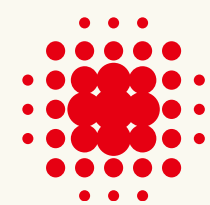




# Investing in People and Solving Social Problems

A Survey Report on Middle Manager  
Development in Nonprofits



Move Forward.  
**ETIC.**

Publishing Organization  
ETIC  
February 2025



For more than 20 years, ETIC has supported the startup and growth of organizations working to solve social issues. Recognizing that many of these organizations struggle to develop personnel into managerial roles, we launched a joint training program in 2024 to support the growth of emerging managers in the social sector.

For nonprofits that listen to the voices of people in difficult social situations and develop projects to meet their needs, human resources are their most valuable asset. However, many organizations are unable to invest sufficient time, money, and other resources in hiring and training personnel. We believe this challenge stems from structural issues unique to the nonprofit sector—issues that are difficult for individual organizations to address independently.

The purpose of this report is to shed light on the current status and challenges of nonprofit organizations in Japan, which are often difficult to see from the outside. By sharing these insights with a wide range of stakeholders, including businesses, government agencies, and the media, we aim to foster a broader societal discussion on the necessary measures and support for these organizations.

We are deeply grateful to the senior managers and human resource managers from 144 nonprofit organizations who generously took the time to complete our survey. Additionally, we extend our sincere appreciation to the Apollo Opportunity Foundation for funding the survey, as well as to Common Light LLC, Japan Association of New Public, and the NPO Support Center for their collaboration in planning and executing this initiative. Our heartfelt thanks also go to everyone who contributed to this effort.

Mitsuhiko Yamazaki  
Director of International Partnerships, ETIC

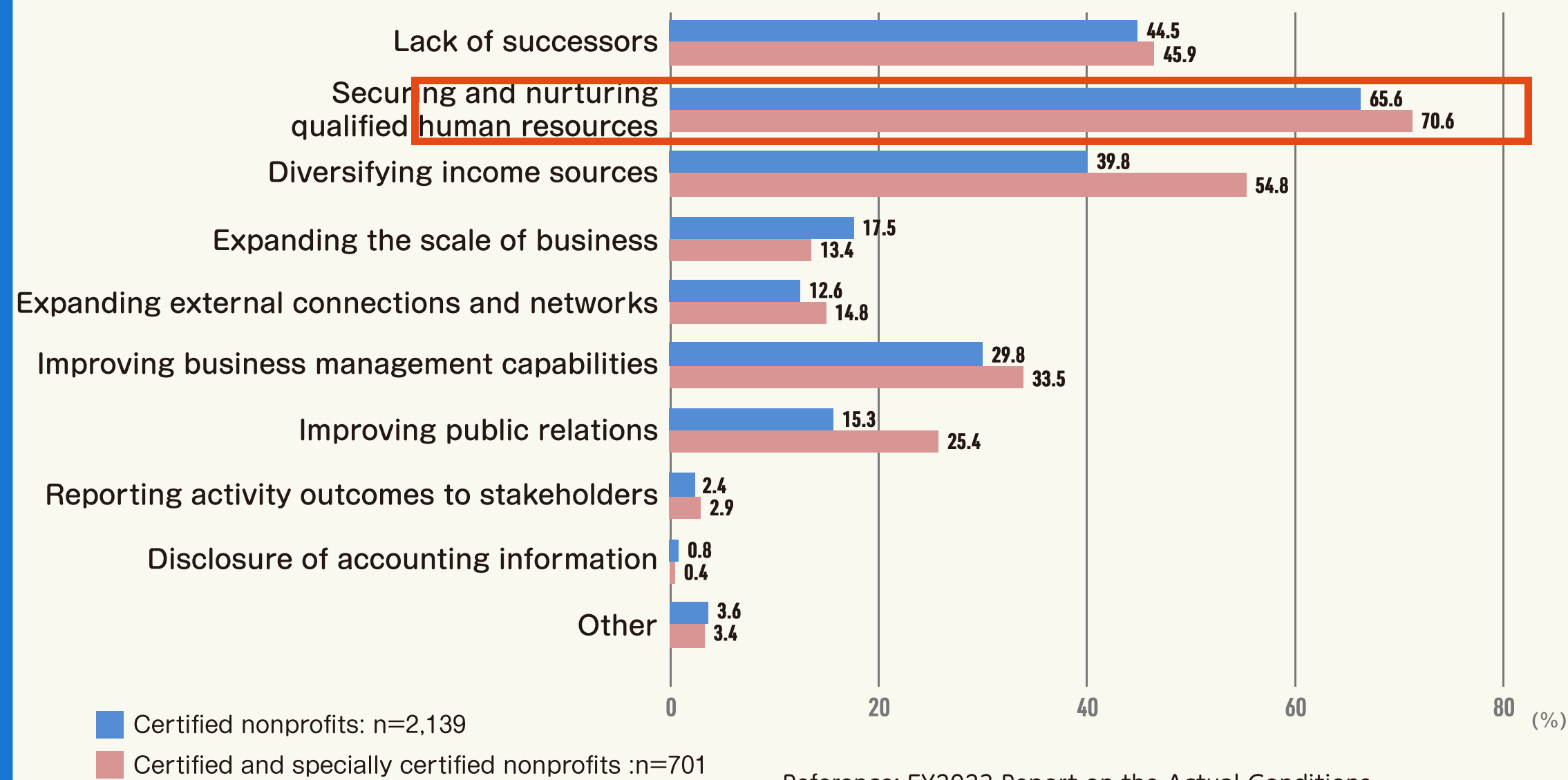


# 01

## Survey Overview



Challenges that nonprofits face to operate sustainably:



Reference: FY2023 Report on the Actual Conditions of Specified Nonprofit Corporations, issued by the Cabinet Office, Government of Japan.

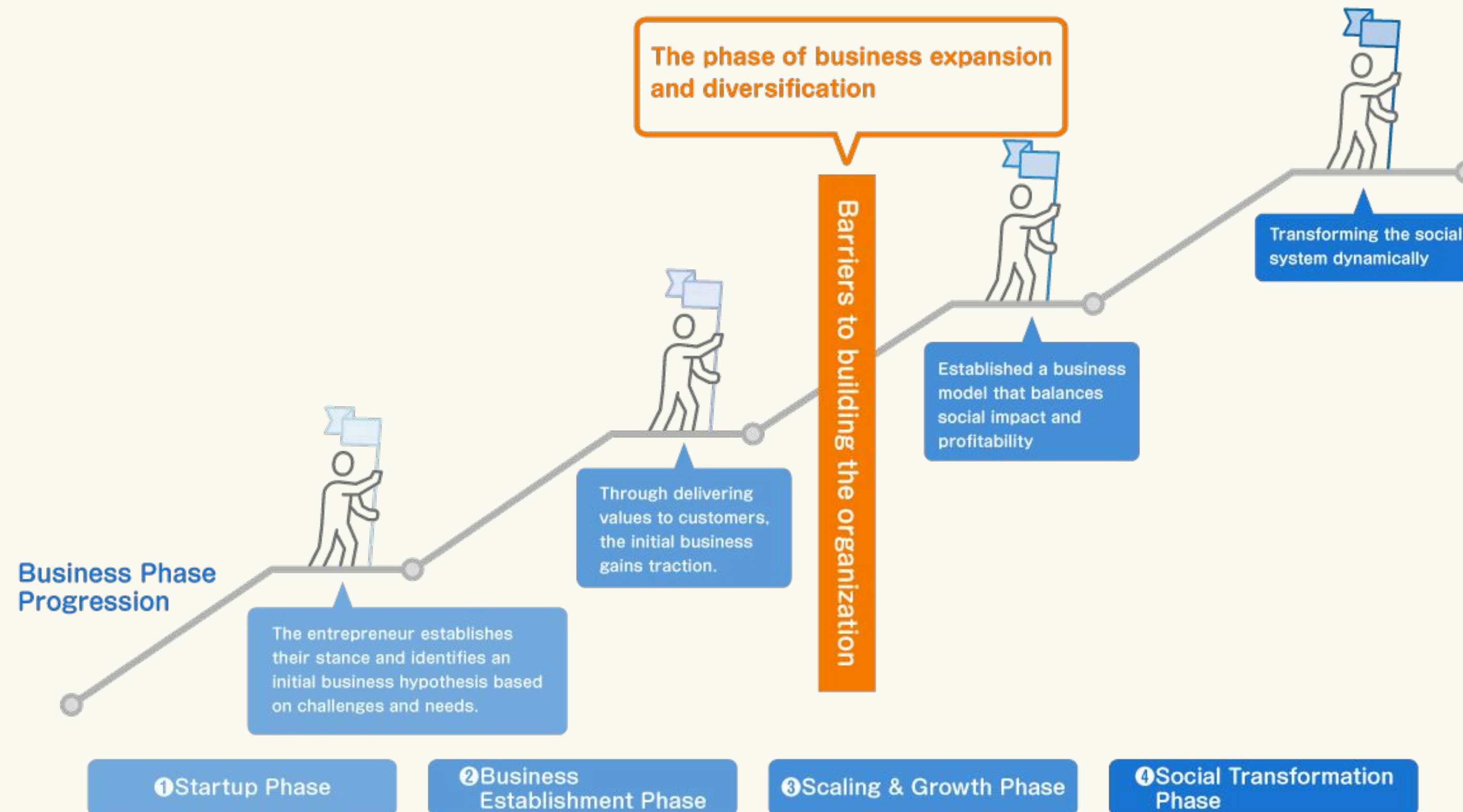
What did the Cabinet Office survey find?

The top challenge for nonprofits to operate sustainably:

**Securing and nurturing qualified human resources**

The survey indicated that the trend has remained unchanged over the past 10 years.

70% of the respondents answered “securing and nurturing qualified human resources” as an issue that nonprofits face in operating steadily. Also ranking high on the list were “Lack of successors” and “Improving business management skills,” which are closely related to securing and training human resources.



Many nonprofits face the challenge of human resource development as they expand their activities. Once the projects launched by the founders get off the ground, the organizations are usually required to improve the organizational structure as they reach the phase of expanding the scope of the organization and diversify their projects. As a guide, we are referring to an organization with annual gross revenues of 50 to 100 million yen and 10 to 20 employees.

In this phase, it is essential to appoint and train management personnel who can smoothly operate the business and organization, taking into consideration the thoughts and capabilities of the diverse members, including staff and volunteers. However, we often see cases where organizational development does not proceed as expected, and as a result, the organizational growth stagnates.

In this survey, we aim to understand the current realities based on the voices of senior managers and human resource leaders of nonprofit organizations and analyze the factors behind the challenges.

The goal of this report is to provide materials or evidence so that society as a whole can think about the next steps or necessary support to strengthen the nonprofit sector.

