Sustaining Circulation: 
Operations of Long Standing Japanese Local Currencies

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¹ [https://www.f-money.com/](https://www.f-money.com/)
Abbreviations

LC - Local Currency
CC - Community Currency
CSR - Corporate Social Responsibility
NPO - Nonprofit Organization
DTS - Double Triangle System
STS - Single Triangle System

Definitions

**Local Currency** - An agreement within a community to accept something other than legal tender as a means of payment. (Lietaer, 2004, p.3)

**Community Currency** - A subcategory of local currency. A community currency is earned through community involvement and circulates with the intention of developing social capital and building community bonds.

**Complementary Currency** - A subcategory of local currency. A complementary currency circulates with the aim of developing the local economy through credit creation or through encouraging the production or consumption of local goods or services.

**Corporate Social Responsibility** - "A management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives"^2

Nonprofit Organization – The Japanese NPO center defines a nonprofit organization according to 3 requirements: Firstly, it is an organization that performs services that the government is unable to or that private companies will only do for a profit. Secondly, any profits that are created are not distributed to members, but used to cover the costs of achieving the organization’s goals. Thirdly, it consists of a continually present group of people in an organization that has assumed a responsibility towards society.

Double Triangle System – A currency circulation system where a LC mediates commercial transactions of goods and services offered by businesses, civil groups, and NPOs in order to forge a complementary relationship between commercial and non-commercial transactions (Kichiji and Nishibe, 2008, p.269).

Single Triangle System - A currency circulation system where a LC acts as a platform for mediating non-commercial transactions between individual members of a community with minimal to no links to the business community.

Mutual Credit Currency: In a mutual credit system, units of currency are issued when a participant extends credit to another user in a standard spending transaction. Picture a new mutual credit currency with all accounts having a zero balance. The first transaction could look like this: Alice pays Bob 20 credits for a haircut. Alice’s account now has -20, and Bob’s has +20.4

3 https://www.jnpoc.ne.jp/?page_id=134#a01
4 http://ceptr.org/whitepapers/mutual-credit
ABSTRACT

This paper uncovers key theoretical concepts regarding the longevity of Japanese Local Currencies (LCs). In order to accomplish this goal, 12 Japanese LC organizations that have operated for more than a decade are investigated using a Grounded Theory Approach (GTA). GTA is a largely qualitative research methodology used to develop theories or theoretical concepts in new or under-researched fields of study. Due to the lack of available quantitative data among LC organizations as well as the relative novelty of the LC field it was felt that GTA was an appropriate methodology. The GTA methodology was applied to the primary data set, which consisted of 8 hours and 8 minutes of transcribed interviews and 17 typed interviews. This was supplemented by 6 quantitative currency circulation reports, 4 surveys among LC users and observation of the activities of 5 LCs. Long-Term Leadership emerged as the core concept underlying the longevity of all 12 research sites. This was supported by two other key concepts Secure Funding and Migrant Centered Rural Networks. An examination of the core concept revealed 3 distinct models of long-term LC management. The 1st model (Passbook Communities) are social networks facilitated by an easy to administer passbook LC mechanism. LCs that fit into the 2nd model (Cross-sector Tools) are built on cross sector partnerships strongly supported by the local business sector. LCs that match the 3rd Model (Aspiring LCs) are independent organizations led by motivated mission-based leaders. An examination of the Secure Funding concept uncovered 4 effective long-term funding mechanisms and an analysis of the concept of Migrant Centered Rural Networks revealed the utility of passbook LCs as a gateway for urban migrants settling in the countryside. In addition to the key concepts and the management models that emerged, 6 impact factors were identified that enhance the effectiveness of LC organizations.

Key words: Local currency, Theoretical concepts, Longevity, Grounded Theory, Long-Term Leadership
Chapter 1 – Introduction

The purpose of this paper is the formulation of theoretical concepts that describe the phenomenon of long-lived Japanese local currencies (LCs) for the understanding of researchers and social entrepreneurs. To accomplish this, 12 LC organizations that have operated for more than a decade are investigated using a Grounded Theory Approach (GTA) in order to uncover these concepts. Within the last 30 years LC development has steadily picked up in pace, aided in part by the development cryptocurrency and the accompanying growth in awareness of unconventional monetary instruments. This development of LCs is visible in the increased number of experiments worldwide as well as their growing complexity. Japanese LCs in particular have been a source of curiosity among LC researchers since the country experienced a LC boom in the early 2000s (1999 – 2005) with hundreds of LC organizations launching each year. Since the boom period the number of new Japanese LCs founded each year has dropped significantly. However, Japan still has an appreciable number of LCs currently circulating (around 2005), the vast majority of which operate as nonprofit organizations (NPOs).

Now, in their 4th decade as a recognized social phenomenon, LCs and have demonstrated the capability to encourage local economic development (Nishibe, 2018) as well as local social development (Richey, 2007). This has attracted the attention of researchers seeking alternative solutions to some modern issues. Consequently, the development of LCs, their circulation instruments and the rapidly shifting environments in which they operate has resulted in the creation of complex theoretical frameworks as researchers aim to comprehend a research field rich in variety. This has meant that research focused on the operational and managerial aspects has been left behind to some extent. Consequently the author's aim is to uncover management related concepts that can summarize the key lessons learned by social entrepreneurs in the field to contribute towards an understanding of LCs rooted in observed findings. Therefore it is the author's intention to make an empirical contribution to the understanding of LCs for interested researchers. A secondary aim is that this paper synthesizes useful insights for interested social entrepreneurs.

Izumi and Nakazato (2016)
1.1 Outline of Paper

What follows next is summary of the chapters in this paper.

1.1.1 Introduction

LCs are a unique concept and not widely known. For this reason the introduction chapter focuses on providing readers with a description of the history and nature of LCs to provide a framework for understanding this unique tool that is used for economic and social development.

1.1.2 Chapter 2: Japanese Local Currencies

Chapter 2 goes into further detail on the background and context of Japanese LCs and lays much of the groundwork for grasping the substance of this paper. The chapter begins by providing an overview of Japanese LCs through a discussion of their circulation mechanisms, their purposes and a summary of their evolution. The chapter then establishes the status of LCs as NPOs by examining the history of Japanese LCs in terms of NPO definitional terms. The chapter concludes with a theoretical elaboration on the roles that Japanese LCs fulfill within society as NPOs. In essence this chapter will cover how and why LCs function in Japan as well as assigning a theoretical framework that describes their role within Japanese society.

1.1.3 Chapter 3: Literature Review

Having discussed the roles played by LCs in Japan in chapter 2, chapter 3 looks at the broader field of LCs. It highlights several aspects of LC research relevant to the purpose of this research paper, which is to uncover theoretical concepts that can shed light on the longevity of Japanese LCs. It starts by addressing the value of LCs as tools for social and economic development. This is done by showing examples from the literature that empirically establish the benefits of LCs starting with the social benefits and then moving onto to economic benefits. Next, through an examination of the literature the author puts forward an argument for why a focus on long-term management is important for the continued development of LCs. Finally, the chapter looks at the significance of Japanese LCs within the overall field and why an examination of long-lived Japanese LCs will make a useful contribution towards establishing long-term management framework.
1.1.4 Chapter 4: Research Purpose

The 4th chapter reiterates the research goal mentioned previously in more detail by expanding on the research sites, their selection criteria and the significance of this paper. The significance of this paper is discussed in terms of its value to the field of LCs and the NPO sector.

1.1.5 Chapter 5: Methodology

The chosen methodology for this research paper is the Grounded Theory Approach (GTA). This chapter discusses the data collection and analysis using GTA principles as well as the research questions that emerged from the process. The chapter firstly discusses the history and development of GTA, as this understanding is necessary in order to accurately contextualize the methodology's implementation. Next, the chapter discusses the data collection process in detail. Finally, the chapter describes how the GTA principles were applied to the collected data in order to realize the emergent themes, which produced the research questions for the paper.

1.1.6 Chapter 6: Findings

Chapter 6 is the final phase of the GTA analysis process. The research questions are answered and the main categories are filled in with descriptive detail to uncover the 3 key concepts (1 core and 2 supporting concepts) governing the longevity of Japanese LC organizations as well as 3 management models.

1.1.7 Chapter 7: Conclusion

This final chapter begins with a discussion on the core emerging concept and its theoretical and practical implications. Next, the implications of the supporting concepts are discussed. The overall academic implications of this paper are then elaborated on. Towards the end of the chapter the practical implications of the 3 uncovered management models are discussed and these take the form of 6 impact factors. The paper concludes with a discussion of the originality and limitations of this paper and lastly the concluding remarks are made.
1.2 Local Currency Definition

Community currencies (LCs) have been in existence since the beginning of the modern economy and are known by various names such as community currencies, alternative currencies and complementary currencies. They are not legal tender and circulate alongside national currencies to accomplish their goals. According to Lietaer (2004, p.3) a LC is an agreement within a community to accept something other than legal tender as a means of payment. Therefore, any medium of exchange for goods and services outside of the legal tender system and within a limited community can be described as a LC. LCs can generally be divided between those that promote social development (community currencies) and those that promote economic development (complementary currencies). These terms are not mutually exclusive and many LCs bridge the divide between social and economic development.

1.3 History Of LCs

As mentioned above LCs have been around since the advent of the modern economy. The scope and utility of LCs span more than a century of experimentation around the world and include thousands of examples. According to Gatch (2012, p.23): “Between 1931 and 1935 hundreds of experiments in local currency or ‘scrip’ flourished in the United States as attempts to grapple with various aspects of the economic crisis”. During the same period LCs also flourished in Europe. The most famous of these European LCs is the Worgl experiment which has been favorably discussed by several researchers including Irving Fisher (1933), Onken (1983) and Lietaer (2001). After existing on the fringes of the early modern economy LCs, with a few exceptions, faded out of public consciousness as the great depression subsided.

Over the last 30 years there has been resurgence in LCs and the number LC organizations around the world have steadily grown in number. According to Lietaer (2001. p.339), in 1995 there were around 1000 LC systems worldwide. Current estimates of LC systems indicate steady growth. Seyfang & Longhurst (2012) put the recent number at around 3500 systems worldwide while Lietaer & Dunne (2013, p.73) estimate there are 4000 systems worldwide.
Much of LC development and growth has taken place in Europe, North America and Japan. At the turn of the millennium Japan experienced a boom in LC organizations with hundreds being launched in a short space of years. This includes over 120 created in 2002 and around 90 created in 2005 (Kobayashi, Miyazaki and Yoshida, 2017, p.4). Since then there has been a sharp decline in the number of new LCs created each year however, Izumi and Nakazato (2017, p.42) estimate that there are currently around 204 actively operating CCs in Japan. Regarding American LCs, Krohn and Snyder (2008, p.54) write that between 1991 and 2008 “over 80 communities in the United States introduced printed local currencies.” Over in Europe the advantages of LCs are well recognized and some LC organizations benefit from local government or European Union funding. The Do it Together (DiT) currency which is active in two municipalities in the Netherlands is subsidized by the European Union (Batterink, Kampers & Van De Veer, 2017, p.31) while the SOL Violette currency in France was launched in 2011 thanks to financial support from the city of Toulouse 6.

As seen above, LCs have always been a part of the monetary or economic landscape. As the modern economy evolves and technology provides more opportunity and scope for development, it is increasingly becoming a more vibrant area of research. Given the long history of LCs and their current development, there is every indication that they will continue to exist in one form or another.

1.4 Purpose Of LCs

As mentioned above LCs can be divided into two types depending on their purpose and always work with the national currency to achieve these goals. The first category of LCs are essentially economic projects aimed at revitalizing the local economy. These will be referred to as complementary currencies for the remainder of this paper as their primary goal is to complement the national currency in local economic development. The second kind of LC is created to strengthen community bonds and develop civil participation amongst local populations. These will be known as community currencies (LCs) for the remainder of this paper. These two categories are discussed in greater detail below.

1.4.1 Complementary Currencies

Complementary Currencies are created to survive a harsh economic climate or to promote the circulation of local goods and services. As such they are more focused on local economic development. Perfect examples of complementary currencies are the scrip currencies used during the Great Depression in America (Gatch, 2012) and the Worgl currency utilized in Austria (Muralt, 1934). These serve as perfect examples of LCs created out of dire necessity to revitalize the local economy. More recently Banco Palmas, a complementary currency in Brazil, encourages local spending and liquidity in combination with micro lending (Nishibe, 2018). Finally in Japan Omusubi Currency, which circulates in Toyota City, was created for the purpose of revitalizing the local economy by circulating among local small to medium sized businesses (Toyota, 2014).

1.4.2 Community Currencies

Community currencies (CCs), as the name suggests, are created to strengthen community bonds. In contrast to many LCs created at the beginning of the 20th century out of economic necessity, a large swath of modern LCs are created with the specific purpose of strengthening community bonds or have strong socializing aspects to them. One example is the Do It Together (DiT) currency scheme in the municipalities of Tholen and Bergen op Zoom in the Netherlands. According to Batterink, Kampers and Van der Veer (2017, p.4), “The main objectives behind DiT are social. DiT is an experiment that seeks to shape social support through a shared feeling of responsibility between institutions such as the municipality, housing associations and care providers, non-profit organizations, local retailers and citizens.” CCs are also the most prevalent type of LC in Japan. When describing typical Japanese LC programs Richey (2007, pp.1) states that, “These programs are specifically designed to stimulate generalized trust by rewarding civic engagement and encouraging social interaction.”
1.4.3 Not Mutually Exclusive

These categories of LC are not mutually exclusive and many modern LCs combine the social and economic benefits of LCs. For example Calgary Dollars (a Canadian LC), is defined as “a complementary currency program that seeks to improve economic stability, enhance social inclusion, and increase bridging social capital.” (Wheatley, Younie, Alajlan, & McFarlane, 2011, p.85). Thus LCs in general have socializing aspects to them but a complementary currency puts more emphasis on economic development while a community currency puts more emphasis on community development.

1.4.4 Importance of the Multiplier Function

The primary benefit that a LC has over other propositions for local social or economic development is the potential of the multiplier effect. The multiplier effect is defined as, “an economic factor that, when applied, amplifies the effect of some other outcome.” Another way of putting it is to say that a change in a particular input can cause a larger change in an output. This is a commonly understood aspect of currency in general and an oft-mentioned example in economic theory is that changes in government spending can cause a greater change in gross domestic product. The key characteristic of a local currency is that the change in output is contained within the local community thus revitalizing it socially or economically, depending on the aims of the LC. Thus an

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7 https://www.investopedia.com/terms/m/multiplier.asp
increase in LC issuance in a local community can result in larger outputs in the form of greater exchanges in mutual care or more transactions at local businesses.

<table>
<thead>
<tr>
<th>Number of Currency Usage Cycles</th>
<th>Percentage of Issued Currency Used with each Cycle</th>
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<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; Cycle</td>
<td>100%</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt; Cycle</td>
<td>100%</td>
</tr>
<tr>
<td>3&lt;sup&gt;rd&lt;/sup&gt; Cycle</td>
<td>34%</td>
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<tr>
<td>8&lt;sup&gt;th&lt;/sup&gt; Cycle</td>
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Table 1: Multiplier Effect of Genki Currency. Adapted from Yamazaki (2009, p.73)

Two examples from the literature (Kurita, Miyazaki, & Nishibe, 2012; Yamazaki, 2009) show examples of LCs where a multiplier effect was recorded and measured. Yamazaki (2009, p.72) describes an experiment where the usage cycles of a sample of 1370 LC paper notes (¥137,000 in value) was recorded. The results can be seen in table 1. Each additional use of the LC was either a transaction of volunteer reward or a transaction at a local business. As can be seen in the table all the LC notes were used at least twice and tiny fraction of the issued sample managed 8 cycles. A key point is that all of these cycles occurred within the community whereas with the national currency, any further cycles of the currency could easily take place outside the local area and often do. Thus the goal of a LC is to encourage as many cycles of the LC as possible, thus increasing the circulation of value within the local area.
1.5 Terms Going Forward

Due to the variety of systems in existence an overarching typology of LCs is yet to be firmly established. In this paper the term LC is used to describe currency systems limited to a local area irrespective of whether they are used for economic or social development. In other publications that are quoted here, the terms sometimes used are complementary currency, community currency or CC. It should be borne in mind that for the purposes of this paper these have the same meaning as LC.
Chapter 2: Japanese LCs

Chapter 2 goes into further detail on the background and context of Japanese LCs and lays much of the groundwork for grasping the substance of this paper. The chapter begins by providing an overview of Japanese LCs by discussing their circulation mechanisms, their purposes and a summary of their evolution. The chapter then establishes the status of LCs as NPOs by examining the history of Japanese LCs in terms of NPO definitional terms. The chapter concludes with a theoretical elaboration on the roles that Japanese LCs fulfill within society as NPOs. In essence this chapter will cover how and why LCs function in Japan as well as assigning a theoretical framework that describes their role within Japanese society.

2.1 Japanese LC Circulation Mechanism

In order to provide context for the examination of the Japanese LCs in this paper it is essential to describe the basic circulation of a Japanese LC. As will become evident in this chapter, Japanese LCs are quite diverse and thus it is not easy to provide a baseline description that covers all Japanese LC circulation systems, however the descriptions below should suffice to accurately portray the basic circulation mechanism for the vast majority of Japanese LCs.

2.1.1 Single Triangle System

The circulation mechanisms of Japanese LCs have undergone two fundamental phases of development. The first phase which involved all Japanese LCs from the 1973 to around 2000, did not involve commercial transactions with local businesses, only exchanges of mutual care between individual participants. This was a form of time banking, which can be described as "a bartering system for services, where people exchange services for labor-time based credits, rather than money." This is the single triangle system part of figure 3 where the LC organization acts as a platform for mediating transactions between individual members of a community. While the majority of these single triangle system LCs were created before the year 2000, there are still several LC organizations that successfully utilize this model to build connections between people in the community including 3 of the LC organizations under investigation in this paper. Kichiji and

8 https://www.investopedia.com/terms/t/time-banking.asp
Nishibe (2008, p.269) explain that the primary issue with this first phase system was that more active users accumulated the currency and could not find services to spend it on. This led several LC organizations to develop the double triangle mechanism described below and depicted in figure 3.

2.1.2 Double Triangle System

The second phase of LC circulation, known as the Double Triangle System (DTS), developed as a means to encourage greater LC circulation. Kichiji and Nishibe write that in order to overcome the shortcomings of a single triangle system, “it is necessary to introduce the major cycle (a large triangle) as a driving force where LC mediates commercial transactions of goods and services offered by businesses and industries, the municipality, civil groups, and NPOs...to forge a complementary relationship between commercial and non-commercial transactions in an integrated cycle of LC” (Kichiji and Nishibe, 2008, p.269). Therefore, by including businesses, NPOs and other local groups in the circulation, there are more places to earn and spend the currency.

