

If not for profit,  
for what and how?

S O C I A L  
E N T E R P R I S E

# A Study on Business Models of WISEs for Disabled People - Diffusion Process of Social Innovation in Japan

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## **Abstract**

*Nyssens (2006) describes various features of work integration social enterprises (WISEs) in Europe. Work integration is the most important issue to solve for social enterprises and social entrepreneurs working to support people's livelihood, especially of disabled people. This study aims to analyze the diffusion of social innovations in job assistance for disabled people and includes detailed case studies of 7 business models which are created by social entrepreneurs in this field.*

**Keywords:** *WISEs, disabled people, social innovation, social entrepreneur, diffusion process*

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# INTRODUCTION

This study aims to analyze the diffusion of social innovations in job assistance for disabled people and includes detailed case studies of 7 business models which are created by social entrepreneurs in this field. According to the typology based on J. Gregory Dees' Scaling Theory (Dees et al. 2002 & 2004), 7 cases are divided into "Scaling Out" cases, "Scaling Deep" cases and the "Pre-Scaling Out" cases which are rather resemble to "Scaling Out" cases in business model than "Scaling Deep" cases. The results of interviews with social entrepreneurs of these 7 cases showed that business models created by social entrepreneurs of "Pre-Scaling Out" cases seem to be pre-mature especially on the management of business rather than the business model itself. Also, social entrepreneurs seem to face difficulties in adopting the most appropriate organizational form to incorporate their activities or business. This is one of the most basic institutional issues to be solved to facilitate diffusion of social innovation in this field.

## 1. WELFARE FIELD FOR DISABLED PEOPLE IN JAPAN

In Japan, needs and problems of job assistance for disabled people rapidly emerged with the enforcement of Services and Supports for Persons with Disabilities Act in 2006. The problem of welfare service for disabled people is linked to the national welfare system very closely, however, many effective solutions are created by social welfare corporations and NPOs founded by social entrepreneurs, not by the government of Japan or local governments.

Social problems like these are becoming more diverse and expanding over a wide range of fields, including business fields, so that they are directly related to our daily lives. These social problems like poverty (income gap), employment issues, low birthrate and aging population, battered local economies, NEET and young people staying at home<sup>1</sup>, child-raising problems for working mothers, safety of food, environmental issues, et cetera, are growing more and more wide-ranging, and all of these fields are where social entrepreneurs are challenging and making hard efforts of problem solving. Job creation and revitalization of local economies are two main policy issues now in Japan, and many social innovation cases are created in these two fields by social entrepreneurs in Japan. Especially in the welfare service field for disabled people, almost all social problems exemplified above are emerging like an epitome of Japanese society. Getting a job and income to live independently and pay the bills by themselves is a very fundamental issue directly related to their daily lives for disabled people. Huge need to solve this social problem is not satisfied by the job assistance services by existing public organizations, and there emerged social entrepreneurs having innovative solutions. In this study, I am going to analyze these innovative business models created by social entrepreneurs as cases of social innovation in Japan.

## 2. CLASSIFICATION OF DIFFUSION PROCESS

Before I start case studies for the analysis of business models of social innovation in the field of job assistance for disabled people, I collected information about 84 cases of social entrepreneurs in Japan through the media information during the period between September 2006 and March 2009 to know background of social innovation by social entrepreneurs in Japan in general. There still is not one definition of the word "social entrepreneur", however, a very faint outline of what social entrepreneurs are doing is gradually limned through reported achievements or news on TVs and newspapers. Therefore, first I classified these 84 cases according to Everett Rogers' concept of diffusion and the typology based on J. Gregory Dees' Scaling Theory (Dees et al. 2002 & 2004) to know the main business field which has a variety of business models created by social entrepreneurs in Japan.

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<sup>1</sup> Known as the Japanese word "*hikikomori*".

In this study, “diffusion of social innovation” means, referring to the definition in Rogers (2003), a series of process that information about innovation created by social entrepreneurs to solve a social problem is transferred through communication channel or over time, decreasing uncertainty of the innovation. To classify diffusion process of social innovation cases from this point of view, I referred J. Gregory Dees’ Scaling Theory in Dees et al.(2002) and Dees et al.(2004).

Dees et al.(2002) says that there are two types of the scaling method for nonprofits and called them “Scaling-Up” and “Scaling-Deep”. Subsequently, in Dees et al.(2004), developing this scaling theory for social entrepreneurship, Dees classified diffusion process of social innovation into two types, “Scaling-Out” and “Scaling-Deep”, according to the scaling method of impact created through business models of social entrepreneurs. “Scaling-Out” means that the region with the impact of social innovation is getting larger or multiple across any kinds of geographical border.

“Scaling Out” cases can be classified by their types of business model and the scaling method of impact. There are 3 types of model when the innovations of “Scaling Out” cases spread: 1) organizational model, 2) program, and 3) principles. As “principle” seems an overlapping category on which each concrete business model is based, I based on an assumption that the business model of “Scaling Out” cases has one of the other two types of model: organizational model or program. Other cases which do not have any of these two types of model are supposed to be “Scaling Deep” cases.

“Scaling Out” cases are also classified by three scaling methods of impact which are dissemination, affiliation, and branching. On the other hand, according to Dees et al.(2002), scaling methods of impact of “Scaling Deep” cases are different from those three of “Scaling Out” cases. For “Scaling Deep” cases, there are 6 methods: 1) improving quality of services, 2) increasing target client population, 3) finding new ways of service, 4) extending services to new client groups, 5) developing innovative financial and management approaches, and 6) serving as an example for others. Each “Scaling Deep” case uses one or more scaling methods of impact at the same time, however, in this study, to make comparison simple, I identified one method for one case, which seems most effective in the case.

Table 1 and table 2 below are the classification of 84 cases described above by their types of model and the scaling method of impact. 56 “Scaling Out” cases are classified into 15 cases of organizational model and 41 cases of program, while scaling method of 28 “Scaling Deep” cases varied 5 of 6 scaling methods of impact, except for “extending services to new client groups”.

**Table 1. Types of business model and scaling method in 84 cases**

method \ type	organizational	program	total
Dissemination	1	9	10
Affiliation	4	22	26
Branching	10	10	20
Scaling-Out	15	41	56

**Table 2. Scaling method of “Scaling Out” cases**

method	total
improve quality of service	8
increase target client population	8
find new ways of service	4
extend services to new client groups	0
develop innovative financial and management approaches	3
serve as an example	5
Scaling-Deep	28

I also classified these 84 cases by their business field into 17 categories cited from the classification by the Act on Promotion of Specified Non-profit Activities(see table 3). 17 categories are: 1) health, medical and welfare service, 2) promotion of social education, 3) promotion of community development, 4) promotion of academic, cultural, artistic, or sports activities, 5) environment conservation, 6) disaster-relief service, 7) regional safety, 8) promotion of human rights protection and peace operation, 9) international cooperation, 10) promotion of gender equality, 11) sound upbringing of children, 12) development of information society, 13) development of science and technology, 14) revitalization of economic activities, 15) human resources development or expanding employment opportunities, 16) consumer protection, and 17) other.

