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# Potential and Challenges of Mutually-Oriented Social Enterprises Where People with and without Disabilities Work on an Equal Basis: Case Study on *Kyodoren*

Akira Yonezawa

Meiji Gakuin University

This article examines the inherent potential and challenges of the type of organization known as *shakaiteki jigyo* (Mutually-oriented Social Enterprises [MSEs]), wherein people with disabilities and people without them work together and assist one another on an equal basis. There are high hopes for this newly established paradigm to play an important role as one of many diversified working styles for people with disabilities in the Japanese employment system. By analyzing the organizational-level features of MSEs and the characteristics of work carried out in them, this article aims to contribute to the body of research on employment for people with disabilities.

By reviewing documents released by MSEs and other materials, this study verified that their target demographic includes “employment-challenged” people other than those with disabilities, and that there is equality, in terms of job position, between employees with disabilities and those without. Also, the advantages and disadvantages of MSEs were examined through interviews with multiple employees of one particular MSE. It was found that while employment-challenged workers appreciate flexible work conditions and low levels of on-the-job pressure, and non-employment-challenged workers enjoy high levels of professional fulfillment and discretionary authority, relatively low wage levels are a problematic issue. In its conclusion, this article outlines the implications of MSE-related research for broader research and policy in the field of employment for people with disabilities.

## I. Issues Addressed Herein

This article discusses the roles and challenges of *shakaiteki jigyo* (Mutually-oriented Social Enterprises, hereinafter “MSEs”), one of many diversified working styles for people with disabilities in the Japanese employment system. MSEs are enterprises with a diverse workforce, including both employment-challenged workers such as people with disabilities and workers who face no such issues, who work together on an equal footing, and are one example of Work Integration Social Enterprises (WISE) (Nyssens 2006) that have been the focus of attention in Europe and elsewhere. MSEs, while modeled on the Italian “Social Cooperative,” were organized independently in Japan by domestic groups advocating for people with disabilities.

Thus far, policymaking and research concerning employment for people with disabilities in Japan have largely been focused on two fields: general employment schemes in place at companies (covered by labor laws and policies) and social-welfare employment schemes in place at employment-support enterprises (covered by social welfare laws and policies). Recently, studies on working styles in the general labor market (Somayama 2011;

Yamamura 2011) and on problems and improvement measures in social-welfare-oriented employment (Ito 2013; Matsui and Iwata 2011) have been released. Both fields occupy a significant position within the larger issue of employment for people with disabilities.

There have also been attempts to create employment opportunities that do not fit the description of either general or social-welfare-oriented employment schemes. Between 2010 and 2012, under the Democratic Party of Japan, a working group on employment (labor and hiring) in the Comprehensive Welfare Subcommittee of the Council on Reform of Systems for Persons with Disabilities issued a report discussing MSEs along with “employment with social support” and “employment with social welfare support”<sup>1</sup> as one of new diverse employment schemes (Comprehensive Welfare Subcommittee Working Group 2011).

In Japan, little research in the field of employment for people with disabilities has been focused on MSEs, with a few exceptions (Yasui 2005, 2006; Ito 2013).<sup>2</sup> Academic discussion of MSEs has largely been limited to the field of “third-sector” (not-for-profit sector) research primarily dealing with their role in encouraging social inclusion, and MSEs have largely been viewed as social enterprises where economic activity fosters social inclusion of employment-challenged workers (Work Integration Social Enterprises) (Yonezawa 2011; Fujii 2013; Homeless Resource Center 2013).

One reason given for the limited extent of research on MSEs in the context of employment for people with disabilities is MSEs’ lack of consistency with existing systems of employment support for people with disabilities in Japan. MSEs do not limit their target population to people with disabilities, and adopt a more anti-ability based approach, characterized by people with disabilities working alongside people without them on an equal footing. MSEs occupy a unique position within the framework of employment for people with disabilities, and it is difficult to gauge their direct effects on the core issues within this framework. However, clarification of various features of MSEs, while it may not lead to direct solutions to various issues in the field of employment for people with disabilities, appears capable of making meaningful contributions to research and policy in this field.

In light of the concerns outlined above, this article will analyze two key issues, and to demonstrate the significance of MSEs to research and policy on employment for people with disabilities. Firstly, MSEs’ organizational characteristics are examined through a review of available literature and case studies (Section II). Secondly, the features (advantages and challenges) of work at MSEs are explored through interviews with employees of a particular MSE (Section III). Through discussion of these two topics, this article will clarify significant implications for the field of employment for people with disabilities (Conclusion).

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<sup>1</sup> “Employment with social support” and “Employment with social welfare support” are types of sheltered employment seen in Europe and elsewhere, for which wage compensation by government is a prerequisite (Ito 2013).

<sup>2</sup> However, these studies were not focused on enterprises where people with and without disabilities work on an equal footing, but rather on the sheltered employment character of enterprises.

## II. Formative Process and Features of MSEs

### 1. Concept and Background

This part of the article outlines the organizational-level features of MSEs. It first examines the context of their formation as described in materials issued by related organizations, and then provides a case study of typical MSE activities.