In a typical DTS, point ① in figure 3 is the origin point of the LC. From this point the LC is issued (or sold) to NPOs or participating organizations who distribute it further. Point ② in figure 3 represents a NPO, a volunteering opportunity or a local event where individuals who offer their time and effort can earn the LC. Point ③ represents the single triangle where individuals can use the LC to exchange goods and services with one another and point ④ represents the ability to use the LC at participating businesses. Finally, the LC returns to point ① where it can be redeemed at the issuing organization (by businesses only) for Japanese yen after it has hopefully been used several times in the community and encouraged greater social or economic interaction through the multiplier effect. The majority of Japanese LCs, in spite of their diverse issuance purposes, follow this circulation pattern or variations of it. For the purposes of this paper LC networks who have stakeholders in both the business and voluntary sector will be called DTS LCs, while LC networks that consist only of groups of individual who transact with one another will be called STS. Of the LCs investigated in this paper, 7 have a DTS, 3 have a STS and 2 have a unique mechanism that fits neither category.
2.2 The Evolution of Japanese Local Currencies

Having discussed the basic mechanism of Japanese LCs, the focus now shifts to the evolution of issuance purposes. Thus the question is why are LCs issued? What purpose are they trying to serve? Over the years Japanese LCs have evolved and diversified to a fair degree as shown by Kobayashi, Miyazaki and Yoshida (2017, p.3) who identified 12 different issuance purposes for Japanese LCs created between 1999 and 2016. These 12 purposes can be seen in Table 2. Their study reveals that the most common issuance purposes over the 17-year period were the formation of connections between people and regional economic revitalization. However between 2012 and 2016, the revitalization of forestry and regional economies became the most common issuance purposes.

Figure 3: Simplified version of a DTS Circulation System (Kichiji & Nishibe, 2008, p.270)
The diversity of Japanese LCs is a consequence of their evolution within the changing Japanese socio-economic environment. Miyazaki and Kurita have divided the development of Japan’s wide variety of LCs into 3 phases of evolution from the 1970s to the present day (Kurita & Miyazaki, 2018):

1. **Development of the reciprocal and home realm economy (1970s – early 2000s):** These LCs mainly focused on mutual care and creating connections between people.

2. **Integration between the reciprocal and market realms (early 2000s - the present):** These LCs engage with the business community and many aim to revitalize shopping districts.

3. **Recent developments (mid-2000s – present):** The most recent trend in Japanese LCs aims to preserve the natural environment and promote local production of goods.

Thus the early Japanese LCs of the 1970s, 1980s and 1990s, using a STS, focused almost exclusively on community development and mutual care. At the turn of the millennium they started branching out to fulfill other purposes such as economic development and environmental preservation.

Below follows a more detailed explanation of the above mentioned 3 phases with regards to Japanese LCs and their link to the nonprofit sector.

| 1) Creating connections among people | 2) Promoting welfare and medical care | 3) Promotion of recycling |
| 4) Natural environment protection | 5) Protection and restoration of cultural properties | 6) Maintenance of roads, parks and public facilities |
| 7) Regional economic revitalization | 8) Promotion of local festivals and events | 9) Promotion of civic activity |
| 10) Support for the agriculture, forestry and fishery industries | 11) Promotion of exchanges with other regions | 12) International cooperation |
| 13) Others |

**Table 2: Japanese LC Issuing Purpose Classification 1999 – 2016**

(Kobayashi, Miyazaki and Yoshida 2017 p.3)

**2.3 Japanese LCs and the Nonprofit Sector: Introduction**

LCs have been a feature of the nonprofit sector in Japan since the first time bank experiment was launched in the 1970s. The reformulation of Japanese NPO laws in the late 1990s were a key factor in LCs spreading throughout Japan as it provided Eco-money, a popular LC at the time, with
appropriate and beneficial legal structures for conducting activities (Yamazaki and Akai, 2010, p54) At present the majority of modern Japanese LCs are firmly situated within the nonprofit sector with regards to the aims of their activities (table 2), their organizational structure and their relationship to government. This section aims to clarify the status of LCs within the nonprofit sector. The discussion begins with a conceptual definition of what a Japanese NPO is and how this definition is applicable to Japanese LCs throughout their historical evolution.

2.3.1 Japanese NPOs: A Conceptual Definition

While there are clear legal parameters for what constitutes a NPO, the conceptual or functional definition of what an NPO is, is not immediately discernible. Anheier writes that, “Although we speak of the nonprofit “sector,” which suggests clearly defined borders with the public sector and the for-profit sector, such sector distinctions are in reality quite blurred and fluid.” (Anheier, 2005, p.4) Japanese NPOs are no different in this respect. Okada, Ishida, Nakajima & Kotagiri (2017, p.7) state that the Japanese NPO sector can be roughly divided into two groups. They assert that, “The sector consists of legally well-defined, well recognized nonprofit corporations and grassroots groups.” They further add that these grassroots organizations that operate without legal status are an important part of Japanese civil society (Okada et. al., 2017, p.7). From this explanation we can surmise that to have an accurate understanding of what a Japanese NPO is, we cannot simply rely on the legal definition, as this would exclude a significant and important part of the Japanese NPO sector.

The Japanese NPO center defines a nonprofit organization according to 3 requirements:

1. **Not Being Under Government Control:** Essentially this means that NPOs perform services that the government is unable to or that private companies will only do for a profit.

2. **Not For Profit:** Any profits that are created are not distributed to members, but used to cover the costs of achieving the organization’s goals.

3. **Assuming Responsibility Towards Society:** A continually present group of people in an organization that has assumed a responsibility towards society.  

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9https://www.jnpoc.ne.jp/?page_id=134#a01
The history and development of LCs in Japan will now be analyzed according to these 3 requirements to clarify the status of LCs as NPOs.

2.3.2 Early Japanese LCs (1973 – 1999)

The two most widespread and influential Japanese LC networks leading up to the turn of the millennium, were the Volunteer Labor Bank and the Fureai Kippu system. Both of these emerged as not-for-profit grassroots time-banking movements that assumed responsibility for issues that were emerging within Japanese society related to supporting women and taking care of the elderly. They are discussed below.

2.3.2.1 The Volunteer Labor Bank (VLB)

In 1973, Teruko Mizushima, a social benefactor, formally established the Volunteer Labor Bank (VLB) as the first LC in Japan and possibly the first time-bank in the world. The purpose of the VLB was to support career women and full-time homemakers alike, aid childcare, and support those dealing with sudden illness (Kobayashi, Miyazaki and Yoshida, 2017). According to Hayashi the “VLB is a membership voluntary group whose activities included labor exchanges between the members through a time-based complementary currency - Love Currency.” (Hayashi, 2012, p.4) Thus, the VLB was a grassroots volunteer movement of women taking responsibility for caring for themselves and others with no government links, placing it firmly underneath the NPO conceptual umbrella.

2.3.2.2 The Fureai Kippu System

The Fureai Kippu system evolved out of grass roots volunteer groups that emerged in the 1980s to tackle Japan’s rising social challenge of caring for the elderly. By the 1990s the Fureai Kippu model consisted of many groups spread across the country with variations in their operations. It was around this time that Mr. Tsutomu Hotta, the founder and chair of the Sawayaka Welfare foundation coined the term Fureai Kippu in the hopes of promoting collaboration between individual schemes (Hayashi, 2012, p.36). In the 6 years between 1992 and 2001, the number of Fureai Kippu branches went from 113 to 361 (Lietaer, 2004). Tanaka reports that of the 243 branches in 1996, 119 (49%) were run by some sort of government agency and 124 (51%) were

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11 http://www.transitsocialinnovation.eu/sii/timebanks-3
run by grassroots or voluntary self-help groups (Tanaka, 1996, p.107). Thus various forms of government control appeared to play an important role in expanding the Fureai Kippu model.

Thus looking at Japan’s early pioneer LCs we see that the VLB falls firmly within the NPO definition while around half of the Fureai Kippu systems fall within the NPO definition due to the other half being subject to government control.

2.3.2.3 Eco-Money

Eco-Money was a LC system proposed by Toshiharu Kato in 1997 for the purposes of encouraging the reciprocal exchange of services among people in a community. The founder of Eco-Money, Toshiharu Kato, describes Eco-Money in the following way:

"Eco-money is the ‘new money’ of the 21st century that mediates value related to the environment, welfare, local communities, education, culture and so on. Eco-Money acknowledges and distributes value that cannot be measured by the conventional measures of the market economy." (Kato, 2001, p.20)

Lietaer (2004, p.6) describes Eco-Money as a non-profit organization that provides local regions with the support needed to introduce community currencies. Thus, the purpose of Eco-money was to propagate a particular kind of LC mechanism for social development throughout Japan. By 2003 around 35 models were being experimented with in parallel (Lietaer, 2004, p.7). Each Eco-money experiment or project was the result of a cross sector partnership between local stakeholders such as local municipalities, chambers of commerce, NPOs etc. Despite involvement from various sectors, the Eco-Money organization, as well as the Eco-Money issuing organizations active on the local level are uniformly referred to as NPOs throughout the literature (Lietaer, 2004; Yamazaki and Akai, 2010; Yamazaki, 2013) Two of the organizations investigated here were launched as Eco-Money projects (Genki Currency & Toda Oar) and both are firmly situated underneath the NPO umbrella.

The goals of Eco-money were to analyze the needs of the community, design a currency to fulfill those needs and strategize a practical implementation plan for the currency and observe the results. Eco-money projects were launched in partnership with local governments, however
they were not government run. Overall Eco-Money fulfills all 3 aspects of what defines a Japanese NPO.

2.3.3 Japanese LCs at the turn of the Millennium

The LC boom at the turn of the millennium sparked much interest among researchers and practitioners and as a result there is ample data that describes the evolution and development of Japanese CCs after 2000. According to data supplied by Izumi and Nakazato (2016, p.43) the majority of LCs since 2002 have been NPOs and civic groups. In 2002 86% of Japanese LCs were comprised of civic organizations and NPOs. In 2016 this figure had dropped to 60.8%, while over the same period the percentage of LCs issued by the local government has increased from 2.3% to 11.3%. Thus, over the last 16 years the share of CCs adopted by local government has increased but it is still in the minority. This data is clear evidence that since the early 2000s the vast majority of Japanese LCs were of a non-profit nature and not being under government control.

Regarding the aspect of adopting responsibility towards society, the data from Kobayashi, Miyazaki and Yoshida (2017) regarding the aims of Japanese CCs since 2000 show overwhelmingly that they were created to help to deal with issues arising within Japanese society from creating connections between people to local economic revitalization and recycling. Therefore based on the data of Izumi and Nakazato (2016) and Kobayashi, Miyazaki and Yoshida (2017), we can see that particularly since the turn of the millennium the majority of LCs have been firmly operating within the NPO sector.

Having examined the characteristics of Japanese LCs since the 1970s it is clear that the vast majority of LCs have operated as agents of the non-profit sector despite not always being legally described as such. The following section looks at the specific role LCs fulfill as NPOs in Japanese society.
Table 3: Categorization of LC Organizations from 1999 – 2016
(Izumi & Nakazoto, 2017)

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<tr>
<td>Chamber of Commerce / Shopping Street Association</td>
<td>4 Org.</td>
<td>33 Org.</td>
<td>27 Org.</td>
<td>47 Org.</td>
<td>24 Org.</td>
<td>22 Org.</td>
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<td>(3.1%)</td>
<td>(12%)</td>
<td>(8.8%)</td>
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<td>(7.4%)</td>
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<td>Local Government</td>
<td>3 Org.</td>
<td>17 Org.</td>
<td>27 Org.</td>
<td>30 Org.</td>
<td>28 Org.</td>
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2.4 The Theoretical Role of Japanese Local Currencies in Society

The section reflects on the roles LCs fulfill in Japanese society as NPOs. Given the diverse issuance purposes seen in table 2 it is not easy to identify the exact roles that LCs play in society. However, a close examination will reveal that LCs largely fulfill 2 of the 4 roles traditionally played by NPOs and put forward by Kramer (1981). These are the Value Guardian Role and the Vanguard Role.

![Figure 4: The roles of NPOs in society (Kramer, 1981)](image)

2.4.1 Value Guardian Role

The Value Guardian role is so named because it refers to “a set of individual and social values that voluntary organizations are expected to ‘guard’ – i.e., to protect and promote by offering opportunities for their active expression. These include: altruism, social integration, democratic collective action, self-help, pluralism, and the humanizing or personalizing of the provision of a social service” (Kramer, 1981, p.193). The social values that LCs typically guard are:

A. Altruism: This is done through the promotion of volunteer activities

B. Social integration: This is done through the encouragement of civic participation

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C. The humanizing or personalizing of the provision of a social service: This is done through creating networks for mutual care and by resolving the 'paid volunteer' paradox.

2.4.1.1 Altruism and Social Integration

The promotion of volunteer activities and civic participation is at the heart of many Japanese LCs. 8 of the 12 research sites under investigation in this paper are actively used as tools to foster greater citizen participation and volunteer participation. Richey (2007) gives the following description of a typical Japanese LC: “In a typical program, a town gives credits to those who attend a town meeting or volunteer for a town project. Volunteers can use their credits to pay for government services normally requiring real money, barter them with other citizens, or use them at participating stores.” (Richey, 2007, p.3) Thus, the goal of a typical Japanese LC, as indicated by the example mentioned above, is to motivate citizens to take part in community or volunteer events.

There is some evidence from the literature that LCs do indeed increase the motivation of volunteers. Kurita, Miyazaki and Yoshida (2012) concluded that even people with a no-reward orientation (most volunteers) are likely to have their motivation raised by LCs, rather than diminished. They further found that volunteers' perception towards LCs and cash is dramatically different despite LCs having the same monetary value as cash. This differentiation between the value of LCs and the Japanese Yen emerged from interviews with 3 of the research sites (Genki, Tama Currency and Sarari). Mr. Nitanda of Genki stated that LC is “Money that contains the emotions of the recipient or patient”12. Mrs. Eda of Tama Currency stated that when they started a LC they “wanted a way to reward volunteers that couldn’t be measured in yen”13. Mr. Oikawa of Sarari described paying someone with LC as “trying to capture the feeling of reward.”14 Thus, the consensus from the background literature and from interviews conducted for this paper, are that LCs are a medium of exchange that convey more emotion and gratitude than Japanese yen. It is because of this capacity for capturing gratitude that LCs possess, that make them useful instruments for humanizing social service provision. This is discussed next.

12 (Nitanda, S. personal communication, October, 2019)
13 (Eda, M, personal communication, July, 2018)
14 (Oikawa, Y. personal communication, December, 2018)
2.4.1.2 Humanizing Social Service Provision: Solving the ‘Paid Volunteering’ Paradox

The humanizing of social service provision with LCs is typically done through the creation of mutual care networks and an important aspect of these LC mutual care networks is the manner in which they resolve the ‘paid volunteering’ paradox, which is explained below.

The Fureai Kippu grassroots groups of the early 1980s worked strictly on a volunteer basis, receiving no remuneration. However, Hayashi (2012, pp.34 –35,) summarizes 3 reasons why these initial volunteer groups broke with volunteering tradition and charged users of the services a small fee.

1. Due to the importance of reciprocity within Japanese culture, elderly people were embarrassed to be receiving these services for free.

2. Elderly people receiving these services inaccurately associated them with state sponsored charity, which added to shame of accepting the services.

3. In order for the services to be sustainable some kind of funding source was needed.

In order to overcome these issues users were charged small fees and volunteers received small remuneration for the services they provided resulting in the ambiguous term ‘paid volunteering’ (Yamashita, 2011, p.434) The user fees reduced the feeling of shame felt by older people in receiving the services (Hayashi, 2012, p.35) and made the volunteer groups more financially feasible (Tanaka, 1996). However, for the volunteers it generated a new problem. Volunteers felt that their interactions with service users were now more transactional and distant. Volunteers further felt that their genuine efforts were not being recognized or were even exploited and their personal relationships with users were damaged (Kobayashi, 1994) In order to deal with these concerns the new Fureai Kippu model was created whereby volunteers could receive LC as part of or instead of a cash payment, thereby harmonizing volunteer-user relationships. (Hayashi, 2012, p.35). This was the start of the link between LCs and ‘paid’ volunteering in Japan and this convention of LC ‘paid volunteering’ continues to this day. In fact the promotion of ‘paid volunteering’ through the medium of a LC is the central focus of Genki Currency, one of the LC under investigation in this paper. Other LCs among the research sites that make use of this ‘paid

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volunteering' concept are Hirari and Sarari.

In summary LCs, in their role as value guardians, provide a platform for the expression of altruism, social integration and humanized social service provision through the issuance of currency that is more effective at capturing gratitude and sentiment than Japanese yen.

2.4.2 Vanguard Role

Anheier provides the following summary of the Vanguard role:

“Vanguard role: nonprofits innovate by experimenting with and pioneering new approaches, processes, or programs in service delivery. Less beholden than business firms to the expectations of stakeholders demanding some return on their investment, and not subject to the electoral process as are government entities, nonprofit organizations can, in their fields, serve as change agents. If innovations prove successful after being developed and tested by nonprofits, other service providers, particularly government agencies with a broader reach, may adopt them, or businesses might turn them into marketable products.” (Anheier, 2005, p.174)

Key words in relation to the Vanguard Role are innovative, experimental and pioneering. These 3 words are accurate description of LCs around the world. As mentioned in chapter 1 there has been resurgence in LC projects and experiments around the world within the last 30 years. This resurgence has been accompanied by constant change in the implementation of LCs as social entrepreneurs and researchers discover more effective ways for LCs to fulfill their respective purposes. This process of constant change and adjustment can be seen in the evolution of Japanese LCs as with each of the above mentioned 3 phases they continued to adapt to new methodologies and societal needs. Currently there are new digital LCs that are quite promising such as Sarubobo Coin in Takayama\textsuperscript{15} and it is quite clear that the LC field will continue to grow and innovate into the foreseeable future.

\[\textsuperscript{15} \text{https://www.hidashin.co.jp/coin/}\]
This worldwide development of LCs has not been an isolated form of innovation. Within the last 20 years there has been incredible growth in the area of currencies and payment systems. Within the digital payment sphere many payment applications such as Origami Pay, Rakuten Pay, PayPay, LINE pay and many others have arisen. Within the last 10 years, the number of cryptocurrencies has grown from a single cryptocurrency (Bitcoin) to thousands. In this area of payments and currencies so dominated by private enterprise and government, it is only natural that as with other sectors of society nonprofits also have a role to fulfill. The usual role of fulfilling societal needs that neither the government nor private sector can adequately do.

The nonprofit sector is not a sector known for being at the forefront of technological development. However, in recent years the advent of the Internet, social media and the fast development of technology in general has provided NPOs with more tools than ever before in terms of fund raising, service provision and marketing. With reference to LCs, the advent of block chain technology has provided NPOs with limited means, a possible tool for fundraising, receiving charitable donations and facilitating cross border transactions to communities in need. This increased accessibility to cutting edge technology has meant that the Vanguard Role played by NPOs is no longer limited to taking the initiative in caring for overlooked populations as stated by Kramer (1981) but being truly innovative in other aspects too.