**Table 3. Main business field of activities of NPO**

field of activities	Scaling-Out	Scaling-Deep	total
1) health, medical and welfare service	7	11	18
2) promotion of social education	4	0	4
3) promotion of community development	1	6	7
4) promotion of academic, cultural, artistic, or sports activities	4	2	6
5) environment conservation	5	2	7
6) disaster-relief service	1	1	2
7) regional safety	0	0	0
8) promotion of human rights protection and peace operation	2	0	2
9) international cooperation	0	0	0
10) promotion of gender equality	2	0	2
11) sound upbringing of children	6	1	7
12) development of information society	0	0	0
13) development of science and technology	2	0	2
14) revitalization of economic activities	5	1	6
15) human resources development or expanding employment opportunities	3	0	3
16) consumer protection	4	1	5
17) other	10	3	13
total	56	28	84

The field of 1) health, medical and welfare service marked the highest number of all categories except for the last, rather multiple alternative 17) other. Both numbers of “Scaling Out” and “Scaling Deep” cases indicate the same tendency, and most of these 18 cases were business models about disabled people(see table 4).

**Table 4. 18 cases in the field of health, medical and welfare service**

Scaling-Out (7 cases)
corporate partnership to promote employment of challenged people
tofu manufacturing by people with intellectual disabilities (I)
information system for nursing-care service
bread making by challenged people
comprehensive self-reliance support service for challenged people
job assistance for challenged people by public-private-nonprofits partnership
import and sale of wheelchair based on the concept of seating
Scaling-Deep cases (11 cases)
24 hours group home service
job training for challenged people through tank farming of Boston lettuce
wine making and winery by people with intellectual disabilities
community life assistance for challenged people
nursing-care service on the depopulated island
rehabilitation service for people with drug dependency
edification seminars on normalization
job assistance for people with mental disabilities through farming
tofu manufacturing by people with intellectual disabilities (II)
productive activities support project for challenged people
organic cookie manufacturing by challenged people

Through these classifications, I found out that “health, medical and welfare service” field is the most typical field where social entrepreneurs in Japan deploy energetic activities or efforts to solve social issues, and there is a variety of cases from the viewpoint of the diffusion process. This is the reason why I picked up cases in the field of job assistance for disabled people for this study.

### **3. CASE STUDIES: 7 CASES IN THE FIELD OF JOB ASSISTANCE FOR DISABLED PEOPLE IN JAPAN**

In this chapter, I am going to introduce 7 cases of social innovation in the field of job assistance for disabled people in Japan. These are the cases from 18 cases of table 4. All 7 cases have innovative business models in this field developed by social entrepreneurs.

**Table 5. 7 cases for the case studies**

name of the case	social entrepreneur of the case	type of model
Harakara-Tofu	Mr. Hajime Takeda Chairperson, Harakara Fukushi-kai (Social Welfare Corporation)	Scaling-Out
Prop Station	Ms. Nami Takenaka Chairperson, Prop Station (Social Welfare Corporation)	Scaling-Out
Muso	Mr. Hiromoto Toeda Chairperson, Muso (Social Welfare Corporation) Chairperson, NPO Fuwari	Scaling-Out
Gamba Company	Ms. Hitomi Nakazaki Executive Director, Kyosei Symphony (Social Welfare Corporation) Chief, Gamba Company	Scaling-Deep
!-style (exclamation style)	Mr. Junsuke Tanaka President, NPO !-style Mr. Tomokazu Yoshino Vice-President, NPO !-style	Scaling-Deep
Palette	Ms. Naoko Taniguchi Executive Director, NPO Palette	Scaling-Deep
Cocoron	Ms. Yoshie Kumada Chief, Cocoron (Social Welfare Corporation)	Scaling-Deep

In this case study, I classified 7 cases according to the same classification mentioned in the previous chapter, and also analyzed the diffusion process of business model, which consists of 3 phases: 1) creation of idea, 2) ensuring self-sustainability, and 3) diffusing the model. To analyze the diffusion process of each case in detail, I conducted semi-structured interviews with 8 social entrepreneurs (one of 7 cases is managed by 2 social entrepreneurs). In the following of this chapter, I will summarize the story, show the results of classification and phases of the diffusion process, and describe my observations briefly on each case one by one.

### 3.1. Case 1: Harakara-Tofu

#### 3.1.1. *The story of Harakara-Tofu*

##### 1) Creation of idea

In 1970, Mr. Hajime Takeda, the present chairperson of the social welfare corporation Harakara Fukushi-kai, started his teaching career as a teacher of public boarding school for the disabled of Miyagi Prefecture in Japan. Most of the students there could not find a place to work or spend their daytime after graduation. One of the biggest reasons was not their handicap but deep recession of the economy, especially after the oil crisis in 70s. Having nothing to do in their daily lives robbed the graduates of hope for life both mentally and economically. At last, one of the graduates had been driven to suicide. Hearing this sad news, Mr. Takeda was so shocked that he was strongly motivated to know what makes graduates' lives too difficult to live. With some volunteer teachers of the same school, Mr. Takeda conducted a survey of the current living conditions of graduates. As a result, he found out that there is no facility for the disabled in the town of Shibata, the only town where the public boarding school for the disabled has been established in Miyagi Prefecture, and graduates desperately need a place to work, quality of work, and appropriate income. Mr. Takeda thought that these are the most important three factors for minimum acceptable living standards, and in 1983, he

founded a voluntary group “Harakara-kai”<sup>2</sup> to operate a small facility for the disabled without any official authorization from public administration.

## 2) Ensuring self-sustainability

Mr. Takeda founded “Harakara-kai” to provide graduates of public boarding school places to work, opportunities to pursue quality of work, and monthly income of JPY150,000<sup>3</sup>. Like many other volunteer groups for the disabled, Mr. Takeda and users of “Harakara-kai” started their activities by pottery production and sales. However, sales of pottery had been nowhere near the target figure and all users and all volunteer staffs including Mr. Takeda made money selling vegetables and fruits from local farmers every weekend to make up for salaries of “Harakara-kai” users.

After 10 years of trial and error, Mr. Takeda found out that the sales of *tofu* have continued to rise constantly, however, *tofu* is a kind of Japanese traditional food and experienced artisanal skill is necessary for *tofu* manufacturing. Mr. Takeda spent four more years of trial and error to learn how to make *tofu* and develop an original way of division of labour in *tofu* manufacturing that disabled people can work as a part of a production line in *tofu* factory.

In 1996, “Harakara-kai” received official authorization from Miyagi Prefecture as a “social welfare corporation” which is one of the Japanese corporate statuses granted to social welfare service providers like nursing-care homes or facilities for the disabled, and Mr. Takeda accepted the office of the chairperson of “Harakara Fukushi-kai” after mandatory retirement from public school teacher of Miyagi Prefecture. “Zao Suzushiro”, the first officially authorized *tofu* factory of “Harakara Fukushi-kai” was opened in the next year, and they have begun full production of high quality *tofu* since 1997.

## 3) Diffusing the model

Though the price of *tofu* is double of the market price, sales of *tofu* and an average of users’ salaries had continued doubling every year, and high quality “Harakara Tofu” made from soy beans raised by local organic farmers is now a famous local brand of Miyagi Prefecture. To learn how to provide a place to work, quality of work, and appropriate income to disabled people and achieve success as a *tofu* manufacturing business at the same time, more than 1,000 welfare participants had visited “Zao Suzushiro” every year.

Though users working at “Zao Suzushiro” are enjoying their self-dependent life and their product, “Harakara Tofu”, is apparently delicious and became popular, other voluntary groups or social welfare corporations hardly follow this successful example of “Harakara Tofu”. “There were three reasons there,” Mr. Takeda said, “it was difficult for them to buy and use professional *tofu* manufacturing machines, they do not have enough space to set those machines, and above all, it was not so easy to learn artisan skill to make consistently high quality soy milk.”