The MSE enterprise paradigm was created in the context of the *Kyodoren* network. *Kyodoren*, which means something like “Allied Federation,” is a business federation established in 1984 to advocate for people with disabilities, uniting enterprises throughout Japan that seek to improve employment opportunities and standards of living for this demographic. Initially, negotiation with and lobbying of the national government were its key objectives, but today its aims have diversified to include forging partnerships with businesses, providing support to new business establishments, and dealing with social enterprises in other countries.

MSEs are based on the Mutually-oriented Social Firms (MSF) developed by *Kyodoren* in the early 1990s.<sup>3</sup> The principles of an MSF are: (i) “working together” (in the sense of people with and without disabilities working in an equal, rather than hierarchical, context), (ii) viability as a business, (iii) the right of people with disabilities to work, and (iv) a pathway to cooperative labor. The following is an explanation of these principles, based primarily on materials released by the federation (Kyodoren 1998, 16).

The first principle, “working together,” refers to relationships among people with and without disabilities. It draws a contrast with the dynamics of giving and taking orders, as seen in most workshops and vocational centers for people with disabilities, and hierarchical structures at for-profit companies. “‘Working together’ means that people with disabilities and those without work and manage a firm on an equal basis.” *Kyodoren* views unequal relationships among workers at both welfare facilities and for-profit companies as problematic, and envisions an approach that eschews such hierarchies.

The second, “viability as a business,” means that firms should be independent, profitable business entities. A *Kyodoren* document notes with regard to small-scale vocational centers, “when they are viewed as social-welfare employment schemes, scant attention is paid to economic output as long as day-to-day work is carried out,” and takes a negative view of their relative lack of autonomy as businesses. It goes on to say that “for people with disabilities to attain independence through work, the economic output and viability of their business activities must be assessed as with any other business endeavor,” and emphasizes solid business results at the enterprise level, in contrast to the status quo at small-scale vocational centers.

The third principle is “the right of people with disabilities to work.” *Kyodoren* asserts that “people cannot live sufficiently full lives while relying on public assistance or a pen-

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<sup>3</sup> MSFs were first advocated at the 10th *Kyodoren* National Conference in 1993 (Kyodoren 1993).

sion alone,” and that “working is not important for income alone, but also for verification of one’s significance as part of an interpersonal network.” In specific terms, “rights and responsibilities that workers without disabilities take for granted, such as income (at least at minimum-wage level), an eight-hour workday, two days off per week, social insurance, employment insurance, etc., should apply to workers with disabilities.” Here, as well, *Kyodoren* draws a contrast with small-scale vocational centers, and takes issue with a state of affairs in which people earn less than minimum wage and lack the benefits of the social safety net.

Finally, “a pathway to cooperative labor” refers to the working styles of people with disabilities and those without. *Kyodoren* criticizes “the alienation of the worker fostered by the capitalist system” and “increasingly mind-numbing labor performed solely for the purpose of earning a living,” and points to the need to “explore the possibilities of cooperative, egalitarian labor.” This principle relates to the first principle (“working together”), but is understood as referring not to workers’ roles in the employment relation of enterprises, but to the goal of a working style similar to those of worker cooperatives.

The four principles of MSFs can be grouped in terms of their relation to two primary goals: more or less economically self-sufficient business entities<sup>4</sup> (viability as a business, and the right of people with disabilities to work) and equality between people with disabilities and those without (working together, and a pathway to cooperative labor). The former primarily contrasts with the state of affairs at small-scale vocational centers for people with disabilities, and the latter to the status quo at companies in general (and also at small-scale vocational centers, to an extent). Differences between MSFs and other employment schemes for people with disabilities, as enumerated by *Kyodoren*, are shown in Table 1.

The goal of equality between people with disabilities and those without, a key feature of MSFs, is grounded in *Kyodoren*’s anti ability-based philosophy. Social models<sup>5</sup> relating to people with disabilities, and to their employment in particular, can essentially be grouped into an ability based approach and an anti-ability based approach (Toyama 2004). The ability based approach attempts to compensate people in accordance with their abilities, so as to correct for entrenched social barriers, whereas the anti-ability based views performance-linked discrepancies in compensation as invalid, and calls on society to correct these discrepancies. *Kyodoren* adopts an anti-ability based stance, prioritizing equality, and not linking individual workers’ compensation to individual productivity or employment status.

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<sup>4</sup> However, the MSF paradigm does not envision business entities as being completely economically self-sufficient based on income from the market alone. From the start, subsidies from the government have been seen as an important element of the business model of *Kyodoren* (Yonezawa 2011, chap. 4). This sort of model, drawing on multiple types of revenue sources, is a typical feature of WISEs (Gardin 2006).

<sup>5</sup> Here a “social model” means a paradigm that “aims to solve problems by transforming our society, in which various issues facing people with disabilities are seen as arising from a social structure centered around people without disabilities” (Toyama 2004, 161).

Table 1. Outline of Types of Enterprises within the *Kyodoren* Network

	Principles			
	People working together	Viability as a business	Right of people with disabilities to work	Pathway to cooperative labor
<u>Format</u>				
Mutually-oriented social firm	○	○	○	○
Mutually-oriented vocational center*	○	×	×	○
For-profit company	×	○	○	×
Small-scale vocational center	×	×	×	×

Source: *Kyodoren* 1998.