Another reason why the Vanguard Role is most appropriate for Japanese LCs is that their innovation arc is still ongoing. Japanese LCs for example, as discussed above, are in their 3rd phase of evolution and will no doubt have more. While technological innovation will naturally cause advancement in all industries, the advancement of LCs is not only rooted in technology. Innovations in LC systems is also related to changes in societal needs. This can be seen in the changes from the original Volunteer Labor Bank and the Fureai Kippu systems, which focused on mutual care for vulnerable members of the population (women and the elderly) to the development of the Eco-Money system, which sought a broader application of mutual care and community building. Then the post-2000 LCs started focusing on revitalizing shopping streets and connecting with the business sector. The current third phase of Japanese LC evolution, in
addition to advances in digital currency, is also placing a greater focus on environmental preservation and the promotion of local production (Miyazaki and Kurita, 2018, p.126).

Thus it is clear that LCs are organizations looking for innovative ways to guard and promote society’s values. One aspect of the goals of this paper is reviewing the innovation process of Japanese LCs within the last 2 decades and identifying aspects that aid long-term operability.

2.5 Chapter Summary

This chapter began with a description of the practical workings of Japanese LC circulation mechanisms. This involved a description of the STS and the DTS. These circulation mechanisms describe the majority of Japanese LC systems and these terms will be in repeated use throughout the rest of this paper. Next the chapter summarized the 3 phases of Japanese LC evolution, showing how the general issuance purposes of LCs changed over the years. In general terms this shed light on the key questions of how Japanese LCs operate and why they operate. This sets the stage for chapter 3, when the author will go into more detail regarding the benefits of LCs as well as chapter 4 when the details of the research sites are discussed.

A detailed examination of each phase of LC evolution in Japan also established that the vast majority of Japanese LCs have been consistently operating within the parameters of a nonprofit structure. With their status as NPOs established, this chapter then provided a detailed examination of the roles that Japanese LCs play in society as NPOs, namely the Vanguard Role and the Value Guardian Role. Finally, taking into consideration the continuing evolution of Japanese LCs and aspects of the above-mentioned roles, the author concluded that the developmental arc of Japanese LCs is still ongoing and set to continue for the foreseeable future. The central purpose of this paper then is to contribute to this ongoing evolution by reviewing the key LC managerial innovations of the past 20 years, and identifying the key concepts that contribute to the long-term operability of LCs.
Chapter 3 Literature review

Chapter 2 spoke about Japanese LCs fulfilling a role in society as innovative tools for guarding values. Having discussed the roles played by LCs in Japan, this chapter looks at the broader field of LCs. It highlights several aspects of LC research relevant to the purpose of this research paper, which is to uncover theoretical concepts that can shed light on the longevity of Japanese LCs. It starts by addressing the value of LCs as tools for social and economic development. This is done by showing examples from the literature that empirically establish the benefits of LCs starting with the social benefits and then moving onto to economic benefits. Next, through an examination of the literature the author puts forward an argument for why a focus on long-term management is important for the continued development of LCs. Finally, the chapter looks at the significance of Japanese LCs within the overall field and why an examination of long-lived Japanese LCs will make a useful contribution towards establishing a long-term management framework.

3.1 The Benefits of Local Currencies

As previously stated LCs are a unique and little known phenomenon. This also means that the benefits and advantages of a well-managed LC organization are perhaps not well understood. The aim of this section is to highlight the potential of LCs to bring about beneficial social and economic development. An understanding of the value of LCs as tools of development will underscore the importance of the LC field as a whole and validate the aims of this paper.

As mentioned in chapter 1 LCs are issued for the purposes of social or economic development or sometimes both. This section describes the findings of research papers that detail the benefits of LCs. The first half first focuses the social benefits of LCs and the second half on the economic benefits.

3.1.1 Social Benefits of Local Currencies

According to September (2019, p.19), the link between LCs and the development of social capital is a key point regarding the utility and significance of LCs. For this reason this section first expounds on the term social capital before describing the positive link that exists between its development and LCs.
3.1.1.1 Social Capital

Nishide (2009, p.1) describes social capital as "social relationships such as trust, norms and networks that facilitate cooperation among members of a community." In a World Bank paper on the measurement of social capital it is stated that, "A range of social problems –crime, health, poverty, unemployment-have been linked empirically to a community's endowment of social capital (or lack thereof)" (Grootaert, Narayan, Woolcock & Nyhan-Jones, 2003, p.3). As mentioned in chapter 2, the goal of many Japanese LCs is to strengthen these networks of cooperation in society. The literature, as will be seen below, draws a positive link between social capital development and the use of LCs.

3.1.1.2 The Tekona Local Currency (Japan)

In 2007 Richey published the results of a quasi-experiment that measured social capital among members of the Tekona LC circulating in the Ichikawa suburb of Tokyo, Japan. The Tekona was a typical DTS LC that was paid out to individuals who participated in local volunteer activities. The currency was distributed to volunteers on an IC card and once volunteers received the currency there were a wide variety of places to spend it. Participants could use the Tekona currency at city-owned venues such as the zoo, community centers or the town’s three museums. Alternatively they could use the currency at a wide variety of stores including all the stores in Ichikawa’s large shopping mall, the movie theatre as well as smaller mom-and-pop stores (Richey, 2007, p.6). The currency was very well supported by the local government as the city created a website to explain the system and an office to assist users. Furthermore, each store or governmental agency needed a magnetic scanner to read the IC card and adjust the balance. When the store signed-up to be a member of the system, the city installed this machine without charge. (Richey, 2007, pp.6-7)

The main research instrument for Richey’s study was a 12-page questionnaire developed from various reports on how to measure social capital in general and how to adapt the instrumentation to the cultural context in Japan (Richey, 2007, p.10). The questionnaire was mailed to members of the Tekona LC network and there were 117 responses. A control group of randomly selected residents were given the same questionnaire. When analyzing the results Richey concluded that, “The Tekona project created trust through shared experiences and social activities. The reform creates a new style of participation that is engaging by its structure, and the results suggest that it successfully develops social capital (Richey, 2007, p.16). The findings of this paper are particularly convincing
due to the use of a control group and the creation of a comprehensive social capital questionnaire.

### 3.1.1.3 Calgary Dollars (Canada)

A 2011 research report on a Canadian LC (Calgary Dollars) provides further evidence of the social capital benefits of LCs. Calgary Dollars has circulated in Calgary City in Canada since 1996. Calgary Dollars is a LC that aims for both social and economic development. The currency is primarily earned by members of the network who advertise goods and services they have for sale on an online listing. Calgary Dollars can also be earned through reward points when shopping at certain local stores, posting your first five ads on the listing or referring new users. The currency is available in paper and digital format.

The Calgary City council unanimously endorsed the currency in 2000 and from 2003 the City of Calgary provided funding for the LC project. The funders of Calgary Dollars required “data collection, outcomes measurement and annual reporting.” (Wheatley, Younie, Alajlan, McFarlane, 2011, p.86). For this reason Calgary Dollars is a well examined LC with 3 studies taking place between 2002 – 2010. The 2011 report concluded that, “Using various methods and measuring over time, Calgary Dollars has shown that participants benefit deeply both socially and economically as a result of their participation... Participants also build durable social relationships and broaden their community participation.” Therefore, the findings on Calgary Dollars finds evidence not only of social capital development but also of economic support too.

### 3.1.1.4 Ichi-Muraoka and Bytesring (Japan and Sweden)

In 2012 Nakazoto and Hiramoto conducted an empirical comparative analysis of two LC organizations in Stockholm, Sweden (Bytesring) and Muraoka, Japan (Ichi-Muraoka). Both these LCs are mutual credit STS that focus on transactions between members of the network and have no links to local businesses. In this case the goal was to assess the social support provided by a LC system. The main research instruments used were a 6-page questionnaire survey and a network analysis of recorded transactions. The researchers received 119 responses (54%) from 220 members of Ichi-Muraoka and 65 responses (80.2%) from 81 members of Bytesring. For Ichi-Muraoka transactional records were recorded from December 2002 to March 2006. For Bytesring the transactional records were collected from January 2002 to December 2005 (Nakazoto and Hiramoto, 2012, pp.126 – 127)

16 http://www.calgarydollars.ca/
Following the analysis Nakazoto and Hiramoto state that, "These results show that community currencies are effective as a system to provide social support to local residents. (2012, p.124). This study also reveals variables that affect the level of support received from a LC project such as network efficiency, frequency of use as well as the socio-cultural environment.

3.1.1.5 Peanuts (Japan)

Finally, in a paper published in 2013 Izumi and Nakazoto consider the link between social capital and LCs by analyzing a LC organization in Chiba, Japan. The LC named Peanuts is a mutual credit STS and has been circulating since 1999. At the time of the analysis Peanuts had approximately 2500 members and transactions were recorded either through passbooks (similar to Japanese bankbooks) where members recorded their own transactions, or via a digital application. The analysis had a two-pronged approach. Firstly membership transactional data from Feb 2000 to June 2010, was used to analyze the Peanuts social network. Secondly, core members of the network were interviewed to get a specific understanding of the history of peanuts and to interpret the structural characteristics of the network. Izumi and Nakazoto concluded that the Peanuts LC transactions brought about new connections different from territorial or kinship connections (Izumi and Nakazoto, 2013, pp.16). The kind of connections described by Izumi and Nakazoto closely resemble bridging Social Capital, which is a type of social capital that describes connections that link people across a divide that typically splits society (such as race, or class, or religion). It is associations that 'bridge' between communities, groups, or organizations.\(^\text{17}\)

These four papers all concluded that LCs are effective at building social capital or community bonds. Literature on the social effects of LCs is still growing but thus far there appears to be a healthy connection between LC use and social capital development in communities.

3.1.2 Economic Benefits of Local Currencies

Traditionally Japanese LCs have mainly focused on social development. However, as discussed in 2.2, in recent years between 2012 and 2016 the revitalization of regional economies has become one of the main issuance purposes of Japanese LCs. Furthermore since the turn of the millennium,

\(^\text{17}\) https://www.socialcapitalresearch.com/what-is-bridging-social-capital/
engagement with local business has been a key feature of many Japanese LCs. Therefore an understanding of the economic potential of LCs is also worthy of study.

3.1.2.1 The WIR Bank (Switzerland)

The WIR bank is a business-to-business currency that was founded in October 1934 in the midst of the great depression. Originally numbering 16 member businesses with a startup capital of 42 000 Swiss Francs (Studer, 1998, p.10), the (then) WIR Economic Circle Cooperative was created to promote solidarity among businesses in the face of a harsh economic climate. The difficult economic conditions stimulated the fast growth of the WIR Cooperative. According to Greco (2009, p.153) by the end of 1934 the membership had ballooned to about 3000 businesses and in the first year of operating, turnover surpassed 1 million francs. Thus, despite being launched as a smaller and more localized LC, the WIR Cooperative (now bank), through its continued success has since developed into a national credit network.

Currently the system has no physical currency but works as a centralized credit clearing system for multilateral exchange (Ryan-Collins, 2010, p.63). In other words it is a digital mutual credit currency with a bank as the central administrator. In addition to creating and managing its own currency the WIR Bank is also a bank under Swiss law and provides ordinary banking services in Swiss Francs. Lietaer states that in 1994 the trading volume of the WIR Franc was equivalent to $2.5 billion with a countrywide membership of around 80 000 member businesses (Lietaer, 2001, p.192). This represents a peak in the trading volume of the currency as more recent reports estimate the annual turnover to have dropped to the equivalent of around 1.6 billion Swiss Francs. All the member businesses are small and medium sized businesses in keeping with the original goals of the network.

The findings of Stodder (2009) provide compelling data as to the WIR currency's attraction among businesses. Stodder, using WIR turnover figures from 1948 – 2003, provides empirical data showing that the WIR credit network is "highly countercyclical." (Stodder, 2009, p.81). In other words during times of restrained bank credit, WIR member businesses increase their amount of WIR transactions. Consequently during an economic crisis, WIR member businesses have access
to another source of credit. Phillips and Desmoulins-Lebeault (2019. P.1153), provide a succinct description of this “countercyclical” process in the following paragraph:

“When Swiss banks reduce lending during a recession, Swiss SMEs increase WIR utilization to purchase stock generally from larger business enterprises. When the economy bounces back, and commercial banks are once again lending Swiss-francs, the circulation of WIR diminishes. This has smoothed out the peaks and valleys within the Swiss economy and arguably contributed considerably to Switzerland’s economic stability.”

The WIR Bank, having been in existence for more than 85 years, is highly regarded among LC advocates as it shows the potential of what a LC can achieve in terms of credit creation among businesses.

3.1.2.2 Banco Palmas (Brazil)

Banco Palmas is a LC system that was established in 1998 in the Palmeiras district in Brazil, (Nishibe, 2018, p.28). The Banco Palmas system is a combination between micro lending and LC issuance with the aim of financially supporting local businesses. In some ways Banco Palmas functions as a local central bank that issues credit for businesses in the form of LC and small amounts of the national currency. Banco Palmas was also introduced with the aim of encouraging local production as well consumption from local businesses (Nishibe, 2018, p.28).

Banco Palmas has been extraordinarily successful at encouraging local economic development. Between 1998 and 2011, sales from local businesses in the Palmeiras district have risen by 30% and the region has become one of the main trade corridors in the region. Furthermore in 1997, around the time of the project’s launch, 80% of the inhabitants’ purchases were made outside the community; by 2011, 93% of purchases were made in the district. (Lietaer, Kennedy, 2012, p.27). Thus, the vast majority of local consumption now takes place at local businesses. Local residents are also very enthusiastic about the effect of the LC scheme on their lives. In 2008 the University of Ceará State and the Ministry of Labor and Employment conducted a survey among 4,000 residents living in the district. An overwhelming 98% responded that Banco Palmas contributed to the
development of the region and another 25.25% responded that their income had increased due to the implementation of the system (Nishibe, 2018, p.30)

Banco Palmas had to overcome one major obstacle when, in 2003 the founder, Joaquim Melo, was arrested on suspicion of running a money laundering operation in an unregistered bank. The Central Bank started proceedings against him, saying that the bank was issuing false money. (Lietær, Kennedy, 2012, p.28). Fortunately for Banco Palmas, the Brazilian Central Bank lost the case. A few years later “The Central Bank of Brazil launched a 2 day Finance Inclusion Forum in Salvador, and the entire day of 18th of November 2009 was dedicated to community banks and social currencies. The Central Bank made a public self-criticism about a lost lawsuit against Banco Palmas and its new support for the expansion of the community bank network (Place, 2011, p.41). Following the Financial Inclusion Forum Banco Palmas entered into an agreement with the Brazilian Central Bank in order to support the development of more Banco Palmas branches throughout Brazil. At the time of the agreement (2009) there were already 51 Banco Palmas branches spread throughout Brazil.

3.1.2.3 Bangla Pesa and the Sarafu Network (Kenya)

The following are two examples of experiments conducted by a non-profit foundation in Kenya called Grassroots Economics. According to their website “Grassroots Economics is a non-profit foundation that seeks to empower marginalized communities to take charge of their own livelihoods and economic future. We focus on community development through economic empowerment and community currency programs. Beneficiaries of our programs include small businesses and people living in informal settlements as well as rural areas.”

The first example is a LC called Bangla Pesa, which is a mutual credit currency issued through a network of local businesses. The Bangla Pesa program was launched in May 2013 in an informal settlement by organizing about 200 small businesses into credit network, through which they could exchange goods and services. (Ruddick, Richards and Bendell, 2015, p.13) After a week of circulation it was shown that “Bangla-Pesa helped community members tap into an estimated 22% increase in their sales through capacity trading. This is a substantial increase for a community

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18 https://www.grassrootseconomics.org/about
of people living in poverty.” (Ruddick, Richards and Bendell, 2015, p.21). Thus the program showed good promise after its launch in 2013. In a later interview in 2016 the program organizer, Will Ruddick, stated that, “The community now trades the equivalent of roughly 100 euros daily using Bangla-Pesa in addition to its usage of Kenyan shillings.” Consequently the Bangla Pesa has continued to boost the trading volume among network participants.

The second example of a Grassroots Economics program is called the Sarafu-Credit voucher system. According to Cauvet (2018, p.3)

“The Sarafu vouchers are backed by local assets and are issued via zero-interest loans to the local people for a one year period. By complementing the national currency, the Sarafu-Credit voucher system allows trade relations even when the national currency is scarce. Intuitively, it is therefore believed that this system could foster food security by providing a complementary mean of payment for purchasing food.”

The aim of the vouchers is to assist in overcoming food shortages in vulnerable areas in the Kenyan countryside. In order to evaluate the effectiveness of the program two treatment groups and two control groups were evaluated for effective comparison. The preliminary findings were very promising. They “suggest that treatment groups (communities using Sarafu-Credit vouchers) are consuming roughly 78% more food daily than control groups (not using Sarafu-Credit vouchers) in both Urban (77.9%) and Rural (78.2%) case studies.” (Cauvet, 2018) Thus the Sarafu Network shows great potential for improving food security among the target populations.

3.1.3 Local Currency Benefits Summary

The above-mentioned papers suggest that there is a general split in the benefits of LCs. The literature seems to suggest that the economic benefits of LCs, local credit creation and increased local trade, are best realized in business-to-business networks. On the other hand the social benefits of LCs are generally realized in customer-to-customer networks that have little or no link to the business sector. Regardless, the evident strong connection between LCs and social capital.
development as well as the startling success of the Banco Palmas project and the WIR Bank all indicate that a well-managed LC has the potential to produce significant benefits for the local community and beyond. And while further research is needed on the benefits of LCs, it is clear that as an instrument for local development it holds undeniable potential.

3.2 Local Currencies: An Overly Complex Field

The above-discussed potential of LCs has resulted in the steady development of the field over the last 30 years as more and more researchers and social entrepreneurs have become attracted to the field. This development of LCs has generated a wide variety of issuing mechanisms and currency types, the result of which is a fairly complex field that is difficult to define. Blanc (2011, p.4), giving expression to the difficulty of LC classification writes that “Since the emergence of “CCs” thirty years ago, attempts to build typologies and to name things properly have always been disappointing, as if the very object of the analysis escaped from any rigid classification.” Martignoni (2012, p.1) expresses agreement when he says that, “Such a diverse range of currency types has developed that it is almost impossible to get an overview of the whole field.” Tichit, Mathonnat & Landivar (2016, p.25) concur with the above-mentioned arguments when they write that, “Given the increasing number and complexity of complementary currencies, their puzzling diversity, and their ever-increasing specific features, understanding them is becoming increasingly complex.” Thus there is very strong agreement among LC researchers on how complex the field has become and how hard it is to comprehend LCs as a whole.

A consequence of this complexity is that attempts to classify LC systems have become an important area of examination as researchers aim to understand this unique social instrument in all its varied forms. Several papers have been written with aim of defining LCs. These efforts are summarized below.

