Making Up a Multi-Winner Pattern for The Future of Local Societies in Japan: A Case Study of AMITA Group

Li Yanyan

1. Introduction

In Japan, the need for social innovation is becoming urgent these days. The past 20 years is called "the lost decades", which mainly points at the period of time of economic downturn from 1991, or the year of the burst of bubble economy. But what Japan has lost is, more than the economical growth rate, but the vitality and energy of its society.

Looking at the political aspect of the 2 decades, with the exception of the former Prime Minister Junichirosu Koizummi, other Prime Ministers of Japan have been replaced every 1-2 years, and none of them, including Mr.Koizumi, was able to portray a clear vision to the people, or change the bad flow. This made people lose their interest in politics, and their expectations in politicians. After the burst of the bubble economy, voter turnout of the House of Councilors election dropped from the range of 70% to 50% at once, and there is still no sign of recovery. People are desperate for someone who could take a strong leadership, but they cannot find a name from today's politicians.

For the economic aspect, the number of non-regular workers has increased steadily. The rate of non-regular workers has reached to 35.1% currently, which means that one of three people works non-regularly, and their salaries are generally only a half of the regular workers. The late of non-regular workers is higher especially among young people, which made Japan's young people lose their ambitions and motivations to spend time for challenging something new. Though they are trying hard to get the luck of having a full-time employment, they often seem happy enough to stay onto the situation and life standards that their parents have given them.
Turning to the aspect of mass media, good news appear only rarely. Every TV station, regardless of differences in their colors or positions, seems to be chasing negative news eagerly. Such trends due to the fact that negative news often could attract people's attention and raise their concerns more than good news. Indeed, it is one reason that the P.M.s of Japan have been replaced so often. As a result of these trends, a sense of stagnation is prevailing in the society, and people have convinced themselves being in a very bad situation.

In such sense of stagnation, people are aware that reform is needed in many areas immediately, but at the same time, they have realized the difficulty of reformation, because the structural exhaustion is happening everywhere. Japanese is well known as a kind of people who always keep following the rules. In fact, rules are the most important basis that supports people's social lives in Japan. Everything would be taken smoothly only if you follow the rules properly. There is no need for negotiations or unnecessary worries. Japanese have enjoyed the benefits of protecting rules for a long time, which made them weak to think about changing the rules, and not to try taking responsibility for changing rules. Therefore, old rules, old ways, old thinking and precedents have demonstrated as dominant force in all areas.

Even after the Great East Japan Earthquake, Japanese central government and local governments in disaster areas still seem to be trying to keep the old ways to restore the affected areas by increasing Tax, promoting constructions of huge cement structures, collecting opinions of the residents but not adopting; collecting proposals from specialists but only adopting which serve their intentions.

Post-quake reconstruction is definitely a great opportunity to explore a new model to develop tomorrow's Japan. Because we cannot expect a lot from the world of politics, we have no choice but to look forward to the activities by private sectors which may cause social innovations. Fortunately, we already have some inspiring cases in disaster areas. In this article, I would like to introduce one interesting case, and suggest what new model we could find from this case. The case study based on my research in the disaster area. I have been doing the research since April 2011, for finding an answer for
the question: “how social innovation can be realized in local societies”.

2. Attention to Social Enterprises and Social Entrepreneurs in Japan

Social enterprise or Social entrepreneur who fund or lead a social enterprise, came to Japan around 2005 as an imported concept, which was noticed by both scholars and those who practiced in the same way. The research interest of scholars focused on the United States at first, and then turned towards Europe, especially to the United Kingdom. Atsushi Fujii, Hiroyuki Shimizu and Kenichi Kitajima organised a research team and visited London several times. They reported various cases of social entrepreneurial practices in the United Kingdom (Fujii, 2007; Shimizu, 2007). Shiho Nishiyama, whose research was mainly on volunteerism, also turned her interest to those cases in the United Kingdom (Nishiyama, 2006). Ichiro Tsukamoto and Ikuyo Kaneko are also central figures in this field. By around 2008, special TV programs related to Social entrepreneurs were broadcasted sometimes. The concept appears to have been accepted in Japanese society completely.

