

## A Study of the Creation of Social Innovation in Japan: The Cases of Promoting Elderly Employment in Nakatsugawa City

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### Abstract

In entering the 2010s, Japanese society faced substantial social challenges due to intensifying low birth rates and aging, and expectations for new innovation to solve these social challenges; specifically, social innovation (SI) is increasing (Tanimoto 2015). Alternatively, SI research in Japan is still in its infancy. Factors for SI creation as identified by Komura (2015) include: “changes in business owners’ perspectives” and “learning from diverse stakeholders (resource mobilization),” but the study does not analyze the relationship between the two factors, nor these factors’ background.

The current article examines the SI creation processes by analyzing why “changes in business owners’ perspectives” and “learning from diverse stakeholders (resource mobilization)” occur. More concretely, the article further analyzes a case involving Salada Cosmo Co., Ltd., and Kato Works Co., Ltd., in Nakatsugawa City, which Komura (2015) investigated. The author used a case study to further explore the processes involving SI creation and spread of SI, such as the creation of employment for the elderly in Nakatsugawa City.

The investigation has identified three factors in the formation of an SI cluster: the local community’s historical background, its complex networks of learning, and business owners’ practice-oriented attitudes that have been cultivated by these networks. The study indicates that the complex learning networks in the community, which are rooted in the historical background of Nakatsugawashuku, have prompted business owners to “learn from diverse stakeholders (resource mobilization)” which has then resulted in “changes in business owners’ perspectives.” This suggests that the community’s complex learnings networks have a significant influence on “changes in business owners’ perspectives.”

The study has also discovered three factors in SI creation through the creation of elderly employment in Nakatsugawa’s external labor market: business owners’ environment is in touch with social challenges; their perspective has been socially sensitized, so as to acknowledge social challenges; and they have internalized diverse knowledge and resources to adopt ideas for solutions through open innovation.

A social challenge is acknowledged in the case study under consideration—elderly people want to work, but cannot find work—the community’s complex learning networks have revealed solutions to address this challenge, and a new social value has been created, in the form of elderly employment. In other words, the elderly workers in this case are recruited from an external labor market, and they have stayed and transformed themselves into an effective workforce due to the ways in which they have been accepted. This case is noteworthy in that it pioneers SI, which showcases the creation of a new workplace for the elderly from an external labor market. The study suggests that the community’s complex learning network promotes the spread of SI beyond sectorial and geographical barriers.

**Keyword :** social business, social innovation, Elderly employment

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## 1. Introduction

Social business (SB), in which private firms engage to solve social problems as a company, has recently attracted increasing attention in Japan (Tanimoto 2006). This follows the corporate social responsibility (CSR) trend that began in the 1990s, as increasing demand exists for companies to contribute socially and engage with SB. One characteristic of the SB concept involves the adoption of business methods to solve social challenges; this concept also includes sustainability. The Ministry of Economy, Trade and Industry has promoted SB and community business (CB) projects not only to create new companies and employment opportunities in the community, but also to promote regional revitalization. The concept of CB is geographically restricted, but SB is a concept in which connection among communities and the sharing of information and diversity are important; thus, it is a broader concept in this sense. However, some challenges exist in promoting SB projects, such as funding, securing appropriate personnel, and the accumulation of management knowledge. The Ministry of Economy, Trade and Industry has address this by subsequently founding an SB study group, and has supported SB projects by selecting the top 55 SB projects.

Starting in 2010, Japan began to experience painful social challenges, which have accumulated due to an intensifying low birth rate, aging, and expectations for new innovations to solve these social challenges; namely, social innovation (SI) is increasing (Tanimoto 2015). Alternatively, SI research in Japan is still in its infancy, and an investigation using an accumulation of case studies is needed regarding the processes to promote its creation and spread (Tanimoto et al. 2013). Specifically, the accumulation of research into pioneering cases is expected to prompt new SI, but this type of research is still rare.

## 2. Previous Studies

Tanimoto (2002) lists sociality, business feasibility, and innovation as the three requirements of SB. Another viewpoint that emphasizes innovation, is social innovation (SI), in which also balances sociality and business feasibility. Tanimoto et al. (2013) define SI as “an innovation that creates new social value and brings economic and social results through a business that addresses social issues.” Tanimoto (2006) also calls for a cluster of areas where enterprisers and related institutions are geographically adjoined to each other to generate SIs as “social innovation clusters (SI clusters).” SI clusters, which are characterized by their cross-sectional nature, are not limited to a specific field. According to Tanimoto et al. (2013), SI clusters is a concept that focuses on the aspect of community forum maturing toward SI. Tanimoto (2009) also lists cross-sectorality, emphasis on the community, and open access as three characteristics of community SBs.

Doi (2005) focused on an SI cluster in the San Francisco Bay Area, in which environmentally and socially oriented businesses are concentrated, and described the cluster’s implication that networks of firms, non-profit organizations, universities, and intermediary supporters begin to share information to solve social challenges through interactions, such as communications, and new social values spread as a result. One characteristic of the SI cluster, which is an open and complex network, is that the vision to construct a better local community through business is maintained in the long-term, and new findings and social values spread through the interactions among diverse people. Regarding these complex networks, the Oomuro and Osaka NPO Centre (2011) examined the social management (SM) concept as a means of developing SB, and identified the SM features of the local coordinators and networks without a center.

These studies indicate that the SI concept calls for openness and diversity; however, research is insufficient regarding how SI is formed. Tanimoto et al. (2013) separately examined the processes of SI creation and spread, and emphasized two processes within the SI creation process: knowledge creation and resource mobilization. Firms are observed as playing a role here to prompt communication with stakeholders as the network's gatekeeper or coordinator. The authors also argue that it is necessary to accumulate case studies to capture the SI creation process based on four analytical perspectives: the conditions regarding the perception of social challenges, and the agent, place, and conditions of SI creation. Regarding the process to spread SI, the authors introduced such concepts as mimicry, translation, and editing as those adopted by the idea's recipients.