Note: \*An explanatory note points out that, “While mutually-oriented vocational centers share some of the philosophy of MSFs, they do not share their economic viability.” From this, it is evident that *Kyodoren* put increased emphasis on “working together” and “cooperative labor.”

The MSE organizational concept, which is the focus of this article, is grounded in the MSF concept. Since the 2000s, *Kyodoren* has advocated MSE enterprises in place of MSFs. The most prominent difference between the two organizational forms is an expansion of the scope of “working together.”<sup>6</sup> In the case of MSFs, this applies to relations between people with disabilities and those without. In the case of MSEs, it encompasses a diverse range of employment-challenged workers without disabilities as well, such as single parents, homeless individuals, and young people who lack professional experience.

There appear to be two main factors behind *Kyodoren*’s expansion of the concept’s scope. One is the influence of initiatives carried out overseas, specifically the activities of Italian social cooperatives that members of *Kyodoren* encountered in the early 2000s.<sup>7</sup> The other has to do with business administration. *Kyodoren* had made efforts to create workplaces for people with disabilities, including many with severe ones, based on its anti-ability based approach, but there were concerns about low productivity on a business-entity level (Saito 2012).<sup>8</sup>

<sup>6</sup> Views of the following sort are expressed in pamphlets issued by *Kyodoren*: “The aim of a ‘social enterprise’ such as we seek to create is not only for people with and without disabilities to work side by side. The goal is a business enterprise in which all manner of people marginalized from the workforce—homeless individuals, NEETs, socially withdrawn young people, people struggling with drug or alcohol dependency, people with criminal records, foreign nationals, the elderly, single mothers, and so forth—can participate, along with young people who have had temporary employment contracts terminated and others lacking employment, in a workplace that does not divide them or reject them, and earn a stable income that enables them to live independently.” (Kyodoren 2010, 54–55).

<sup>7</sup> *Kyodoren*’s pamphlet notes that, “since 2000, *Kyodoren* has been pursuing new policy directions inspired by our interactions with Italian social cooperatives” (Kyodoren 2010, 54).

<sup>8</sup> According to the executive director of *Kyodoren*, “Eventually, despite our utmost efforts to implement this business model, the number of people with severe disabilities drastically increased and

As we have seen, the MSE organizational form was formulated on the basis of the MSF organizational form. It has not only been disseminated within *Kyodoren* but also implemented by regional and municipal governments such as Shiga Prefecture and the City of Sapporo (Yonezawa 2013). For example, Shiga Prefecture's MSE program states the objective of "creating a new type of workplace in which people with disabilities and those without can work together on an equal basis," and the prefecture provides support for these workplaces. A similar program in the City of Sapporo calls for "expansion of workplaces where people with disabilities can work side by side with others," and provides accreditation and support to enterprises that prioritize equality among people with and without disabilities. These two programs are both similar to one another and consistent with the MSF approach.<sup>9</sup>

## 2. MSE Case Study: *Wappa no Kai*

Thus far we have discussed the development of the MSE enterprise paradigm and its application by regional and municipal governments. This part of the article will give an overview of *Wappa no Kai*, a representative example of an MSE,<sup>10</sup> to elucidate the specific activities MSEs are engaged in.

*Wappa no Kai* is an organization established in 1971 in Nagoya, Japan with the objective of "realization of a society in which all people, with and without disabilities, work and live side by side." It is one of the largest entities within the *Kyodoren* federation, with 100 members with disabilities and 90 without, including formerly homeless workers, as of 2013.

The group is engaged in a wide range of business enterprises including the manufacture of additive-free bread and sweets, plastic bottle recycling contracting, farming, and processing of agricultural products. Among *Kyodoren* member organizations, *Wappa no Kai* is notable for the broad scope of its activities.

*Wappa no Kai* utilizes government employment support programs for people with disabilities, such as the Support for Continuous Employment (Class A) under the Act on the General Support for Persons with Disabilities, deriving subcontracting revenue from these programs in addition to income from sale of goods and services. Its revenue totals 750 million yen, of which approximately 350 million yen consists of governmental subsidies and 400 million yen of business revenue (Homeless Resource Center 2013).

The compensation structure is as follows: A base dividend of 120,000 yen is distributed. For people with disabilities, this consists of a disability compensation pension (approximately

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the workforce ended up consisting almost exclusively of people with disabilities. People without disabilities were unable to earn a sufficient living there and were not eager to participate, further driving up the percentage of people with disabilities" (Saito 2012, 157).

<sup>9</sup> These programs would be more accurately referred to as cooperative enterprises rather than social enterprises, as their scope is limited to people with disabilities.

<sup>10</sup> Information in this case study is based on previous publications: Yonezawa (2011) and Homeless Resource Center (2013).

Table 2. Average, Highest, and Lowest Wages at *Wappa no Kai*

Monthly wages	People with disabilities (yen)	People without disabilities (yen)
Average	70,000	170,000
Highest	200,000	250,000
Lowest	35,000	145,000

Source: Study Group on People with Disabilities and Labor (2002, 40).