To make it easier for other voluntary groups or facilities to make *tofu*, and at the same time, to expand market of high quality and high price “Harakara Tofu”, Mr. Takeda came up with an idea of the franchise. Since 2004, he has started internship service so that people from other groups or facilities can have practical work experience of *tofu* manufacturing, especially the skill of mixing soy milk and *nigari*<sup>4</sup>, for five days. Mixing soy milk and *nigari* is the second difficult process which needs experienced skill, though, the most difficult process is to make consistently high quality soy milk and the taste of *tofu* is determined by quality and the taste of soy milk. So “Harakara Fukushi-kai” makes soy milk exclusively at “Zao Suzushiro” and sells this soy milk to other groups. This franchise style made it possible to diffuse the business model of “Harakara Fukushi-kai” across Japan keeping quality and the taste of the product consistent and high. “Harakara Fukushi-kai” is now operating 8

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<sup>2</sup> The word “harakara” means “brothers” in old Japanese language.

<sup>3</sup> including the monthly amount of public disability pension

<sup>4</sup> traditional coagulant for *tofu*

facilities for job assistance for 260 disabled people generating more than 400 million yen in annual sales, and paying more than 120 million yen to the facility users as their salaries. Also, there are 43 franchise factories of “Harakara Tofu” across Japan as of the October 2010.

### 3.1.2. Classification and phases of diffusion process

Organization: Harakara Fukushi-kai (Social Welfare Corporation) Social Entrepreneur: Mr. Hajime Takeda (Chairperson, Harakara Fukushi-kai) Type of Business Model and Scaling Method of Impact Type: Organizational Model (Scaling Out) Method: Affiliation
Phases of Diffusion Process 1) Creation of idea: from a survey of the current living conditions of graduates of the school for the disabled to foundation of an unauthorized small facility for the disabled 2) Ensuring self-sustainability: from managing and organizing activities of small facilities to receiving authorization as a social welfare corporation and starting tofu manufacturing 3) Diffusing the model: after starting franchising tofu manufacturing

### 3.1.3. Brief Observations

One characteristic on the case of Harakara Fukushi-kai is that the impact of Harakara-Tofu business model led to explosive growth of their sales despite it had taken ten-years long to establish a sustainable operating base. What was the most effective factor accelerated diffusing process of this case at a burst? I point out two important decisions made by the social entrepreneur of this case Mr. Takeda.

One was the decision to pursue taste and quality of *tofu* thoroughly for differentiation. Mr. Takeda carefully selected organic soybeans cultivated by local farmers as ingredients of Harakara Tofu, and took on the challenge of traditional *tofu* manufacturing which needs experienced artisanal skill, taking a risk of doubling cost and price.

Another was the decision to spread the business model in a franchise style that those who would like to start *tofu* manufacturing do not need big capital investment spending or long time to master making consistently high quality soy milk. Mr. Takeda’s these two decisions making to introduce the principle of competition for *tofu* manufacturing by the disabled and not to aspiring to simply extending the market seem to lead to the successful diffusion of the business model as a result.

## 3.2. Case 2: Prop Station

### 3.2.1. The story of Prop Station

#### 1) Creation of idea

Having a daughter with heavy disability, Ms. Nami Takenaka, the present chairperson of the social welfare corporation “Prop Station”, had learned and studied by herself on medical care, welfare, and education for kids with special needs since 70s. When she volunteered as a supporting staff of an event for wheelchair users held in 1988, the Mainstream Association, the organizer of the event, introduced a paid attendant service for the first time. Ms. Takenaka felt something of a culture shock to know that it is common in the United States for the disabled to use a paid attendant service when they would like to go out, they work just the same as other people and pay for the service to do what they want to do. She thought it necessary as well in Japan to promote that kind of service and idea to make secure and safe society for the disabled. To realize the idea, she accepted the office of the secretary general of the Mainstream Association, and she set up a division of job assistance for the

disabled in 1991. The following year, this division spun off as a grass-roots organization “Prop Station” in Kobe, Hyogo Prefecture.

## 2) Ensuring self-sustainability

Ms. Takenaka started organizing “Prop Station” with four advocates and initial subscription of 1 million yen. They provided regular seminars for the disabled to learn computer skill so they can work as system engineers, data-entry operators or graphic designers at home. These ICT seminars are still the core business of “Prop Station”. Engineers who learned at “Prop Station” played an enormous role of safety confirmation using their professional computer skills after the Great Hanshin Earthquake of 1995. As major newspapers gave a great deal of space for this news, the name of “Prop Station” was catapulted into fame and network of advocates reached across Japan. One of these articles introducing “Prop Station” attracted Mr. Makoto Naruke’s attention. Mr. Naruke was the President and CEO of Microsoft Co. Ltd, Japan at that time, and since then, he has provided a great support for the efforts of “Prop Station” to ensure the disabled with the ICT skills opportunity to work as professionals. With backing from Mr. Naruke and Mr. Bill Gates, “Prop Station” received official authorization as a “social welfare corporation” from the Ministry of Health, Labour and Welfare in 1998.

## 3) Diffusing the model

The mission statement of “Prop Station” has been “to make Japan a society where the challenged can become taxpayers”. To realize this kind of social innovation, it is absolutely necessary to work together with various stakeholders not only the disabled themselves or their families but business enterprises, other nonprofits, general public or local and central governments. That is the reason why Ms. Takenaka has been eager to involve local companies and government officials in activities of “Prop Station” to offer places and opportunities to work to the disabled.

In 2003, Ms. Takenaka launched a new project “Challenged Creative Project (CCP)” in collaboration with Mr. Kazuhiko Yazaki, the president of the famous mail-order retailing company FELISSIMO. The disabled design textile or goods like bags, professional staffs of FELISSIMO commercialize their design, facilities for the disabled work as factories to make products, and products are sold through the home shopping network of FELISSIMO. Again, the name of “Prop Station” and the business model of CCP spread extensively.

“Prop Station” opened a new office in Akasaka, Tokyo in 2008 to start organizing ICT seminars as well in Tokyo, and at the end of the same year, founded “Kobe Sweets Consortium” to launch another program to foster the disabled patissiers in similar CCP model in collaboration with confectionery makers and local government of Kobe City.

### 3.2.2. Classification and phases of diffusion process

Organization: Prop Station (Social Welfare Corporation) Social Entrepreneur: Ms. Nami Takenaka (Chairperson, Prop Station) Type of Business Model and Scaling Method of Impact Type: Program (Scaling Out) Method: Affiliation
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Phases of Diffusion Process 1) Creation of idea: from getting to know attendant service for disabled people in U.S. to foundation of a grass-roots organization “Prop Station” 2) Ensuring self-sustainability: from organizing and managing ICT seminars for disabled people to receiving authorization as a social welfare corporation 3) Diffusing the model: after starting up Challenged Creative Project (CCP)
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### **3.2.3. Brief Observations**

One characteristic on the case of Prop Station is that Ms. Takenaka generated a new business model for job assistance for the disabled based on a triangle partnership among public sector, private sector and the nonprofit sector. I point out three significant incidents that seem to be accelerating factors in the diffusion process of this case. First, the Great Hanshin Earthquake of 1995 created a chance to promote brand awareness of "Prop Station". Second, obtaining authorization of a social welfare corporation with the help of Mr. Makoto Naruke, who is one of the most famous business entrepreneurs in Japan, established sustainable base for the operation of "Prop Station". And the third, encounter with Mr. Kazuhiko Yazaki of FELISSIMO led directly to the idea of CCP model and produced the first example of a triangle partnership among three sectors. These three incidents all happened by chance, however, Ms. Takenaka took full advantage of each opportunity through "communication" and pushed the progress of diffusion process as a result.