The concept indicates a new type of business method to settle specified community or social problems. A leading organization in this field, Ashoka, which is well-known for awarding annual social entrepreneur fellowships globally, defines the concept as follows: "social entrepreneurs are individuals with innovative solutions to society's most pressing social problems". Social entrepreneurs are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change. They do not leave societal needs behind the government or business sectors. They find and solve problems "by changing the system, spreading the solution, and persuading entire societies to take new leaps" (ibid.). Peter C. Brinckerhoff (2000) used the words "Mission-Based Venture" to represent those organisations created by social entrepreneurs. Social entrepreneurs usually start their businesses with a unique idea concerning a social problem. These ideas are often characterised by unique tactics for finding and coordinating resources (Doi, 2006). Social entrepreneurs receive funds
from the government and private donations regardless of the fact that they run their organisations as businesses.

The trend of social enterprise in Japan occurred as an extension of a series of practices for realizing dreams. The dreams of civil groups were to be independent from the government and to obtain the funds and capacities to continue their activities. Since the NPO concept being imported to Japan around the mid 1990's, civil leaders have been making plenty of effort to produce resources from private enterprises. They are trying to make use of enterprises' concerns, man powers, skills, business models to develop their organizations. There were also original practices, such as a corporation Daichi(Earth) which was born from consumer movement in 1970's', an non-profit organization Pallete was started in 1980's', which has evolved from a volunteer group that supported mentally-handicapped persons; another corporation Swan Bakery which was established in 1998 by the founder of Yamato Transport who had high aspirations for the employment of disabled; and many small businesses that were called "civil businesses", which started after the Great Hanshin-Awaji Earthquake in 1995. The most well-known case was a community business called Hard Working Elephant, which was run by an NGO in Kobe. It created employment opportunities for the earthquake victims by having them to make and sell towels with elephant figures. These corporations, non-profit organizations and civil businesses had been redefined through the introduction of the "social enterprise and social entrepreneur" concept.

How many social enterprises are there in Japan? Regarding to Tanimoto's research, social enterprises include different types of organizations (their corporate status could be an enterprise, NPO or an intermediate organization), all of them having strong intention to solve social problems with new business models(Tanimoto, 2006). The number of organizations that can be defined as a social enterprise in Japan is nearly 10,000, but the well known of which are no more than 3%. "Social Entrepreneurs and Social Innovation : International Trend of Research and Japanese Issues", a research conducted by the Economic and Social Research Institute, Cabinet Office, collected 60 cases for their analysis; Social Business Network(SBN) which was established by several major figures
of this field in Japan in 2011, is running a database of Japanese social enterprises and social entrepreneurs, 300-400 cases has been registered so far. SBN also published a social business case book, they collected 121 cases as excellent practices.

Japan has a special law for NPOs which was enacted in 1998, but with social enterprises, Japan is still in the stage of learning foreign legal systems. Japanese government has been promoting the idea of "New Public" since 2010, which emphasize the value of civil society, claiming that the role of politics is to support civil activities. As a part of the policy of "New Public", several efforts for supporting social enterprise are considered and implemented. The Cabinet Office of the government published a research report on social enterprise supporting systems in foreign countries in 2011. They surveyed those systems in the United Kingdom, Italy, Korea and the United States. The report was submitted as a basic document to the "New Public Promoting Committee" which belonged to the administration of P.M. Kan Naoto of that time. From 2011 to 2012, the governmental budget for "New public" also increased to 3 times than the previous year, from 209.2 billion Yen to 612.5 billion Yen.