65,000 yen for Class 1 and 81,000 yen for Class 2 disabilities) plus whatever differential amount is required to reach 120,000 yen. In addition, workers living alone receive 30,000 yen as a housing or household maintenance allowance, and an additional allowance is paid for dependent family members. Wages at one *Wappa no Kai* enterprise are shown in Table 2 (as of 2002).

Issues affecting the entire organization are discussed, and decisions made, at monthly administrative meetings in which all are welcome to participate. As of 2008, the number of participants was generally about 20. Dividend amounts are also determined at these meetings. The management of individual enterprises, however, is delegated to the enterprises themselves.

As in the case of *Wappa no Kai*, MSEs do not exist solely for people with disabilities, and their administration emphasizes equality between employment-challenged workers, such as people with disabilities, and those who do not fall into this category. People with disabilities are regarded not as recipients of support or training, but as full-fledged workers; compensation structure is designed to minimize disparities between people with and without disabilities; and workers are guaranteed the right to participate in enterprise management. These features reflect an overall anti-ability based approach in which employment status and rank do not depend on individual productivity.

### III. Features of Work at MSEs: Positive and Negative Aspects

#### 1. Characteristics and Classifications of Surveyed Demographic

The preceding section outlined the organizational characteristics of MSEs. Now, let us examine the features of work at these enterprises. This section analyzes positive and negative aspects of this work on the basis of interviews with MSE workers.

Enterprise A, surveyed for this study, is an MSE primarily engaged in manufacture and sale of sweets, with sales of over 300 million yen. In the manufacturing arm of the enterprise are 18 workers without disabilities and 41 with disabilities (nine with physical, 10 with mental, and 22 with intellectual disabilities). A relatively large percentage of the disabilities are severe, with 20 out of the 41 workers with disabilities classified as severely disabled for occupational purposes. Enterprise A utilizes the Support for Continuous Employ-

ment (Class A) program within the framework established by the Services and Supports for Persons with Disabilities Act, with all workers under employment contract regardless of their disability status. The majority of people without disabilities, or with physical disabilities, are engaged in clerical work, and those with intellectual or mental disabilities engaged in manufacturing and shipping of sweets. There is also a wide range of employment-challenged workers of other types, including workers not officially classified as having disabilities (i.e. not in possession of disability passbooks) but judged likely to have disabilities; single mothers; and public assistance recipients.

Employees are classified under regulations for businesses participating in the Support for Continuous Employment program. Among employees without disabilities there are eight classified as regular employees, four non-regular employees working 35 or more hours a week, and five non-regular employees working less than 35 hours a week, while employees with disabilities are classified as welfare-facility users who are guaranteed the minimum wage. However, while employment-support enterprises are required to make these distinctions, there are no decisive differences in the treatment of workers of different categories.

Enterprise A stands opposed to the ability based approach in which workers are compensated based on their abilities or performance. There is no significant difference between the hourly wages of people with disabilities and those without. Both categories of workers are guaranteed the minimum wage, on top of which there are gradual performance-based wage increases, although the concept of productivity-based wages is rejected.

Average monthly remuneration at Enterprise A is 85,000 yen per month for people with disabilities and 170,000 yen per month for those without. With the exception of workers with shortened work schedules, all workers including those with disabilities are enrolled in social safety net programs such as employment insurance, worker's accident insurance, employees' pension, and medical insurance. As a rule employees work 40 hours per week, but there is occasional overtime or work on days off (around one day per month) during especially busy periods. In these cases regular employees receive an allowance for working on holidays, while employees paid hourly are given overtime pay. Paid leave is also offered. The analysis below is primarily based on interviews with employees and documents on wages and working conditions provided by Enterprise A. Interviews were conducted with 14 people: six regular employees, two part-time employees who work 35 or more hours per week, three people with physical disabilities, two people with mental disabilities, and one former employee of the enterprise (Table 3). None of those surveyed were employees with shortened work schedules (less than 35 hours per week), and the majority of the interviewees were engaged in core duties at the enterprise. Interviews were conducted in May and June 2010, and each took place on the enterprise premises and lasted one or two hours.<sup>11</sup>

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<sup>11</sup> Considering that these interviews were conducted on the enterprise's premises with management permission, there is a possibility of bias in terms of underreporting of problem areas.