## **3.3. Case 3: Muso**

### **3.3.1. The story of Muso**

#### **1) Creation of idea**

Mr. Hiromoto Toeda, the present chairperson of "Muso" and NPO "Fuwari", had been working as a care worker at a public social welfare facility for the disabled in Handa City, Aichi Prefecture for seven years after his graduation from Nihon Fukushi University. Working at the public facility, he had been wondering whether it is strange or not that the various kinds of disabled live together in the same facility doing what nursing staffs say in the way as nursing staffs say. As he could not find the answer in the way they live in the facility or even in the way he himself had been working, Mr. Toeda decided to leave a job there and started planning and preparing to organize and manage the social welfare business for job and livelihood support for the disabled by himself. In 1999, he founded an NPO "Fuwari" and started providing paid service like day-care or respite at a vacant house reformed to install barrier-free facilities.

#### **2) Ensuring self-sustainability**

Mr. Toeda had developed various types of job assistance service for the disabled, other than day-care and respite service. He opened a café and a variety store and these places to work have been managed with special care and thoughtfulness for the disabled staffs working there. Staffs who have some trouble to speak with other people do the dishes at the back of the café, a staff in a wheelchair who have a severe physical disability stays and works at the register, and a staff with a hyperactivity problem works outdoor chicken farm that an aged owner who were going to retire offered Mr. Toeda to take over operation. Year by year, stalls by "Fuwari" users at the summer festival had become popular among local residents in Handa City.

After four-year local livelihood support, Mr. Toeda founded an officially authorized social welfare corporation "Muso" in 2003, and in response to the growing demand for a vocational aid center for the disabled, he opened "Art Square" in the next year as one of the welfare facilities organized by "Muso".

#### **3) Diffusing the model**

In 2006, Services and Supports for Persons with Disabilities Act came into force. This Act contains terms that the disabled pay 10% of the welfare service fee, and because of this, the needs of job assistance for the disabled had swollen both in public and nonprofit sectors. Feeling the strong need to spread his know-how of organizing local livelihood support service, in 2007, Mr. Toeda published

a booklet titled “Guidebook for Local Livelihood Support Service Providers under the Services and Supports for Persons with Disabilities Act” in the name of the secretary general of NPO “Amenity Net”. Mr. Toeda also lobbied local elected officials energetically and involved local governments of five cities and five towns of Chita Peninsula including Handa City to establish the first local adult guardianship center for the disabled.

Now “Musō” is one of the most typical social welfare corporations making a substantial contribution to developing various types of business model for community building against social exclusion, not only for the disabled but also for the aged or people who live in local area suffering from depopulation, and NPO “Fuwari” is working as a consulting branch in Handa and Yokohama (a big city in Kanagawa Prefecture) to diffuse such business models developed by “Musō”.

### 3.3.2. Classification and phases of diffusion process

<p>Organizations: Muso (Social Welfare Corporation) / Fuwari (NPO)          Social Entrepreneur: Mr. Hiromoto Toeda (Chairperson, Muso / Chairperson, NPO Fuwari)          Type of Business Model and Scaling Method of Impact          Type: Program (Scaling Out)          Method: Dissemination</p>
<p>Phases of Diffusion Process</p> <ol style="list-style-type: none"> <li>1) Creation of idea: from leaving a job at the public welfare facility for the disabled to founding a voluntary group “Fuwari”</li> <li>2) Ensuring self-sustainability: from starting building various businesses to offer opportunities to work to the disabled to founding the authorized social welfare corporation “Musō”</li> <li>3) Diffusing the model: after accepting office of the secretary general of NPO “Amenity Net”</li> </ol>

### 3.3.3. Brief Observations

The case of “Musō” reached its diffusion phase in the shortest period of time among 7 cases in this study. Mr. Toeda, the social entrepreneur of this case, spent one year just after leaving his job at a public welfare facility to learn intensively fundamental managerial skills as well as ICT to manage social business efficiently. That is why he could push the diffusion process to the second phase of ensuring self-sustainability at almost the same time as the creation of the idea of livelihood support service for the disabled which was put in practice by his initial operating body NPO “Fuwari”.

In addition to this sense of speed, another characteristic point in this case is that Mr. Toeda has creatively used two types of operating body to cover by and large various services necessary to assist local livelihood of the disabled. He also formed a brain team of experts to support and manage multifaceted business models developed to meet individual needs of the disabled users of “Musō” and “Fuwari”. These solutions are the fruits of keen-eyed problem finding and strategic thinking by Mr. Toeda, and this was the most effective diffusing factor in this case.

## 3.4. Case 4: Gamba Company

### 3.4.1. The story of Gamba Company

#### 1) Creation of idea

Ms. Hitomi Nakazaki, present chief of “Gamba Company”, had been working at a construction company in Otsu City, Shiga Prefecture after her graduation from high school. She retired for health reasons after having a child, who is with intellectual disability, and she happened to know a man

who was a representative of a nearby welfare facility. The man, Mr. Kenji Kadowaki, the founder of that welfare facility, was with a severe cerebral palsy himself, however, raised several million yen by citizen bond to found a facility for the disabled and established this small welfare facility in 1986. Profoundly impressed by his positive way of life, Ms. Nakazaki joined the nursing-care volunteer at his facility in 1991 and became one of the regular members of staff there.

As Ms. Nakazaki was in charge of administrative work when she was working at a construction company, she found out that businesses were not operated very smoothly and users of the facility could not get enough income or feel their life worth living. To act up to the basic philosophy of the facility "self-reliance of and collaboration with the disabled", in 1995, she set up an employment contract system that all users of the facility who work there should sign. This was the first step of installing business scheme to their operation of the facility.

## 2) Ensuring self-sustainability

In 1999, Mr. Kadowaki and Ms. Nakazaki decided to split nursing care service and confectionery business, and thus the spin-off division "Gamba Company" was born as a confectionery factory. Around the same time, Ms. Nakazaki noticed that the idea of social cooperatives, social enterprises and social firms in Europe is very close to how she would like to organize and manage "Gamba Company", and she attended seminars and inspection tour to Europe very eagerly. That is the reason why she is so aware of operating a business as a kind of contribution to society. Cookies, the core product of "Gamba Company", are made from domestic organic ingredients and for the ingredients they cannot purchase domestic ones, they use fair trade ones. Annual sales of "Gamba Company" is now around 100 million yen, however, half of income comes from contract manufacturing service, not from sales of organic cookies of their original brand. Because of this dual structure of factory operation and income, annual sales of "Gamba Company" have been gyrating wildly every year.

## 3) Diffusing the model

In this case, scaling method of impact would be regarded as "Scaling Deep", and for it is difficult to observe any specific results of the impact of social innovation that suggest the beginning of diffusing phase, I did not identify diffusing phase of this case at the time of this study.