# 1-2 Implementation

## Objective

The survey was conducted to fully grasp the reality of middle manager development in nonprofit organizations. By sharing the survey results widely in society, we aim to foster a broader societal discussion on the necessary measures and support to strengthen the nonprofit sector.

## Respondents

Senior managers or human resource managers of organizations that meet the following conditions:

- Nonprofit organizations that include general incorporated associations, general incorporated foundations, and public interest corporations in Japan
- Organizations seeking to expand their activities by hiring new people and strengthening their capacities

## Survey Items

Four main areas:

- Recruitment: Are you able to find candidates for middle managers?
- Training: Do you have sufficient know-how or methods for middle manager training?
- HR system: Do you have sufficient HR functions and resources in place?
- Financial base and relationship with funders: Do you have sufficient funds to invest in human resources?

## Methodology

Online questionnaires for survey respondents

## Survey period

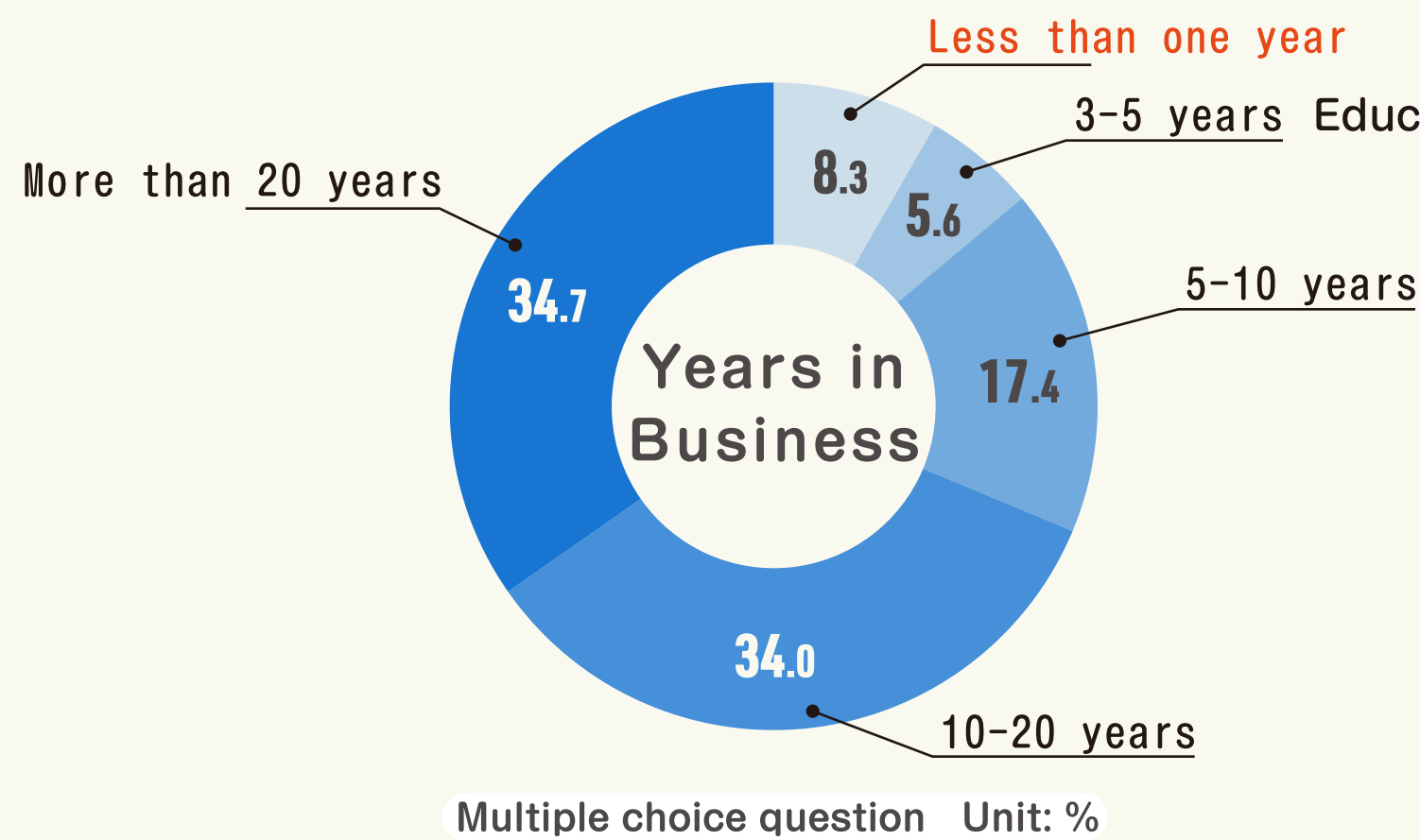
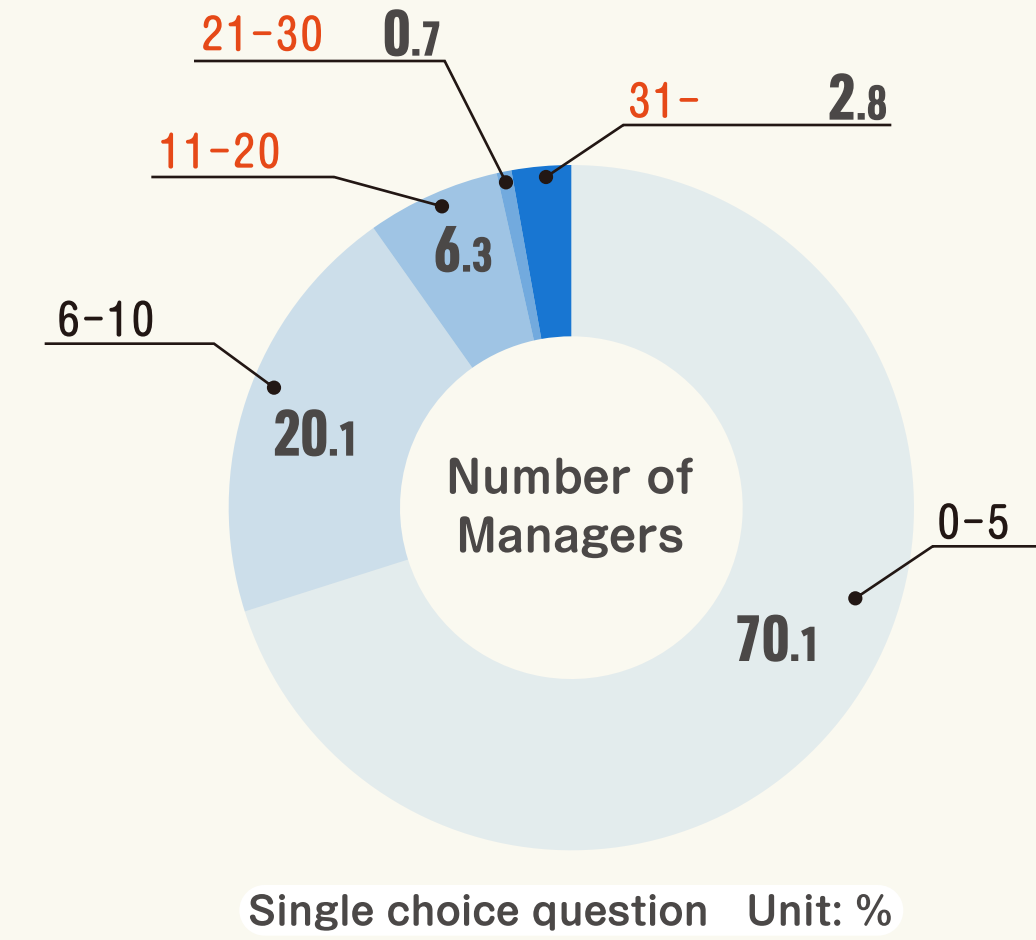
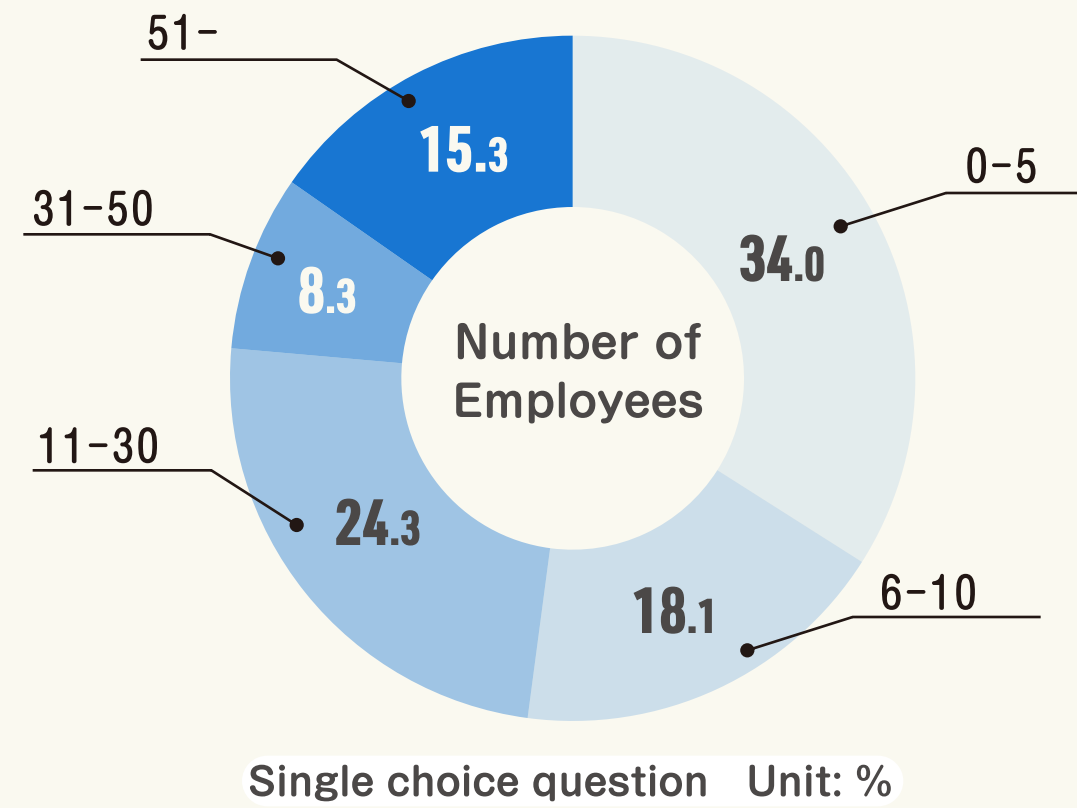
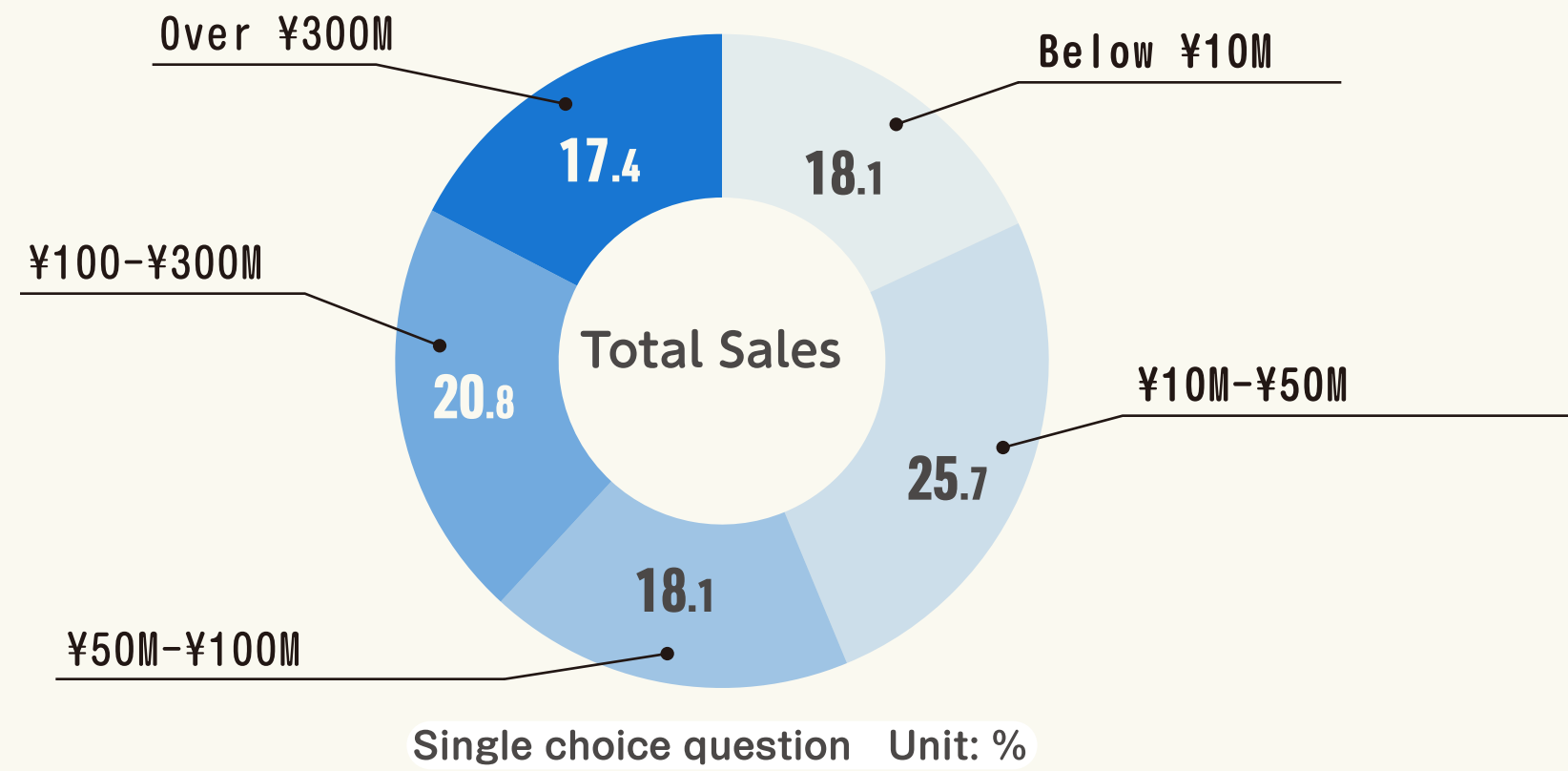
November 13 -December 12, 2024