Komura (2015) provides one compelling case study based on these perspectives, as the author analyzed a rare case regarding SI, and a valuable research achievement, in which employment opportunities were created for the elderly, who could not find work despite their willingness to work. The author identifies "changes in business owners' perspectives" and "learning from diverse stakeholders (resource mobilization)" as SI creation factors, but the study does not analyze the relationship between the two factors nor their background.

### **3. Study Objective and Methods**

#### **3.1 Research Objectives**

The current article aims to further explore processes of SI creation and spread by drawing from case studies. As SI research in Japan is still in its infancy, many issues will be examined. Tanimoto et al. (2013) proposed four topics: the condition of perceptions regarding social challenges, and the agents, places, and conditions of SI creation. Komura (2015) further developed these four questions, and identified "changes in business owners' perspectives" and "learning from diverse stakeholders (resource mobilization)" as SI creation factors. However, he did not explore the backgrounds of these two factors' emergence. Therefore, the following research question (RQ) is established:

RQ: What are the processes of IS creation and spread? Specifically, what are the backgrounds of the two SI creation factors, "changes in business owners' perspectives" and "learning from diverse stakeholders (resource mobilization)"?

#### **3.2 Research Methods**

The current article focuses on Salada Cosmo and <sup>(1)</sup>Kato Works<sup>(2)</sup>, two companies in Nakatsugawa City that were examined by Komura (2015). Two reasons exist to examine these companies. First, the SI case examined in Komura's (2015) work is a pioneering case in which employment opportunities are created using the elderly who could not find work in Nakatsugawa City, despite their willingness to work. Second, while Komura (2015) identifies "changes in business owners' perspectives" and "learning from diverse stakeholders (resource mobilization)" as SI creation factors, it does not explore their background.

The analysis method adopted for this study is based on the case study approach (Mutou 1999). Specifically, three methods comprising interview survey (a total of 19 people, 25 times), literature review, and participant observation were utilized.

As for the interview study, on the industry side I conducted 25 interviews with 18 people including managers and employees at both companies from 2012 to 2017. I also conducted an

interview with Ryuichi Suzuki, chair of the NPO Iwamura Issai Juku, which interacts with the managers of both companies. On the academic side, I interviewed Professor Iwao Kato, who was an instructor at Chukyo Gakuin University in Nakatsugawa from 2000 to 2003. On the government side, I interviewed Yoshiyuki Ando, director of the Nakatsugawa Nakasendo Historical Museum. The interviews carried out as half-organizational interviews based on questions that had been set in advance. The interviews lasted about 30 to 90 minutes each. The contents of the interviews were all saved in a storage and I created word-for-word transcripts. These transcripts became the basic data for analysis. In addition to interviews, I also exchanged emails with (them).

For the literative review, I used newspaper and magazine articles and publications and books then mention the two companies; documents issued by the two companies such as their websites; and internal documents obtained from staff at the two companies. In addition to documents, I also used video media featured on television, etc., in the analysis. I conducted several interviews with many people including the presidents of both companies. In addition to interviews and documents, I furthered the analysis by attending local events, visiting company factories, and strengthening friendships with managers and employees. Specifically, I attended a local event that both companies had a hand in promoting, the “Ena-Nakatsugawa Management Innovation Conference 2016,” and was present for cases in which a small business visited Kato Works to learn about employing the elderly.

The article proceeds as follows: Section 4 analyzes Nakatsugawa City’s historical background to broadly investigate the background of SI, which has resulted in elderly employment in Nakatsugawa City. Section 5 analyzes the process through which the present learning network was formed for small and medium-sized enterprises in Nakatsugawa City. Section 6 illuminates the SI creation process in Salada Cosmo and Kato Works; Section 7 describes the SI creation process and its spread in the form of elderly employment. Finally, Section 8 discusses the study’s implications relative to the background regarding the processes of SI creation and spread.

#### **4. Analysis of the History and Culture of Nakatsugawa**

I start with an historical analysis to analyze the background of SI clusters in Nakatsugawa City, which has prompted employment opportunities for the elderly. Nakatsugawa grew as an inn town formed around the Nakatsugawa-shuku in the Edo period.<sup>(3)</sup> The city of Nakatsugawa now incorporates three inn towns including Ochiai-shuku and Magome-shuku. Nakatsugawa-shuku was the 45<sup>th</sup> lodging station on the Nakasendo<sup>(4)</sup>, a road that connected Edo (now Tokyo) to Kyoto; it is located 330km from Edo and 200km from Kyoto. Nakatsugawa-shuku has the following six features (Nakatsugawa Nakasendo History and Culture Research Society 2012; Nakasendo Historical Record Preservation Society 1999).

First, Nakatsugawa was the hub for the Nakasendo, the Hida Kaido<sup>(5)</sup>, and the Shimo Kaido<sup>(6)</sup>, and was an important position for traffic crossing north, south, east, and west. Second, because it was a focal point for traffic, goods passed through, and the economy grew and wealthy merchants appeared one after another. Nakatsugawa-shuku produced well-known merchants like Shigemasa Ichioka and Hidenori Hazama, who were the models in the late Edo period novel “Before the Dawn” by Toson Shimazaki<sup>(7)</sup>. Third, the exchange of goods also led to active interactions between people, and many forms of culture developed, including haiku clubs, waka clubs, bunraku (Japanese puppet theater), and local plays (local kabuki). Merchants, troops