There are many organizations that try to promote social enterprises and social entrepreneurship in the private sector. Some of them are professional organizations specializing their function on social entrepreneur incubation, for instance, ETIC, a non-profit organization established in 1993, has 50 staffs, focusing on young people and try inspiring them to be a social entrepreneur through internship programs, business planning competition and start-up supporting programs. There are other programs provided by foundations or enterprises as a support project, for instance, SEEDCap Japan project (Social Entrepreneur Enhanced Development Capital Japan) which started in 2004 was sponsored by Japan Center For International Exchange, a foundation of public interest. Also the SBN, which we have mentioned above, works as a network for promoting this area.

As we have seen, the concept of social enterprise or social entrepreneur was definitely imported from western countries, and Japan is still on its way to leaning foreign legal systems and successful cases, but their practices are absolutely based on
Japan's existing local practices, and rooted in the Japanese society.

3. Case Study on AMITA: Focus on Their Practices in the Stricken Area

3.1. Why AMITA

Now, we will focus our attention on a case which is neither so large in scale nor famous, but I have chosen this because their way of thinking and their models have enough potential for leading structural innovations in building local industry and local societies in Japan.

How to contribute to a sustainable society is a global common challenge. For Japan, the most serious challenge could be these two problems: how to make energy and resource sustainable, and how to reproduce those rural communities from depopulation and decline. Japan has very limited resources except water and forest, in fact, the food self-sufficiency rate is under 40%\(^6\), and the energy self-sufficiency rate is only 4%\(^7\) which are the lowest level among all OECD countries. Since the period of high economic growth, the exodus from the rural sides to the urban sides has been continuing, and the ageing population has spurred rural depopulation increasingly. Primary industry, which has supported the local societies in rural sides, is keeping its decline due to the price impact of cheap imports. Because of this, the number of people who are engaged in forestry is negligible, fisherman and farmer successor problem is always a big concern. Rural local governments have been attracting big enterprises actively in order to create jobs for young people-- that is a big reason why the power plant of Tokyo Electric Power Company (TEPCO) is located in Fukushima, of which belongs to a completely difference region--; it had made local industry steadily become meager and outside-depended.

AMITA's businesses deal with both problems, and they are creating useful models for these problems. For the resource and energy problem, they practice resource-recycle model and develop forestry biomass energy; for the problems of rural community, they work on "local society producing project" to regenerate circulation type local industries with local companies and local people.
AMITA was started in 1977, aimed at saving natural resources by recycling terrestrial resources. Their mission is "to create a future built on good relationships among people and between people and nature". Now AMITA has expanded their business in a group company, including 4 corporations, such as AMITA Corporation, AMITA Institute for Sustainable Economies Co., Ltd., AMITA Institute of Environmental Certification Co., Ltd., AMITA Properties Co., Ltd. They are approaching sustainable society from 3 aspects: Terrestrial resources, Information resources and Regional resources as shown in the figure.

![Three main business domains in AMITA Group](http://www.amita-net.co.jp/english.html)

The resource recycling business is their core business. The proceeds of AMITA group are about 60 billion yen annually, the main part coming from the recycling business. Their service contents and current status are as follows:

- Recycling waste safely, stably and inexpensively
- Offering stable recycling products by thorough quality control
- Recycling consultation using AMITA's network of over 300 recyclers in Japan and abroad
- Developing new products and technologies
- Green power certification
- Consulting for IT implementation in environmental projects

"There is nothing with no value" is AMITA's motto. The "local society producing project" was started 4 years ago, as an experimental approach to settle social problems...
in local communities. This project is handled by AMITA Institute for Sustainable Economies Co., Ltd., which are mainly studying and demonstrating projects as these:

- Regional system building
- Primary industry consulting
- Regenerating natural capital
- Consulting for environmental risk reduction
- Consulting for CSR activities
- Marketing support for environmental businesses

The "local society producing project" seems to be going well for the first time in the disaster area of Minami-Sanriku. AMITA is currently making attempts to established a successful model for this project and to develop it into another core business for them.