## Number of valid responses

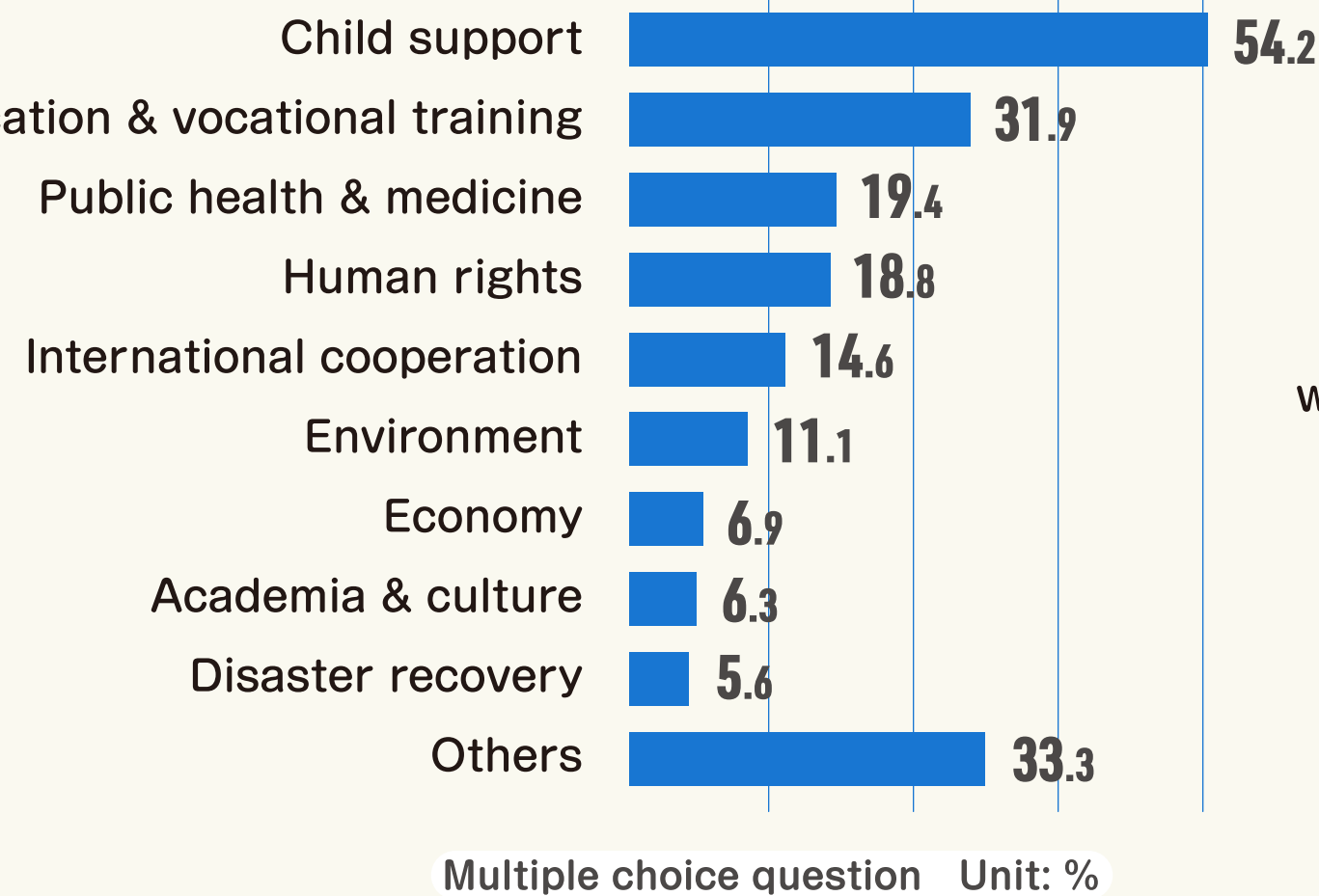
144 organizations

# Attributes of Respondents

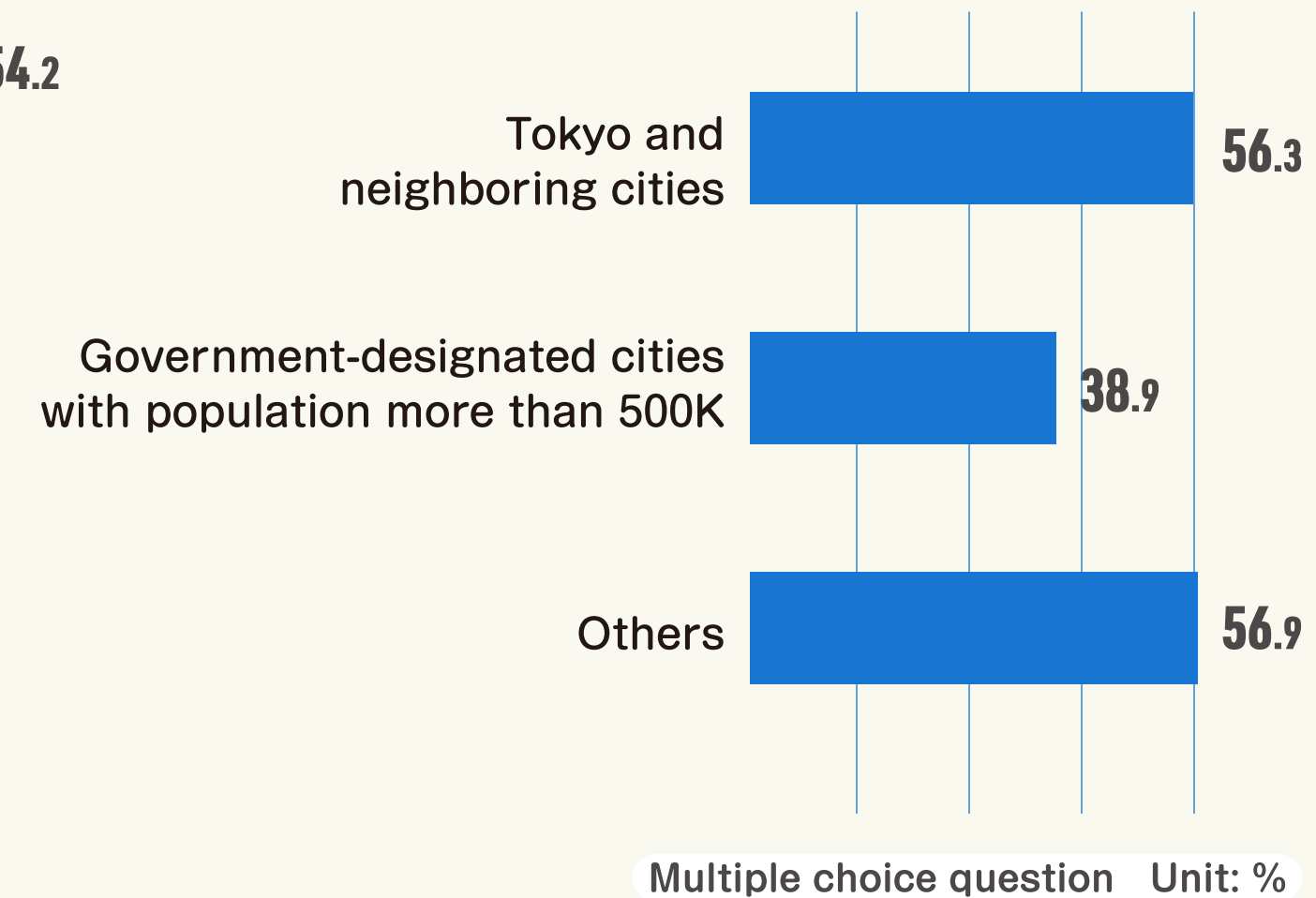
The attributes of the organizations that responded to the survey are as follows (n=144).