### 3.4.2. Classification and phases of diffusion process

Organization: Kyosei Symphony (Social Welfare Corporation) Social Entrepreneur: Ms. Hitomi Nakazaki Type of Business Model and Scaling Method of Impact Type: - (Scaling Deep) Method: increasing target client population
Phases of Diffusion Process 1) Creation of idea: from setting up an employment contract system to spinning off of confectionery division 2) Ensuring self-sustainability: After spinning off 3) Diffusing the model: -

### 3.4.3. Brief Observations

Mr. Kadowaki, the founder of a parent organization of "Gamba Company", died of cancer in 2006, and Ms. Nakazaki, who had been running the organization together with Mr. Kadowaki for more than ten years and took over the organization as well as the spirit of Mr. Kadowaki, is considered to be the social entrepreneur of this case.

Annual sales of "Gamba Company" hover at 100 million yen and it looks that they are establishing a sustainable operating base, however, according to what Ms. Nakazaki said in the interview, half of

the income is from contracted manufacturing of other confectionery brand, not of the original brand of "Gamba Company" itself. The factory of "Gamba Company" has been run by manufacturing business of two kinds: manufacturing business of the original brand of organic cookies as a job assistance service for the disabled and contracted manufacturing business to utilize idling production line of the factory while there is no need to manufacture organic cookies of original brand. This point is considered to be both a characteristic and a decelerating factor of the diffusion process of this case at the same time. Recipes of these two kinds of manufacturing are completely different and incorporation of different ingredients is not allowed. Management of production line and factory staffs is far more complex than one might imagine, and it is too complex to compile in a manual. This complexity of management seems to block training and retention of management staffs and Ms. Nakazaki is the only one skilled enough under present circumstances.

### **3.5. Case 5: !-style (exclamation style)**

#### **3.5.1. The story of !-style**

##### **1) Creation of idea**

Mr. Tomokazu Yoshino, the present vice-president of NPO "!-style" but a care worker at a social welfare facility at that time, visited a café restaurant in Uji City, Kyoto Prefecture, as a salesperson of bread made by the disabled of the facility he was working for. There he met Mr. Junsuke Tanaka, the owner of the café restaurant "Butterfly" for the first time. Mr. Tanaka was so impressed by Mr. Yoshino's earnest intentions that he eagerly desired to open up a normal sales channels for the products by the disabled, not charity ones, and thought that collaboration of Mr. Yoshino as an expert on social welfare for the disabled and Mr. Tanaka himself as an expert of corporate development and business consulting would be ideal to realize an innovative business model Mr. Yoshino had in his mind. Then Mr. Tanaka proposed Mr. Yoshino to work together and they launched a collaborative project "!-style" in 2002.

##### **2) Ensuring self-sustainability**

To produce salable products by the disabled, Mr. Tanaka's company "JFS" offered their know how to train users of the social welfare facility as a professional workforce, and staffs of the facility worked as assistants to the disabled. In 2005, "!-style" project opened a retail store in Shimpu-kan, a commercial complex in the center of the City of Kyoto, and successfully provided products like textiles, accessories or ceramics designed by professional designers and commercialized by the facility for the disabled. In 2006, "!-style" project got an official authorization as an NPO. Borrowing 35 million yen from banks, NPO "!-style" opened their own factory in Yawata City, located in the south part of Kyoto Prefecture, and they began full production of tastefully designed ceramics there. Other than that, in 2008, "!-style" project launched central kitchen business using underutilized but expensive professional kitchen equipments like a steam convection oven of large social welfare facilities to make precooked food for client restaurants. At that time, central kitchen business by the disabled like this had no precedent.

##### **3) Diffusing the model**

In this case, scaling method of impact would be regarded as "Scaling Deep", and for it is difficult to observe any specific results of the impact of social innovation that suggest the beginning of diffusing phase, I did not identify diffusing phase of this case at the time of this study.

### 3.5.2. Classification and phases of diffusion process

Organization: !-style (NPO) Social Entrepreneurs: Mr. Junsuke Tanaka (President, !-style) & Mr. Tomokazu Yoshino (Vice-President, !-style) Type of Business Model and Scaling Method of Impact Type: - (Scaling Deep) Method: increasing target client population
Phases of Diffusion Process 1) Creation of idea: from encounter of two social entrepreneurs to the launching job assistance project 2) Ensuring self-sustainability: after opening “!-store” 3) Diffusing the model: -

### 3.5.3. Brief Observations

There are two social entrepreneurs in this case of “!-style”. Close liaison of two experts is one characteristic of this case: Mr. Tanaka, the president of NPO “!-style” is a restaurant-chain operator and is also a store manager, and Mr. Yoshino, the vice-president of NPO “!-style” is a former care worker of a social welfare facility for the disabled. Mr. Tanaka has networks of experts and management skill and Mr. Yoshino has expert knowledge and know-hows regarding organizing and managing social welfare facilities for the disabled. They have been collaborating in creating the idea of the business model of “!-style” bringing their knowledge and know-hows together since launching this project.

As there are various different types of business in “!-style”, they are organizing the NPO on a sectoral basis, for example, department of design, manufacturing, food processing, consulting, and retail, and expert staffs support the disabled working there in each department, except for consulting. This structure of business seems to help enhance the efficiency of their business model and it is one factor pushing the diffusion process of this case. The breakthrough business model of “!-style” was awarded “Good Design Award 2010” in the category of network and public communication by the Japan Industrial Design Promotion Organization.

## 3.6. Case 6: Palette

### 3.6.1. The story of Palette

#### 1) Creation of idea

Losing her young daughter to childhood cancer, Ms. Naoko Taniguchi, the former chairperson and present executive director of NPO “Palette”, returned to university to learn welfare of the disabled. She visited a social welfare facility for her teaching practice and met there young fellows with disabilities, living very positively. Their sincere effort to their own life moved Ms. Taniguchi and motivated her to support them live in their local community. In 1983, she rented a small house with two rooms and opened a hangout for the disabled “Palette” in Ebisu, a town in Shibuya Ward, Tokyo.

#### 2) Ensuring self-sustainability

“Palette” was a pioneering activity at that time of Tokyo, and Ms. Taniguchi had much difficulty from two reasons. For one thing, she had to win the understanding of the neighbors especially for the mentally disabled coming to “Palette”. The residents of the Ebisu area was not used to running into someone always mumbling or someone suddenly says something aloud on the street. Another

difficulty was persuading parents of the disabled. Most parents were rather hesitant about to let their sons or daughters spend daytime by themselves. Ms. Taniguchi had close discussions with these stakeholders, and after two years preparation, she opened a small cookie factory and store "Confectionery Palette" as a place to work for the disabled.

Sales of the confectionery covered the costs to operate the hangout and the confectionery. However, Ms. Taniguchi was not satisfied with these activities by a small voluntary group "Palette". She thought that having a job for the disabled would become common practice only in society people can work and live together regardless of whether one has a disability or not. So, Ms. Taniguchi founded another "Palette" as a business corporation and opened an authentic Sri Lankan restaurant in 1990 and a group home "Ebisu Palette Home" as a nonprofit in 1993, both in Ebisu as well.

The business model of "Palette" is one of the pioneering examples of local livelihood support service for the disabled in Japan, however, it seems difficult for both business corporation and NPO to operate an economically sustainable business. The business corporation had just eliminated their debt after nearly twenty-year effort, and NPO is depending on subsidy and grant money from governments or public agencies to make up 60% of their finance as of April, 2008.

### 3) Diffusing the model

Scaling method of impact of this case is considered as typical "Scaling Deep", and for it is difficult to observe any specific results of the impact of social innovation that suggest the beginning of diffusing phase, I did not identify diffusing phase of this case at the time of this study.