3.2.1 The Limits of Theoretical Classification

The LC classifications created up until this point have proceeded from a largely theoretical perspective. Blanc (2011, p.4) holds the view that a major problem that arises with regards to LCs is the obsolescence of previous typologies, due to rapid innovation and the weakening of borders.
(technological, ideological, political etc.). In essence he is suggesting that fast technological development and the rapidly shifting environments of the modern age create a state of constant change in LCs being created around the world. For this reason Blanc focuses on creating a flexible typology ordered according to the generational developments of LCs. Martignoni (2012) based his typology on the ideas of heterodox economic thinkers and the theoretical notion of money as a purpose driven means for organizing human affairs. Tichet et al. (2016) take a data driven approach to classification by aiming to “endogenously categorize the largest possible set of monetary projects using web data.” Finally, Larue (2020) uses an ethical basis for her classification. She demarcates currencies according to how they relate to three crucial normative issues, the state's coercive power, citizen's participation in monetary policy and the question of the universality of the currency in question.

Accordingly each of these authors approaches the classification of LCs from systemic, theoretical, data driven and ethical perspectives. Each of these viewpoints is certainly valuable and aids researchers in getting a firmer grasp on the LC phenomenon. However, looking at LCs from a management perspective, the utility of the above-mentioned theoretical classifications is limited. This inadequate relationship between the theoretical complexity of LCs and an understanding of their management is expanded on below.

3.2.2 Theoretical Complexity And Management

The above-mentioned complexity of LCs provides social entrepreneurs with a daunting range of management options. Sobiecski (2018, p.124) mentions seven major dimensions to consider when running a currency (Issuance form, type of administration unit, valuation method etc.) with 3-18 options within in each dimension. Sobiecski asserts that this results in over a million potential systems. In addition to the broad set of choices available to social entrepreneurs, Calvo and Morales (2014, p.16) state that: “There has been limited research on the role of LCs and in particular, exploring the managerial and operational sides”. Added to this Seyfang and Longhurst (2012, p.23) write that there is almost no robust research about how successfully (or not) LCs achieve their aims, what their potential is, and what is holding them back. Thus, in addition to the theoretical complexity confronting them, social entrepreneurs have little empirical groundwork
on which they can base their management choices.

In summary, given the theoretical complexity of the LC field and the lack of research on the operational sides LCs, the creation of a management framework rooted in more empirical findings could be of assistance to researchers and social entrepreneurs alike. The author of this paper proposes that the long-term maintenance of LC organizations is an aspect of particular importance regarding their management. The reasoning for this is discussed next.

### 3.3 Longevity and Local Currencies

This section expounds on the importance of long-term management for LCs and also discusses the literature on longevity among LCs.

#### 3.3.1 Longevity as an Operational Requirement

It could be argued that longevity is an essential element of any successful LC. The objective of many LCs is to become embedded in the community, a process, which invariably takes time. A good example of this is the LC *Peanuts*, which was discussed in 3.1.1.5. Izumi and Nakazato (2013, p.15) commenting on this long-lived Japanese LC, write that by observing the development of *Peanuts* activities, it can be seen that it takes some time to expand the LCs activities and transactions from their origin source (core members) to the surrounding areas. They mention important activities or membership organizations that took 3 – 6 years to form after the founding of the organization. This suggests that approaching LC management from a longevity perspective is a requirement for a LC organization hoping to embed itself in the local community.

A second point is the divergence between impact and longevity that occurs with some LCs. For example the Tekona LC that was discussed in 3.1.1.2 had an undoubted positive impact on the community. However, the Tekona LC no longer operates for reasons the author could not ascertain. Similarly all indications are the Ichi Muraoka LC discussed in 3.1.1.4 is also no longer active. Thus the Tekona currency as well as the Ichi Muraoka LC system are no longer circulating despite their reported success at developing social capital. The management of these LCs were therefore lacking in sustainability and not the ability to make an impact.
Thus, we see that an impactful LC like *Peanuts* needed 3 – 6 years to cement their core mechanisms and that another 2 LCs stopped operating despite making a positive social impact. These examples point to the importance of a long-term management view for LC success.

3.3.2 Longevity in LC Literature

There have been a few papers that consider the subject of longevity in LCs in regard to examining a set of LC organizations: These include Sobiescki (2018), Blanc and Fare (2018), Kim and Benjamin (2016) and Collum (2005). The conclusions of these studies reveal important areas of research focus including the notion of the relevant territory for a LC (Blanc and Fare, 2018), the influence of poverty rates on LC continuity (Collum, 2005) and the association between successful LCs and less populated areas (Kim, Lough and Wu, 2016). Beyond these broad findings these papers also produced an exhaustive list of sustainability factors too numerous to mention here. However these factors will be taken into consideration towards the latter end of this paper (chapter 7.5). These papers no doubt have important insights however; they deal primarily with the American and European contexts. In their literature review of LC literature Shroeder, Miyazaki and Fare (2011, p.35) write that LCs must always be understood in their specific socio-economic and cultural environment. With this in mind we see that having received insights from the European and North American contexts, contributions from the Japanese context could further illuminate this area of LC longevity.

3.3.3 Longevity and Local Currencies Summary

The previous section has shown the importance of the long-term perspective in LC management. It has also revealed that the question of LC longevity has been addressed only within the North American and European contexts. This means that contributions from non-Western countries could help to round out the literature and contribute to a more universally applicable longevity principles. Given that the methodology in this paper is inductive, meaning the findings will inform the theory (Bryman, 2012, p.26), the author’s intention is to go into the field with as little presupposition as possible. This means that a detailed review and comparison with the findings on Western LCs, will take place towards the latter end of this paper. The result of this comparison will
combine the findings of this paper with those of European and North American LCs to produce a preliminary list universal longevity factors. Next this chapter discusses the importance of the contributions from Japanese LCs.

3.4 Relevance of Japan with the International LC Field

Japan has always been a country with a higher than average number of LCs. Currently there are around 200 LCs operating in Japan (Izumi and Nakazoto, 2017). If the current estimates of worldwide LC numbers mentioned in 1.3 are accurate, it means that approximately 5% of the world's LCs are in Japan. In addition to a high number of LCs, Japanese researchers have also written much literature on the subject. Unfortunately much of this research is in Japanese and inaccessible to Western researchers. This section details how the language barrier has shaped the Western perception of Japanese LCs and concealed potentially valuable insights. The section concludes with the author presenting data on Japanese LCs that forms the foundation of this paper’s research purpose.

3.4.1 A Good Destination for LC Research

Japan has long been depicted as a good destination for LC research. In 2004 prominent LC advocate and expert in currency design Bernhard Lietaer gave the following description of LCs in Japan: “Japan is the first country in the world where more than 600 complementary currency systems had become operational as of the end of 2003. More importantly, it is also the country where the largest diversity of complementary currency experiments is on-going today” (Lietaer, 2004, p.3). Lietaer is arguably the most well known LC advocate in the world. He has had a prominent career as a central banker, university professor and consultant to numerous governments. He co-designed and implemented the convergence mechanism to the single European currency (The Euro), and his books have been translated in 18 languages\(^{21}\). Therefore when he made these pronouncements on Japanese LCs it drew the attention of researchers and LC practitioners from around the world. In the same paper he provides the following graph depicting the growth of LC systems in Japan from 1965. The graph in figure 5 depicts 4 different schools of LC thought in Japan.

\(^{21}\) [http://www.lietaer.com/about/bio/](http://www.lietaer.com/about/bio/)
Lietaer’s data painted an exciting and robust picture of LC development in Japan. Subsequent examinations of LCs in Japan corroborated the high numbers of LC systems however; they also questioned the effectiveness and durability of these systems. These will be discussed next.

3.4.2 A Less Ideal Picture Emerges

Japanese LCs, particularly the Fureai Kippu system received enthusiastic and positive responses from western media and researchers. In her 2012 paper on the Fureai Kippu system, Hayashi recounts the positive responses received from British government ministers, Media outlets, and western researchers despite “the dearth of published empirical and scholarly studies, particularly outside Japan” (Hayashi, 2012, pp.31-32). Hayashi sets out to fill these gaps on the Fureai Kippu system through empirical evidence and historical analysis. It is notable that it required a Japanese researcher with knowledge of the Japanese language in order to analyze this fairly well known Japanese LC system. It strongly indicates a knowledge gap, caused by the language difference, between western researchers and Japanese researchers on the topic of Japanese LCs.

After conducting a historical analysis of the system and examining empirical evidence Hayashi concluded that, “Fureai Kippu is so complex that not only is evaluation difficult but also no universal panacea can be expected from it.” (Hayashi, 2012, p.30). Furthermore she also found
that the traditional time-banking model comprised only a minority of Fureai systems. Hayashi’s findings were clearly contradictory to the positive publicity the system had previously received. She did however conclude that the system should be seen “as a valuable and necessary adjunct to other forms of care” (Hayashi, 2012, pp.42). Her findings cast doubt on the effectiveness of the Fureai Kippu system, which according to Lietaer’s data made up more than half of Japan’s LC systems.

Another Japanese researcher Yasuyuki Hirota provides another perspective on Japanese LCs when he writes that, “...it is true that Japan can boast an amount and variety of complementary currencies that cannot be found elsewhere in the world. Special attention should be paid, however, to the fact that Japanese promoters and practitioners have pursued different goals than their Western counterparts, resulting in a range of different and sometimes bizarre objectives and consequences” (Hirota, 2011, p.25). Similarly to Hayashi, he suggests that the positive expectations of western researchers may be different from the actual outcomes of Japanese LCs. According to him the main reason for this misconception is the language barrier between Japan and the West. He writes, ”the lack of literature about initiatives in languages other than Japanese has been a hurdle that has not allowed Western researchers to grasp the real picture” (Hirota, 2011, p.25). The title of his article also begs the question: “What have complementary currencies in Japan really achieved?” In the paper the author indicates that Japanese LC systems are not as successful as Western researchers believe.

Thus it was through Japanese researchers like Hirota (2011) and Hayashi (2012) that a more realistic and less ideal picture of Japanese LCs was beginning to emerge. Even more importantly it was becoming clear that the language barrier was an obstacle to truly understanding Japanese LCs.

3.4.3 Language Barrier and the High number of Japanese LCs

Since Hirota (2011) and Hayashi (2012), other research papers written in English have been published on the topic of Japanese LCs. These include Kobayashi, Miyazaki and Yoshida (2017), Kurita & Miyazaki (2018) and September (2019). These papers provide far more accurate detail of Japanese LC systems. However, the language gap still obscures much of the Japanese LC scene.
Kobayashi, Miyazaki and Yoshida (2017, p.2) comment on this when they write that “since Lietaer’s paper, there are few papers published in English about the current situation and changes in Japanese CC except for a few case studies”. It would indeed be hard for a “few papers” to accurately convey the Japanese LC scene. This is because there are hundreds of LC organizations within Japan and even more importantly within the last 20 years, hundreds upon hundreds of Japanese LC organizations have risen and fallen (Kobayashi, Miyazaki and Yoshida, 2017). Consequently, one of the secondary aims of this paper is to bridge the language gap and present previously unknown but useful data on the longevity of Japanese LCs. Some of this previously unknown but useful data is discussed next.

3.4.4 Longevity of Japanese LCs

Within the Japanese LC literature unknown among Western researchers, there is one particular study that is of great value regarding the longevity of Japanese LCs. Between 1999 and 2016 Izumi and Nakazoto (2017) conducted a longitudinal study detailing the movement of the number of active LCs in Japan. The study also provides a detailed description of the longevity of Japanese LCs between 1999 and 2016. According to their data the number of LC organizations in Japan expanded dramatically from 11 organizations in 1999 to 306 organizations in 2005, before dropping slightly to 259 organizations in 2008 and finally settling on 204 organizations in 2016 (Izumi & Nakazoto, 2017, p.42). These figures seem to accurately parallel the growth of Lietaer’s grassroots systems. Their data, seen below in Figure 6, also confirms the LC ‘boom’ Japan experienced in the mid 2000’s and reveals that Japan still has an appreciable number of operating LCs.
More importantly for the purposes of this paper they also provide data on the longevity of Japanese LCs. According to their data, among the LC organizations created in Japan between 1999 - 2016, around 20% (79/389) have continued operating for more than a decade. Interestingly, Collum (2005) also found a 20% (17/82) survival rate among American LCs launched between 1991 and 2005 although without the stipulation of a 10 year circulation period. Given the under-researched nature of LCs it is hard to know whether 20% should be considered a low or high figure. Regardless, the author proposes that a 20% survival rate of LCs operating more than 10 years is not insignificant given given the challenges of running a LC.

Miyazaki and Kurita (2018, p.121) underline the challenges of running a LC when they point out that, “Since then, the CC boom has passed its peak, and, one after another, community organizations, which are difficult to manage continuously, have stopped issuing CCs. This is because the long-term administrative burden has increased with the stagnation of currencies, lack of participants, and shortage of operating funds." Thus Japanese LCs have been facing numerous challenges over years. However, despite this 20% have managed to continue operating for more than 10 years. The author proposes that there will be great benefit in examining some of those organizations to ascertain how they managed to operate for so long.
3.4.5 Relevance of Japanese LCs: Summary

This section has shown that Japan has long been considered a good destination for LC research due to the high number of LCs here as well as the influence of prominent LC researcher Bernhard Lietaer. What is also clear is that despite of the large number of LCs operating in Japan, or perhaps because of it, the language barrier still obscures many aspects of the LC field here. We’ve also seen that in addition to there being many LCs in Japan, the survival rate of Japanese LCs is not insignificant. Consequently the author proposes that an examination of these long-lived Japanese LCs could produce unexpected and useful insights into the overall longevity of LCs.

3.5 Chapter Summary

The chapter has shown that as an instrument for social and economic change, LCs hold undeniable potential. However due to numerous developments, particularly within the last 20 years the field has becoming exceedingly complex and hard to grasp as a whole. In addition to this, there is a lack of research on the management of LCs as well as a divergence between the impact and longevity of LCs. For this reason the author proposes that a management approach, focusing specifically on long-term management can not only allay some of the theoretical complexity for researchers, but it can also aid social entrepreneurs in the practical running of a LC. An examination of the English LC literature related to longevity shows that the discussion has been limited to North American and European LCs. For this reason the author recommends that a contribution from a non-western nation would round out the literature on this subject more. The author then points out the significance of Japanese LCs in terms of their high numbers, a not insignificant survival rate and a language barrier that has possibly concealed some valuable insights. For all these above reasons the author proposes that the investigation of previously unknown long-lived Japanese LCs could provide useful insight.
Chapter 4 - Research Purpose

4.1 Research Goal

Chapter 3 discussed the potential benefits of LCs; the necessity of a long-term perspective to achieve the aims of LC organizations and the presence of many under-researched long-lived LCs in Japan. Based on this, the aim of this paper is to investigate long-lived Japanese LCs and create management oriented theoretical concepts that explain the longevity of their operations. Given the divergence between impact and longevity discussed in 3.3, the dependent variable in this investigation is the survivability of these LC organizations and not their impact. However, impact will be a secondary consideration. The intention is to contribute to the creation of more effective long-term LC management frameworks for the comprehension of researchers and the implementation of social entrepreneurs. The research sites and their selection criteria are discussed below.

4.2 Research Sites

All the selected research sites have been operating for 10 or more years. The organizations have been grouped into 5 types, seen below, based on their circulation mechanisms. A summary of the characteristics of the research sites can be also seen in table 4. What follows are brief descriptions of the operations of these LCs.

1. Mutual Credit Passbook LCs (Awa Money, Yorozu Ya, Maayu)
2. Mutual Caring Ticket (Hirari, Sarari)
3. Non-exchangeable Volunteer Ticket (Earthday Money, Tama Currency)
4. Exchangeable Volunteer Ticket (Toda Oar, Genki, Atom Currency)
5. Unique Mechanism (Omusubi Currency, Beach Money)
4.2.1 Mutual Credit Passbook LCs (Awa Money, Maayu, Yorozu Ya)

Mutual credit passbook LCs are STSs that enable person-to-person transactions among a network of users. This is the simplest kind of LC and there is minimal connection to local businesses. To set up such a LC involves a simple 3-step process:

1. Register new members
2. Give each member a passbook (very similar to Japanese bankbooks) for recording their own transactions. An example of a passbook can be seen in figure 7.
3. Create a platform for transactions to take place. This can be done through online social networks, a mailing list or regular meetings / events

Both Awa Money and Maayu have monthly meeting opportunities for their members where they exchange goods and services or just to spend time together. This is the simplest kind of LC because no currency needs to be printed and setting up a digital currency system is optional. The accounting device by which transactions are recorded is simple and intuitively understood by
participants. If you sell a product or service to a member of the network, you receive plus credits in your passbook. If you purchase a product or service, you receive minus credits. For example if Mariko buys a 2nd hand t-shirt from Yusuke for 500 credits, Mariko will write -500 in her passbook and Yusuke will write +500 in his. Therefore the sum of all the members’ credits equals zero. A wide rage of products and services are exchanged on these networks including 2nd hand clothes, homegrown fruit and vegetables, toys, acupuncture, basic repair services, assistance with house or garden work and many others. All the responsibility for correctly conducting and recording transactions is on the users. Once such a basic network infrastructure is created very little supervision is required.

Figure 7: Example of a well used Yorozu Ya Passbook with several recorded transactions

4.2.2 Caring Tickets (Hirari, Sarari)

Caring ticket LCs are based on the ‘Paid Volunteering’ model of the Fureai Kippu system discussed in 2.5.1.2. Their primary goal is to provide caring assistance to elderly and disabled recipients. This kind of LC is membership based and the presence of a paid coordinator is necessary. The members can register as care recipients, care providers or as both. When members register they write down what services they can provide and what services they need. The coordinator then acts as an intermediary matching members who need services to those who can provide those services.
Services include a wide range simple tasks such as house cleaning; accompanying an individual on essential trips to the bank or hospital, help with computers, home repairs or even just conversation.

The circulation path of caring tickets (seen in figure 8) works in the following way:

1. The care recipients purchase the caring tickets from the LC organization. Tickets are usually sold in denominations of 100 or 500 with value being equal to Japanese yen.

2. The coordinator matches a service provider to a care recipient. The service provider assists the care recipient and receives the caring ticket as remuneration. The amount of remuneration is done on a case by case basis but can be anything from between ¥300 – ¥1000 in LC (¥300 – ¥1000) depending on the service.

3. The service provider can then use the caring tickets they’ve received for anything they might need within the network or even exchange it with other local residents.

4. The service provider can also spend the ticket at participating businesses. In Sarari’s case the caring ticket can also be used to pay for utilities (water, gas and electricity).

5. Only participating businesses can exchange the caring ticket for Japanese yen at the LC office.
Both Hirari and Sarari operate as a subdivision of an NPO. Hirari’s parent organization, Azami, provides professional home visitation services for the elderly and disabled\(^{22}\). One of Hirari’s goals is to complement these professional services by providing informal services via the LC. Sarari’s parent organization, Donguri Mura Sarari, provides a number of services to the village of Sarabetsu in Hokkaido. These services include water inspection, management of public facilities and promoting Sarabetsu satellite stores nationwide (Oikawa, Y, personal communication, December, 2018). Thus the LC Sarari is one among several services the NPO provides to the village.