## Activity Area



## Activity Location



For the purposes of this report, we define "medium to large organizations" as those with annual gross revenues of 50 million yen or more, and "small organizations" as those with annual gross revenues of less than 50 million yen.

Note: Because this survey focused on the recruitment and development of middle managers, the business size of the respondent organizations is slightly larger than the average for the nonprofit sector in Japan.



# 02

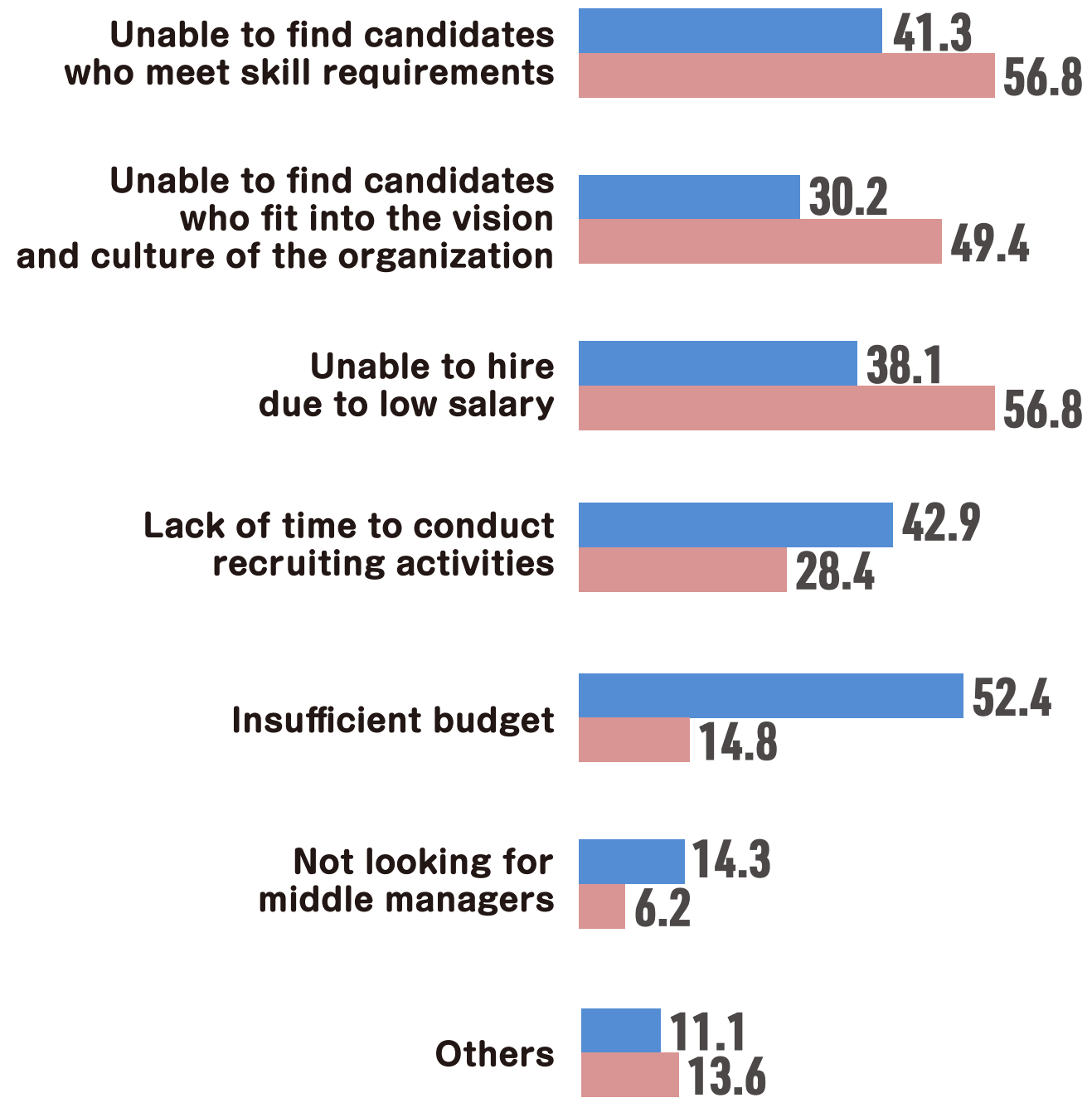
## Challenges in Recruiting Middle Managers

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## Survey Results



Q.What are the challenges in recruitment?



Multiple choice question  
Unit: %

■ Annual revenue: Over ¥50M  
■ Annual revenue: ¥0-¥50M

- The top challenges for small organizations are lack of “budget” and “time to spare” for recruiting activities.
- The top challenges for medium to large organizations are “unable to find candidates who meet skill requirements” and “unable to hire due to low salary.”

Q.Please share specific examples.

“It is difficult to find suitable personnel because the work is highly diverse and requires a wide range of knowledge and networks, including interpersonal skills, an understanding of social systems, and specialized expertise.”  
—Executive Director, Child Support Organization

“The person who will fill the middle manager position must have a high level of leadership qualities and skills. It is difficult to find suitable candidates when considering compatibility with the team, ratio of women to men, age, and other conditions.”  
—Director, Child Support Organization

“To collaborate on projects with the local government as an intermediary organization, it is necessary to have a broad knowledge of the local culture, history, and administrative structure, as well as other circumstances unique to the region. We are looking for someone who can hit the ground running immediately, but we recognize that our expectations may be too high.”  
—Director, Intermediary Organization

“Among our volunteers, we find individuals who are capable of the difficult communication required between staff and stakeholders with various values, but we can only hire such highly skilled individuals on contract because we can't match their salaries.”  
—Representative Director, Child Support Organization

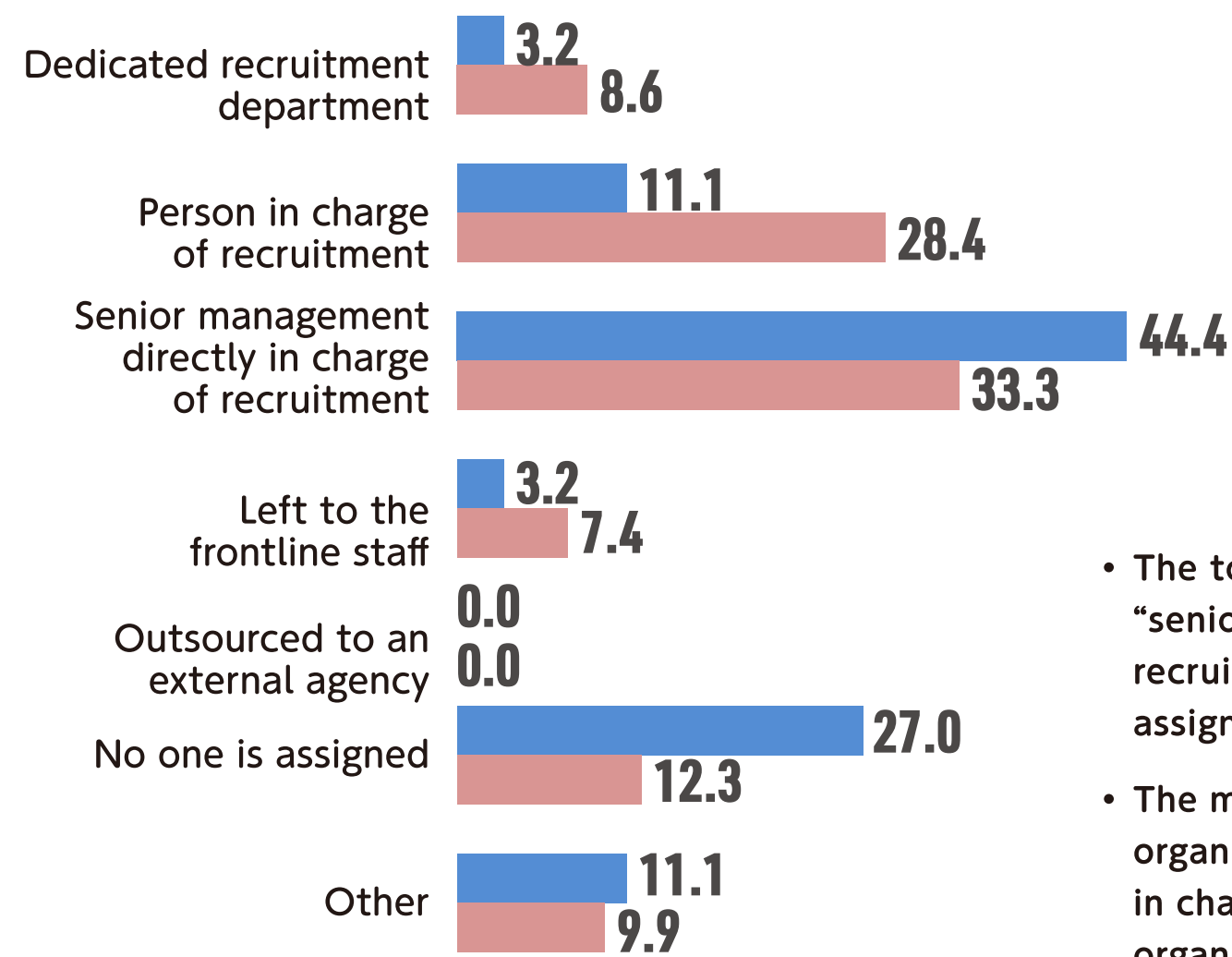
“With the salary we offer, it is extremely difficult to hire someone who can take on both management responsibilities and project implementation. In addition, those who move from the business sector are often motivated by a desire to be directly involved in projects.”  
—Director, Environmental Organization

Small organizations are challenged by budget shortfalls, while medium to large organizations are challenged by the limited annual salary they can offer despite the skills and business expertise they require of their candidates.



### Q. Who is in charge of recruitment?

Who is primarily responsible for hiring middle managers in your organization? Please select one option from the list below. (Single choice question)



- The top response for small organizations was “senior management is directly in charge of recruitment,” followed by “no one in particular is assigned to do the job.”
- The most common answer for medium to large organizations was “senior management is directly in charge of recruitment. Less than 30% of the organizations have a hiring manager and less than 20% of those with a dedicated department.