headquarters, secondary troop lodgings<sup>(8)</sup>, and village headmen were at the center of culture. Fourth, interactions between people led to the exchange of information, and Nakatsugawa-shuku acted as an information center. At the end of the Edo period, Hidenori Hazama and Shigemasa Ichioka mediated the Choshu Clan Nakatsugawa Assembly<sup>(9)</sup>; not only goods but also political information came and went in this area. Fifth, Nakatsugawa-shuku was under the control of the Owari clan, but samurai from that clan did not move into Nakatsugawa-shuku, and the troops headquarters, secondary headquarters, and other things were left to management by the merchants, maintaining a free culture. Sixth, the social contradictions that late Edo period post stations had come to make the merchants think about an ideal society. Through the late Edo shogunate forcing the inn town of Nakatsugawa-shuku with harsh demands, merchants in the troops headquarters and secondary headquarters came to choose Atsutane Hirata's school of Japanese literature and culture as moral support as the town leaders, and Nakatsugawa-shuku produced many students of Hirata. With the start of the Meiji period, the town produced many democratic rights activists (Nakasendo Nakatsugawa History and Culture Research Society 2016). It is said that in Nakatsugawa a wide network was formed around the focal point of the latest ideology at that time. Edo period Nakatsugawa-shuku had "not only a flow of people, but a flow of information that the people carried. Thus, it was not only people that stopped through at post stations along Edo highways, but also information" (Nakasendo Historical Record Preservation Society 1999). These six features created the cultural climate that brought up an openness and assertiveness toward knowledge in Nakatsugawa.

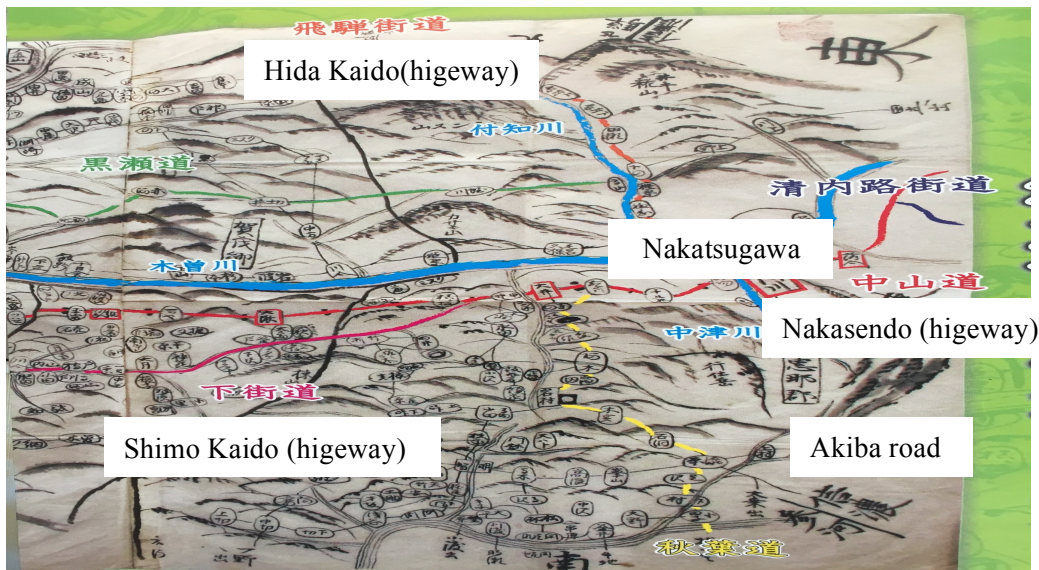


Figure 1: Nakatsugawashuku and Kaido(highway)

Source: Nakasendo History Museum

An interview with Mr. Yoshinori Ando, the director of Nakasendo History Museum in Nakatsugawa City, suggests that various current active networks in Nakatsugawa were built on historical experiences of the merchants in Nakatsugawashuku, from the end of the Tokugawa shogunate to the Meiji era. Various learning networks have been built, such as those regarding Hirata Kokugaku, the Freedom and Civil Rights Movements, and haiku. These historical facts prove that Nakatsugawa merchants had the capacity to solve social challenges, and that the

community of Nakatsugawashuku was open to knowledge. This historical background of Nakatsugawashuku, one of the post stations of Nakasendo, has enabled the current learning networks for small and medium-sized enterprises in Nakatsugawa to be built in a complex manner.

### 5. The Nakatsugawa Social Innovation Cluster

Until this point, Section 4 mentioned the appearance on the promotion of employment for seniors from Kato Works to Salad Cosmo, and Section 5 gave a general outline of the history and culture of Nakatsugawa-shuku, which was the model for the small business networks that have become the context for this promotion of employment for seniors. This section will discuss Nakatsugawa’s social innovation cluster that was produced by that Nakatsugawa-shuku history and culture. There are several learning networks in Nakatsugawa, but Figure 2 shows that they can be classified into four broad categories.