### 3.6.2. Classification and phases of diffusion process

Organization: Palette (NPO) Social Entrepreneur: Ms. Naoko Taniguchi (Executive Director, Palette) Type of Business Model and Scaling Method of Impact Type: - (Scaling Deep) Method: serving as an example for others
Phases of Diffusion Process 1) Creation of idea: from teaching practice at a welfare facility to founding a hangout for the disabled 2) Ensuring self-sustainability: after founding a hangout "Palette" 3) Diffusing the model: -

### 3.6.3. Brief Observations

"Palette" is a pioneering case of total livelihood support service including job assistance for the mentally disabled residents of a neighboring area, Ebisu. Ms. Taniguchi, the social entrepreneur of this case, has a strong belief that her activities of "Palette" is not for social welfare but for community building of her own residential area. This belief seems to be the most effective pushing factor of the diffusing process of "Palette" as a typical "Scaling Deep" case, so that "Palette" is supposed not to pursue product branding and extending their selling outlet of cookies made by the disabled users or to develop other more popular menu than Sri Lankan curry at "Restaurant & Bar Palette" managed by their business corporation.

The reason why this case became one of the most famous successful cases in this field is supposed to be that Ms. Taniguchi had made every important decision to determine the direction of the business and activities after enough discussion with parents of the users of "Palette". Starting from a hangout for the disabled, Ms. Taniguchi developed different types of facilities for the disabled like a cookie factory, a Sri Lankan restaurant, and a group home in such a way. It means that every facility or business model was developed to meet needs of the users of "Palette", so, these facilities successfully became essential parts to form one total livelihood support service for the disabled residents of that

local area. This style of process of development of the total business model is a characteristic in this case.

## 3.7. Case 7: Cocoron

### 3.7.1. The story of Cocoron

#### 1) Creation of idea

Ms. Yoshie Kumada, the present chief of “Cocoron”, had been an ordinary full-time homemaker until she had started part-time working at a nearby welfare facility for the mentally disabled in 1993. As it was a very small facility, soon she got responsible for not only accounting but management of the facility by and large. She was driven by necessity to learn about care for the mental disability, and in 1999, she passed a national licensing examination of psychiatric social worker. Learning welfare for the disabled based on the spirit of normalization, Ms. Kumada was motivated to put a welfare and local community building under the spirit of normalization in practice. As she felt instinctively from the experience of motherhood that many of the mentally disabled did not have a proper eating habit or a well-balanced diet, she planned to launch local livelihood support service for the mentally disabled centering on farming and dietary education. In 2002, she founded an NPO “Kokoro Network Kennan” in Izumizaki Village in south area of Fukushima Prefecture, where is a richer place with clear air and good-tasting natural water.

#### 2) Ensuring self-sustainability

In the next year of NPO foundation, Ms. Kumada launched a *satoyama*<sup>5</sup> revitalization project. She built a partnership with local farming corporations and a sake brewery, and the users of the NPO cultivate rice using idle farmland of the partner farming corporation to make original cooking sake with the cooperation of the partner brewery. Ms. Kumada also opened a support center “Cocoron” in 2004 to provide daily assistance for the disabled and she changed the name of the NPO to “Cocoron” in the following year.

After two-year effort like above, in 2006, Ms. Kumada opened “Cocoro-ya”, a farmer’s market attached to a café restaurant, where the disabled users sell organic vegetables they farmed, processed product like cooking sake, vinegar or *miso*<sup>6</sup> all made from rice they cultivated, and serve original dishes cooked with organic vegetables they farmed. In 2008, a group home “Cocoron House” was built right next to the support center “Cocoron” and started operation.

“Cocoron” was restructured as a social welfare corporation on April 1 in 2011, just after the Great East Japan Earthquake and nuclear disaster in Fukushima. Now Ms. Kumada is seeking the way of branding of “Cocoron”, and exploring new business opportunities to sell their organic vegetables not just in Izumizaki Village but across in Japan.

#### 3) Diffusing the model

In this case, scaling method of impact would be regarded as “Scaling Deep”, and for it is difficult to observe any specific results of the impact of social innovation that suggest the beginning of diffusing phase, I did not identify diffusing phase of this case at the time of this study.

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<sup>5</sup> Rural area traditionally where the farmland and the forest are located near a human community

<sup>6</sup> Japanese traditional bean paste

### 3.7.2. Classification and phases of diffusion process

Organization: Cocoron (Social Welfare Corporation, founded as an NPO & restructured in 2011) Social Entrepreneur: Ms. Yoshie Kumada (Chief, Cocoron) Type of Business Model and Scaling Method of Impact Type: - (Scaling Deep) Method: improving quality of services
Phases of Diffusion Process 1) Creation of idea: from starting accounting work at a welfare facility to founding NPO "South Fukushima Kokoro Network" 2) Ensuring self-sustainability: after launching a <i>satoyama</i> revitalization project 3) Diffusing the model: -

### 3.7.3. Brief Observations

There is a strong resemblance in the business model of this case to the one of the case of "Palette". Both are total livelihood support service for the mentally disabled, especially for the users who live in the neighboring area of their facilities, not for the disabled in general across Japan. However, Ms. Kumada, the social entrepreneur of this case of "Cocoron", conducted in-depth research beforehand and selected Izumizaki Village strategically as the place to found an NPO, while the facilities and services of "Palette" were developed within the local area where the social entrepreneur herself lives. Ms. Kumada introduced the spirit of normalization in developing of total livelihood support service including job assistance for the mentally disabled, while "Palette" did not have a specific basic philosophy other than the social entrepreneur's individual belief.

Above all, the most unique point of this case is that the business and activities of "Cocoron" are totally centering on farming and dietary education. There may be some precedents of job assistance for the disabled centering on farming, however, a business model like "Cocoron" covering a totally wide range of industry from primary to tertiary industries would be pretty rare as a business model for the disabled, and the diffusion process of this case is supposed to be accelerated once they get a selling outlet of their products across Japan.

## 4. DIFFUSION PROCESS OF SOCIAL INNOVATION IN THE FIELD OF JOB ASSISTANCE FOR DISABLED PEOPLE

In the previous chapter, I introduced 7 cases of social innovation in the field of job assistance for disabled people. Three of them are considered "Scaling Out" cases and other four are considered "Scaling Deep" cases. In this chapter, I will review again 7 cases in these two types of diffusion process separately, and describe characteristics of the diffusion process of each type and the role of social entrepreneurs as a driving force of the diffusion process.

### 4.1. Diffusion Process of "Scaling Out" Cases

Types of business model and scaling methods of three "Scaling Out" cases were as indicated in the table below:

**Table 6. Types of business model and scaling methods of “Scaling Out” cases**

name of the case	type of business model	scaling method
Harakara-Tofu	organizational model	Affiliation
Prop Station	Program	Affiliation
Muso	Program	Dissemination

The type of business model of “Harakara-Tofu” is considered an organizational model which extends its resources as one organization to achieve one objective, and the scaling method of impact is considered affiliation, not branching, for 43 *tofu* factories are not subsidiary organizations under “Harakara Fukushi-kai” as the parent organization but independent organizations with each original brand and *tofu* manufacturing know-how of “Harakara-Tofu”.

Two cases of “Prop Station” and “Muso” both have a business model of program type which extends its resources through a series of activities based on a common objective, but they have different scaling method of impact. The scaling method of “Prop Station” is typically considered affiliation because the core business model of this case spreads the impact of each project by increasing collaborating companies and organizations involving other sectors. On the other hand, the scaling method of “Muso” is considered dissemination. The business model of “Muso” is spreading through consulting activities by NPO “Fuwari”, however, it is neither branding nor affiliation. Business models organized by clients of Mr. Toeda’s consulting are not of “Muso” brand, and their organizations are not subsidiaries of “Muso”.

