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*By* Yasuhisa Sakurai

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## **The Role of Welfare Industry in the Regional Economy:**

### **The Case of Nursing Care Service in Hyogo**

*By* YASUHISA SAKURAI\*

**Keywords :** welfare industry, economic effects, circular flow of economic system

#### **Abstract**

While much attention has been given to the importance of welfare services and programs in an aging Japan, welfare services have not been acknowledged as an industry. The aim of this paper is to argue that welfare services, in particular, nursing care service, need to be recognized as an important regional industry and should receive proper policy attention accordingly.

We will begin by examining the extent of chain effects of nursing care service in Hyogo Prefecture. Our input-output analysis reveals that the welfare industry is well-connected to other industries in production. According to our estimate, the production inducement coefficient for the welfare industry is 1.6. Since the market size for the welfare industry is expected to be 430 billion yen in 2045, the total production inducement effects come to 676 billion yen. Furthermore, the welfare industry's employment inducement coefficient is 1.4, which means that the total number of jobs newly created by the welfare industry will be 57,593.

However, in order for this expansionary effect to take hold, there should be important reforms in the welfare labor market. A more carefully organized matching scheme for various services, a more flexible market arrangement to solve the chronic labor shortage problem, and a skill formation system based on the long-term employment contracts are just a few examples. It is equally important to establish a better communication channel between equipment manufacturers and welfare workers and facility managers.

We believe that not only does the welfare industry bring about economic profits but also it provides the safety and security for the Japanese society at large. It will render qualitative satisfaction besides quantitative expansions. Finally, we would like to emphasize that by employing a proper mix of public and private approaches to nursing care needs, the welfare industry can be one of the leading industries in the aging Japan.

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\* Chief Researcher, Hyogo Earthquake Memorial 21st Century Research Institute.