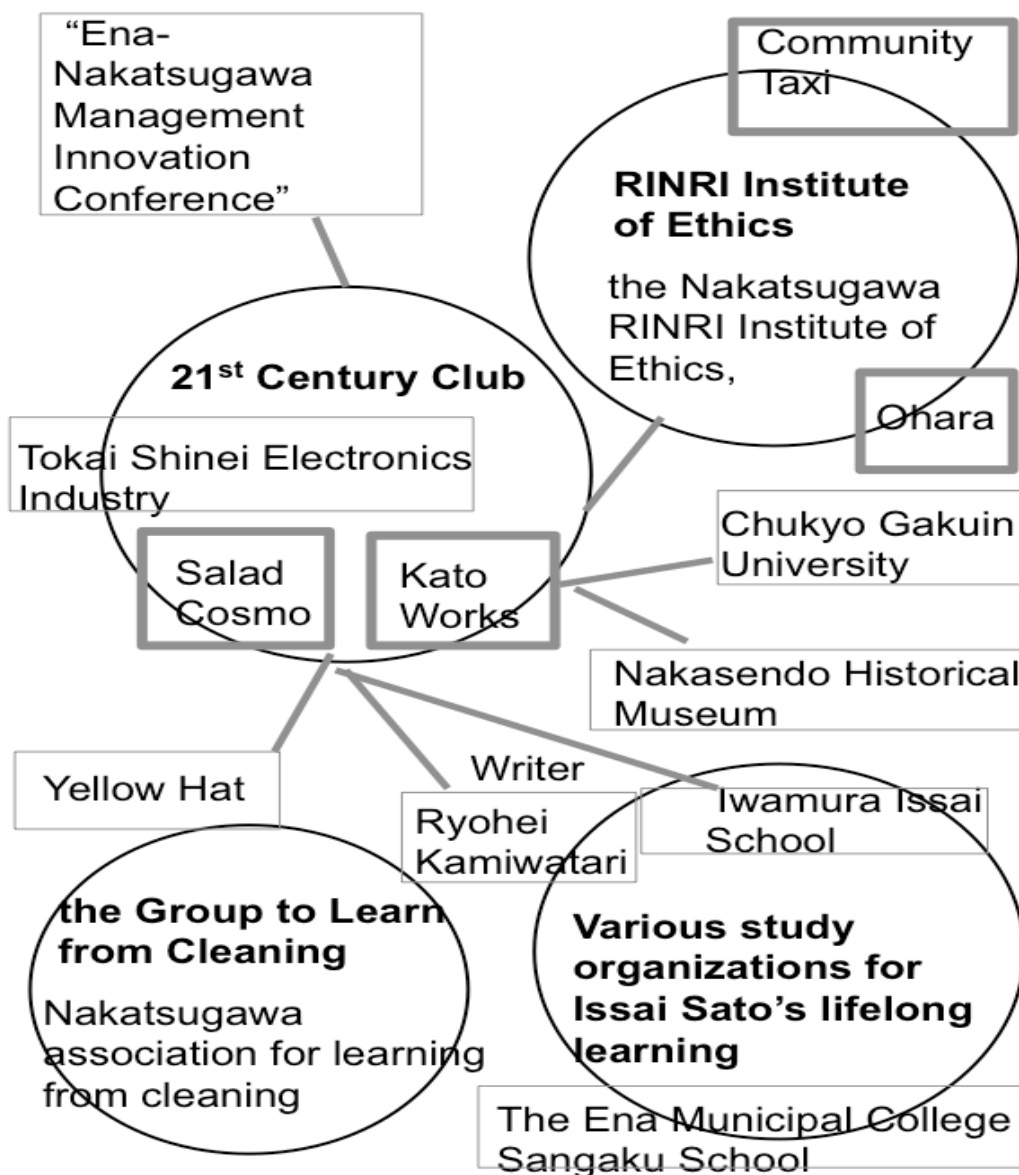


Figure 2: Nakatsugawa City’s SI cluster  
Source: Author

As the first network, there is the 21<sup>st</sup> Century Club, a study group organization of business owners in the Touno area. In Nakatsugawa currently, learning networks centered on small businesses have been formed integrally, but President Tomohiro Nakada says that the 21<sup>st</sup> Century Club had a high level of contribution to the spread of these networks. The 21<sup>st</sup> Century Club is a study organization that was started in 1992 centered on Yoshito Tanaka from Ena City's Tokai Shinei Electronics Industry company. The group's intention is "learning how to live well," and its motto is "Doing what you can from yourself. For the sake of everyone." With 12 corporate members and 80 individual members, the group acts as a learning network connecting the local area and businesses. Recently, young women and homemakers are participating as individual members, and enthusiastically holding workshops and seminars.

Soon after the 21<sup>st</sup> Century Club was established, the first Learning from Cleaning meeting was held in Taisho village (Akechi district), Ena City, in November 1993. Subsequently, Learning from Cleaning groups were established in Taisho village and Nakatsugawa. A second network was then formed: the Group to Beautify Japan, otherwise known as the Group to Learn from Cleaning. This group is for improving the heart, and its activities aim to remove the rough parts in one's own heart as well as the rough parts of society, through cleaning. The in-company cleaning activities that Yellow Hat<sup>(10)</sup> founder Hidesaburo Kagiya<sup>(11)</sup> pushed forward spread to the company's clients; clients started to visit Yellow Hat for cleaning workshops and this became the prototype for the group that then expanded. This movement spread nationally due to a meeting between President Tanaka Yoshito and Kagiya Hidesaburo. The former introduced learning through cleaning in his company and confirmed its positive influence, then held the first Learning from Cleaning meeting in Taisho village (Akechi district), Ena City in November 1993, after which it spread nationwide; in 2010 it was established as the NPO Nihon wo Utsukushikusuru Kai. In Nakatsugawa, Nakatsugawa Souji ni Manabu Kai (Nakatsugawa association for learning from cleaning) centered on President Tomohiro Nakada cleaning workshops are held at venues like the Nakatsugawa Trade High School, and the local business owners also voluntarily implement initiatives such as Nakatsugawa Souji ni Manabu Kai (Nakatsugawa association for learning from cleaning) to encourage local high school students to learn and cultivate minds from cleaning.