4.2.3 Non-Exchangeable Volunteer Tickets (Earthday Money, Tama Currency)

The purpose of these volunteer tickets is to encourage and promote voluntary activities in the local area. Both Earthday Money and Tama Currency were/are linked to a network of NPOs. Earthday Money had 27\(^{23}\) participating NPOs and Tama has 23\(^{24}\).

The circulation path of non-exchangeable volunteer tickets (seen in figure 9) works in the following way:

1. The currency is given (not sold) to NPOs within the LC’s network for the purpose of distributing it to volunteers who assist with their various projects.

2. Volunteers receive the currency for volunteering or taking part in an activity.

3. With the currency in their possession, they can now freely exchange it with other local residents.

4. Volunteers can also use the currency as a coupon at participating businesses. There is typically a usage limit of between 200 – 500 LC.

5. Businesses can exchange the currency amongst themselves or donate it to one of the participating NPOs to begin the cycle again.

While they share a similar mechanism, there are several differences between Earthday Money and Tama Currency. From 2006, Earthday used a digital currency that was exchanged via cellphones while Tama Currency uses a paper currency. Additionally, Earthday Money operated on a bigger scale than Tama.

\(^{22}\) https://www.npo-azami.com/

\(^{23}\) September (2019, p.22)

\(^{24}\) (Eda, M, personal communication, July, 2018)
Currency, with 5955 registered digital users and 150 participating businesses (September, 2019, p.22). On the other hand Tama Currency has 64 participating businesses and 88 members (Eda, M, personal communication, July, 2018). Earthday Money also issued significantly more currency than Tama Currency. Earthday Money stopped circulating in 2016 due to problems with their digital currency platform (September, 2019, p.23).

4.2.4 Exchangeable Volunteer Tickets (Toda Oar, Atom Currency, Genki)
These tickets are very similar to non-exchangeable tickets, except that they can be exchanged for Japanese yen. Otherwise the mechanism and the goal, to encourage voluntary activities, is very similar. The mechanisms of Toda Oar and Atom Currency are very similar, while Genki includes some elements of the caring ticket LCs.
The circulation path of exchangeable volunteer tickets (seen in figure 10) works in the following way:

1. The currency is sold to an NPO or any local organization running an event. A typical event could be a festival or a volunteer cleaning activity. Participants who volunteer at the event receive the currency in exchange for their time and effort. In Genki’s case, individual recipients of care who want to give it to individual caregivers can also buy the currency.

2. Volunteers receive the currency for volunteering or taking part in an activity.

3. With the currency in their possession, they can now freely exchange it with other local residents.

4. Volunteers could also use the currency as at participating businesses. There is no limit on how much currency can be used.

5. Only businesses can exchange the LC for Japanese yen.

4.2.5 Unique Mechanism (Omusubi Currency, Beach Money)

The last 2 LCs have mechanisms that are different from the other research sites in several important ways. Their mechanisms are discussed next.
4.2.5.1 Omusubi Currency: Encouraging Local Production And Consumption

On the surface Omusubi Currency seems very similar to the other DTSs but there are important differences in terms of the objectives of Omusubi Currency, its scale and the ambition of its founder. The circulation path is similar to those of the exchangeable volunteer tickets in figure 10, except that instead of being sold to various events or organizations; there is only one event where Omusubi Currency is sold, The Kid's Dream Market (Kodomo Yume no Shoutengai). Omusubi Currency is built around The Kids Dream Market (KDM)

The KDM is an event created by Omusubi Currency as an issuing point for the currency as well as to encourage elementary school children to learn business skills. The market is held about 3 times a month in Toyota City and participating children work as vendors selling goods and services such as their old toys and their own baked goods. All the goods and services are paid for with Omusubi Currency. Consequently any adults who come to support the children have to convert Japanese yen into Omusubi Currency in order to buy the children’s goods and services. Once purchased, Omusubi currency cannot be changed back into Japanese yen.

In between events Omusubi Currency can be spent at one of the more than 800 participating businesses in Toyota City. All the participating businesses are local SMEs. Omusubi Currency can also be used to buy locally sourced food products (Miso, Rice etc.) from a food catalog. Only the participating businesses and the local food producers can change Omusubi Currency into Japanese yen. Thus, one side effect of the circulation is that it stimulates local consumption and directs Japanese yen to local businesses and local food producers.

As mentioned previously Omusubi Currency’s scale, objectives and the ambition of its founder set it apart from the other LCs. As seen in table 5, among the research sites Omusubi Currency has the most participating businesses by far and recently it started expanding its activities into neighboring prefectures. The founder has the long-term goal of basing Omusubi Currency’s value

on a commodity basket of goods with a variable rate of exchange with the Japanese yen. He also intends to switch to a digital platform (Yoshida, D. personal communication, September, 2019).

Figure 11: Photographs from Kids Dream Market Events that took place in 2019

https://www.f-money.com/
4.2.5.2 Beach Money: Promotional Tool for Beach Cleaning

Beach Money is the most unique system out of all the research sites. Beach Money was launched by the CEO of Ganko Honpo\textsuperscript{27}, a company that produces an environmentally friendly detergent. Ganko Honpo's head office is situated close to Shonan beach in Shizuoka. The CEO of Ganko Honpo cares deeply about the environment and is especially passionate about beach cleaning. For this reason he started offering a discount to his customers (all businesses) who did some beach cleaning on their way to his head office. If they brought beach glass (glass that has been smoothed over by the ocean) or driftwood they found through beach cleaning, they would get the discount (Hori, N. personal communication, September, 2018).

One of Ganko Honpo's then employees, Mr. Horii, was equally passionate about keeping the oceans clean and thought the beach-cleaning discount was an interesting idea. Together with Ganko Honpo's CEO they launched Beach Money. Mr. Horii has been running Beach Money by himself for the last 12 years as a volunteer. Beach Money's system is very simple. People are encouraged to do beach cleaning and any beach glass that they find can be used at one of the 155 participating stores as a coupon. There is no expectation of the beach glass circulating and the business cannot

\textsuperscript{27} http://www.gankohompo.com/
exchange it for Japanese yen. Thus in many ways Beach Money is more of a promotional tool for ecological awareness than a circulating currency.

4.2.6 The Impact of Volunteer and Caring Tickets

The yearly average issuance value of the volunteer or caring tickets is around ¥ 3.5 million yen. While this figure seems small or modest it should be recalled that remuneration for a one volunteering or caring occurrence is generally between 300 – 1000 LC per person. Based on these figures, the LCs that issue caring or volunteer tickets are each responsible for facilitating thousands of volunteering occurrences yearly. As indicated by the findings in the literature review this can result in noteworthy contributions to the social development of the local area.

4.2.7 Research Site Selection criteria

There were 2 selection criteria for the research sites:

1. **A decade or more of operation**: The purpose of this paper is creating theoretical concepts related to the long-term operation of Japanese LCs. The field of LCs, as has been mentioned several times, is a relatively nascent area of research with the majority of the development taking place within the last 20 years. For these reasons a threshold of 10 years was deemed appropriate for labeling a LC organization long-lived.

2. **Variety**: As mentioned previously, Japanese LCs like LCs all around the world have great diversity. Thus in order to have research sites representative of the Japanese LC sector it was necessary to simulate this variety as much as possible. Furthermore Bryman (2012, p.72), states that social phenomena are better understood when compared in relation to two or more meaningfully contrasting cases. Thus contrast and variety among the research sites was achieved by paying attention to three relevant points.

   a) **Currency Type**: The research sites represent four different currency types. These include the main LC issuance instruments used in Japan, which are paper currency, digital currency and mutual credit passbooks. These 3 kinds of issuance represent 90.5% of currency types used by Japanese LCs between 1999 – 2016 (Kobayashi, Miyazaki & Yoshida, 2017, p.4). The fourth kind of currency, beach glass, is a highly unique and unusual currency type.
b) **Issuance and Registered Users:** The total value of issued currency and the number of registered users (where applicable) has a broad band of variability as can be seen in table 4.

c) **Representative of all 3 stages of Japanese LC evolution:** The research sites are representative of all 3 phases of Japanese LC evolution (Table 6) identified by Kurita and Miyazaki (2018). The third phase of evolution is least represented due to these LCs being launched relatively recently and not reaching the 10-year threshold.

<table>
<thead>
<tr>
<th>LC NAME</th>
<th>REPRESENTATIVE PERIOD OF LC DEVELOPMENT</th>
<th>Single Triangle System</th>
<th>Double Triangle System</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Awa Money</td>
<td>Development of the reciprocal and home realm economy (1970s – early 2000s):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Maayu</td>
<td>These LCs mainly focus on mutual care and creating connections between people.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Yorozu Ya</td>
<td></td>
<td>Single Triangle System</td>
<td></td>
</tr>
<tr>
<td>4 Earthday Money</td>
<td>Integration between the reciprocal and market realms (early 2000s - the present):</td>
<td></td>
<td>Double Triangle System</td>
</tr>
<tr>
<td></td>
<td>These LCs engage with the business community and many aim to revitalize shopping districts,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Tama Currency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Beach Money</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>7 Toda Oar</td>
<td></td>
<td></td>
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<td>8 Hirari</td>
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<td></td>
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<tr>
<td>9 Sarari</td>
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<tr>
<td>10 Genki</td>
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<td></td>
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<tr>
<td>11 Atom Currency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Omusubi Currency</td>
<td>Recent developments (mid-2000s – present):</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The most recent trend in Japanese LCs aims to preserve the natural environment and promote local production of goods.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6: Research Sites divided according developmental phase (Created by Author)
4.3 Research Significance

There are two areas of significance for the findings of this paper; significance related to NPO research and significance related LC research. These are each discussed below.

4.3.1 Significance Within the LC Field

As mentioned above despite the reported benefits of LCs and their increasing growth in numbers and development, there is limited empirical research on the management of LCs. Secondly; a long-term operational perspective is essential to LCs aiming to successfully embed themselves within the local community. Thirdly, current research related to LC longevity is limited to the North American and European contexts. Contributions from the Japanese environment would be particularly useful as Japan is a country with relatively high LC activity. For these reasons, the generation of theoretical concepts related to the long-term management of Japanese LCs would make a significant contribution to the growing understanding LC long-term management for both researchers and LC practitioners alike.

4.3.2 Significance Within the NPO Field

As discussed in chapter 2 there is a strong link between LC organizations and the NPO sector in Japan and as NPOs, LCs fulfill the societal roles of Value Guardians and Vanguard innovators. Weerawardena, McDonald & Mort (2010) have the following to say regarding the recent organizational sustainability of NPOs:

“NPOs have been forced to adopt an organizational sustainability focus in both strategic and operational levels of management. The study contributes to nonprofit management theory by identifying the importance of sustainability as central issue in managing a NPO and suggesting the need for sustainability as a key dimension in conceptualizing and measuring social entrepreneurship theory.”

Thus, this study's findings will contribute to the understanding of organizational sustainability of LCs in their role as nonprofit value guardians and vanguard innovators. This research will consequently provide guidance for how LC can more effectively fulfill these roles as well as
providing direction to other NPOs in general that fulfill these roles.

4.4 Research Questions

The chosen methodology of this research paper is the Grounded Theory Approach, which is an inductive research approach. According to Bryman (2012, p.26), “With an inductive stance, theory is the outcome of research. In other words, the process of induction involves drawing generalizable inferences out of observations.” What this means for the sake of this research paper is that the research questions are not determined by a review of the literature but from themes and categories that emerge from the data collection and analysis process. The next chapter will discuss the details of the data collection process and the GTA methodology, as well as which research questions emerged from the process.
Chapter 5 - Research Methodology

5.1 Introduction

The chosen methodology for this research paper is the Grounded Theory Approach (GTA). This chapter discusses the data collection and analysis using GTA principles as well as the research questions that emerged from the process. This chapter begins by discussing the history and development of GTA, as this understanding is necessary in order to accurately contextualize the methodology’s implementation. Next, the chapter discusses the data collection and identifies the primary data set used for the GTA application. Finally, the chapter describes how the GTA principles were applied to the primary data set in order to realize the emergent themes, which produced the research questions for the paper.

5.2 GTA’s history and development

GTA is a largely qualitative research methodology that was formulated in the field of sociology in the 1960s by two prominent sociological researchers Barney G. Glaser and Anseim L. Strauss (Glaser & Strauss, 1967). The formulation of GTA is considered to be a seminal moment in social science history, with Glaser and Strauss leading the way “in providing written guidelines for systematic qualitative data analysis with explicit analytic procedures and research strategies.” (Charmaz, 2000, p.512) From that moment in time the methodology has continued to grow in use and currently GTA the most widely used framework for analyzing qualitative data (Bryman, p.567)

The impetus for formulating GTA at the time was that Glaser and Strauss felt that there was an overemphasis on theory verification within the sociology field to the detriment of qualitative theory generation. In their seminal 1967 publication they state that, “Since verification has primacy on the current sociological scene, the desire to generate theory often becomes secondary, if not totally lost, in specific researches.” (Glaser and Strauss, 1967, p.2) Their aims were to not only encourage the generation of relevant and understandable theories but also to suggest a methodology by which this could be accomplished.
Glaser and Strauss pointed out two trends that contributed towards the overemphasis of theory verification in the sociological field: The “Grand Theory” effect and strong advances in quantitative data gathering after WW2. These two trends are discussed below.

5.2.1 Grand Theory Influence

Glaser and Strauss felt that many sociologists, instead of developing their own theories, were more focused on verifying and reorganizing the grand theories created by the “Great Men” of the past (Karl Marx, Max Weber, Georg Simmel etc.). A grand theory is a form of highly abstract theorizing in which the formal organization and arrangement of concepts takes priority over understanding the social world28. Grand theories tend to have very little application to the daily lives of ordinary people. For example, a basic premise of conflict theory that was proposed by Karl Marx is that individuals and groups within society will work to maximize their own benefits and that social order is maintained by domination and power, rather than consensus and conformity29. This theory has far reaching implications for society in general but less utility when dealing with specific areas of focus such as, for example, the interaction between employees with different cultural backgrounds at large multinational companies.

It seemed then to Glaser and Strauss that the sociological field was moving away from fieldwork and preoccupied with analyzing and verifying highly abstract grand theories. Glaser and Strauss emphasized that newly generated grounded theories should not only be understandable by sociologists, students and laymen but should also be applicable to the area of study and be able to explain the behavior under investigation (Glaser and Strauss, 1967, p.3). Thus, they felt it was important to create theories grounded in everyday experience and not just as a philosophical backdrop to the individual’s everyday experiences.

In addition to the need for theories that could be applied to everyday experiences, Glaser and Strauss also challenged the idea that the purpose of social research is to uncover preexisting and universal explanations of social behavior i.e. ‘Grand Theories’. (Suddaby, 2006) Glaser and Strauss

29 https://www.investopedia.com/terms/c/conflict-theory.asp
point out that the belief at the time was that the great sociologists of the past had generated exceptional theories on various aspects of social life and now the task of their current crop of less able sociologists was to reformulate, test and modify the theories of these great men. (Glaser & Strauss, 1967, p.10).

5.2.2 Quantitative Research Advances

A second factor that contributed to the overemphasis on theory verification was the preeminence of quantitative research. Glaser and Strauss point out that after WW2 “Outstanding quantitative researchers made great strides both in producing accurate evidence and in translating theoretical concepts into research operations. The result was an ability to begin the challenge of testing theory rigorously.” Glaser and Strauss further add that, “The methods of qualitative researchers on these issues had not been developed to the point where they offered any assurance of their ability to assemble accurate evidence and to test hypotheses.” (Glaser and Strauss, p. 16) This resulted in qualitative research taking a backseat to quantitative research and further causing the idea of theory creation through qualitative means to be overlooked.

Consequently, between the acceptance of grand theories and the preeminence of quantitative methods in testing theories, theory generation through qualitative (and quantitative) methods was deemphasized. Glaser and Strauss’s proposed solution to this situation is presented below.

5.2.3 Glaser And Strauss’s Proposed Methodology

Thus, due to the state of sociological research of their time, Glaser and Strauss proposed a methodology for theory creation based on data systematically obtained from fieldwork/social research. It was also important that the created theory did not suffer from too much abstraction and could be comprehended by laymen. Glaser and Strauss described their new method as the discovery of theory from data systematically obtained from social research (Glaser and Strauss, 1967, p.2). This original method described by Glaser and Strauss is built upon two key concepts: “constant comparison,” in which data are collected and analyzed simultaneously, and “theoretical sampling,” in which decisions about which data should be collected next are determined by the theory that is being constructed (Suddaby, 2006, p.634). These two principles remained the core principles of GTA as the method then went through many reinterpretations as it was adopted
firstly by sociologists and then by researchers in other fields. As GTA spread, the different interpretations resulted in a divergence of opinion firstly between Glaser and Strauss and then by other subsequent researchers.

5.2.4 The Split and Diversification of GTA

Since Glaser and Strauss's 1967 publication GTA has gone through many reformulations and developments and, due to differences of opinion among researchers, presently there is a lack of clarity regarding what GTA is and how it should be implemented. The primary reason for the lack of agreement on GTA's methodology stems from a difference of opinion between Glaser and Strauss. The essential difference between the two co-founders of this methodology are that Glaser believes that through systematic comparison the categories will emerge organically, while Strauss (and Corbin) encourage emerging categories through posing analytic questions and hypothesis. (Charmaz, 2000)

This fundamental difference in opinion is just one aspect of a complicated methodological debate that has obscured GTA's application and resulted in GTA methods evolving in different ways depending on the perspectives and proclivities of its adherents (Charmaz, 2000, p.528). O'Reilly, Paper & Marx (2012) add to this when they write that, "while GT has been in existence for more than 40 years, its methodological execution varies greatly from one study to another, leaving the methodology elusive and misunderstood by many—even those who advocate its use. (O'Reilly, Paper & Marx, 2012, p.249). For these reasons when utilizing the GTA it has become imperative to firstly choose an appropriate implementation framework and secondly to describe the implementation of each principle of that framework to ensure correct execution of the methodology. Below the data collection process is discussed and the primary data set is identified. Following this, the particular GTA framework selected for this paper as well as its application to the primary data set is discussed in detail.
5.3 GTA Implementation

5.3.1 Data Collection

The primary data collection was done through semi-structured interviews and this was supplemented through various other data collection methods. Below is a basic description of the process of data gathering for each research site. This process is summarized in table 7.

1. **Gathering background information:** Prior to each interview, information on each research site was gathered through homepage information, research papers and online news articles or reports. This information was used to create a basic profile of each research site. Next, with the research purpose in mind, interview questions were drafted regarding any information gaps in the research site profile.