Among these three “Scaling Out” cases, “Harakara-Tofu” was the only case that its business model specializes in manufacturing like other private companies. The social entrepreneur of this case mastered himself *tofu* manufacturing skill to create an original product successfully, and spread *tofu* manufacturing as a possible business model for the disabled. As the social entrepreneur noticed that it is easier to transfer *tofu* manufacturing to other social welfare organizations if more complex process of making soy milk was separated from the subsequent process of mixing coagulant into soy milk to make *tofu* solid. Thus franchising of manufacturing business of “Harakara-Tofu” led to cost reduction both for franchiser and franchisee organizations and accelerated effectively the diffusion process of “Harakara-Tofu”.

The other two cases both created a new model of job assistance for the disabled by giving unique twists to existing welfare facility model to bring it closer to private business. “Prop Station” introduced expert skills into their job assistance project “CCP” by forming partnership with companies and organizations of other sectors. In collaborating with a mail-order company FELISSIMO, the disabled users work as professional product designers and they collaborate with experts on commercializing and sales of FELISSIMO. In “Kobe Sweets Consortium” project, patissiers of a well-known confectionery corporations and ingredients companies offer cooperation as experts on fostering the disabled to become professional patissiers. In this case, partner experts form a critical network to distribute products made by the disabled through general market, and by collaborating with other sectors, business model of “Prop Station” was simplified and their cost of business was reduced. Thus forming networks of experts across sectors accelerated the diffusion process of “Prop Station”.

In the case of “Muso”, they broke down and reassembled various kinds of jobs to make every part of jobs possible to be done by the disabled users, and this reassembly made it possible to replicate business models of private business like restaurants or café or stores only by the disabled staffs and at the same time achieved diverse jobs for the disabled. As a result, various kinds of shops and stores organized by users of “Muso” are dotted across local area around Handa City to meet the needs of users with various kinds of disability.

In addition to that, "Muso" is very positive to utilize vacant houses and stores to renovate as places to work for the disabled, and their business is contributing to revitalize the local shopping mall. It means that the business model of "Muso" cannot be put in practice without the wide range of consensus formation with local residents, business companies, and governments of the area, and this is the reason why I described this business model as the one for "community building against social exclusion" in the previous chapter. This case is the only case creatively using two types of organizational form, and this is supposed to be one reason that made communication with other sectors easier.

Diffusing factors of the three "Scaling Out" cases described above are summarized in table 7 below:

**Table 7. Diffusing factors of "Scaling Out" cases**

Harakara-Tofu	<ul style="list-style-type: none"> <li>◆ simplification of processes of job by separating complex part of manufacturing process to undertake</li> <li>◆ cost reduction</li> </ul>
Prop Station	<ul style="list-style-type: none"> <li>◆ simplification of processes of job by separating complex part of manufacturing process to leave to experts</li> <li>◆ cost reduction</li> </ul>
Muso	<ul style="list-style-type: none"> <li>◆ breakdown and reassembly of processes of job</li> <li>◆ forming wide range of communication network by creatively using different types of organizational form</li> </ul>

## 4.2. Diffusion Process of "Scaling Deep" Cases

Scaling methods of four "Scaling Deep" cases were as indicated in the table below:

**Table 8. Scaling methods of "Scaling Deep" cases**

name of the case	scaling method
Gamba Company	increasing target client population
!-style	increasing target client population
Palette	-serving as an example for others
Cocoron	improving quality of services

The most effective factor in the diffusion process of "Scaling Deep" cases can only be assumed from the background of the most distinguished scaling method of impact of each case, for, unlike "Scaling Out" cases, results of increase of impact are hardly observed in a concrete unit like a number of subsidiary organizations, networks of partners, or clients of consultation on replicating a business model. I am going to assume what is the most effective factor in each diffusion process of four "Scaling Deep" cases and review them by comparison in the following.

The scaling method of the case of "Gamba Company" and "!-style" is both considered to be "increasing target client population". Job assistance service for the disabled of "Gamba Company" is provided in the form of manufacturing business, and at this point, this case is similar to a "Scaling Out" case of "Harakara-Tofu". In the case of "Gamba Company", creating an original brand of organic cookie dramatically raised awareness of "Gamba Company" and expanded the number and the range of buyers as a result. The business model of "!-style" whose mission is to sell products of welfare facilities for the disabled through general commercial outlet has been explicitly pursuing an increase of target client population from the very beginning. In this case, job assistance service for the disabled is provided in the form of collaboration of experts from the field of private business and social welfare for the disabled. I can say that this type of business model is similar to a "Scaling Out"

case of "Prop Station". These similarities of business model to "Scaling Out" cases are supposed to lead to the same scaling method of impact of these two cases.

The scaling method of the case of "Palette" is considered to be "serving as an example for others" as explained in the previous chapter. Job assistance service for the disabled of "Palette" is provided as a part of their total livelihood support service for the disabled residents in the specific local area, and the social entrepreneur of this case has not pursued diffusion like spinning off subsidiaries or developing programs in other local areas. The case of "Palette" is a typical "Scaling Deep" case. Job assistance service for the disabled of the case of "Cocoron" is also provided in community-based way, and is similar to the one of "Palette" from this point of view. However, scaling method of this case is considered to be "improving quality of services". The business model of "Cocoron" has been designed and developed to differentiate from existing job assistance service for the disabled especially for the mentally disabled residents.

Among four "Scaling Deep" cases, the first two cases of "Gamba Company" and "!-style" indicated much more similar tendency in their diffusion process as I pointed out above. I am going to describe these two cases more comparatively in the following section.

### 4.3. The Third Classification of Diffusion Process

Two "Scaling Deep" cases of "Gamba Company" and "!-style" are supposed to have a very similar type of diffusion process to "Scaling Out" cases of "Harakara-Tofu" and "Prop Station".

Firstly, I will indicate characteristics of the diffusion process of "Gamba Company" and "Harakara-Tofu" in table 9 below:

**Table 9. Characteristics of the diffusion process of "Gamba Company" and "Harakara-Tofu"**

	Gamba Company	Harakara-Tofu
business model type	-	organizational model
scaling method of impact	increasing target client population	Affiliation
organizational form	social welfare corporation	social welfare corporation
diffusing factor	product-branding of original organic cookie	<ul style="list-style-type: none"> <li>◆ simplification of processes of job</li> <li>◆ extending market through know-how transfer</li> </ul>

Diffusing factors of these two cases are very different. In the case of "Gamba Company", product-branding of the original organic cookie was the most distinguished accelerating factor of its diffusion process. On the other hand, product-branding itself was not the most effective factor to accelerate the diffusion process of "Harakara-Tofu", though their *tofu* products are known as original "Harakara" brand. In the case of "Harakara-Tofu", simplification of processes of the job and extending market through know-how transfer of *tofu* manufacturing accelerated their diffusing process significantly.

These factors are both about the management of the whole business model, while the diffusion factor of "Gamba Company" case, product-branding, is just a sales strategy. The business model of "Gamba Company" is designed very similarly to that of "Harakara-Tofu", however, management of business model in "Gamba Company" case is facing a difficulty because of its dual structure of factory operation and is not as matured as that of "Harakara-Tofu".