Next, I will describe the third network. The third network is the various study organizations for lifelong learning which is rooted in *sangakkai* by Issai Sato who was a renowned Confucian scholar from the neighboring city of Ena City during the Edo period. Particularly famous among Issai Sato's lifelong learning doctrine are *Sangakkai* refers to the mindset that "learning during the youth will lead to success during the adulthood. Learning during the adulthood will prevent deterioration during the old age. Learning during the old age will make your legacy enduring." ideal. In Ena, it enacted the lifelong learning city declaration "Sangaku no Machi Ena" (Town of the lifelong learning) in 2011 as a way to promote community development through lifelong learning based on these principles. The Ena Municipal College Sangaku School was opened for lifelong learning courses, it holds courses in cooperation with Jissen Women's University and Chukyo Gakuin University. According to President Tomohiro Nakada, the spread of Issai Sato's "Genshi Shiroku"<sup>(12)</sup> principles to this Touno area began with the 1996 erection of a monument to Issai Sato in Iwamura Village. He says that until that time, Issai Sato was not especially well-known among Nakatsugawa business owners. Writer Ryohei Kamiwatari suggested erecting a monument to Issai Sato in Iwamura, and President Yoshito Tanaka and other agreed, and the monument was erected. Since then, a group honoring Issai Sato was founded in

Iwamura, and a “Genshi” festival is held every year honoring Issai Sato. Salad Cosmo President Nakada is a big fan of Issai Sato’s “Genshi Shiroku,” and say that “Chicory Village is also called the Issai Sato Folklore Museum.” Several posters featuring Issai Sato’s principles are hung up at Chicory Village, and Issai Sato lectures are held there frequently. Not only Chicory Village, but also the Nakatsugawa RINRI Institute of Ethics, the 21<sup>st</sup> Century Club, NPO Iwamura Issai School and several other learning networks engage in outreach activities on Issai Sato’s principles. Chair of the NPO Iwamura Issai School Ryuichi Suzuki is positioned at the center of these outreach activities. Suzuki had worked as a high school teacher and as Iwamura Village superintendent of education, and started the Issai Sato Research Society in 1995, which was reorganized into the NPO Iwamura Issai School in 2005. This group works to spread knowledge of Issai Sato’s “Genshi Shiroku” making proactive and complete use in the 21<sup>st</sup> Century Club, Chicory Village, the Nakatsugawa RINRI Institute of Ethics, and from elementary to high school to university.

As observed thus far, the Nakatsugawa Ethics non-profit organization (NPO) was established and led by President Keiji Kato in 2007, after the establishment of the 21<sup>st</sup> Century Club and the Learning from Cleaning groups. This comprises the fourth network: the ethics NPO. RINRI is a group organized by members of the general incorporated association RINRI Institute of Ethics, and it has more than 63,000 member companies nationwide. Under the slogan “Ethics for the company, heart for the workplace, love for the family,” the institute conducts morning seminars for business owners and morning assembly activities with the goal of changing corporate culture through personal transformation of managers and setting good examples. It is noted that President Tomohiro Nakata and Chairman Ryuichi Iwamura of Community Taxis, Ltd., in Tajimi City, Gifu Prefecture, contributed in establishing the Nakatsugawa Ethics NPO.

Taking a look at connections between the industrial world and universities, both companies were proactive about teaching students, with Kato Works President Keiji Kato giving lectures at Chukyo Gakuin University and Salad Cosmo President Tomohiro Nakada giving lectures at Nakatsugawa Trade High School. Kato Works also had Chukyo Gakuin University students craft its website. Salad Cosmo also actively implements the acceptance of university and high school internships starting with Gifu University, and both companies have made enormous contributions to career training for local students.

In addition to the industry-academia-government cooperation, Nakatsugawa is actually characterized by the industry’s voluntary contributions to community revitalization. Numerous seminars and training sessions are held at Nakatsugawa City Chamber of Commerce, the 21<sup>st</sup> Century Club (study organization for local business owners), and Nakatsugawa City Ethics Association. The local business owners also voluntarily implement initiatives such as Nakatsugawa Souji ni Manabu Kai (Nakatsugawa association for learning from cleaning) to encourage local high school students to learn and cultivate minds from cleaning. Cases such as enthusiastic support for Buto Yukikoma Kai” (a dance group) and voluntarily hosted annual summer festival for local children by the owners of supermarkets are observed as well. At the Nakatsugawa City Chamber of Commerce, the president himself actively supports students of Chukyo Gakuin University to start a business. Thus, it can be seen that there are endless cases of industry-academia-government cooperation.

These networks have no center, and the networks expand by each proactively going to obtain information from outside themselves. Tokai Shinei Electronics Industry Company President Yoshito Tanaka, head of the 21<sup>st</sup> Century Club, worked to start the “NPO Nihon wo

Utsukushikusuru Kai,” whose activities cleanly refine people’s minds through cleaning, and President Kato started the “Nakatsugawa RINRI Institute of Ethics.” President Nakada also holds the “Ena-Nakatsugawa Management Innovation Conference” every year with the goal of invigorating the Touno area. These are just some examples of these business owners’ networks, but what they have in common is an attitude of learning for the sake of solving social issues.

According to director the the Nakatsugawa Nakasendo Historical Museum Yoshiyuki Ando, these examples descend from the history and culture of Edo period Nakatsugawa-shuku. The fact that business owners actively support the “Buto Yukikoma Kai” (a dance group) is connected to Edo period merchants’ encouraging attitude toward the arts, holding haiku groups, puppet theater groups, and local plays. President Nakada invites celebrated scholars and business owners from within Japan and overseas and holds the “Ena-Nakatsugawa Management Innovation Conference” every year, which takes after the fact that the Choshu Clan Nakatsugawa Assembly was held with cooperation from late Edo period Nakatsugawa merchants Hidenori Hazama and Shigemasa Ichioka. Otherwise, Nakatsugawa business owners’ stance of learning from Issai Sato’s “Genshi Shiroku” and the Nihon wo Utsukushikusuru Kai (association for learning from cleaning) are a form of the attitude through which Nakatsugawa merchants were disposed to the Hirata school of study of Japanese literature and culture in the late Edo period, and became democratic rights activists after the Meiji Restoration.