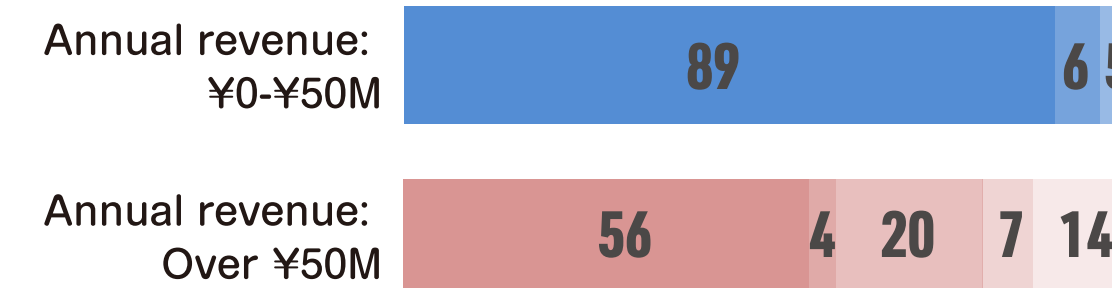
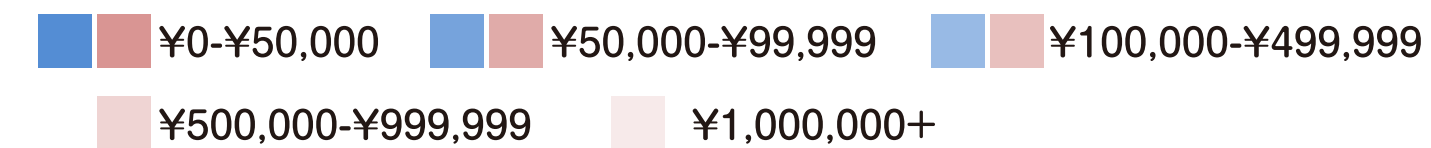
Single choice question Unit: %  
 ■ Annual revenue: ¥0-¥50M  
 ■ Annual revenue: Over ¥50M

### Q. What is your budget for recruitment?

How much budget has your organization allocated per hire in the past year to recruit middle managers? Please select one option from the list below. (Single choice question)

\*The recruiting budget covers expenses like job postings, recruiting fees, website production, and referral incentives, excluding internal labor costs.

Single choice question Unit: %



- The largest percentage of small organizations answered “less than 50,000 yen.”
- More than half of the medium to large organizations answered “less than 50,000 yen. On the other hand, 21% of the respondents answered “500,000 yen or more.”

Overall, there is a high degree of dependence on senior management, and 60% of medium to large organizations do not have a recruiting manager or a dedicated department. It is presumed that the recruitment process depends on the individual in charge, which makes it difficult to accumulate expertise on recruitment within the organization.



# Challenges Observations Based on Comments from the Respondents

Even after taking the trouble to hire people with excellent skills and business competencies, there are cases where different organizational cultures and work styles create barriers that lead to stagnant growth and turnover. It is important to take action in advance to address these issues.



“We had people leaving their jobs pretty quickly after we hired them. In many cases, they had no management experience and the work became too burdensome.”

—Director, International Cooperation Organization

“When we hire mid-career professionals with the required skill sets, conflicts often arise due to misalignment in beliefs. These conflicts stem from differences in their level of alignment with the organization’s vision, mission, and guiding principles, as well as discrepancies in attitudes and perspectives between new and existing staff.”

—President, International Cooperation Organization

“People who come from the business sector tend to be highly stressed by the decision-making process of nonprofits, which requires time-consuming coordination and discussions among the stakeholders. “

—Representative Director, Child Support Organization

“The team is highly diverse, ranging from staff working on the front lines to those handling lobbying and think-tank functions. People from the business sector need to unlearn, to some extent, the ideas and values that were effective in their previous environment.”

—Executive Director, Child Support Organization

# 03

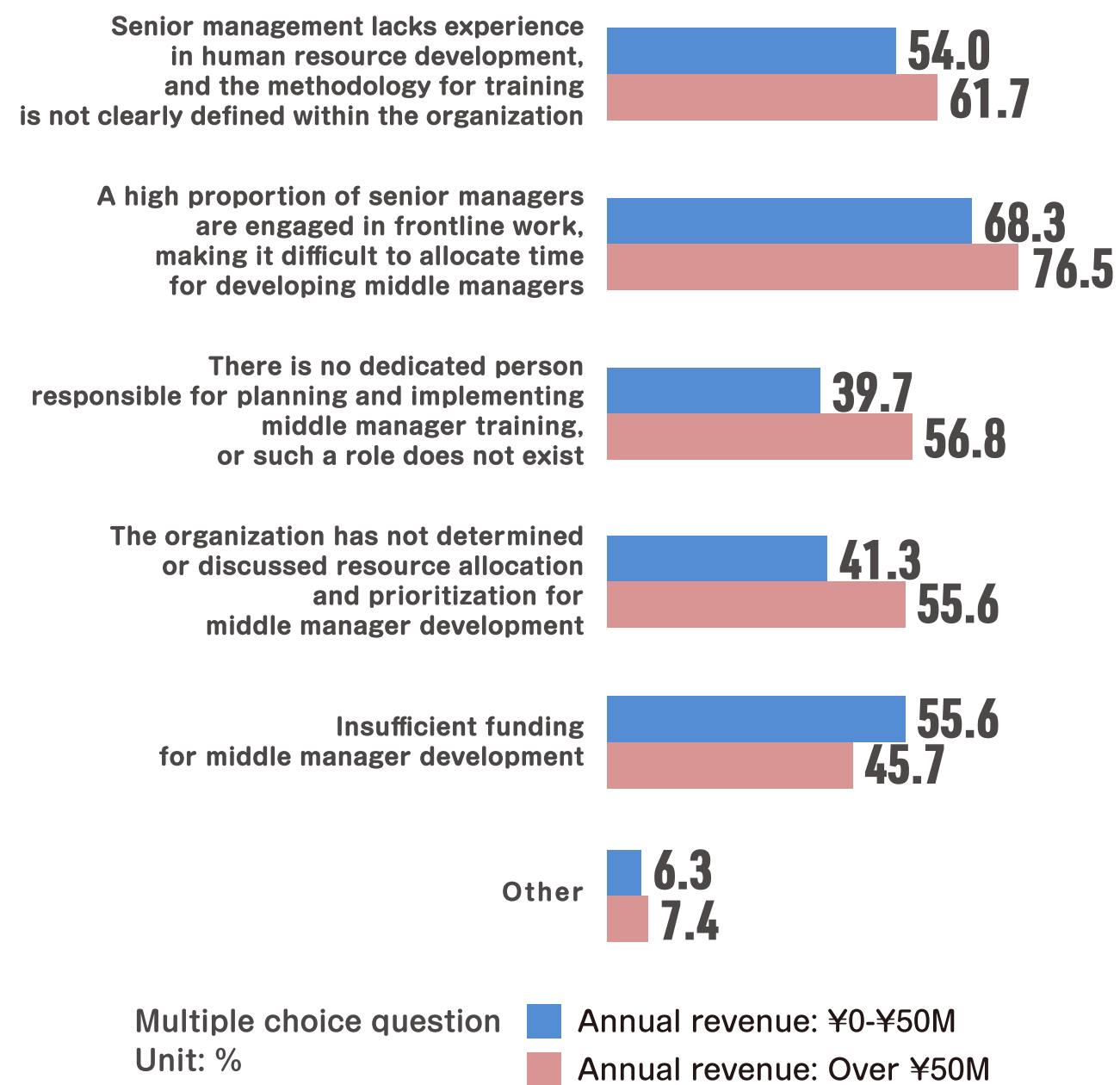
Challenges in  
Middle Manager Development

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## Survey Results



Q.What are the challenges?



- The top common challenge is that “a high proportion of senior managers are engaged in frontline work, making it difficult to allocate time for developing middle managers.”
- The second most common challenge for small organizations is “insufficient funding for middle manager development.”
- The second most common challenge for medium to large organizations is “the lack of experience in human resource development, and the methodology for training is not clearly defined within the organization.”

Q.Please share some concrete examples.

“All senior managers are involved in frontline work, leaving little time for middle manager development. Additionally, the organization has not clearly articulated a framework on what kind of personnel is needed for the organization.”  
 —Human Resources and General Affairs Manager, International Cooperation Organization

“I started the organization in my twenties and expanded the team. Since we hire mainly new graduates, there are few staff with experience in middle manager development.”  
 —Director, Child Support Organization

“Even when implementing on-the-job training, many managers have no experience in middle manager development. Since many have worked their way up from the field, they can only speak based on their own experience.”  
 —Executive Director, Child Support Organization