Secondly, I will indicate characteristics of the diffusion process of "!-style" and "Prop Station" in table 10 below:

**Table 10. Characteristics of the diffusion process of “!-style” and “Prop Station”**

	!-style	Prop Station
business model type	-	Program
scaling method of impact	increasing target client population	Affiliation
organizational form	NPO / business corporation	social welfare corporation
diffusing factor	collaboration with experts from private business	<ul style="list-style-type: none"> <li>◆ simplification of processes of job</li> <li>◆ serial serendipity to meet key persons of other sectors</li> </ul>

Again, diffusing factors of these two cases are very different. The diffusion process of “!-style” was most effectively accelerated by expanding the number and the range of buyers through working together with experts to improve the quality of products. Accordingly, the diffusion factor of the “!-style” case is considered to be “collaboration with experts from private business”. The business model of “Prop Station” is developed, too, in collaboration with experts, however, the diffusion factor of “Prop Station” is considered to be a simplification of processes of the job and a series of serendipities to meet key persons of other sectors.

In the case of “Prop Station”, their business model is managed efficiently enough to accelerate its diffusion process after establishing a business model to produce products in collaboration with experts. However, the business model of “!-style” is managed in a little more complex way than “Prop Station”. The business model of “Prop Station” is designed simply as a network with external partners, while the business model of “!-style” partly depends on cooperation of experts from a company owned by the social entrepreneur of the case himself. Thus the business model of “!-style” is designed very similarly to that of “Prop Station”, however, there lies a kind of complexity in operating their job assistance service for the disabled, and at this point, management of “!-style” business model is not as matured as that of “Prop Station”.

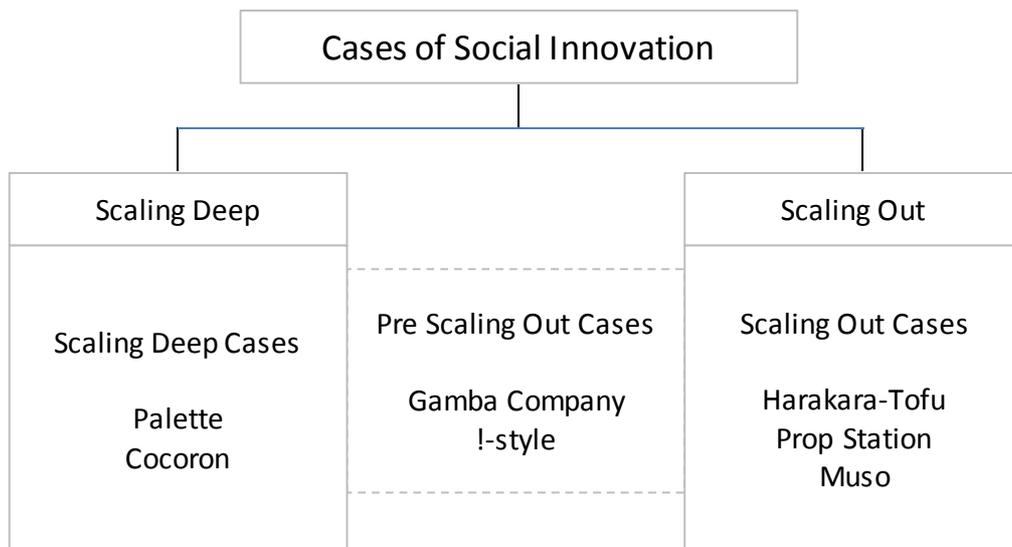
Two comparisons described above indicate that, among “Scaling Deep” cases of this study, there possibly are business models which has characteristics rather similar to those of “Scaling Out” cases. A particular kind of “Scaling Deep” cases like “Gamba Company” and “!-style” have been experiencing a similar kind of difficulty---“management of business model”. The reason why the diffusion process of the particular “Scaling Deep” cases had not accelerated enough despite they have almost the same business model as those of “Scaling Out” predecessors is assumed to be the same reason as I described above about the differences between “Gamba Company” and “Harakara-Tofu” or between “!-style” and “Prop Station”. The business models of two cases of “Scaling Deep” were almost similar to “Scaling Out” cases and at the same time, were partly immature comparing to “Scaling Out” cases.

In other words, such similarity and immaturity of business models indicates that these particular two cases are still developing to become “Scaling Out” cases despite they were developed as the business models of “Scaling Deep” type at the beginning. It also means that there is another viewpoint on the development stages of business models, other than the viewpoint on phases of diffusion processes, to analyze the diffusion of social innovation in the field of job assistance for the disabled. Putting together these two viewpoints, the business models of a particular type of “Scaling Deep” cases like “Gamba Company” and “!-style” can be classified into the category of “Scaling Out” when their business model management get matured enough. So, as the conclusion of this study, I propose to classify this type of cases in the third category, “Pre-Scaling Out”.

## 5. FINAL COMMENTS

At the end of the previous chapter, I concluded that the diffusion process of social innovation in the field of job assistance for the disabled can be classified into three categories of “Scaling Out”, “Scaling Deep” and “Pre-Scaling Out”, not only into the former two categories. Accordingly, 7 cases in this study are classified as shown in figure 1 below:

**Figure 1. 3 categories of the diffusion process of social innovation**



I have to leave to future research determining in what development stage a business model is and how we can observe, evaluate and analyze those development stages. However, it can be easily imagined that decision making by social entrepreneurs is one of the influential factors to phases of the diffusion process and development stages of business model.

In figure 2 below, I will show the phases of diffusion process 7 cases in this study.

**Figure 2. Phases of diffusion process of 7 cases**

creation of idea	ensuring sustainability	diffusion phase	
	Gamba Company	Palette	Harakara-Tofu
	!-style	Cocoron	Prop Station
			Muso

Three “Scaling Out” cases are considered perfectly in the diffusion phase. Two cases of “Palette” and “Cocoron” are assumed to be in the diffusion phase, too, for their business model development has already completed as “Scaling Deep” type. The rest two cases of “Gamba Company” and “!-style”, “Pre-Scaling Out” cases as named in the previous chapter, are considered to be somewhere in the transition process from the phase of ensuring sustainability to the diffusion phase.

Social entrepreneurs are assumed to act as a driving force in the diffusion process of cases of social innovation. To analyze on the basis of these differences of phases and demonstrate the dynamics of the diffusion process of social innovation, it would be helpful to focus on the role of social entrepreneurs in the diffusion process of each case. However, as there is no useful index for objective analysis on phenomenal facts like this, it is not possible to further advance case studies on diffusion of social innovation, at least from the viewpoint of social entrepreneurs. Developing objective indexes available for the classification or evaluation of dynamic key concepts like the result of increasing impact and the role of social entrepreneurs is one of the most important and expected issue to promote researches on social entrepreneurs and diffusion of social innovation.

In this study, I focused on 7 cases of social innovation in the field of job assistance for the disabled in Japan. The reason why I focused on this field was that there are a sufficient number of cases of social entrepreneurs in this field, especially to conduct comparative research. Therefore, the result or conclusion of this study does not mean that the same result or conclusion will be valid and true in this field of welfare for the disabled in general. Needless to say, the result or conclusion of this study never means that the same result or conclusion will be valid and true in social innovation in Japan in general. Whether the same kind of case study in the other business fields leads to similar result or not will be one of the future research issues. It would be a great honor to be able to contribute by accumulate this kind of case studies to developing objective indexes for researches on, and presenting a picture of social entrepreneurs and social innovation in Japan.

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