Table 3. List of Employees Interviewed

Employees without disabilities									
No.	Sex	Age group		Days worked per week	Hours worked per day	Hours worked per week	Interviewed? (indicated with "+")	Employment-challenged / voluntarily employed	
1	F	40-49		5	8	40			
2	F	30-39		5	8	40	+	challenged	
3	M	30-39		5	8	40	+	voluntarily	
4	M	30-39		5	8	40	+	voluntarily	
5	F	20-29		5	8	40			
6	M	40-49		5	8	40			
7	F	50-59		5	8	40	+	voluntarily	
8	F	50-59		5	8	40	+	voluntarily	
9	F	50-59		4	8	32	+	voluntarily	
10	M	30-39		5	8	40			
11	M	60-69		5	8	40			
12	F	40-49		5	8	40	+	challenged	
13	F	40-49		5	7	35	+	challenged	
14	F	50-59		5	7.5	37.5			
15	F	30-39		4	5.3	21.2			
16	F	30-39		3	4	12			
17	F	50-59		3	7	21			
18	F	30-39		4	5	20			
19	F	50-59		5	5	25			
20	M	20-29		(Already resigned)				+	voluntarily
Employees with disabilities									
No.	Sex	Age group	Type of disability	Days worked per week	Hours worked per day	Hours worked per week	Interviewed? (indicated with "+")	Employment-challenged / Voluntarily employed	
1	F	40-49	Physical	5	7	35	+	challenged	
2	M	40-49	Mental	4	2	20			
3	M	40-49	Mental	4	5.5	22			
4	F	50-59	Physical	5	7	35	+	challenged	
5	M	20-29	Intellectual	5	7	35			
6	M	20-29	Intellectual	5	7	35			
7	M	40-49	Intellectual	5	8	40			
8	F	40-49	Intellectual	5	8	40			
9	M	20-29	Intellectual	5	7	35			

Table 3 (Continued)

No.	Sex	Age group	Type of disability	Employees with disabilities			Interviewed? (indicated with "+")	Employment-challenged / Voluntarily employed
				Days worked per week	Hours worked per day	Hours worked per week		
10	M	30-39	Intellectual	5	7	35		
11	F	40-49	Physical	5	4.5	22.5		
12	M	30-39	Intellectual	5	6	30		
13	M	20-29	Intellectual	5	5.3	26.5		
14	F	30-39	Physical	5	5	25		
15	F	30-39	Mental	5	4	20		
16	F	20-29	Intellectual	5	4	20		
17	M	30-39	Intellectual	5	4	20		
18	M	20-29	Intellectual	5	6	30		
19	M	30-39	Intellectual	5	4	20		
20	M	40-49	Physical	5	4.5	22.5		
21	F	20-29	Intellectual	5	4	20		
22	M	20-29	Intellectual	5	4	20		
23	F	30-39	Intellectual	5	5	25		
24	M	30-39	Mental	5	6	30	+	voluntarily
25	F	20-29	Intellectual	5	4	20		
26	M	20-29	Intellectual	4	5	20		
27	F	20-29	Mental	1	2	20		
28	F	40-49	Physical	4	5	20		
29	M	Teens	Intellectual	5	4	20		
30	F	20-29	Intellectual	5	5.5	27.5		
31	M	30-39	Mental	5	7	35	+	challenged
32	M	30-39	Mental	4	5	20		
33	F	20-29	Intellectual	5	4	20		
34	F	40-49	Physical	5	5	25		
35	M	30-39	Intellectual	5	4	20		
36	M	20-29	Physical	5	4	20		
37	M	20-29	Mental	5	6	30		
38	F	40-49	Physical	5	8	40	+	challenged
39	M	20-29	Intellectual	5	4	20		
40	F	30-39	Mental	5	4	20		
41	F	30-39	Mental	5	4	20		

## 2. Routes to Employment

Having clarified the features of work at MSEs, let us turn our attention to employees' routes to being hired by these enterprises. This is a significant issue because MSEs employ a wide range of employment-challenged workers, and presence or absence of disability alone is not significant grounds for judging the degree of difficulty they face in finding employment. Some are certified as having disabilities and yet face little difficulty in getting hired, while others lack such certification and yet cannot find employment.

For this reason, interviewees are classified as either employment-challenged or voluntarily employed (i.e. having selected Enterprise A of their own accord, not because of difficulties in finding employment) for the purposes of this analysis. The former category consists of those who had no other employment options when they were hired by Enterprise A, and the latter of those likely to have had other options. As for the route by which they arrived at Enterprise A, ten people were introduced by acquaintances, while four found it through public employment institutions.

Those in the employment-challenged category were in circumstances that left them with few alternatives. For example, one employee with a severe physical disability came to Enterprise A when his former employer was failing financially and he was facing likely unemployment in the near future, yet he had not been able to find another job even through the Public Employment Security Office.

No matter how hard I looked, I couldn't find a job, and my age made it that much tougher...I visited the Public Employment Security Office, but they told me things like, "You'd better stick it out at your present job, you won't be able to find another one."

Advised to "stick it out" at his former place of employment, and left with no other options, he began working at Enterprise A, having been informed of it by an acquaintance involved with the enterprise.

Another employee, a single mother, had searched for secure employment after getting divorced, but was eventually forced to give up, in some cases being refused even the right to apply on the grounds that "it wasn't the sort of workplace where you could take time off for the sake of your children." She was introduced to Enterprise A by a public employment office, and began working there. The employee was grateful that Enterprise A did not reject her because of her academic background or single parent status.

Their help-wanted ad of Enterprise A said they were looking for people who had at least graduated from junior college. On the phone I told them I had only a high school diploma, and they told me, "Oh, that's no problem. As long as you can add, subtract, multiply, and divide, you'll be fine." I went on to tell them I was a single mother, and again they said, "Oh, that's no problem." I can't tell you how relieved I

was.