3.2. What They Are Doing in Minami-Sanriku

How much damage was caused by the Great East Japan Earthquake is well known. Minami-Sanriku is one of the most affected areas of the tragedy. Two-thirds of its households lost their houses, almost all of main public facilities, such as the government offices, disaster prevention center, public library, town hospital, health care center, day care center, community center, two kindergartens, three schools, many parks, wholesale markets and so on. About half of the people lost their jobs for a while, and it cannot be said that the situation has been greatly improved since then.

The life at temporary housing is tough and stressful, but the biggest concern for disaster victims is "finding jobs", not just as a way to make a living, but also as a way to regain the energy to live. Minami-Sanriku is a small town which had the population of 17,600 before the disaster, now the population has declined to 15,300; of the reduction, about 1,000 people have died or were missing by the Tsunami. That means the town have lost more residents after the disaster. The earthquake and the huge Tsunami which is said to be the size of “once in 1,000 years”, led people to reconsider the old way of town development and their life styles. That means the reviving project cannot aim at “going back to the past” but it should rather “create a new town”, a town
with sustainable industries, different life styles, lives in symbiosis with the local environment and the inevitable natural disasters in the future.

Amita’s proposal for the revival of the town indicates two keywords: “creating a circulation of local industries” and “local people’s initiative”. Before the earthquake, the local primary industry had continued to decline and tertiary industry workers accounted for more than 70%, nevertheless Minami-Sanriku had been blessed with rich natural environment such as the marine resources, forests, and fertile soil. The necessity to promote primary industry in order to increase the self-sufficiency rate of food and energy is very important not only for disaster prevention, but for the promotion of local industries and sustainable development. The two keywords come from Amita’s stance which can be summarized as follows: “increasing the employment is not our final goal, creating a model to realize the sustainable life in the local society is what we strive to achieve.”

![Image of the circulation of local industries](http://www.amita-net.co.jp/info/release-20120618-002282.html)

Their dream, that is, a circulation of local industries, can be shown as the figure.

Designing the future for the local society by taking advantages of the strengths of mountains, sea, villages and town, is Amita’s policy. A large amount of forest resources can supply materials not only for the lumber industry but also for wood pellet
production. They started the "wood pellet stove improving project" from August 2012, and more than 50 places including private houses have set up the stove within 2 months. "Our sales target is 500 places for the time being. The local people really realized the value of these stoves experiencing fuel oil shortage after the Tsunami. We already have enough energy resources, why do we need to spend money to buy oil from distant countries?"

Amita started their experimental plant with some local sawmills, attempting to improve the stove’s usability, and for lowering the cost and raising the quality of pellets. The wood pellet is not only used as fuel but it can also be used for cultivation of mushrooms and flowers. The stove can be used for hitting green houses and fishery processing plant. People engaged in forestry, fishery and agriculture can be connected by these wood pellets.

Based on similar thinking, Amita also started rice cultivation in natural farming methods, an pesticide-free herb farm, and a biogas power plant. For more, they are trying to stimulate related industries such as waste treatment circulation, and organic

![Figure 3. AMITA’s concept in Minami-Sanriku](http://www.amita-net.co.jp/info/release-20120618-002282.html)
fertilizer production. At the same time, they are planning to improve employment of people with disabilities, and environmental education for connecting the local society and other regions. All of these will contribute to establishing the Minami-Sanriku brand as a sustainable development model. Their vision can be put into the following figure.

"We hope all of these industries can be started and continued in this town, not as Amita's business but as town businesses. They belong to the local person, which is an indispensable condition for sustainable business ". For this reason, Amita puts importance on the participation of local people. They are trying to attract local companies and local people working on those businesses not just as employees, but more as business owners themselves.