2. **Interview:** The interviews, with the exception of the LC Hirari, were conducted via phone or a video call with a representative of each LC. The LC representative was usually a founder, co-founder, a member of an executive committee or a chief representative. The total amount of interview time was 8 hours and 8 minutes, although there is a fair amount of variability in the interview times due to various factors such as the complexity of the organizations, the time availability of the representative or their preference for answering questions by fax or e-mail. The interviews by e-mail or Fax, with the exception of the LC Hirari, were all follow-up interviews.

3. **Data Reports:** Where available, data reports on the LCs’ operations were gathered. These consisted mainly of quantitative data describing the circulation of the LCs in question.

4. **Observation:** The kind of observation visits depended on the widely variable nature of the LCs. These included activities such as attending a LC affiliated market, taking part in a volunteer activity or observing a meeting of LC representatives.

5. **Surveys:** In order to gather data on the characteristics of currency users, surveys were conducted at 4 LC organizations. These are Tama Currency, Awa Money, Toda Oar and Maayu.
Table 7: Data Gathering Summary (Created by Author)

5.3.2 Data Relevant to GTA methodology (Primary Data Set)

The primary data set consisted of the 8 hours and 8 minutes of transcribed interviews, 17 written interviews (23 printed pages) and one 5-page data report (Toda Oar). The GTA methodology was applied to this primary data set in order to identify the key themes related to the long-term operation of these LCs.

5.3.3 GTA Implementation Framework

The GTA implementation framework selected for this paper is taken from a publication titled: Demystifying Grounded Theory for Business Research (O’Reilly, Paper & Marx, 2012) This framework was adopted due to its relevance to business research. Given that these LCs are being
investigated as nonprofit businesses it was thought that this would be an appropriate framework to adopt. When writing about the GTA procedures Strauss and Corbin (1990, p.26) state that, “The [GT] procedures are designed to systematically and carefully build theory. Taking shortcuts in the work will result in a poorly constructed and narrowly conceived theory”. With this in mind each tenet of the GTA research process proposed by O’Reilly, Paper & Marx will now be discussed in terms of how the above mentioned primary data set was analyzed to produce the main themes and research questions.

O’Reilly, Paper & Marx (2012, p.249) identified the following implementation tenets for GTA.

1. Theoretical coding.
2. Constant comparison
3. Theoretical sampling
4. Theoretical saturation
5. Theoretical sensitivity

5.3.4 Theoretical coding

Theoretical coding is a step-by-step process that breaks down the qualitative data into codes and concepts that can be compared, analyzed and later combined to create the core concepts of the emerging theory. In this manner, incidents in the raw data are connected to the core theoretical concepts that are later created. O’Reilly, Paper & Marx (2012, p.251) describe theoretical coding as “a systematic process used to make sense of research data by categorizing and grouping similar examples from the data.” The coding process in this paper was divided into 3 parts summarized in figure 12:

1. **Open Coding:** This was the first phase of the coding process. Corbin and Strauss (1990, p.11) describe open coding in the following way: “In open coding, events/actions/interactions are compared with others for similarities and differences. They are also given conceptual labels. In this way, conceptually similar events/actions/interactions are grouped together to form categories and subcategories.” In this paper the open coding process consisted of a line-by-line analysis of the data.
Every line of text relevant to the research purpose was coded and given a conceptual label. The data yielded a total of 1321 codes, which averages to about 120 codes for each LC organization.

2. **Axial Coding (Category creation):** The axial coding stage is when you gather together codes that share a similar theme to form a category. According to Bohm (2004, p.271) the Axial coding phase “serves to refine and differentiate concepts that are already available and lends them the status of categories.” The criteria for creating a category in this paper were either the repetition of a similar code within one LC’s interview data or a code that was common across two or more LCs’ interview data. The data yielded a total of 139 categories, which averages to about 12 categories each LC organization. The total categories created can be seen in appendix 1, 2 and 3. These are the “category tables” and they are the final result of all the categories created in the research process. Appendix 2 shows the common categories shared by two or more organizations. Appendix 3 shows the categories limited to one LC data set.

3. **Selective Coding (Core Categories):** This is the final phase of the coding process during which the core categories emerge. If a new theory should emerge from the paper it will consist of the core categories that are created during this phase. Corbin and Strauss (1990, P.14) describe selective coding as “the process by which all categories are unified around a "core" category, and categories that need further explication are filled-in with descriptive detail.” In this study the core category was undoubtedly Long-Term Leadership and all the categories in appendix 1, 2 and 3 are connected to it directly or indirectly. The selective coding phase is completed in chapter 6, where the core and supporting categories are filled in with descriptive detail. The progression from open coding to selective coding is a process of data refinement to uncover the key concepts that will make up the theory. Along the way many codes and categories are dropped to reveal the core categories.
5.3.5 Constant Comparison

According to Glaser and Strauss (1967) with constant comparison, all new data are compared to earlier data iteratively to enable adjustment of theoretical categories based on the ongoing analysis surrounding participant issues, problems, and concerns. What this means is that when new data is collected it is immediately coded, analyzed and compared to previous data. The result is that as the data collection continues the categories that have been created are constantly shifting and changing according to the new information. Glaser (1998, p.147) describes it in the following way: Constant comparison is typically experienced as a continuous cycling back and forth from the first bits of data through the last.
In this study constant comparison was achieved through the monitoring of the *comparison table* in appendix 1, 2 and 3. The table represents the chronological progression of the data collection beginning with Earthday Money on the left and ending with Atom Currency on the right. Along each step of the process, categories were created and inserted into the tables. As new data was collected, new categories were created or existing ones altered. This was a process of constant change with the final result being the tables in appendix 1, 2 and 3.

5.3.6 Theoretical sampling

O'Reilly, Paper & Marx (2012, pp.252 - 253) describe theoretical sampling as "a means to gather data in a logical manner based on earlier data and the researcher's analytical thinking." This means that the data collection progresses to new research sites depending on results and analysis up to that point. In short, the data collection is determined by the emerging themes and categories. In this paper the main goal of the theoretical sampling was to satisfy the selection criteria discussed in 4.2.1. The main aims of those criteria were to include the maximum number of LC variations representative of the Japanese LC sector. This also meant paying attention to the emerging categories. For example, if categories related to passbook LCs was becoming saturated, data from other kinds of LCs was needed.

In terms of LC variations representative of all Japanese LCs, the theoretical sampling in this paper was successful with the exception of one model of LC found in Japan, the Kinoek project. The Kinoeki is a LC project implemented in about 40 regions in Japan (Kobayashi, Yoshida & Miyazaki, 2017, p.8). Kinoeki is aimed at revitalizing forestry preservation (Miyazaki & Kurita, 2018, p.126) and has a unique circulation mechanism different to any of the LCs mentioned in this paper. Due to the large number of branches, the Kinoeki project represents a substantial research undertaking and due to time and resource limitations the author was unable to include an examination of this system. The implications of the omission of this system from this research project are fully discussed in the conclusion.
5.3.7 Theoretical saturation

Theoretical saturation occurs when the data that is being gathered brings no new insights or understanding in terms of the research goal. Glaser and Strauss (1967, p.61) describe theoretical saturation in the following way: “Saturation means that no additional data are being found whereby the sociologist can develop properties of the category. As he sees similar instances over and over again, the researcher becomes empirically confident that a category is saturated.”

Complete theoretical saturation as described by Glaser and Strauss (1967) above results in the creation of a new and complete theory to describe the phenomenon under investigation. In this paper this complete theoretical saturation was monitored according to the formation of new categories in the category tables in appendix 1, which were indicated by numbers printed underneath each LC name. The first number is printed in black and the bracketed number is printed in red. The black number indicates the number of categories created from that specific LC’s data set. The red number indicates the new categories that emerged from that LC’s data set. Thus the red number indicates the number of newly formed categories that introduced new data. For complete theoretical saturation to occur, the red number underneath the last interviewed LC on the right should be zero. This would show that no new data emerged from that data set. That what emerged was only a repetition of previous data. Unfortunately this point of complete theoretical saturation was not reached.

Due to limited resources and time the author has adopted the view of theoretical saturation put forward by Kambaru (2018, p.47): “The point of theoretical saturation should be determined by the scope of the research question, the practicality of time allotment, and the appropriate resources available to conduct the study.” In terms of this paper, theoretical saturation was reached when the core categories were refined enough to accurately point out key areas regarding the longevity of the LCs under investigation. These key areas, which are investigated in chapter 6, are related to leadership longevity, secure funding mechanisms and environmental influence in rural areas.
5.3.8 Theoretical sensitivity

O’Reilly, Paper & Marx (2012, pp.254) describe theoretical sensitivity as “an abstract term that refers to a researcher’s ability to give meaning to data and to recognize data that have pertinent meaning to the emerging theory versus data that do not.” This begs the question, how is the researcher’s ability to give meaning to the data quantified or measured? Glaser and Strauss (1967, p.46) write that theoretical sensitivity involves the researcher’s ability to have theoretical insight into his area of research, combined with an ability to make something of his insights. Thus the greater a researcher’s experience in the relevant field is, the greater their ability to have theoretical insights into that area of research. The author of this paper has 5 years experience researching Japanese LCs and has published research on the topic. However, in general terms he is still a novice researcher and Japanese, the language the interviews were conducted in, is not his mother language. Accordingly, in order to augment the author’s research sensitivity and to corroborate his interpretation of the interview data, a Japanese researcher, Shigeto Kobayashi, with more than ten years experience as a researcher in the field of LCs was invited to evaluate the author’s research choices in a supervisory capacity. Thus, with a Japanese research partner, the author’s choices regarding theoretical coding, sampling and saturation were given informed cultural and linguistic guidance.

5.4 GTA Research Summary

The primary data set (transcribed and written interviews) was analyzed using the GTA in the following manner summarized in figure 13.

a) **Theoretical Coding:** Through a 3 step process the data was organized and refined to reveal the core categories that highlight key areas related to Japanese LC longevity. All the created categories are presented in the comparison table (Appendix 1, 2 & 3).

b) **Constant Comparison:** As the data collection progresses the categories on the comparison table are constantly being altered to reflect the emerging categories.

c) **Theoretical Sampling:** Collection of new data is guided by the emerging categories and the goal of creating a representative sample of Japanese LCs as discussed in 4.1.2.

d) **Theoretical Saturation:** The core categories are sufficiently developed to describe the key areas influencing the longevity of the Japanese LCs under investigation.
e) **Theoretical Sensitivity:** In order to improve the theoretical decision making in the GTA process and to ensure correct cultural and linguistic interpretation of the interview data, a Japanese researcher (Shigeto Kobayashi) reviewed all the interview data, the analysis and the resulting categories. Thus, the *comparison table* is the result of the author’s analysis and professor Kobayashi’s evaluation. Professor Kobayashi has about 10 years experience researching and publishing about Japanese LCs making him an ideal research partner for this paper.

The GTA process revealed the core category (*Long-Term Leadership*) and two supporting categories (*Secure Funding* and *Migrant Driven Rural Networks*). These are the main categories that describe the longevity of these LCs and formed the basis for the research questions.

![Figure 13: Summary of GTA Research Methodology (Created by Author)]
As mentioned above the core category was *Long-Term Leadership* and the key supporting categories were *Secure Funding* and *Migrant Centered Rural Networks*. Figure 14 shows the relationships between the most common 8 emerging categories and highlights how the 3 main categories are linked.

**Long-Term Leadership:** This was undoubtedly the core category to emerge from the data analysis. It reveals that all the research sites have had the same leader or group of leaders over a 10 – 19 year period. The decision-making of these leaders guides the LC management and thus all categories in appendix 1 and 2 are linked to *Long-Term Leadership* directly or indirectly.

**Secure Funding:** Unsurprisingly secure funding was an important factor that separated the LCs that were thriving from the LCs that were merely surviving. Of the LCs that have Secure Funding 5/6 are linked to a business or institution.

**Migrant Centered Rural Network:** This was a very clear trend that emerged from passbook LCs operating in rural areas. Urban migrants primarily sustain the activities of rural passbooks LCs. Additionally, an easy to manage LC mechanism and a focus on community development also contribute to the maintenance of rural passbook LCs.

*Figure 14: Relationships between the top 8 categories (Created by Author)*
The 3 above-mentioned core categories reveal the most important areas of focus regarding the longevity of Japanese LCs. Consequently these areas are explored as research questions in chapter 6, which concludes the selective coding process.

5.5 Research Questions

The 3 categories of Long-Term Leadership, Secure Funding and Migrant Centered Rural Networks all emerged as the key areas influencing the longevity of the LCs under investigation and consequently research questions were formed around these areas.

1. How is Long-Term Leadership maintained?
2. What are effective long-term strategies for resource/funding procurement?
3. How does a rural environment influence LC longevity?
6. Results

This chapter is the final phase of the selective coding process. The research questions are answered and the core categories, Long-Term Leadership, Secure Funding and Migrant Centered Rural Networks are filled in with descriptive detail to uncover the concepts and models governing the longevity of Japanese LC organizations.

6.1 Long-Term Leadership: Introduction

The only common category that all 12 organizations shared was that all of them had long-term continuous leadership. Furthermore, all the leaders barring one LC (Hirari), were involved with the LC from the launch of the organization to the present day. Long-Term Leadership has important implications for long-term management as it preserves the knowledge necessary to run the organization smoothly. The characteristics of each organization’s long-term leadership are presented below in table 8.

<table>
<thead>
<tr>
<th>LC Name</th>
<th>Long-Term Leaders’ Role and Period of Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Earth Day Money</td>
<td>2 Co-founders (11 &amp; 15 years concurrently)</td>
</tr>
<tr>
<td>2 Tama</td>
<td>2 Chief Representatives (13 years)</td>
</tr>
<tr>
<td>3 Awa</td>
<td>3 Co-founders (19 years)</td>
</tr>
<tr>
<td>4 Beach Money</td>
<td>Co-founder (13 years)</td>
</tr>
<tr>
<td>5 Toda Oar</td>
<td>Original Executive Committee of 11 people (17 years)</td>
</tr>
<tr>
<td>6 Yorozu Ya</td>
<td>4 Original Co-founders (11 years)</td>
</tr>
<tr>
<td>7 Hirari</td>
<td>Chairman &amp; 1 staff member (12 &amp; 14 years) Since 2006 &amp; 2008 respectively</td>
</tr>
<tr>
<td>8 Sarari</td>
<td>2 Directors + Observer (12 years)</td>
</tr>
<tr>
<td>9 Maayu</td>
<td>Co-founder (19 years)</td>
</tr>
<tr>
<td>10 Genki</td>
<td>2 Original Staff (19 years)</td>
</tr>
<tr>
<td>11 Omusubi</td>
<td>Founder (10 years)</td>
</tr>
<tr>
<td>12 Atom</td>
<td>Original Board of Directors (12 years)</td>
</tr>
</tbody>
</table>

Table 8: Characteristics of Long-Term Leaders (Created by Author)

6.2 Analysis of Long-Term Leadership

In order to analyze the core category of long-term leadership, three aspects were investigated.

1. Organizational Maintenance Requirements: How complex is the organization to maintain?
   Is it a simple community group or a more sophisticated NPO with larger funding and human resource needs? Understanding the maintenance requirements contextualizes
the responsibility of the long-term leaders.

II. **Long-Term Leaders’ Time Investment:** What was the long-term leaders’ level of engagement? How much of their daily, weekly or monthly schedule was committed to running the LC?

III. **What was their style of leadership?** What kind of long-term leadership style is typical of running a LC organization?

These 3 aspects are analyzed below.

6.2.1 Aspect 1: Maintenance Requirements

6.2.1.1 Relatively Low Funding

Funding is an important part of maintenance and the basic funding requirements of the research sites are summarized in table 9. The most notable aspect, with the exception of Omusubi Currency, is how little funding many of these LCs require. Among the 12 LC organizations:

I. 7/12 Organizations’ yearly expenses are equal to or less than ¥1,000,000

II. 9/12 Organizations pay no salaries and have only volunteer staff.

III. For 2/3 Organizations that have paid staff (Sarari and Hirari), the salaries are largely unrelated to LC activity. This is because Sarari and Hirari function as subdivisions of NPOs. The operations of these 2 LCs are merged with the NPOs’ operations. In both cases the LC activities form a far smaller portion of the NPO’s overall operations.

Thus, Omusubi Currency is the clear outlier as it has the highest budget dedicated solely to LC operations by a wide margin. The key point here is that in general, Japanese LCs have relatively low funding requirements. This should be borne in mind as we next evaluate the circulation maintenance requirements of each research sites.
### Table 9: Local Currency Funding Needs (Created by Author)

<table>
<thead>
<tr>
<th>LC Name</th>
<th>Yearly Expenses</th>
<th>Volunteer OR Paid Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Tama Currency</td>
<td>Yearly Expenses $\leq 1,000,000$</td>
<td>Volunteer Staff</td>
</tr>
<tr>
<td>2 Awa</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Toda Oar</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Yorozu Ya</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Maayu</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Genki</td>
<td>Unknown</td>
<td></td>
</tr>
<tr>
<td>7 Atom Currency</td>
<td>Unknown</td>
<td></td>
</tr>
<tr>
<td>8 Earthday Money</td>
<td>Unknown</td>
<td></td>
</tr>
<tr>
<td>9 Beach Money</td>
<td>Unknown</td>
<td></td>
</tr>
<tr>
<td>10 Sarari (Subdivision of NPO Donguri Mura Sarari)</td>
<td>Unknown NPO yearly budget $\approx ¥10,000,000$</td>
<td>3 Paid Staff</td>
</tr>
<tr>
<td>11 Hirari (Subdivision of NPO Azami)</td>
<td>Unknown NPO Yearly Revenue $\approx ¥51,000,000$</td>
<td>5 Paid Staff</td>
</tr>
<tr>
<td>12 Omusubi Currency</td>
<td>Unknown Yearly budget $\approx ¥35,000,000$</td>
<td>4 Paid Staff</td>
</tr>
</tbody>
</table>

### 6.2.1.2 Circulation Maintenance Factors

The core of any LC system is its currency circulation and maintaining it is key if the organization is to operate over the long-term. Accordingly this section examines the maintenance requirements of the research sites’ circulation mechanisms. As discussed in chapter 2 and seen in figure 3, Japanese LC circulation systems are mostly divided into STS, which are very simple and DTS, which are far more complex with stakeholders in the non-profit and business sectors. Consequently, there is great variety regarding the circulation maintenance requirements of the 12 research sites.

A total of 8 factors have been identified that add to the maintenance load of a LC. These are the sum of all the factors mentioned by the LC representatives in the interviews conducted. Each factor represents an area of operation or management that requires HR or funding to maintain circulation. The 8 factors, seen below in table 10, are discussed in detail next.
1) Type of currency issued

Naturally different kinds of currency (paper, digital etc.) require varying levels of maintenance effort. Paper money is particularly variable according to quality of the paper, the necessity for new designs, frequency of printing and other factors. LCs for whom this was a HR or funding issue include Earthday Money, Toda Oar, Sarari, Genki, Omusubi Currency and Atom Currency as mentioned in interviews.