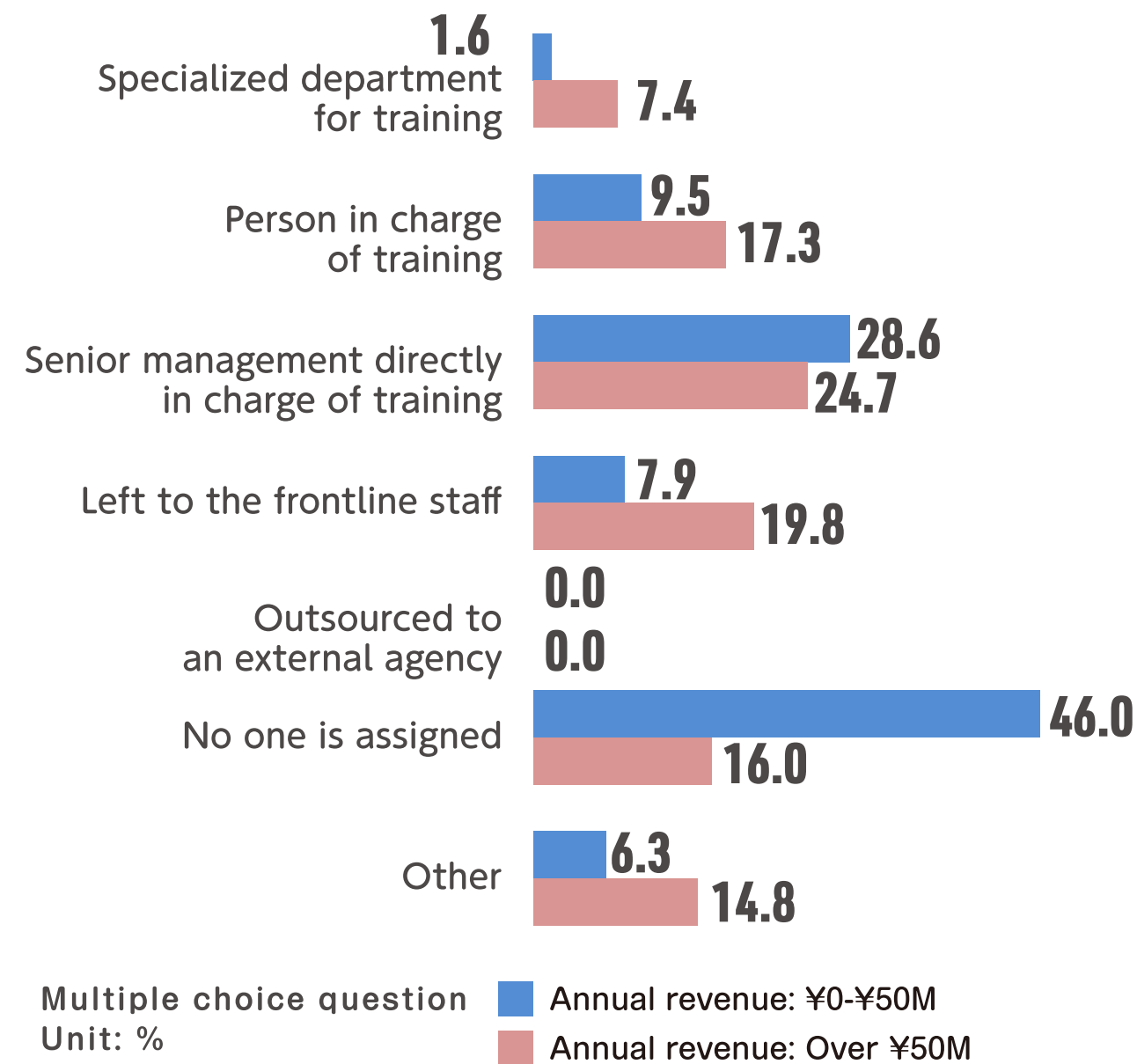
“As the founding representative, I believe I have certain skills necessary to launch initiatives, such as pushing through challenges. However, my skills in managing businesses and projects are not strong. Since we founded the organization as students, I have no experience working in a large company, receiving management training, or being managed by a good manager. Honestly, I don’t fully understand what makes a good middle manager or how to develop one.”  
 —Representative Director, Education & Vocational Training Organization

The founding members and senior managers have neither undergone managerial training themselves nor trained others. This suggests that the organization likely lacks both the know-how and successful experiences in human resource development.



### Q. Who is responsible for the training?

Who is primarily responsible for training middle managers in your organization? Please select one option from the list below. (Single choice question)

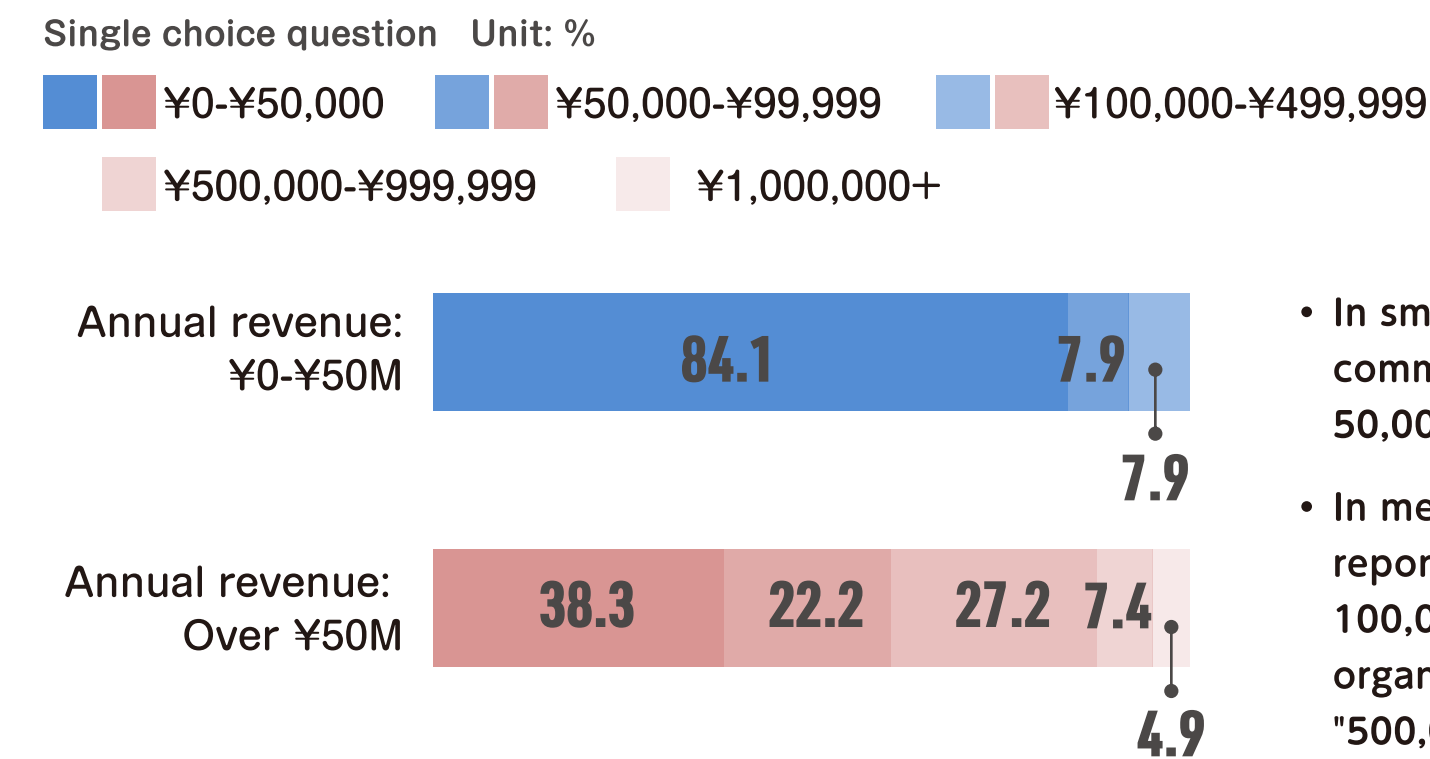


- In small organizations, the most common response regarding who is responsible for training middle managers was "not specifically decided," followed by "the senior management directly oversees the training."
- In medium to large organizations, the most common response was "the senior management directly oversees the training." Less than 20% of organizations have dedicated training personnel, and less than 10% have a specialized department for training.

### Q. What is your training budget?

How much budget has your organization allocated per person in the past year to train middle managers? Please select one option from the list below. (Single choice question)

\*The training budget covers in-house training, external lecturers, materials, outsourced training, seminars, and e-learning, and excludes internal labor costs.



- In small organizations, the most common response was "less than 50,000 yen," accounting for 84.1%.
- In medium to large organizations, 60% reported a budget of less than 100,000 yen. Meanwhile, 12% of organizations reported a budget of "500,000 yen or more."

Small organizations face a significant shortage of budget for training. While medium to large organizations have relatively larger training budgets, 70% do not have a dedicated training personnel or department. This suggests that they lack the capacity to establish a structured training system by their own staff.



# Challenges Observations Based on Feedback from Organizations

Founders who built their organizations on their own may have preconceived ideas about organizational development based on their success, strengths, and weaknesses in certain areas. As a result, even when the organization reaches a phase where capacity building is essential, resources tend to remain heavily focused on business operations, much like in the startup phase. Since human resource development is largely left to the efforts of frontline staff, the environment may not be conducive to fostering growth.



“In most cases, there is no system to systematically train middle managers, and they are automatically promoted in order of seniority. As a result, there is little change in the mindset of individual employees. Many are appointed to their positions with a mindset of a frontline worker. There is little attention paid to the training and development of staff, and resources are allocated to business operations in the field. The other problem is that this is not well recognized as an issue within the organization.”

—General Affairs Supervisor, Child Support Organization

“The management team, for better or worse, has ‘managed to handle everything themselves’ or ‘only focused on the startup phase,’ so they often struggle to understand the dilemmas faced by middle managers or fail to provide the necessary steps. This can make the middle managers feel as if they are suddenly being asked to take on tasks meant for highly experienced staff.”

—Director, Education & Vocational Training Organization

“Since its establishment, all human resource development, not limited to middle managers, has been done through on-the-job training and self-education of each individual. The senior management does not have the concept of human resource management, and even if those around them encourage them or try to explain it to them when proposing promotions, they do not get the message, and the organization reverts to the old way of doing things as described.”

—Acting Director, International Cooperation Organization



# 04

Implementing  
Capacity Building Measures

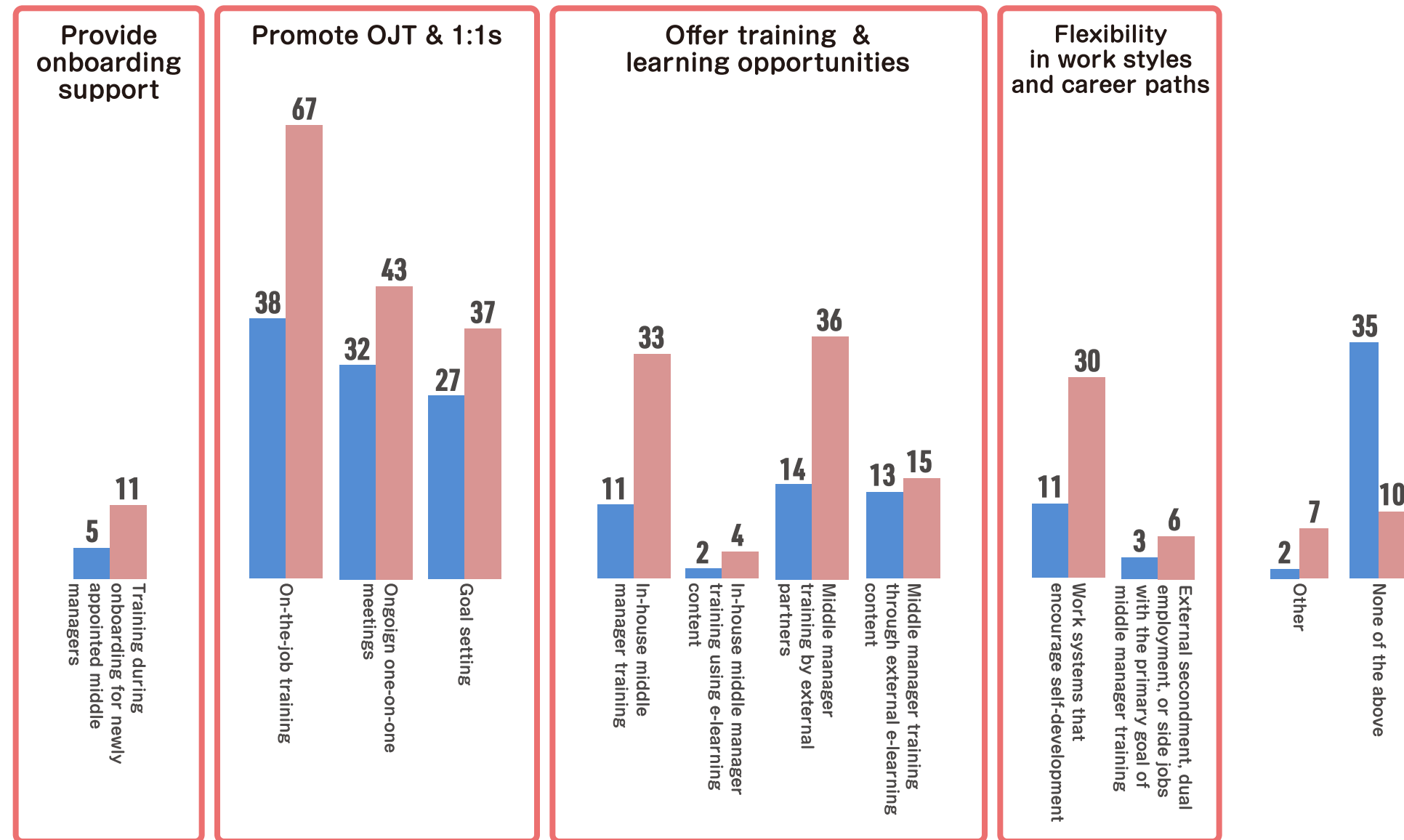
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## Survey Results



### Q.What kind of training did you implement?

In the past three years, what kind of middle manager training did your organization conduct?