The three characteristics noted by Tanimoto (2009), i.e., cross-sectorality, emphasis on the community, and open access, can be identified in this forum for industry-academia-government cooperation. This forum can be referred to as an SI cluster for elderly employment. Looking at the concept of SM, 21<sup>st</sup> Century Club secretary Yoshito Tanaka and company presidents Kato and Nakada can be mentioned as local coordinators. The launch of the 21<sup>st</sup> Century Club study group in 1992 fostered the teachings of Issai Sato and the teachings of the Nihon wo Utsukushikusuru Kai (association for learning from cleaning), and strengthened the local culture of openness toward knowledge. Thereafter, this led to many knowledge exchange activities like the Nakatsugawa RINRI Institute for Ethics, the community center activities at Chicory Village, and the Ena-Nakatsugawa Management Innovation Conference, in other words, the formation of networks with no center.

Then, this flow of creating places of employment for seniors did not stop at present-day Nakatsugawa City, but became a movement beyond that city by spreading to the taxi company Community Taxi in Tajima City, Gifu, and to food product manufacturer Ohara Company Kanazawa City, Ishikawa. These examples are the beginning of an SI cluster for the creation of places of employment for seniors, with Nakatsugawa at the center.

These networks represent cases in which life-long learning enhances itself, and contributes to the building of local communities. I analyze why an SI cluster formed in Nakatsugawa, with the first factor involving Nakatsugawa’s historical background. Nakatsugawashuku prospered as an autonomous merchant town, which afforded Nakatsugawa the role of an information center and cultivated the merchants’ positive attitudes toward solving social challenges. This background has been inherited by today’s owners of small and medium-sized enterprises. Second, community business owners’ places of learning—such as the 21<sup>st</sup> Century Club, which involves diverse people—has helped business owners develop social sensitivity as well as economic acumen. Third, the learning networks in Nakatsugawa, including the Learning from Cleaning group, a place to spread Sato Issai’s *Genshishiroku*; and ethics NPOs, all emphasize practice. This practice orientation has promoted a propensity to innovate and solve social challenges with

new ideas. Nakatsugawashuku’s historical background has led to networks involving “learning from diverse stakeholders (resource mobilization).” These networks have prompted “changes in business owners’ perspectives” and the formation of an SI cluster.

### 6. The SI creation process (elderly employment)

Section 5 analyzed Nakatsugawa City’s SI cluster; Section 6 analyzes the development that led to the creation of elderly employment in this SI cluster. Section 5 has indicated that centerless, complex networks were already in place in Nakatsugawa, and that these networks were built based on business owners’ positive attitudes toward solving social challenges, which has cultivated an openness towards knowledge. Their positive attitudes toward solving social challenges have compelled the business owners’ awareness of the social challenge in elderly employment, which has led to the creation of this employment. Additionally, the business owners’ openness to knowledge has resulted in the spread of elderly employment in their companies (Figure 3).

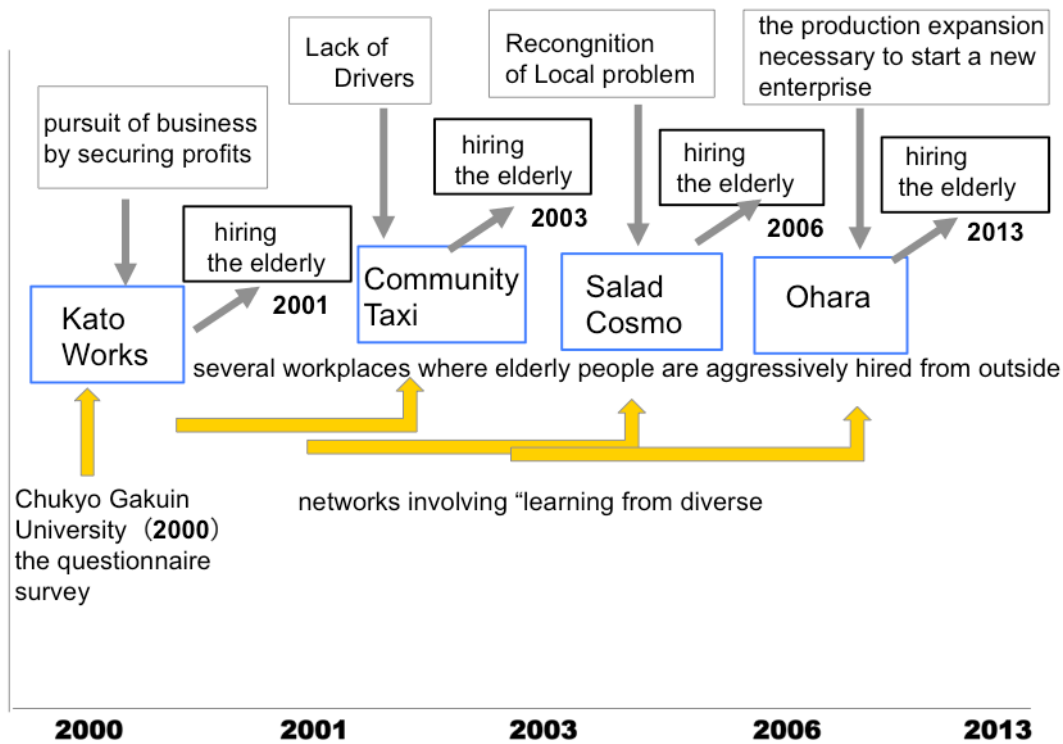


Figure 3: The expansion of elderly employment

Source: Author

Today, there are several workplaces in Nakatsugawa city where elderly people are aggressively hired from outside. What directly prompted the creation of these places was the questionnaire survey *Nakatsugawa-shi no Kōrei-sha no Ikigai to Chiiki-katsudō/Shōgai-kyōiku no Arikata (The purpose of life and the way of community activity and lifelong education among the elderly in Nakatsugawa City)*, which Nakatsugawa commissioned Chukyo Gakuin University to conduct. Employment of the elderly was facilitated by the industry that responded to the research report, which demonstrated through data that there were many elderly people in Nakatsugawa City who would like to work but did not have a place to work. President Keiji Kato took hints from that survey report, and decided to change the factory into a “convenience”

style by operating on Saturdays and Sundays with elderly workers at the core. With the catchphrase “Saturday and Sunday are our weekdays,” they put out a newspaper insertion classified ad on February 22<sup>nd</sup>, 2001 and hired elderly people from external labor markets, and this was the start of their promotion of employment for the elderly.