For the employment-challenged group, Enterprise A presented a lower hurdle to being hired than other enterprises. Enterprise A is forgiving toward people who have diminished skills due to long absence from the labor market, or face other barriers to participation in the labor market.

Another group of interviewees (seven people) elected to work at Enterprise A despite having other options. They fall broadly into two categories: people who were drawn to the enterprise by the organization's philosophy, atmosphere, or the content of the work (four people), and people who chose to work there without much consideration of the differences with other employers (three people). These two are collectively referred to here as the voluntarily employed group.

The first category of voluntarily employed persons were informed about the enterprise by acquaintances or others, and selected it from among various employment options. Employees who proactively elected to work there had had experiences that oriented them positively toward the enterprise's philosophy, such as having a family member with disabilities, or experience assisting a person with disabilities during their student years. One employee in this category spoke as follows.

When I was weighing my employment options, an acquaintance with disabilities that I had assisted during university told me he knew of "an interesting place to work," and that was how I came to work here.

(Interviewer [the author]: Did you look for employment elsewhere?)

I went to one event. It was a briefing session on jobs in the welfare sector, but it didn't interest me much.

There were also interviewees who had gone to work voluntarily at Enterprise A without particular interest in the philosophy or policies of MSEs in general. These people had viewed the enterprise as a viable employment option, but did not have any strong motivation for choosing it above others. However, perhaps reflecting the fact that these interviews focused on core employees, people in this category tended to be finding the work rewarding even if they had lacked interest in the enterprise's philosophy or policies when they were first hired.<sup>12</sup>

Analysis was carried out with the employees of Enterprise A divided into the voluntarily employed group and the "employment-challenged" group, as shown below. Next, let us examine how employees in each group evaluated their work at Enterprise A.

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<sup>12</sup> However, according to the enterprise's representative director, these tendencies are correlated with work styles. There are a considerable number of workers not necessarily in sympathy with the social-enterprise philosophy among workers with shortened work schedules of 20 hours per week or less.

### 3. Evaluations of the Work

#### (1) The Employment-Challenged Group: Flexible Schedule and Workload, and a Low-Pressure Work Environment

What are employees' assessments of labor conditions at MSEs? The employment-challenged group characterizes the work environment at Enterprise A first of all as "flexible," and second as "low-pressure."

The first of these positive assessments reflects the fact that employees of Enterprise A are able to consult management and adjust the times they start and finish work relatively freely, take days off and so forth, as long as they work the prescribed number of hours. Of the seven employees in the employment-challenged group, six noted this flexibility as an advantage. Not only people with disabilities but also single parents and other members of the employment-challenged group enjoy the benefits of this flexibility.

For example, one worker with a mental disability made the following statement about the flexible approach adopted by Enterprise A, in contrast to other enterprises where he had worked:

I can hide the fact that I'm sick, and if I'm in bad condition I can take a day off. This gives me peace of mind and makes it pleasant to work here.

Single parents also have high praise for the flexible working conditions. Raising children while working, without relying on family members, is a challenge because of the need to take time off from work suddenly due to children's illnesses and so forth. Virtually all single-parent employees made highly positive assessments of Enterprise A's flexible work schedules. For example, one employee made the following statement:

At this point my child is the main focus of my life, and perhaps it doesn't benefit Enterprise A that much to have me on the workforce. Personally, though, I'm deeply grateful for their flexibility.

(Interviewer: Would you say that flexibility is an extremely important factor for you?)

Yes, it is...I'm ashamed to say it, but I arrive late for work practically every day. Something always comes up, like my kid making a fuss or not wanting to go to school, and this makes me run late a lot of the time. Most companies would want to get rid of me, I think. At Enterprise A, I'm sure my lateness is a problem for them, but they have been very lenient, and I'm thankful that they have put up with me thus far.

Work schedules are determined when an employment contract is signed, based on discussions between employees and management. Further adjustments may be carried out later, if necessary due to changes in the employee's lifestyle. One worker with a mental

disability made the following statement:

I had a tendency to take on too many duties by myself, and I was encouraged to go home earlier, and took steps to limit my volume of work...the problem was not the length of time allotted for tasks, but my wish to get tasks out of the way so that work wouldn't pile up, which made me unable to leave work on schedule. My workload was recently lightened, and now seems to be at the right level. The manager took note of my situation and addressed it by restricting my workload, lengthening the time I was allotted to perform tasks and so forth.

With regard to the second positive trait of work at Enterprise A, "a low-pressure work environment": Enterprise A does not designate sales or productivity quotas, and employees are evaluated positively for taking their time with their work. Employees are not subject to strong pressure from co-workers. Three of the seven employees in the employment-challenged group noted this aspect.

The workload Enterprise A employees are expected to take on could not be called heavy. Employees with mental health issues and those who had experienced excessive workloads at past employers evaluated this aspect positively. One worker with a mental disability made the following statement. This employee worked at another enterprise in the past, and trouble on the job and at home exacerbated his mental health issues.

At most companies, there's more negativity in interpersonal relationships.

(Interviewer: So you had some negative experiences at your former workplace?)

