Chapter 3
Comparative Study between Japan and the UK on Shifting the Third Sector–Government Relationships

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ABSTRACT
The aim of this research is to examine and compare the shifting relationships between third sector organizations and local government under the current public service reforms in Japan and the UK. In both cases, institutional isomorphic tendency amongst third sector organizations can be found. However, in the case of UK, more formalized partnership frameworks set by central government as well as contractual relationships has an impact on this tendency. Contrastingly, Japan partnerships tend to be individualized. In this regard, the contracting framework seems to have more impact on behavior of the third sector organizations than partnership frameworks. In addition, the aspect of co-governance of the third sector organizations has been less developed than in the third sector in the UK. This affinity seems to be associated with the lack of sense of identity as a sector and also the lack of strong third sector organizations.

INTRODUCTION
This main aim of this research is to examine and compare the shifting relationships between third sector organizations and local government under the current public service reforms in Japan and the UK, in particular England from the perspective of comparative research. The research explores the answers to following questions:

1. What are significant similarities and differences in partnerships in the two countries?
2. What implication can be found in the similarities and differences from the perspective focusing on “institutionalization” and “co-governance”?

Certainly, the historical and political context of third sector and public service reforms is different between the two countries. However, both states have highly developed public service provision systems nationally and locally, and also have been engaged in transforming such systems in order to make them function more efficiently and effectively under fiscal retrenchment and socio-economic changes. In this context, public private partnerships as well as privatization have been progressed in both countries. In addition, third sector organizations have been regarded as partners in the provision of public services by government in both countries. Thus, relative similarities can be found in the trends of shifting the third sector-government relationships in both developed countries. In reality, contractual relationships between the two sectors have been dominant under the welfare mix regime and new public management oriented public reforms; and also partnerships and third sector engagement in local governance have been sought in both countries.

This study focuses on not only the similarities but also the significant differences in partnerships in the two countries, which can be found in the types and processes of developing and ensuring partnerships. Since Local Compact and Local Strategic Partnerships (LSPs) are considered as a central factor of local governance, third sector-government partnerships in the UK are more radical and comprehensive than those in Japan. Tailor mentions that “the New Labour government saw partnership as its central theme, emphasizing governance rather than government” (Tailor, 2004, p. 135). By contrast, the social and political impact of third sector-government partnerships in Japan has been relatively limited, although many local government organizations are keen to promote such partnerships (Tsukamoto & Nishimura, 2006).

In our hypothesis, despite the fact that there are significant differences between the two countries, common challenges in third sector-government relationships can be found. Namely, third sector organizations face the institutional pressures known as “institutional isomorphism” (DiMaggio & Powell, 1991) under both the contract and the partnership regimes and the difficulty in combining service providing and co-governance roles, although the degree and type of institutionalization can be different between two countries. English local partnerships seem to produce more equal partnerships than in the Japanese case. Nevertheless, Osborne and McLaughlin argue that the government approach to third sector organizations has shifted away from holistic vision known as “co-governance” to focus more on the aspect of third sector organizations as service agents (Osborne & McLaughlin, 2004).

In terms of the theoretical framework and research method, this paper treats the research agenda mentioned above by examining the organizational and inter-organizational changes of third sector organizations which have partnerships with local government. This study focuses in particular on “institutionalization” and “co-governance”. Our research method is a comparative study of the third sector-government partnerships between the two countries. This paper analyzes the result of the review of existing prominent studies on local partnerships in the UK and also our postal surveys on the third sector organization in Japan which was conducted in March of 2008.

THE CONCEPTUAL FRAMEWORK:
CO-GOVERNANCE AND INSTITUTIONALIZATION

In this paper, “co-governance” and “institutionalization” are employed as key concepts in the analysis. Co-governance has been a central concept