President Keiji Kato says, of that time, that “we looked to the elderly as a means of survival because we couldn’t find people to work part-time on Saturdays and Sundays,” saying that the promotion of employment for the elderly was not the original goal. Kato Works’ motivation for hiring the elderly was the pursuit of business by securing profits, but their story was taken up by several media outlets. Now, this know-how about employing the elderly has spread to several other companies, starting with Salad Cosmo. When President Kato visits these companies to impart this knowledge, he gave this information about employing the elderly freely and honestly. According to President Kato, they exchanged information on hiring the elderly, and as a result several companies in addition to Salad Cosmo have implemented hiring the elderly, including taxi company Community Taxi in Tajimi City, Gifu Prefecture, and food product manufacturer Ohara Company in Kanazawa City, Ishikawa Prefecture. President Kato says that he is connected to the managers of each of these companies through the RINRI Institute of Ethics network, and that they conducted a brainstorming session about the employment of seniors. President Kato says that he provided schemes and ideas for employing the elderly without favoritism. Community Taxi had originally been thinking about promoting lifelong employment, but they were introduced to an advertisement agency by Kato Works for their ad for recruiting seniors, and that recruitment ad uses Kato Works’ catchphrase, “However, there is an age limit. Only those 60 years and over may apply.” Further, President Keiji Kato and Chairman Ryuichi Iwamura reportedly exchanged information about elderly employment each time they met at meetings of Gifu Prefecture’s ethics NPO.

Since then, due to the spread of knowledge about employing seniors from Kato Works to the Chikory Village operations of Salad Cosmo, it came to take on the role of solving the issue of population aging in Nakatsugawa (Komura 2015). Elderly employment in Chikory Village expanded when President Tomohiro Nakata asked President Keiji Kato about elderly employment (Komura 2015). The former became concerned with elderly employment when he heard from Kato Works (“with which I enjoy a very close relationship”) that 50 percent of healthy elderly people in Nakatsugawa lacked regular employment.

Alternatively, President Shigeru Ohara of Ohara and President Keiji Kato met at a national convention of ethics NPOs at the beginning of 2013. At that time, President Shigeru Ohara faced a problem, in that his factory could not keep up with the production expansion necessary to start a new enterprise. He was inspired by Kato, K. (2013), and began using elderly part-time workers in the factory’s early morning operations. These operations now function approximately 24 hours a day, and the elderly part-timer employees are a valuable workforce. President Ohara Shigeru noted that recruitment agencies and Internet advertisements were ineffective in recruiting elderly workers from the external labor market; newspaper advertising inserts were found to be effective. President Shigeru Ohara learned about the use of newspaper advertising inserts when he visited Kato Works.

Two commonalities exist among the four companies. First, the business owners’ social awareness has increased by participating in study groups, such as ethics NPOs and the 21<sup>st</sup> Century Club. This has led to increased motivation to improve the company and local community; thus, social awareness developed and was mutually reinforced in complex learning

networks. Second, enhanced social awareness led to the development of systems to employ elderly workers. Many companies have wanted to employ elderly workers learning from these four companies, such as Kato Works, but elderly employment has not been promoted, as elderly workers have rarely remained with the company. President Shigeru Ohara cited a lack of systems and attitudes to welcome elderly workers as a cause. Further, these four companies have seemingly learned how to accept elderly workers from the complex learning networks, and have succeeded in transforming elderly workers into a valuable workforce. These four companies have the capacity to mimic, translate, and edit when absorbing ideas.

Thus, why has the social challenge of elderly employment been solved in Nakatsugawa's SI cluster? The first factor is that business owners were in the environment itself, which was connected with the social challenge. Elderly people with no place to work, despite their willingness to work, emerged during an interaction between two stakeholders, the local government of Nakatsugawa City and Chukyo Gakuin University, and President Keiji Kato was involved in the industry-academy-government network. Second, as the business owners were involved with complex learning networks that were open to knowledge, this has heightened the business owners' social awareness. Their perspectives have consequently changed to involve a double bottom line of economic and social contributions in managing their businesses. As the business owners' perspective has changed, they have become aware of the elderly employment problem as a social challenge. However, to create SI it is necessary not only to acknowledge social challenges, but also to innovate, such as creating new ideas to solve these social challenges. Thus, President Keiji Kato experienced much turmoil before creating a new idea to operate his factory on the weekends using elderly workers, through industry-academy interactions including his relationship with Professor Iwao Kato from Chukyo Gakuin University. He put this idea into practice after conducting extensive internal consultations. Third, an internalization of diverse knowledge and resources occurs, such as acquiring external knowledge through open innovation.

Salada Cosmo is a case involving the spread of SI (elderly employment), in that the company learned about elderly employment from Kato Works to promote it. Why has SI spread to Salada Cosmo? The first factor involves the relationship of trust between presidents Nakada and Kato, which was cultivated in the 21<sup>st</sup> Century Club's learning network. As trust existed, there was also motivation to mimic the idea. The second factor includes the system in place to integrate elderly workers into the workplace. Salada Cosmo learned from Kato Works the importance of understanding current employees as well as the training involved in accepting elderly workers, and an environment in which current and elderly employees could respect each other. The company then translated this knowledge in such a way to apply it to its own practices. Third, editing occurs, in addition to mimicry and translation. For example, elderly works are retained in Chikori-mura by ensuring the elderly workers do not become bored; they continue to think for themselves by "making small changes every day" (Miyagawa, Manager of Chikori-mura).