2) Yearly Issuance Amount

More currency issued generally means more effort in management, particularly if there is exchange with the Japanese yen. However in the case of digital currencies less effort is expended in managing the currency and in the case of passbook LCs the effort is virtually nil.

3) Japanese yen exchange

Facilitating exchange with the Japanese yen is essentially a funding issue, as there needs to be sufficient funds to back the amount of LC in circulation. Japanese yen exchanges also require regular visits (perhaps monthly) to places where the LC is usable to redeem it for Japanese yen.

4) Number of participating stores

There are 3 aspects to liaising with participating stores:
I. **Recruiting stores for the network:** This a marketing drive to persuade businesses to join a LC network. Furthermore, the number of stores in a network is not always static and there will be a constant need to try to expand the number of stores in a network.\(^{30}\)

II. **Clear lines of communication:** In order to clarify any potential issues that might arise it’s important to maintain good communication with participating stores.

III. **Providing stores with Marketing or PR materials:** These consist of flags or stickers indicating that the LC is accepted at a particular store. This is especially important for the visibility of a LC in an area.\(^{31}\)

5) **Expiry Date**

Having an expiry date will increase costs, as it will be necessary to issue new currency at the start of each new issuance period. In the case of both Toda Oar and Omusubi Tsuuka this also means creating a new design. Because of the above-mentioned reasons most of the LCs do not have an expiry date and some (especially Genki) went to great effort to avoid having an expiry date.\(^{33}\)

6) **Participating organizations within circulation path**

These represent part 2 of the DTS diagram (Figure 3). With participating organizations there are two aspects to consider.

   I. **Clear lines of communication:** Similarly to participating businesses it is important to maintain communications regarding LC activities.

   II. **Currency distribution:** This is basically establishing a currency distribution system between the LC and participating stores.

---

\(^{30}\) (Nitanda, S. personal communication, October, 2019)  
(I. Saga, personal communication, March 26, 2016)

\(^{31}\) (I. Saga, personal communication, March 26, 2016)  
(Hidaka, U. Ishiwata, M. personal communication, March 22, 2017)

\(^{32}\) (Saito, Y. personal communication, September, 2018)  
(Yoshida, D. personal communication, September, 2019)

\(^{33}\) (Nitanda, S. personal communication, October, 2019)
7) Coordinator
A coordinator matches LC users needing mutual care services with those providing services. In the case of Hirari, the coordinator accompanies the volunteer the first time he provides services to a client\(^34\). This is an essential and time-consuming role for LCs that facilitate mutual care services\(^35\).

8) Organizing a regular market
Two of the research sites (Earthday Money and Omusubi Currency) organized a regular market where goods and services are exchanged using the LC. This involves a range of tasks requiring funding and HR such as booking a location for the market, liaising with vendors and promoting the market.

Some LCs have none of these factors, in which case they have a score of 0/8. This indicates that maintaining these systems is easy. Some LCs, like Hirari and Earthday Money have 4 factors to consider in their circulation maintenance. This gives them a score of 4/8 and indicates moderate difficulty in sustaining circulation. These maintenance factors as well as the maintenance score of each research site is summarized in table 11.

6.2.1.3 Maintenance Requirements Summary
In summary, LC organizations use relatively little funding. Around ¥1,000,000 in funding annually with volunteer support is sufficient for most LCs to remain active (Omusubi Currency being the exception). These low requirements should be borne in mind when looking at the maintenance scores summarized in table 11 because it means that we are dealing with small-scale organizations.

Regarding the maintenance factors in the table, the squares highlighted in blue show areas of a LC’s operation that requires HR or funding and the total maintenance score is shown on the right. It is not possible to actually measure the maintenance effort required to run a LC organization. However, the maintenance score does indicate the number of factors the LC organizations have to consider in sustaining circulation. This provides a baseline framework for how difficult it is to maintain a LC. Here are two examples that contextualize the maintenance scores:

---
\(^34\) (Goto, M. personal communication, December, 2018)  
\(^35\) (Oikawa, Y. personal communication, December, 2018)
Sarari: Sarari has a maintenance score of 5/8. This indicates moderate to high maintenance difficulty. The Sarari organization has 3 employees. One of those employees is responsible for maintaining Sarari’s circulation (Oikawa, Y. personal communication, December, 2018). Thus, 1 fulltime employee maintains a LC with a 5/8 maintenance score.

Tama: Tama has a maintenance score of 2/8. In Tama’s case the main representative spends half a day a week doing Tama’s administration (Eda, M, personal communication, July, 2018). In terms of HR needs, the Tama representative has also stated that one paid employee working one a day a week and assisted by volunteers would be sufficient to run the Tama currency.

Thus an organization with a 2/8 score can be run by one employee working 1 day a week and an organization with a 5/8 score can be run by one fulltime employee working 5 days a week. These two examples underline the relatively modest needs for running a Japanese LC. The higher the maintenance score is, the more resources are needed to successfully maintain the organization. These maintenance scores (in table 11) will be combined with information on the long-term leadership’s time investment and leadership style to create a theoretical framework that will clarify the nature of the long-term leadership within these organizations.

---

36 Omusubi Currency is a big outlier here. Its maintenance score is 6/8 but it needs 3 fulltime employees and one part-time employee.
<table>
<thead>
<tr>
<th>LC Name</th>
<th>Type of currency</th>
<th>Yearly Issuance</th>
<th>Yen Exch.</th>
<th>Stores</th>
<th>Expiry date</th>
<th>Member Orgs.</th>
<th>Coord.</th>
<th>Market</th>
<th>M. SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earthday Money</td>
<td>Digital (complex to update)</td>
<td>7,000,000</td>
<td>NO</td>
<td>150</td>
<td>NO</td>
<td>27</td>
<td>NO</td>
<td>YES Monthly</td>
<td>4/8</td>
</tr>
<tr>
<td>Tama</td>
<td>Paper (Simple cards = not expensive)</td>
<td>2007 – 2018</td>
<td>NO</td>
<td>64</td>
<td>NO</td>
<td>23</td>
<td>NO</td>
<td>NO</td>
<td>2/8</td>
</tr>
<tr>
<td>Awa</td>
<td>Passbook</td>
<td>N/A</td>
<td>NO</td>
<td>8</td>
<td>NO</td>
<td>0</td>
<td>NO</td>
<td>NO</td>
<td>0/8</td>
</tr>
<tr>
<td>Beach Money</td>
<td>Beach glass</td>
<td>N/A</td>
<td>NO</td>
<td>155</td>
<td>NO</td>
<td>0</td>
<td>NO</td>
<td>NO</td>
<td>1/8</td>
</tr>
<tr>
<td>Toda Oar</td>
<td>Paper (High costs)</td>
<td>About 2,000,000</td>
<td>YES</td>
<td>110</td>
<td>YES</td>
<td>0</td>
<td>NO</td>
<td>NO</td>
<td>5/8</td>
</tr>
<tr>
<td>Yorozu Ya</td>
<td>Passbook</td>
<td>N/A</td>
<td>NO</td>
<td>14</td>
<td>NO</td>
<td>0</td>
<td>NO</td>
<td>NO</td>
<td>0/8</td>
</tr>
<tr>
<td>Hirari</td>
<td>Paper (No issues with printing)</td>
<td>About 300,000</td>
<td>YES</td>
<td>66</td>
<td>NO</td>
<td>0</td>
<td>YES</td>
<td>NO</td>
<td>4/8</td>
</tr>
<tr>
<td>Sarari</td>
<td>Paper (High costs &amp; complex)</td>
<td>About 4,000,000</td>
<td>YES</td>
<td>34</td>
<td>NO</td>
<td>18</td>
<td>Yes link to circulation</td>
<td>YES</td>
<td>5/8</td>
</tr>
<tr>
<td>Maayu</td>
<td>Passbook</td>
<td>N/A</td>
<td>NO</td>
<td>7</td>
<td>NO</td>
<td>0</td>
<td>NO</td>
<td>NO</td>
<td>0/8</td>
</tr>
<tr>
<td>Genki</td>
<td>Paper (Special paper to prevent forging)</td>
<td>About 5,000,000</td>
<td>YES</td>
<td>220</td>
<td>NO</td>
<td>13</td>
<td>NO</td>
<td>NO</td>
<td>5/8</td>
</tr>
<tr>
<td>Omusubi Currency</td>
<td>Paper (High costs &amp; New design every 3 months)</td>
<td>About 7,000,000</td>
<td>YES</td>
<td>800+</td>
<td>Yes 6 months</td>
<td>0</td>
<td>NO</td>
<td>YES 2-3 a month</td>
<td>6/8</td>
</tr>
<tr>
<td>Atom Currency</td>
<td>Paper – up to 30% of budget (Design changes yearly)</td>
<td>About 3,000,000</td>
<td>YES</td>
<td>140</td>
<td>Yes 1 year</td>
<td>0</td>
<td>NO</td>
<td>NO</td>
<td>5/8</td>
</tr>
</tbody>
</table>

Table 11: LC Maintenance Factors (Created by Author).

Squares highlighted in blue are areas of operation that require HR or funding.
6.2.2 Aspect 2: Long-Term Leader’s Time Investment

Similarly to the modest funding most of these organizations have, the time invested by the long-term leaders is equally modest. By looking at table 12 it is clear to see that only 2/12 long-term leaders are engaged on a fulltime basis in guiding their organizations. This means that the remaining 10/12 long-term leaders are involved on a part-time basis to varying degrees. The next section explores the kinds of long-term leadership displayed by the LC leaders and then all three Long-Term Leadership aspects will be combined in one analysis.

Table 12: Long-term Leadership Time Investment (Created by Author)
6.2.3 Aspect 3: Types of Long-Term Leadership

Four kinds of long-term leadership were identified among the 12 research sites.

1. **Mission based Leadership**
   - The effort, motivation and intentions of these torchbearers move the operations of the LC forward.
   - Without this person or persons, there is a very high likelihood that the LC will stop circulating.

2. **Board Leadership**
   - Members of the original executive committee or board of directors who launched the currency.
   - They are not involved with the day-to-day operations of the LC.
   - Through their guidance a LC organization with sufficient human resources and funding has been established. Their decision-making guides the LC.
   - In terms of time investment it is an undemanding decision making role.

3. **Bottom-up Leadership**
   - Small scale organizations
   - No real ‘leadership’
   - Activities are a series of collaborations between members.

4. **Light Guidance**
   - Small scale organizations
   - Responsibility / Initiative is mainly on the users
   - Organizers only coordinate basic tasks such as updating a mailing list or briefing new members.

The Long-term leadership description summary can be seen in table 13.
<table>
<thead>
<tr>
<th>LC Name</th>
<th>Description of long-term leadership</th>
<th>Type of long-term leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Genki</td>
<td>2 retired volunteers who work from Monday to Friday (10:00 – 17:00) to maintain Genki. A third staff member invests less time but has also been involved since the beginning.</td>
<td>Mission Based Leadership</td>
</tr>
<tr>
<td>Omusubi</td>
<td>Omusubi Currency's founder is a social entrepreneur whose vision and ambition have created one of the largest LCs in Japan.</td>
<td></td>
</tr>
<tr>
<td>Hirari</td>
<td>A core group of 3 Hirari representatives, who had their yearly funding cut off and launched a home visitation care businesses in order to fund and maintain Hirari.</td>
<td></td>
</tr>
<tr>
<td>Earthday Money</td>
<td>From 2001 – 2012 Earthday Money's activities centred on the 2 co-founders. 1 co-founder quit around 2012 and the other co-founder quit around 2016. When neither co-founder was involved Earthday Money stopped operating.</td>
<td></td>
</tr>
<tr>
<td>Tama</td>
<td>Tama Tsuuka’s 2 core representatives are the reason the LC is maintained. They are actively trying to reinvigorate Tama Tsuuka after a decline in activities in recent years.</td>
<td></td>
</tr>
<tr>
<td>Beach</td>
<td>Beach Money's co-founder has been running Beach Money by himself for 12 years since its launch.</td>
<td></td>
</tr>
<tr>
<td>Money</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awa</td>
<td>A community has grown around the core group and decision-making is collective.</td>
<td>Bottom-Up Leadership</td>
</tr>
<tr>
<td>Maayu</td>
<td>A social club where leadership is fluid and dependent on the willingness of members to take on projects.</td>
<td></td>
</tr>
<tr>
<td>Toda Oar</td>
<td>The executive committee that guides Toda Oar is almost unchanged since the launch of the LC (17 years ago). They meet once a month for 2 hours and assist at around 4 events a year.</td>
<td></td>
</tr>
<tr>
<td>Sarari</td>
<td>2 of Sarari's board of directors and one observer have guided the LC since it's launch 12 years ago. The observer in particular was an ‘evangelist’ for launching a LC.</td>
<td>Board Leadership</td>
</tr>
<tr>
<td>Atom</td>
<td>The Atom Currency board of directors (10 people) are unchanged since Atom Currency’s launch. They meet monthly and oversee the organization's finances, public relations and other key operational aspects. They also publish a yearly report on Atom Currency's activities.</td>
<td></td>
</tr>
<tr>
<td>Yorozu Ya</td>
<td>Yorozu Ya's organizers have deliberately created a low maintenance LC, which requires minimal oversight such as registering new members and updating the mailing list.</td>
<td>Light Oversight</td>
</tr>
</tbody>
</table>

Table 13: Description of LC Long-Term Leadership Categories (Created by Author)
6.2.4 Three Aspects of Long-Term Leadership Combined

Until this point 3 aspects of long-term leadership have been examined separately. This section combines the results of each analysis in order to answer to the research question: How is long-term leadership maintained? Table 14 shows the results of the analysis of each aspect in one table and all 3 aspects are combined in figure 16 where the maintenance score is indicated on the horizontal axis. It starts with 0 on the left and the maintenance score (or difficulty) increases the further you go to the right. The long-term leadership time investment is shown on the vertical axis. Any organization below the horizontal line indicates a time investment of less than 1 day a week. The LC with the lowest leadership time investment and consequently lowest on the vertical axis is Sarari. Sarari’s leaders meet about 4 times a year for meetings. The LC with the highest time investment is Omusubi Currency whose leader works fulltime. Consequently, Omusubi currency is highest on the vertical axis. Finally, the kinds of leadership are indicated by color. The time investment of Earthday Money, Hirari and Beach Money were unquantifiable and consequently they were placed on the horizontal line as a compromise.

Figure 15: Long-Term Leadership Categories (Created by Author)
Table 14: Leadership Type, Maintenance Factors & Time Invested Comparison

(Created by Author)

<table>
<thead>
<tr>
<th>LC Name</th>
<th>Leadership Type</th>
<th>Maintenance Score</th>
<th>Time invested</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Omusubi</td>
<td>Mission Based Leadership</td>
<td>6/8</td>
<td>Fulltime</td>
</tr>
<tr>
<td>2 Genki</td>
<td>Mission Based Leadership</td>
<td>5/8</td>
<td>Fulltime</td>
</tr>
<tr>
<td>3 Hirari</td>
<td>Mission Based Leadership</td>
<td>4/8</td>
<td>Concurrent to main occupation</td>
</tr>
<tr>
<td>4 Beach</td>
<td>Mission Based Leadership</td>
<td>1/8</td>
<td>Concurrent to main occupation</td>
</tr>
<tr>
<td>Money</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Earthday</td>
<td>Mission Based Leadership</td>
<td>4/8</td>
<td>Concurrent to main occupation</td>
</tr>
<tr>
<td>Money</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Tama</td>
<td>Mission Based Leadership</td>
<td>2/8</td>
<td>Weekly basis + events</td>
</tr>
<tr>
<td>7 Maayu</td>
<td>Bottom-Up Leadership</td>
<td>0/8</td>
<td>Monthly basis + events</td>
</tr>
<tr>
<td>8 Toda Oar</td>
<td>Board Leadership</td>
<td>5/8</td>
<td>Monthly basis + events</td>
</tr>
<tr>
<td>9 Awa</td>
<td>Bottom-Up Leadership</td>
<td>0/8</td>
<td>Monthly basis + events</td>
</tr>
<tr>
<td>10 Atom</td>
<td>Board Leadership</td>
<td>5/8</td>
<td>Monthly basis</td>
</tr>
<tr>
<td>Currency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Yorozu Ya</td>
<td>Light Guidance</td>
<td>0/8</td>
<td>Monthly basis</td>
</tr>
<tr>
<td>12 Sarari</td>
<td>Board Leadership</td>
<td>5/8</td>
<td>Quarterly basis + projects</td>
</tr>
</tbody>
</table>

With these 3 LCs the time invested is unknown. However, as mission based leaders, it is unlikely that their time investment was minimal. Particularly for Earthday Money and Hirari who both have a maintenance score of 4/8.
Any organization **BELOW** the horizontal line = Less than 1 day a week time investment

**Model 1: Passbook Communities**

I. Passbook LCs
II. Minimal funding requirements
III. Bottom-up networks
IV. Users have shared characteristics
   • Maayu (60+ years old)
   • Awa Money (Urban Migrants)
   • Yorozu Ya (Urban Migrants)

**Model 2: Cross-sector Development Tools**

1. Launched with local government or corporate support
2. Long-term support agreement with larger institution/organization
3. Cross sector partnerships
4. Most stable

**Leadership Style**
- Mission Based Leadership
- Bottom-Up Leadership
- Light Guidance
- Board Leadership

**Figure 16**

Long-Term Leadership Time Investment
Vs.
Maintenance Score

- Low Time Investment
- High Time Investment
- Low Maintenance Score
- High Maintenance Score

**Model 3: Aspirational LCs**
- Not linked to an institution or organization.
- Funding sourced independently
- Leaders are strongly mission based

**Leadership Styles**
- Mission Based Leadership
- Bottom-Up Leadership
- Light Guidance
- Board Leadership

**Long-Term Leadership Time Investment**
Vs.
**Maintenance Score**
6.2.5 Long-Term Leadership Summary

The combination of the 3 aspects of long-term leadership has revealed 3 models of long-term LC management led by 3 distinct type of leaders. This provides 3 answers to the research question: How was long-term leadership sustained?

6.2.5.1 Model 1: Passbook Communities (Maayu, Awa Money, Yorozu Ya)

In these organizations Long-Term Leadership was sustained due to the low burden on leadership and the attainment of personal fulfillment through being part of the network. It would be more accurate to describe these LCs as social clubs and not organizations per se. There is no real ‘management’ as the annual budget of each of these organizations is less than ¥300,000.\(^{37}\)

A key aspect of this kind of LC is the passbook mechanism. Essentially each member receives a passbook when they join the organization. In appearance the passbook is very similar to a Japanese bankbook wherein transactions are recorded, except in this case members are responsible for recording their own transactions. Members are given access to a network for exchange either through an online mailing list or regular events where they meet in person. All members start with a zero balance. If you sell a product or service you record plus credits and if you purchase a product or service you record minus credits. The prices are negotiated between members and goods and services include 2\(^{nd}\) hand clothes, language lessons, babysitting etc. Essentially this kind of currency provides a platform for individuals to meet and transact with one another. Below are quotes from the LC representatives.