Yes, relationships among people were much more strained, people didn't relate to one another and weren't very concerned about one another's wellbeing. Here, most of the workers have some sort of disability, and people go easy on one another.

It is evident that these two aspects, "flexibility" and "low-pressure work environment," are highly significant for the employment-challenged group. This reflects their past negative work experiences, involving interpersonal relationships in the workplace, conflict, and daunting quotas, which had the effect of making them employment-challenged.

## (2) The Voluntarily Employed Group: Rewarding Work and Large Degree of Discretion

Meanwhile, among the voluntarily employed group, while flexibility and lack of pressure were seen as positive features of Enterprise A, they were not the decisive reasons that employees continued working there.

One of the decisive factors was the rewarding and meaningful nature of the work. Specifically, several employees mentioned the significance of working with people with disabilities and manufacturing high-quality products sought after by society. The rewarding nature of the work was remarked on by five of the seven in the voluntarily employed group

and also by one member of the employment-challenged group. The same number of employees in both groups noted the degree of discretion they were given as a positive factor. One employee made the following statement about finding professional fulfilment by working with people with disabilities:

I engage in teamwork with people with disabilities, and as time goes on, the work goes more and more smoothly. It's been a good experience so far and I feel that I want to stay on here indefinitely. I don't want to quit and abandon these people... In the past I only had this sense of engagement with a few of the sales personnel, but over time I have worked with a more varied group of people outside sales, and I've come to feel I want to remain connected and engaged with this entire group.

People also had positive opinions about the large degree of discretion they were granted. The following statement is an employee's positive assessment of both working with people with disabilities, and his perceived degree of discretion:

This job is an interesting one for me. After we've made the rounds and made some good sales, they [employees with disabilities] are just as pleased as I am. That makes this job enjoyable. When sales are strong, I feel like the approach we're using is working, and when things don't go well, we all talk together about why we didn't sell well today, what time of day we should visit the customers next time, and so forth. Whether we succeed or fail, working with them is a pleasure.

As described above, among the voluntarily employed group, prominent reasons for continuing to work at Enterprise A were positive feelings about working with people with disabilities on an equal footing, and a work style with a high degree of autonomy.

#### 4. Issues regarding Labor Conditions at MSEs and Potential Solutions

While there were positive assessments of Enterprise A, as described in the preceding section, problematic issues were raised as well. One was the relatively low wages, also pointed out in previous studies.

Enterprise A pays people with disabilities at least the minimum wage, and they earn an average monthly salary of around 85,000 yen. This is relatively high compared to other organizations utilizing the Support for Continuous Employment (Class A) program in the same prefecture.<sup>13</sup>

However, for people without disabilities, the average monthly salary of approximate-

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<sup>13</sup> As wage averages are affected by working hours and degree of disability, it is not possible to make a straightforward comparison. It should also be pointed out that while no workers with intellectual disabilities were interviewed for this study, those with relatively severe intellectual disabilities, at least, appear to have relatively high levels of remuneration.

ly 170,000 yen could hardly be called high.<sup>14</sup> More than half of the interviewees mentioned this as a drawback of working at Enterprise A, with comments like “I haven’t been given a raise,” “I don’t get a bonus,” and “My salary is lower than most people’s.” This feedback is consistent with the findings of the Basic Survey on Wage Structure. Wages also do not compare favorably to averages for the food manufacturing industry or healthcare and welfare industry in the same prefecture.

At the same time, some members of both the employment-challenged group and the voluntarily employed group noted that when labor conditions at the enterprise are taken into account, the remuneration is appropriate. The low wages were counterbalanced for the employment-challenged group by the flexible, low-pressure working conditions, and for the voluntarily employed group by the rewarding work and high degree of autonomy. Some employees said they would like a 20,000- or 30,000-yen increase in monthly salary in order to make ends meet, but many others, including those in the employment-challenged group, said they could manage to get by without a raise.

However, it must be noted that employees were “getting by” not on their income from Enterprise A alone, but from multiple sources. Among interviewees, virtually all in the employment-challenged group had other sources of income for their households.

In both categories, one other source of income was other family members. Two male survey respondents were the primary breadwinners for their households, but both had working wives capable of earning nearly the same amount as the husbands, while some female respondents had husbands with high incomes.

Also, among the employment-challenged group in particular, there was often some form of public income supplementation. Five interviewees received a disability pension, one received a pension for bereaved family members, and two received public assistance. Most, if not all, of people in this category cover their living costs with a combination of income from an MSE and income supplementation.

The issue of relatively low wages compared to the general standard reflects the difficulty of running an MSE successfully, due precisely to the positive aspects described (flexibility, low pressure). One reason that wages do not rise is the impossibility of running a business efficiently with such favorable and forgiving working conditions in place. Adjustments to individuals’ work schedules, noted as a positive aspect by employees, are labor-management challenges from the enterprise’s perspective. As a general rule, it is difficult to boost motivation in low-pressure workplaces. One core employee had the following comment about employees’ attitudes:

I think we still have some people on the workforce who feel they “can’t do things because they have disabilities,” when actually they can do these things but are put-

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<sup>14</sup> 170,000 yen per month is around the same as the starting salary of a new university graduate in Japan.

ting forth the disability as an excuse not to. What I'd like to see is everyone making an effort to do what they can, whether they have disabilities or not. Some people without disabilities as well don't take this job as seriously as they should, and seem to regard it as some sort of welfare benefit...Actually, we're a business enterprise, and I would like to see everyone recognizing that properly.<sup>15</sup>

This comment reflects the challenge MSEs face in seeking to balance a favorable working environment, reflecting their anti-ability based philosophy, with sufficient productivity on an organizational level.