We can easily imagine the difficulty of an outsider who attempts to establish new businesses in the disaster area. Local residents had been deeply hurt directly or indirectly. Immediately after the disaster, unity of local people was easy due to the empathy they had for each other and the need to survive. But in the progress of reconstruction, old conflicts that were based on differences of regions, industries and / or claims had appeared in various scenes; besides, new conflicts of interests regarding compensations and assistance for reconstructions, have been intensified. Plenty of outside enterprises are flocking on this town for their own purposes, because this area has been attracting attention all over the country, and a massive budget provided for reconstruction is also attractive to those enterprises. But the question is, how many of them have actually prepared to stay and expand their businesses in this small town for a long time? For the local people, outsiders are "them", not "us". Amita had to make the local people understand and believe that they want to be a part of "us", to overcome conflicts between people, and to challenge a new sustainable development model in this town with its people together.

3.3. Unique Staffs and Their Ingenuity
3.3.1. Main Staff's Story

Amita Minami-Sanriku Office started in May 2012. But before that, Mr. Sato, the leader of Amita's "Local Society Producing Project" had made every effort to learn about the town and build relationships with various local groups, local companies and local people for more than one year. Other NPOs or enterprises that want to help affected areas, in general, directly make contact to the local government or specific community groups and NPOs which would be easy to be in contact for them. In construct, Amita spent enough time to settle in. This style is based on the company's policy, but on the other hand, it is due to the belief of the leader, Mr. Sato.

Mr. Sato, aged in his 40's, is usually calm, but his words are always compelling. He has been working for Amita since 4 years ago, the trigger was the word of the president of Amita: "I think it is time that you graduate from the 'air war' to join the 'ground war". Mr. Sato had worked for Japan Environment Association (JEA) for 12 years, and had made criteria for eco-friendly products, constructed a database of those products to promote green consumer movement and green market creation. "Though they were influential projects, I felt something insufficient. The number of eco-friendly products has greatly increased, but I wasn't really sure which environmental issue had been improved due to my work." That was "air war", in the president of Amita's words. Then Mr. Sato decided to join Amita, to do their "ground war" for seeking a feeling that his efforts certainly worked on solving an environmental problem. Amita started their "local society producing project" when Mr. Sato joined the company.

Mr. Sato had worked on the project in several local areas before the disaster, but "We were far from success", he said. The project aim to produce a circulation of industries over a whole town, but it was almost impossible in places where the old industrial order had been already made up, even though the local government or local people realized they needed to change.

"Minami-Sanriku is a big chance for us because many of old industries need to restart. This is the best timing to practice our project." In fact, it seems that their business is going well at this stage. In the following part, I will point out the features
that underpin their business in Minami-Sanriku.

3.3.2. Their Basic Attitude and Strategies

**Don't Be a Consultant, but Be a Producer**

Amita emphasizes their position being not a consultant but a "producer", just as a film director does, their goal is to complete their work and make up the industrial circulation realistically. How different is it being a consultant to being a producer? "The outcome", Mr. Sato answered. "Being a consultant is easy, only if you have rich and fresh ideas; but being a producer means you must be able to practice your ideas. Your ideas should be based on real needs and feasibilities."

How do we generate business ideas? According to some teaching books of social enterprises, for instance, *Social Entrepreneurship* by Peter C. Brinckerhoff, generating business ideas requires you to firstly start from answering questions such as "what is exactly you are going to do?", "What new service will you provide, what new population will you serve, what new level of growth will you attempt?". After that, you have to experience the two parts of the idea generating process: "brainstorming to get a list of possible businesses or new services", "and then developing a set of criteria to sort through your ideas and narrow them down to the best two or three for your organization". Brinckerhoff points out that the idea is to start with lots of ideas, not just one or two.

Though I believe what Brinckerhoff says is generally effective, there is a more important factor before the brainstorming, which is "local encounter". Mr. Sato is a man of ideas, he had just finished a new product's development when I visited their office last October--a year end gift of the local specialty rice and herb tea from Amita's rice paddy and herb farm. The product idea came from the motto of Amita, "There is nothing with no value", and a small encounter that Mr. Sato had in a local sawmill. "The shavings", Mr. Sato said, "they were treated as a waste, but they are really beautiful and smell good! I realized I have to make them up as a product as soon as I saw them". The shavings work as herb tea's cushion in the gift box. For Mr. Sato,
business ideas are usually generated from his local encounters. That might be the reason that his ideas are often highly feasible.

