 'entrepreneur' from 'manager' who pursues efficiencies within the existing structures.

Schumpeter (1934) has proposed a wider definition of 'entrepreneur', which was not limited within people who set up their own businesses and manage them, but included those who belonged to corporate enterprises, such as corporate executives and engineers. Since 1990s, some entrepreneurs have successfully demonstrated unprecedented solutions for emerging social problems and issues. These types of entrepreneurs are the so-called social entrepreneurs, such as Charles E. McJilton (CEO of Second Harvest Japan) and Anshu K. Gupta (founder of GOONO) (Bornstein, 2004). In addition, as Christensen (1997) and Christensen and Raynor (2003) have shown, social entrepreneurs could embark on their businesses without relying on scarce resources, and create 'disruptive innovation'. As a result, they could have a great social impact (Watanabe, 2009).

Several studies have focused on key players of social innovations, and specifically on their characteristics, abilities, competencies and life histories. For example, Martin and Osberg (2007) have compared some cases of social entrepreneurs and portrayed them as individuals who grasped business opportunities and brought results. Simonton (1984, 1999) has analysed the life histories of social entrepreneurs and showed that entrepreneurship was closely related to premature intellectual development, a peripheral family environment and non-traditional training and experiences. Csikszentmihalyi (2000) has argued that the characteristics of social entrepreneurs would come from interactions between individuals and society, and these interactions themselves could form the quality of timing and potential for innovation.

To some extent, social entrepreneurs would have the ability to identify and raise social issues as well as move them forward as social agenda adaptable to business or organisational activities. At the same time, it is necessary to pay attention to social contexts, in which social issues are reassessed. As such, social entrepreneurs are an important factor in social innovation. However, social issues are depending on contexts in which innovative activities are embedded and even entrepreneur would be embedded in the same context. Therefore, it would be necessary to take into account the importance of social contexts in which entrepreneur would be put when we think of social innovation.

**Social capital**

The concept of social capital expanded rapidly in the late 1990s. According to Putnam (1995, 2000), who was one of the main scholars to raise the profile of this concept, social capital pertains to the characteristics of social structure that enhance social productivity, such as ‘trust’, ‘norms’ and ‘networks’ through the increase of social cooperative behaviour. Therefore, social capital includes the human relationships surrounding an individual, such as certain social networks.

There were numerous empirical studies on effectiveness of social capital in Japan (the National Life Bureau, Cabinet Office, Government of Japan, 2003; Fujisawa, Hamano & Koyabu, 2007; Tatsuki, 2008; Fujisawa, Hamano & Takegawa, 2009; Fujisawa, Nagatomi, Ishida, & Iwasaki, 2010; Ishida, 2009; Nagatomi & Fujisawa, 2009). Results of these studies suggest that prosperous/high social capital could have positive effects on many social and economic spheres.

One line of study on social innovation has focused on the relationship between social capital and innovation. Landry, Amera and Moktar (2002) investigated whether or not social capital could promote innovation and suggested that it was necessary to have adequate governance structure that social capital could promote for making innovation successfully. The Institute of Policy Sciences in Japan (2008) assessed businesses activities related to Research & Development in Japanese regional area and found that the more scholars have cooperated, the more innovation has occurred.

Putnam (2000) has distinguished between two frequently acknowledged concepts of social capital. 'Bonding' social capital is characterised as inward-looking ties within similar organisations and 'bridging' social capital as outward-looking networks of different kinds of people and organisations. The former is regarded as more exclusive but with a stronger unity, whereas the latter is more open but with lower levels of unity. Much current research states that 'bridging' social capital is more likely to facilitate innovation than 'bonding' social capital (Woolcock, 2000; Hämäläinen, 2007).

Other studies have conducted empirical researches on Japanese contexts and found that 'bridging' social capital has a greater positive impact than 'bonding'; for creativities in regional innovation (Nagatomi and Fujisawa, 2009; Fujisawa, Nagatomi, Ishida, and Fujisawa, 2009). These findings are in line with the concept of ‘open innovation’, in that the interactions and/or interconnecting ideas among stakeholders could enhance values as a consequence of their openness. And an important emerging point about this approach to social innovation is how to approach it at a policy level (Schienstock and Hämäläinen, 2001; NESTA, 2007b).

A social issue or problem that would be valued more universal should be given attention from different perspectives. A specific agenda could be recognised as...
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common to several different contexts, through any information flow or communication, such as bridging social capital. Therefore, it would be necessary for social innovation to detect certain phenomena as social issues and to generalise them as agenda items that need to be tackled in society. For the latter, social capital plays a very important role for evoking social innovation.

Several cases of social innovation in Japanese

According to a report of the Japanese Ministry of Economy, Trade and Industry (2009), the most common type of major organisations in the social innovation area in Japan was non-profit organisations (NPOs) and its percentage of whole organisations working at social innovation area was 46.7%. And profit-making organisations (joint stock companies or limited liability companies) followed and that was 20.5%.