## 5. Summary of Analysis: Significance and Limitations of MSEs

The analysis revealed differences in employment-challenged workers' and voluntarily employed workers' perceptions of work at Enterprise A. The former saw flexibility and low work pressure as key advantages, whereas the latter reported a high degree of satisfaction, despite low wages, due to the rewarding and autonomous nature of the job. Enterprise A guarantees the employment-challenged group an opportunity to participate in society, from which they have been marginalized, while it offers the voluntarily employed group a chance to do rewarding work.

As for challenges facing MSEs, relatively low wages are often mentioned. Wage levels are high compared to most welfare-oriented enterprises, but the flat wage structure means that incomes are relatively low, especially those of non-employment-challenged workers and people without disabilities, when compared to their counterparts at ordinary for-profit companies. Household incomes are supplemented by working spouses or benefits such as disability pensions. The low wages are the other side of the "forgiving work environment" coin, and reflect the difficulty of making this sort of enterprise succeed.

MSEs are characterized by workers with different backgrounds (both employment-challenged and voluntarily employed) engage in the same work, which they find significant for different reasons (ease of working, rewarding nature of work). Factors that make this working style possible are the goal of equal status between employment-challenged workers, including those with disabilities, and non-challenged workers, and the fact that employment-challenged workers play a role in decision-making. There is a need for closer examination of the character of such organizations and the mechanisms by which they produce favorable and accessible work environments, but hopefully this analysis has provided

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<sup>15</sup> This quote refers to the amount of effort displayed by the individuals in question, and displays a somewhat ability based outlook. However, the speaker goes on to say immediately afterward, "It would be an overstatement to say that people with physical disabilities cannot move their bodies and those with intellectual disabilities cannot use their heads, but at the same time there is a degree of truth to it. That's why we need to cover for one another and do the things that we are capable of and others are not." It is evident that this interviewee is not only focused on the performance of individuals, but also on improving overall productivity on an organizational level.

one useful window into the nature of enterprises where people with and without disabilities work together.

#### IV. Conclusion

This article has analyzed the principles of the MSE organizational form, the process by which it was formed, and perceptions of the work environment at these enterprises. In closing, let us discuss the suggestions that work at MSEs provides for research and policy in the field of employment for people with disabilities.

The position of MSEs within systems and practices relating to employment for people with disabilities is not firmly established. While there are some regional or local governments that accredit and provide support to MSEs where people with and without disabilities work together on an equal basis, under the current legal system, a sudden drastic expansion of MSEs is not a realistic possibility. However, the implementation of MSE offers hints for the effort to promote employment for people with disabilities.

One noteworthy aspect of MSEs is the equal footing on which employees work. This study found that at MSEs where there is equality among workers regardless of their level of productivity, employment-challenged workers and those not falling into this category each have something to gain. However, the analysis of data did not provide sufficient observations on the process by which organizational-level features of MSEs generate this favorable and forgiving work environment. It is evident that it would be highly meaningful to explore the mechanisms by which MSEs' organizational features, such as the equal status and role in decision-making of all workers regardless of productivity, alleviate psychological strain on workers and facilitate more flexible work rules.

A second issue worthy of attention is the MSE target demographic. These enterprises do not limit their workforce to people with disabilities, but also provide employment opportunities to other employment-challenged workers such as single parents and young, underskilled workers. This suggests there is potential for other enterprises to employ multiple types of employment-challenged workers. This business administration paradigm does run the risk of generating conflict within organizations. On the other hand, in the context of the current emphasis on the social model<sup>16</sup> of disability, with increased attention to continuities between persons with disabilities in the medical sense and others (such as the parents of children requiring special care) who are unable to participate fully into society due to various barriers, and a trend toward re-examining the scope of disability and interpreting it more broadly, it appears that MSEs' characteristic of accepting multiple types of employment-challenged workers is a highly significant one.

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<sup>16</sup> The social model of disability does not view physical or mental functional impairment, from a medical standpoint, as a disability in and of itself, but rather sees challenges such as slopes in the physical environment, and disadvantages to individuals posed by systems and people's attitudes, as the source of disability.

As stated above, it will not be easy to apply the MSE paradigm on a more widespread basis. However, the potential for expansion is not the only important issue, and by focusing instead on the role of various internal programs and systems employed at MSEs in realizing the goal of “working together, it should be possible to put forward valuable hints for the administration of enterprises that provide employment opportunities not only to people with disabilities in the medical sense, but also to a wider range of employment-challenged individuals. Interpretation of MSEs from this vantage point and examination of their activities should contribute significantly to research on employment for people with disabilities.

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