**Be Resourceful**

"Being resourceful" is an essential requirement for realizing business ideas. Finding necessary resources from existing institutions, organizations and networks is a basic strategy for social enterprises. Amita is also good at this strategy. For the funds for each project, they put together their own investment and other funds including government subsidies or private funds.

For the materials and workers for each project, Amita finds them all from local resources. The herb farm is supported by 6 local women and members of a local welfare workplace; local residents also help them occasionally. The wood pellet project is supported by local sawmills. The biogas power plant is supported by over 100 local households and shops or restaurants; they put their kitchen garbage together for the power plant. "I spend a half of year to find who the key persons are in the town, and another half year to let them know who I am and what I am trying to do. Local resources are always there, it just takes time for you to find them and make them become your resources." Mr. Sato said.

For creating the industrial circulation, on top of utilizing local resources, mobilizing resources from other areas, especially the urban area, is also important. The local market is too small, not enough to maintain the industrial circulation. Amita values its partnerships with others such as outside companies and NPOs, not just for selling their products, but for creating what they call "empathetic economy". Amita went to Minami-Sanriku in the first place, depended on their partnership with RQ, a volunteer disaster relief organization which worked as a platform for volunteers across the country. For the wood pellet stove promoting project, Amita is working with a NPO, "Japan Forest Biomass Network"; For the herb farm and rice paddy, they are working with a major telecom company "NTT docomo", using the company's communication equipments for advertising, to attract urban residents to join in their events and to become supporters of their farm. Amita positioned their customers as fans of this town,
rather than as shoppers. "Sustainable economy should be based on empathy between people, we are trying to show a feasible model for the empathetic economy in this town", Mr. Sato said.

**Make a Multiple-Winner Pattern**

"We will spend 5 years to make up the feasible model, it would works as a multiple-winner pattern", Mr. Sato emphasized. Amita doesn't want their profits hold on any exploitation. "All stakeholders being winners in our business" is what they are seeking for. Good products and good experience, good feeling for the customers, satisfying job opportunities for the local people, advanced town development methodology for the local government, effective advertising chance for related companies, valuable practice field for related NPOs.

"It is not easy, but if we can find out what factors and conditions are necessary or effective for making up the multiple-winner pattern, then we can apply the pattern in other region". “Taking hold in one place", is what Amita is doing now, but "amplifying the pattern widely", is what Amita wants to achieve.

**4. Conclusion**

In this paper, firstly, I introduced how social innovation attempts are urgently needed in today's Japan, how the concept of social enterprise or social entrepreneur has been imported to Japan and what the present condition is. After that, I did a case study of Amita, focused on their practice in the disaster area of "Minami-Sanriku".

Through the case study, we have found out several important things for a social enterprise that wants to create a new model for the sustainability of a local society. They can be summarized as following:

- Take enough time before you settle in.
- Find the key persons of the town before you contact with the local government office.
- Learn the local environment including natural, cultural, traditional and
institutional environment.

- Establish good relationships with various local groups regardless of conflicts between those groups.
- Create business ideas based on local encounters.
- Take full advantage of local resources, at the same time, attract supporters from other regions by promoting “empathy”.
- Make your business model as a "multiple-winner pattern".

I really hope this "multiple-winner pattern" can be realized in the near future. It would not only be a successful story for Amita, but a clue to open the future of Japan.

*This work was supported by Grant-in-Aid for Scientific Research( C ) (23530683).

Notes

3 Ashoka (2010) "What is a Social Entrepreneur?" Available at: http://www.ashoka.org/social_entrepreneur.
4 SBN's predecessor was "Social innovation Japan" which focused on information providing services, on the other hand, SBN putting more emphasis on practices.

References


Tanimoto Kanji ed., Social Enterprises: The Emergency, Chuo Economy Publisher. (Japanese)