Multiple choice question Unit: % ■ Annual revenue: ¥0-¥50M ■ Annual revenue: Over ¥50M

- The most common initiatives across all organizations are on-the-job training and ongoing one-on-one meetings. Nearly 70% of medium to large organizations implement on-the-job training.
- Off-the-job training, such as workshops and training programs, has a low implementation rate—around 30% for medium to large organizations and only around 10% for small organizations.
- Only about 10% of the organizations have onboarding programs to help newly hired personnel adapt to the organization.
- 35% of small organizations are unable to implement any initiatives.

### Q.Please share some concrete examples.

What were the effective middle manager training that your organization implemented, and which ones were not?

“One-on-one meetings with supervisors and external mentors have been effective in fostering a shared language and aligning perspectives on business management.”  
—Representative Director, Education & Vocational Training Organization

“One-on-one training conducted by executives from the business sector that is similar to mentoring has been highly effective. These sessions share the skills and responsibilities required of managers through goal-setting.”  
—Executive Director, Environmental Organization

“One-on-one meetings not only help share management’s perception of challenges and organizational policies but also encourage a stronger management mindset by discussing business and organizational challenges together with leadership.”  
—Executive Managing Director, Intermediary Organization

“Participating in an external business planning program was effective, but the impact tends to fade once returning to daily operations. This highlights the need for ongoing initiatives like one-on-one meetings.”  
— Co-Representative, Education & Vocational Training Organization

Medium to large organizations have increasingly implemented initiatives to develop skills and capabilities through on-the-job training and one-on-one meetings, with management recognizing their effectiveness. Additionally, they are leveraging individuals with experience in human resource development from the business sector.



# Challenges Observations Based on Feedback from Organizations

As nonprofit organizations grow, it is crucial to prioritize human resource initiatives strategically, allocate resources effectively, and establish an integrated human resource development system that includes relocations and assignments. This highlights the need for a chief human resource officer (CHRO), who can oversee and implement such strategies.



“The lack of personnel overseeing human resource development is a challenge. Securing donations and grants for this purpose is difficult, and gaining external understanding is also a struggle.”

—Director, Education & Vocational Training Organization

“Training programs are often conducted as one-off events, making it difficult to assess their effectiveness.”

—Executive Director, Child Support Organization

“External training tends to create a divide between highly motivated participants and those who are not, preventing the overall development of the management team.”

—Director, Child Support Organization

“It would be incredibly helpful to have intermediary support that clarifies what human resource initiatives are needed in light of the size and the business phase of the organization. In addition, it would be helpful to know how much funding is needed for each phase.”

—Director, Education & Vocational Training Organization

# 05

## Expectations for Fundors

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## Survey Results



## Q. Give us specific examples on what you expect from funders

"There is little understanding of the importance of investing resources in organizational capacity building, including recruitment and training of middle managers. There is limited support from foundations, companies, or governments when it comes to capacity building."

—Director, Child Support Organization

"We would like to see more grants available for human resource development and capacity building for organizations. In particular, administrative expenses for governmental contracting and grants usually range from 0% to 15%, but raising the ratio would allow us to conduct our work in a more sustainable manner."

—Representative Director,  
Education & Vocational Training Organization

"We would like to increase opportunities for foundations, companies, and governments to recognize how investment in human resources directly leads to social impact."

—Representative Director,  
Intermediary Organization

"I believe that middle manager development in the non-profit sector needs to be done with hands-on experience through work. It would be better if we could allocate funds as personnel expenses than hiring outside experts to give some courses."

—Representative Director,  
Child Support Organization

"We would like to see a certain percentage of the overall funding go to organizational capacity building as part of long-term support. For example, if we can use 20% of a 100 million yen grant, it can make a difference."

—Director,  
International Cooperation Organization

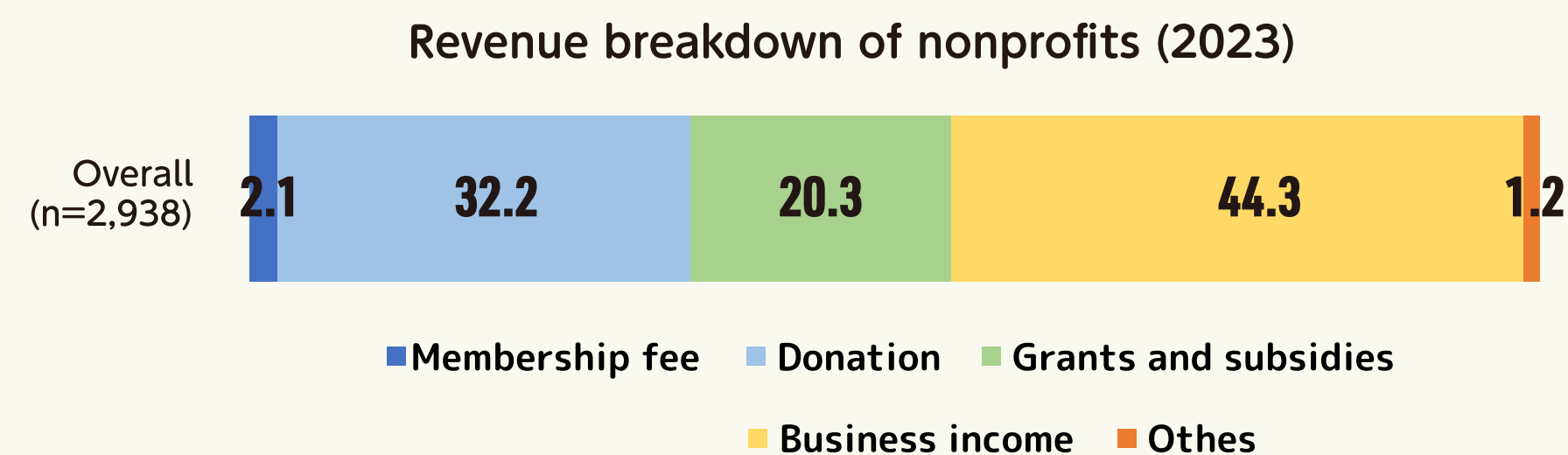
"With the help of our funders, we hope to raise awareness of the need for middle manager development. This issue cannot be resolved by the efforts of an individual organization alone."

—Executive Director,  
Child Support Organization

Many nonprofit organizations find it difficult to conduct planned and strategic recruitment and training due to restrictions on the use of funds provided. For example, the funding sources could be for a single-year budget, or could not be used for personnel or administrative costs.



Compared to the business sector, which primarily relies on revenue from sales of goods and services, the nonprofit sector has a unique financial structure based mainly on donations, grants, and subsidies, making it more difficult to invest in human resources.

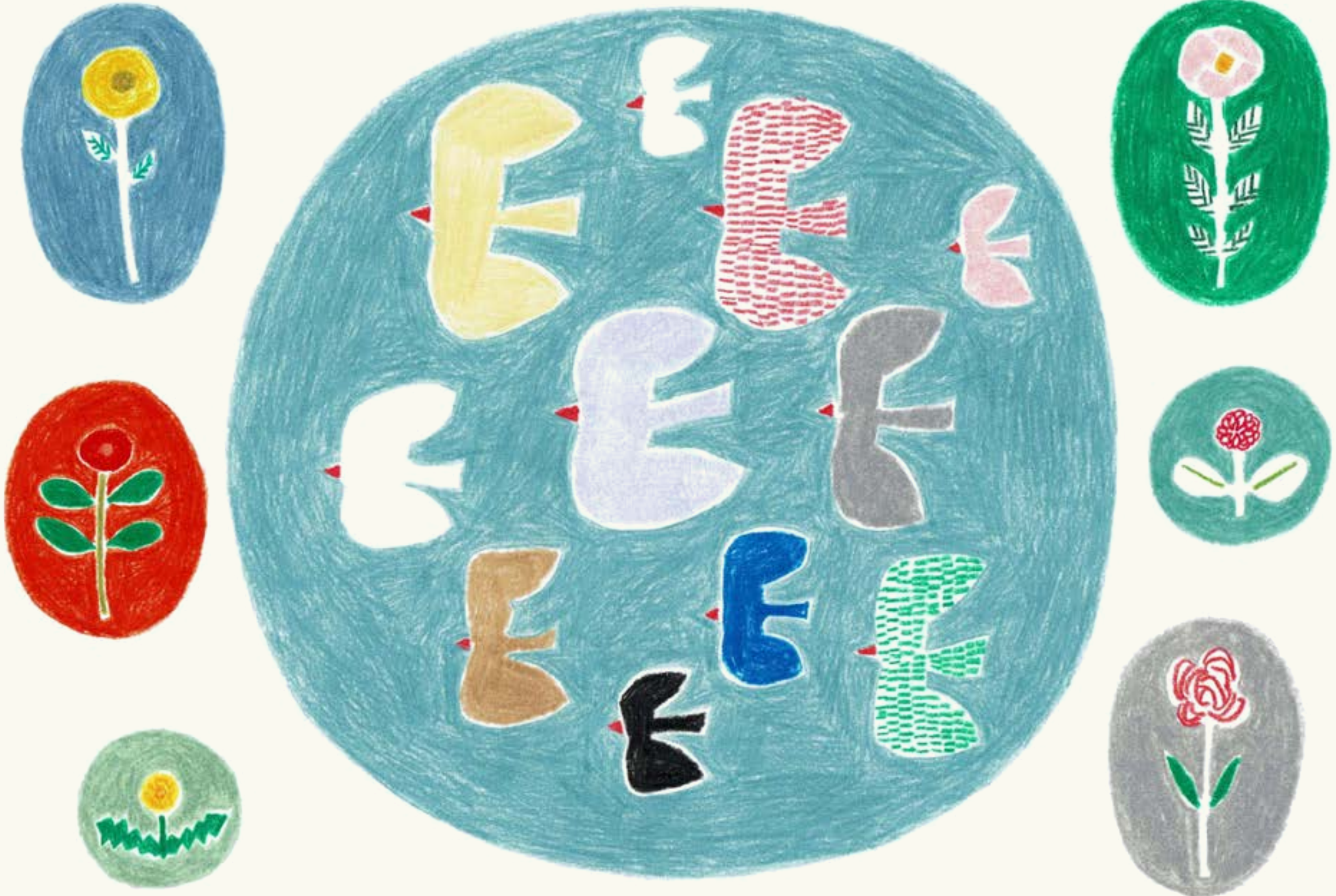


The main funding sources for nonprofits are membership fees, donations, subsidies and grants, and business income. For certified and specially certified nonprofits, donations (48.2%) and subsidies and grants (24.6%) are the most important sources of funding.