## **7. Discussion**

The current article has analyzed the creation and spread of SI processes (elderly employment) in Nakatsugawa City. Section 5 identified three factors to form an SI cluster: the local community's historical background, its complex learning networks, and the business owners' practice orientation, which the networks have cultivated. Komura (2015) identified two processes in SI creation—"changes in business owners' perspectives" and "learning from

diverse stakeholders (resource mobilization)”—but does not analyze the relationship between the two or their backgrounds. The current article has indicated that complex learning networks in the community, built on the historical background in Nakatsugawashuku, have prompted business owners’ “learning from diverse stakeholders (resource mobilization)”; the effects of this learning have manifested as “changes in business owners’ perspectives.” This suggests that complex learning networks in the community exert significant influence on “changes in business owners’ perspectives.”

Section 6 then included three factors of SI creation, or the creation of elderly employment from an external labor market: the business owners function in an environment in touch with social challenges; their social awareness has been heightened, to a degree that enables them to acknowledge these social challenges; and they have internalized diverse knowledge and resources to adopt ideas as solutions through open innovation. This suggests that the community’s complex learning network promotes open innovation.

The current article’s four case studies under consideration acknowledged a social challenge, in that elderly people want to work, but cannot find work. These cases discovered solutions to meet this challenge from the community’s complex learning networks and created a new social value for elderly employment. The elderly in these cases were recruited from an external labor market, and elderly workers were retained and evolved into an effective workforce by developing a system to welcome them. These cases are noteworthy, in that they are pioneering examples of SI used to create employment opportunities for elderly workers recruited from the external labor market. These cases offer a practical implication, in that the community’s complex learning network promotes the spread of SI beyond sectorial and geographical barriers.

The hypothesis presented in this paper was obtained mainly from interviews mainly with managers and business owners and employees at Kato Works and Salad Cosmo, as well as with people positioned within each type of network to which the business owners belong, and a review of related documents. I made attempts to do observations for some sections, but did not conduct a long-term observation study like an organizational ethnography. A long-term observational study will be needed in the future to present the hypothesis of this paper as solid analysis results.

**Note:**

<sup>(1)</sup> Salad Cosmo, whose headquarters are located in Nakatsugawa, Gifu Prefecture, operates business centered on sprout vegetables after starting out making bean sprouts in 1955. Its activities take on four shapes: vegetable agriculture; production and sales of chicory shocho; management of “Chicory Village,” a facility for education and tourism production; and mail-order services. Its capital stock is JPY 90 million, and its sales are JPY 9.8 billion. Salad Cosmo employs a total of 630 people, but about 90 of them work in the Chicory Village operation, and about half of those are elderly part-time workers.

<sup>(2)</sup> Kato Works is a pressed sheet metal parts manufacturer in Nakatsugawa, Gifu Prefecture. Established in 1888, the current president Keiji Kato is the fourth generation president. Its capital stock is JPY 20 million, sales of JPY 1.325 billion, and of its 105 employees roughly half are elderly part-time workers.

<sup>(3)</sup> Nakatsugawa City encompasses the three historical post towns of Ochiaijuku, Magomejuku and Nakatsugawajuku, all of which were integrated due to merging municipalities.

<sup>(4)</sup> One of the Five Highways of the Edo Period, a major road that linked Kyoto with Edo (present day Tokyo).

<sup>(5)</sup> A major road that linked Kisodani in Nagano Prefecture with Takayama in Gifu Prefecture during the Edo Period.

<sup>(6)</sup> A major road that linked Nakasendo with Nagoya during the Edo Period.

<sup>(7)</sup> The novel “Before the Dawn”, written by Shimazaki Tousei, represents modern Japanese literature and depicts the life of the main character Aoyama Hanzo, who lived in Magomejuku on Nakasendo road (Magome in Nakatsugawa City) from the end of the Shogunate Period to the Meiji Restoration Period. The model for Aoyama Hanzo was Shimazaki Tousei’s father, Shimazaki Masaki. According to the Nakasendo-Nakatsugawa History and Culture Society (2004), Shimazaki Masaki studied and had a lifelong friend in Nakatsugawa.

<sup>(8)</sup> Troops headquarters(Honjin) is lodging for high-ranking travelers was built at post stations during Edo Period. Secondary troop(Waki-honjin) signifies reserve lodging, in the event Troops headquarters (Honjin) cannot accommodate everyone.

<sup>(9)</sup> The meeting conducted by Katsura Kogoro (later known as Kido Takayoshi), the feudal retainer of Choshu Domain, with Moori Takachika, the feudal lord of Choshu Domain, in June of 1862 at a restaurant called ‘Yakeyama’ in Nakatsugawajuku, became known as the Nakatsugawakaigi Meeting. It is considered the turning point of Japanese history, which allowed for the Tokugawa period to come to an end sooner and the start of the Meiji Restoration to be triggered. Hidenori Hazama and Shigemasa Ichioka, who collaborated in holding this meeting, were pupils of Hirata Atsutane, a Japanese classical scholar who had a significant impact on Sonno Joi.

<sup>(10)</sup> This is an automobile accessory chain headquartered in Kyoto Chuo-ku, and is listed in the first division of Tosho.

<sup>(11)</sup> Hidesaburo Kagiya was born in Tokyo, but graduated from Tono High School in Gifu Prefecture where he was evacuated to during the war.

<sup>(12)</sup> The four literary works authored by Sato Issai are collectively referred to as *Genshishiroku*.

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