NPOs play a crucial role of social innovation activities and businesses in Japanese settings. Omuero (2004) has showed three types of organisations that led social innovation activities in Japan: First category of NPOs, most of whose benefits came from business activities in markets; Second, profit-oriented businesses whose missions were strongly social; and Third, affiliated companies that were subsidised by their controlling corporate parents’ company to deliver special social missions. All three types of organisations were private, and therefore it has been said that Japan’s main players have voluntarily committed to leading social innovation activities.

There are many cases exemplifying social innovation in Japan. They have varieties and it would be hard to choose a case as a typical image of Japanese social innovations. However, each of Japanese social innovation would share affinities in which they have found generalities in each issue or problem, and tried to find social solutions to these issues or problems, even though their history, structure, background, business and future direction are completely different.

For example, NPO Hokkaido Green Fund has commenced activities under the auspices of the Seikatsu Club Hokkaido (consumers’ cooperative society) and was established in July 1999. Since then, it has been committed to advocate clean energies and provide information about them. Through its activities, it established two affiliated companies—the Hokkaido Citizens’ Wind Power Co. Ltd and the Natural Energy Citizen Fund Co. Ltd—that support citizen-organised businesses maintaining wind force power generation systems in Hokkaido, Aomori, Akita, Chiba and Ibaraki.

The Daichi Wo Mamoru Kai Co. Ltd has begun its activities in 1970s, when environmental pollution caused by agricultural chemicals, such as pesticides were recognised as a serious social issue. Founded in 1975 and registered as Daichi Co. Ltd in 1976, which was one of the first successful enterprises to establish a specific distribution system—the home delivery system—for selling organic products. In 2009, it was engaged with 2,500 registered farmers, 91,000 registered customers and 5 corporate members.

THE BIG ISSUE JAPAN was the Japanese version of THE BIG ISSUE, a social business founded in London in 1991. Its mission is not only to just supporting homeless people, but also helping them to achieve independence. Its activities are more than just simple charitable activities in that homeless people are given the opportunity to support themselves financially by selling ‘The Big Issue’ magazine on the streets. This way of thinking of BIG ISSUES was important because they focused on fundamental issues of homeless people and have tried to set up systems in which they manage to their lives.

This initiative was first developed in Osaka and Kyoto, and has now expanded to other cities, including Sapporo, Sendai, Funabashi, Yokohama, Nagoya, Kobe, Kyoto, Hiroshima, Fukuoka and Kagoshima.

The Japan Sun Industries, based on Beppu City, Oita, and Kyushu, has been established in 1965 as a Japanese social welfare corporation. It has a mission that ‘No one is so disable as to be unable to work at all. No charity, but a chance!’ and has employed over several thousands of people with disabilities since its starting. Many organisations involving in social welfare areas in Japan have tried to expand their focus not only just on supporting their clients but also creating life chances for them. The Sun Industries has succeeded to create life chances for their clients with setting up their own unique system to be able to give them opportunities to work for life.

For example, The OMRON Taiyo Home Co. Ltd. is a unique private company founded in 1972 through the joint investments of a Japanese electric equipment manufacturer, OMRON Co. Ltd and The Japan Sun Industries. It is based in Beppu City, Oita and Kyushu. Its main purpose was to create jobs for people with disabilities. People working at the OMRON Taiyo Home Co. Ltd have produced high-quality industrial sockets. The Japan Sun Industries has developed other types of joint investments and established other corporate organisations, such as Honda Taiyo Home Co. Ltd and Mitsubishi Taiyo Home Co. Ltd to expand employment opportunities for individuals with disabilities.

Conclusion

These organisations and companies that we picked up above have dealt with different themes and from different backgrounds. However, they have same type of characteristics, which was not only to focus just on specific issues for specific people, but also to deal with these issues from a much broader perspective. In addition, they have tried to invent new ways and form organisational structures that facilitate coping with these issues effectively. They have also tried to influence society ‘directly’. These objectives are comparable to those that motivated the founder of the Grameen Bank, Muhammad Yunus.

As Mumford and Moeritl (2003) and Mulgan (2006) have pointed out, it would be hard to say that there have been enough researches about social innovation. The reason for the scarcity of social innovation researches was that there have been too many strategies and policy promoting (social) innovations in many areas of busi-
ness and technology, and, as a result, there have not been any comprehensive directions focusing on social innovation itself (Mulgan, 2006). To tackle these problems, a new policy and strategies are required like what United Kingdom has tried. The type of new policy would emphasise comprehensiveness of innovation and expand its concepts into many areas.

It is anticipated that researches about social innovation will become more fertile in the future, both theoretically and empirically, because social issues and problems have become very complicated at the global level and it will be difficult to solve them using traditional approaches and ideas. Therefore, we need to develop evidenced-based discourse about social innovations. More specifically, it will be necessary to create a more detailed framework for policy contexts.

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