Reference: FY2023 Report on the Actual Conditions of Specified Nonprofit Corporations, issued by the Cabinet Office, Government of Japan.

# 06

## Recommendations to Improve Human Resource Development in the Nonprofit Sector



## 6-1 Our Recommendations

In our report so far, we have identified the current status and challenges of middle manager development in the nonprofit sector based on the opinions of senior managers.

In contrast to the business sector, the nonprofit sector still has fewer professionals with experience and knowledge in human resource development and management. Relying on the efforts of each organization to resolve this issue would be both difficult and inefficient.

In this section, we propose initiatives that nonprofit organizations should pursue in collaboration with their stakeholders for organizational capacity building and expand their activities. These stakeholders include corporation's CSR departments, foundations, donors, government agencies, intermediary organizations, and human resource experts working to address social issues.

### Recommendation 01

#### Providing support for middle manager development as a shared asset for the entire nonprofit sector

- a. Align expected outcomes with supervisors and team members to foster individual growth.
- b. Support newly joined members in adapting smoothly to the organization during onboarding.
- c. Strengthen Chief Human Resource Officer (CHRO) functions and prioritize human resource initiatives and resource allocation from a management perspective.

### Recommendation 02

#### Rethinking funding approaches for organizational capacity building of nonprofits

- a. Allow flexible use of grants, subsidies, and donations.
- b. Foster open and earnest communication between nonprofits and funders.



## Recommendation 01 Providing support for middle manager development as a shared asset for the entire nonprofit sector

Based on the survey results, we propose three measures that we believe will be effective in addressing some of the most significant challenges faced by nonprofit organizations and in providing external support for empowering the middle managers. By creating a system that allows multiple organizations to utilize these supports as shared assets, development and operation costs can be reduced, and even small organizations will find it easier to introduce these supports. The formation of a network that transcends organizational boundaries is also expected to accelerate collaboration to solve specific social issues.

### a Align expected outcomes with supervisors and team members to foster individual growth.

The starting point for middle manager development is to collaborate with supervisors to identify the gap between expected roles and outcomes versus the current situation. This process will help plan assignments and skill improvement strategies to bridge that gap. Additionally, external management professionals can provide feedback to both the individual and their supervisor, and offer necessary skills training to help them execute their plans effectively.

### b Support newly joined members in adapting smoothly to the organization during onboarding.

A lack of proper support during onboarding can hinder new employees from different industries or roles from fully utilizing their potential, leading to an increase in early resignations. This, in turn, may create a negative cycle where organizations believe they need even higher-skilled personnel, making recruitment more challenging. Instead of expecting immediate results from new members, it is essential to create an environment where they can understand the organization's history, values, and work processes, allowing them to perform at their full potential.

### c Strengthen Chief Human Resource Officer (CHRO) functions and prioritize human resource initiatives and resource allocation from a management perspective.

To align with the organization's mid-to-long-term impact goals and vision, the leadership must dedicate time to identifying the most pressing human resource initiatives and receive support in this process. Additionally, leveraging external resources such as grants, pro bono support, and group training programs—and integrating them into the organization's learning and retention strategies—can be an effective approach for nonprofits with limited resources.

Regarding how nonprofit organizations secure funding for organizational capacity building, the survey found the following to be bottlenecks.

### 5-1 Expectations for Funders Survey Results

Many nonprofit organizations find it difficult to conduct planned and strategic recruitment and training due to restrictions on the use of funds provided. For example, the funding sources could be for a single-year budget, or could not be used for personnel or administrative costs.

Based on the above survey results, we believe it is effective to explore the following two perspectives together with funders:

#### a Allow flexible use of grants, subsidies, and donations.

In recent years, there has been growing awareness that the expectation for donations and grants to be used exclusively for direct program activities—while minimizing spending on human resource development and administrative costs—has placed significant strain on nonprofit management. Encouragingly, this mindset is beginning to shift.

(Reference article: "[The Nonprofit Starvation Cycle](#)").

It is expected that funders—such as foundations, public institutions, corporations, and individual donors—will engage in ongoing dialogue with nonprofits and allow greater flexibility in how their funds are used. Additionally, to increase the number of funders who understand the importance of investing in human capital, nonprofits themselves need to reevaluate how they measure and communicate their impact and outcomes.

#### b Foster open and earnest communication between nonprofits and funders.

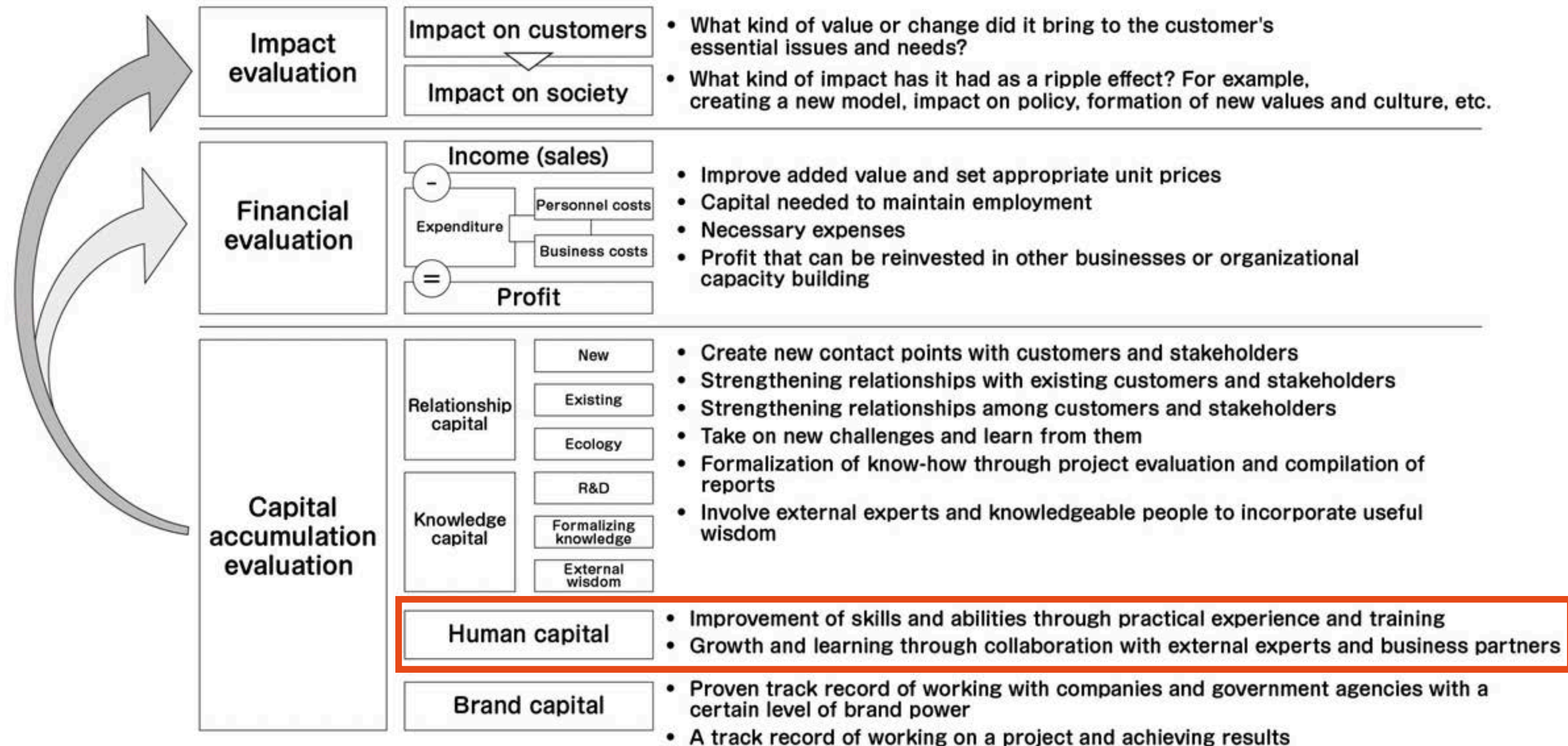
Even if it is difficult to immediately change funding frameworks, many survey respondents highlighted examples where improved communication strategies helped strengthen relationships and overcome challenges. These include:

- **Simplifying administrative procedures such as applications and reports, while prioritizing dialogue**
- **Sharing challenges and setbacks openly**
- **Actively seeking feedback from one another and using it to improve actions**

Expanding such practices can enhance the sustainability of the nonprofit sector, allowing organizations to continue and further develop their efforts in addressing social issues.

In recent years, the importance of human capital management has been widely discussed in the corporate sector, and the same applies to nonprofits, where "people" are the primary drivers of value creation. Organizations that can strategically invest in human capital and other intangible assets are more likely to generate significant long-term impact.

**Enriching invisible capital will be the source of sustainable impact and income flow**



Source: Created by ETIC, based on *Invisible Capitalism* by Hiroshi Tasaka

## Acknowledgements

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- Data Collection:** Japan Association of New Public and  
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- Data Analysis:** Data Driven Local, LLC
- Design:** Hanabusa Inc.

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**Published by:**  
**ETIC**

Founded in 1993 and incorporated as an NPO in 2000, ETIC became a certified NPO in 2017. The organization is dedicated to fostering entrepreneurs, facilitating cross-sector collaboration between businesses, local governments, and other entities, and training coordinators. Through its hands-on internship programs and entrepreneurial support initiatives, ETIC has engaged approximately 12,500 participants, with over 1,900 starting their own businesses.

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