I. **Maayu**: Maayu’s main representative, Yasui-san, described their way of doing things as “Not forcing things” and “irresponsible management” (Yasui, K. personal communication, November, 2018) There is a strong emphasis on enjoyment and willingly participating.

II. **Awa Money**: Awa Money’s main representative emphasized that the responsibility for initiating and monitoring transactions was on the members of the network and not the

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\(^{37}\) (Yasui, K. personal communication, November, 2018)
(Yasui, K., personal communication, November, 2018)
(Takahashi, Y. personal communication, November, 2018)
(Hayashi, Y. personal communication, December, 2018)

94
leaders. He also cited deep personal fulfillment stating “The network is extension of my family” and “For myself, I can’t image my current life without this community”\textsuperscript{38}

III. Yorozu Ya: According to Yorozu Ya’s representative when they started the currency “Placing a small burden on the administration was a big factor”. Thus Yorozu Ya purposefully made their organization easy to run. In fact Yorozu Ya does not even gather yearly fees because it was deemed that it would be too much of a bother\textsuperscript{39}. Their event planning is also described as “go with the flow”.

Thus the long-term leadership of passbook LCs is attained through personal fulfillment and light responsibility. The similarity between these organizations can be seen in the many categories that they share as shown in table 15. The full implications of this LC passbook system will be discussed in chapter 7.

\textsuperscript{38} (Hayashi, Y. personal communication, December, 2018)
\textsuperscript{39} (Takahashi, Y. personal communication, November, 2018)
Table 15: Shared Categories among Model 1 LCs (Created by Author)

6.2.5.2 Model 2: Cross-sector Development Tools (Sarari, Toda Oar, Atom Currency)

In these organizations Long-Term Leadership was achieved through the establishment of a self-sustaining cross sector LC mechanism that, once in place, required only decision making guidance from the governing boards. The most important element of these LCs is their link to a larger organization or institution. These supportive links are summarized in table 16.

Significant Support: As can be seen in the table, each of these LCs receive significant aid from their supporting organizations and institutes. For example in the case of Toda Oar, in addition to the yearly subsidy, Toda City Hall employees do all of the administration work. This includes issuing
currency, compiling circulation reports and printing of pamphlets. With Sarari, Sarabetsu Village has taken the unprecedented step of accepting the LC for utility payments such as gas, electricity and water (Oikawa, Y. personal communication, December, 2018).

Finally Atom Currency branches receive a 99% discount on the character-licensing fee for the character "Tetsuan Atomu" (Hidaka, U. Ishiwata, M. personal communication, March 22, 2017)

This essentially serves as funding support as Atom Currency branches can use this internationally recognized character to generate income through advertising.

**Recognized Utility:** The reason these LCs receive such significant support is due to a recognition of their utility. Toda City Hall believes that Toda Oar is useful as a tool for promoting citizens activities (Saito, Y. personal communication, September, 2018). Sarabetsu Village has the same opinion regarding Sarari. Both Sarari and Toda Oar have long-term conditional funding agreements with their respective local governments. This means that as long as the LC organizations achieve their yearly stated goals, they will continue to receive the funding. Atom Currency's success until this point is based very strongly on the fact that shopping street associations and chambers of commerce believe the currency has value in revitalizing local shopping streets (September, 2019).

---

40 (Oikawa, Y. personal communication, December, 2018)
(Saito, Y. personal communication, September, 2018)
<table>
<thead>
<tr>
<th>LC Name</th>
<th>Supporting Institution / Organization</th>
<th>Manner of Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toda Oar</td>
<td>Toda City Hall</td>
<td>a) All administration work is done by City Hall employees</td>
</tr>
<tr>
<td></td>
<td>Toda City Chamber of Commerce</td>
<td>b) A yearly subsidy of ¥750,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) The chamber of commerce does the exchange with Japanese yen free of charge</td>
</tr>
<tr>
<td>Sarari</td>
<td>Sarabetsu Village Authorities</td>
<td>a) A yearly subsidy of ¥500,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Outsourcing village services to the NPO Donguri Mura Sarari (This revenue stabilizes Sarari's activities)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) Sarabetsu village accepts Sarari as payment for utilities (Gas, electricity etc.)</td>
</tr>
<tr>
<td>Atom Currency</td>
<td>Tezuka Productions (Entertainment Company)</td>
<td>a) Marketing Support</td>
</tr>
<tr>
<td></td>
<td>Participating Organizations (Shopping streets / Chambers of commerce)</td>
<td>b) Advice in hosting events</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) 99% discount on the “Tetsuan Atomu” character licencing fee (The character's likeness is used to generate income for Atom Currency branches.)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>d) The employees of participating organizations do all the administration work for Atom Currency branches.</td>
</tr>
</tbody>
</table>

Table 16: Organizational and Institutional Support for Development LCs (Created by Author)

This recognition of utility has its roots in the Japanese LC boom at the start of the 2000s. The result of that boom was the wide spread recognition of LCs as a potential tool for social and economic development. In interviews with both the Toda Oar and Sarari representatives they mentioned the influence of the LC boom on the decision to adopt a LC in their community. The Atom Currency executive committee also mentions the influence of the LC boom (Atom Currency Executive Committee, 2015). Izumi and Nakazato (2017) did an analysis of the spike in newspaper reporting on LCs during the LC boom, thus providing evidence for how wide spread the idea of a LC was. It was this wide spread knowledge of LCs that sparked the creation of the cross-sector partnerships of these group 2 LCs. Once the self-sustaining mechanisms were put in place all 3 of these Model 2 LCs continued to grow and achieve their goals, confirming their utility. The key factors that determined the success of these cross-sector partnerships will be discussed in detail in chapter 7.

In summary the long-term leadership in group 2 LCs is maintained due to the light responsibility placed on these leaders. These leaders are not involved in the day-to-day operations of the LCs. They do not have to do administration work or fundraising. They simply have to supervise (on a monthly or quarterly basis) a self-sustaining LC mechanism that receives significant aid from
supporting organizations and institutions due to its perceived utility. The similarity between these organizations can be seen in the many categories they share as shown in Table 17 below.

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>Toda Oar</th>
<th>Sarari</th>
<th>Atom Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership Continuity</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Secure Funding</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Linked to business or institution</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Citizens activities</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper money issues</td>
<td></td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Future plans</td>
<td></td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>cross sector partnership</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>

Table 17: Shared categories among model 2 LC Organizations (Created by Author)

6.2.5.3 Model 3: Aspirational LCs (Earthday Money, Genki, Omusubi Currency)

The Model 3 LCs are different from the model 1 and model 2 LCs in that they don’t have a uniform structure. Model 1 and model 2 LCs share many categories with their counterparts as seen in Table 15 and 17. However, if you look at Table 18 you’ll see model 3 LCs have only Long-Term Leadership in common. The one other factor they have in common is that their founders are very strongly mission based however, the missions they pursue are very different. Earthday Money had the ambitious goal of guiding a volunteer movement in Shibuya by connecting NPOs in Shibuya with potential volunteers. Genki’s leaders are very strongly focused on using Genki as a tool for promoting ‘paid volunteering’. Finally Omusubi Currency’s founder believes very strongly in promoting a community’s local products. These goals all represent different areas of focus but in terms of these leaders being mission focused they are the same.

41 (I. Saga, personal communication, March 26, 2016)
42 (Nitanda, S. personal communication, October, 2019)
43 (Yoshida, D. personal communication, September, 2019)
**Higher Time Investment:** These group 3 LCs also have higher time investment than the other mission-based long-term leaders (Beach Money, Tama and Hirari). Both Omusubi Currency and Genki’s staff work fulltime from Monday to Friday and remarkably Genki’s staff members do it on a volunteer basis. With Earthday Money the exact time investment is unknown however, Earthday Money has a *maintenance score* of 4/8 and both co-founders were working fulltime when Earthday Money was launched (I. Saga, personal communication, March 26, 2016). Furthermore, despite being unable to commit fulltime to running Earthday Money they achieved a relatively high level of sophistication by creating a digital currency application, launching a well designed website (Lietaer, 2004) and organizing a monthly market. In the interview Earthday Money's co-founder also commented on the time and effort it took to manage the currency. This included creating and maintaining a network of around 150 participating businesses.

In summary the group 3 LC *Long-Term Leadership* was maintained by the drive and vision of their mission based long-term leaders.
### Table 18: Shared categories of Model 3 LCs (Created by Author)

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>Earthday Money</th>
<th>Genki</th>
<th>Omusubi Tsuuka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership Continuity</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Secure Funding</td>
<td></td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Community development</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small town emigrants</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anti-market values</td>
<td></td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Online system failed</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citizens activities</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LC theory awareness</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper money issues</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growing</td>
<td></td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Founders strongly mission based</td>
<td>Direct a Social Movement in Shibuya</td>
<td>Promoting 'paid' volunteers important</td>
<td>Kids market a vehicle for founder's values</td>
</tr>
</tbody>
</table>

#### 6.2.5.4 Long-Term Leadership summary

In summary, the long-term leadership of the 3 separate groups of LCs were maintained in the following ways:

**Model 1:** The Long-Term Leadership of the group 1 LCs is achieved through personal fulfillment and low leadership burden.

**Model 2:** The long-term leadership of the group 2 LCs is maintained due to the light responsibility placed on them. They are not involved with the day-to-day tasks of running the LC and fulfill a decision-making role on a monthly or quarterly basis that guides the organization. This is possible because of the creation of a self-sustaining LC mechanism that receives HR and funding support from parent organizations or institutions in exchange for the utility the LCs provide.
Model 3: Group 3 LC *Long-Term Leadership* was maintained by the drive and vision of their mission based long-term leaders.

This concludes the discussion regarding the long-term leadership of these 3 LC groups. There are several other pertinent factors related to these 3 management models and these will be addressed in chapter 7.

6.3 Analysis of Secure Funding Mechanisms

This section discusses focuses on the secure funding mechanisms found among the research sites. Whether or not a research site was deemed to have a secure funding mechanism was decided according to 4 criteria:

1. The extent to which the organization’s funding structure (or the lack thereof) restricted the organization’s activities.
2. The source and stability of an organization’s funding.
3. The interviewee’s opinion.
4. Data on income and expenditure (where available)

Based on these criteria 9/12 research sites were deemed to have secure funding. Among these 9 organizations, 3 are passbook LCs (Maayu, Yorozu Ya and Awa Money) where membership fees are sufficient for their minimal funding needs. The remaining 6 organizations can be seen in table 19 (pg. 109) where 4 secure funding mechanisms can be identified. Each of these mechanisms and their characteristics will now be discussed.

6.3.1 Funding Mechanism 1: Local Government Funding

Two organizations (Toda Oar and Sarari) benefit from long-term conditional funding support from their respective local governments. LCs receiving funding support from local governments is quite a common occurrence Japan. About half of the early Fureai Kippu projects were government run and funded (Hayashi, 2012). and Eco-money projects around Japan also received government funding (Yamazaki, 2013). More recent examples of local government support have been short-term support (Izumi and Nakazoto, 2017, p.47). What is noteworthy about both Toda Oar and Sarari, are the long-term conditional funding agreements they have with local authorities. This is due to strong cross sector partnerships that have been forged in both areas.
Sarari's representative (Mr. Oikawa) cites Sarabetsu Village's small population (1322 families) as one reason for the good relations that have developed within the cross sector partnership that has facilitated the development of Sarari (Oikawa, Y. personal communication, December, 2018). Toda Oar's representative, Mr. Saito, attributes their successful cross-sector partnership to good relationships that have built up over many years of collaboration (Saito, Y. personal communication, September, 2018). While both of these responses provide some insight they make it hard it pinpoint the specific factors that enabled a successful long-term cross-sector partnership. Thus in order to shed further light on this topic the evolution of these successful cross-sector partnerships will be compared to Hirari's unsuccessful cross-sector partnership. Comparing the evolution of Hirari with Toda Oar and Sarari makes very good sense as these 3 organizations shared much in common when they launched. This comparison over time is summarized in figure 17.
As can be seen in figure 17 all 3 LCs started off in similar fashion. As mentioned before, the LC boom of the early 2000s created wide spread acceptance of LCs as a potential tool for social and economic development. For those reasons local governments of each of these areas became interested in starting a LC project. This resulted in local government sponsored planning and experimentation in all three regions and eventually in conditional long term funding agreements. At this point there are 3 big differences between Hirari on the one side and Toda Oar and Sarari on the other.
1. Hirari’s yearly funding (¥3,500,000) was significantly more than Toda Oar’s (¥750,000) and Sarari’s (¥500,000).

2. With both Toda Oar and Sarari the chamber of commerce supported the projects and were involved with them. This was not the case with Hirari. With Sarari one of the leading voices for the formation of Sarari was a representative of the chamber of commerce (Mr. Oikawa), who worked to persuade the local government to launch the project (Oikawa, Y. personal communication, December, 2018). With Toda Oar communications with participating stores was and is managed through the chamber of commerce. Thus with both Toda Oar and Sarari, the chambers of commerce and consequently, the business community was deeply involved. This was not the case with Hirari.

3. A third difference is that Sarari and Toda Oar have higher LC issuance and thus probably a greater impact locally. Thus the funding to impact rate was much higher with Toda Oar and Sarari.

**Hirari’s Failure with local businesses:** In 2009 the local government reviewed the Hirari project and it was deemed a waste of resources. One of the biggest problems in the report was the inability to gain the cooperation of local businesses (Goto, M. personal communication, December, 2018). The main reason businesses did not want to cooperate with the Hirari project was that the mechanism was designed such that businesses actually made a loss if they participated. This naturally made businesses hesitant to cooperate with the network which affected the spread and impact of the currency. This lack of cooperation from the business sector was a big factor in Hirari losing their local government funding. A second factor may have been that the amount of funding was considered too much. Certainly in comparison to Sarari and Toda it is a large amount of funding.

**Summary:** Thus judging from the comparison between Hirari and Toda Oar and Sarari, it can be said that the support from the local business sector coupled with the modest figure of the yearly funding and the LCs achieving their aims has resulted in them receiving long term secure funding from the local government.

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44 (Goto, M. personal communication, December, 2018)
45 (Saito, Y. personal communication, September, 2018)
46 (Oikawa, Y. personal communication, December, 2018)
6.3.2 Funding Mechanism 2: NPO Revenue Funding

A LC functioning as a subdivision of an NPO rooted in the community is an idea that proposed as a result of local government sponsored investigations into launching a LC (Sarari). During the preparation phase for launching Sarari, after 2 years of thorough investigation it was decided that for the LC to have stability in terms of funding it should be part of a revenue producing NPO (Nishibe, 2018, p.190) At that point the Donguri Mura Sarari NPO was founded, In 2010 various village services were outsourced to the NPO. This created a steady revenue stream and the NPO has been operating and supporting the Sarari LC ever since.

A key aspect of the 2 NPOs that run Hirari and Sarari is that they provide services that have stable demand. Sarari’s NPO (Donguri Mura Sarari) provides essential services for Sarabetsu Village and the Azami NPO (Hirari’s parent NPO) provides home visitation care services for the elderly and disabled. Between 2012 and 2017 Azami’s revenue has steadily increased (Goto, M. personal communication, December, 2018) to the point it can now support the LC services too. Consequently operating as a subdivision of an NPO that provides services that are in stable demand, provides secure funding for a LC.

6.3.3 Funding Mechanism 3: Corporate Social Responsibility Funding

There are two LC organizations that are funded through corporate social responsibility (CSR), Atom Currency and Beach Money. The key aspect in both these LCs is that the decision to launch a LC originated from within the sponsoring company itself. With Beach Money the CEO of Ganko Honpo (a detergent producing company) started the custom of providing a discount for any of his customers (all businesses) who did some beach cleaning at one of the beaches close to their headquarters. Following this, one of Beach Money’s employees, Mr. Hori, thought it was an interesting idea and together they started Beach Money, which has been run solely by Mr. Hori for 12 years. Beach Money encourages individuals to volunteer to clean beaches and if they find any beach glass (glass that has been smoothed by the ocean) they can use it for purchases at any of Beach Money’s participating stores. Beach Money is less a currency and more a promotional tool for beach cleaning and ecological preservation. Its revenue is linked to the sale of a specific environmentally friendly detergent sold by Ganko Honpo. Beach Money receives a small
percentage of all sales of the detergent (Hori, N. personal communication, September, 2018).

The entertainment company Tezuka Productions originally proposed Atom Currency in consultation with shopping street associations in Waseda and Takadanobaba in Tokyo. Executives at Tezuka Productions were looking for a way to ‘give back’ to their local community. Local Currencies were a popular idea at the time (2002 – 2003) due to the LC boom and Tezuka productions in partnership with local NPOs and shopping streets launched the currency. The original branch in Waseda operated alone until 2009 when due to requests from shopping streets around the country several Atom Currency branches were formed (Hidaka, U. Ishiwata, M. personal communication, March 22, 2017). Tezuka Productions CSR support takes the form of a 99% discount on the Tetsuan Atomu character license. Thus instead of more than ¥30,000,000, branches pay around only ¥300,000 a year for the rights to use the character. They can then generate revenue by using the character in advertising brochures and businesses pay for space in the brochures.

Summary: The key element with receiving CSR funding is that the idea to launch the LC in the first place originates in the company itself. It is a company using a LC as a tool to contribute to the local community and in this sense the LC is an extension of the company’s principles and values and not an independent organization.

6.3.4 Funding Mechanism 4: Hosting a Revenue Producing Market
This is the revenue producing mechanism adopted by Omusubi Currency in Toyota City. As mentioned previously Omusubi Currency is an outlier among the research sites as it has, by far, the biggest yearly budget (¥35,000,000) dedicated solely to the operation of a LC. Until 2016 Omusubi Currency relied on grants as an important source of funding (Yoshida, D. personal communication, September, 2019). However, since then the Kids Dream Market (KDM) has developed to the point where it is Omusubi Currency’s only source of income and the organization’s operations are centered on it.

The KDM is a market designed for elementary school children. Children sell whatever products and
services they can at the market. Market attendees, after exchanging Japanese yen for Omusubi Currency, pay the children in the LC. Any LC that is earned or purchased at the KDM can then be used at on of over 800 participating businesses in Toyota City. The market, which occurs around 3 times a month, has become quite popular and corporations and sometimes local government will pay Omusubi Currency for the opportunity to host the market (Yoshida, D. personal communication, September, 2019). This has become Omusubi Currency’s only source of revenue and it is sufficient to pay the salaries of 3 fulltime employees and 1 part-time employee.

Other LCs have tried similar ideas related to hosting a market. Earthday money had a monthly farmers market and was able to generate some cash flow but not enough to pay salaries (I. Saga, personal communication, March 26, 2016). Toda Oar has a yearly event similar to Omusubi Currency's market but nowhere near the same scale due to lack of funding. Finally the Peanuts LC in Chiba (Not included among the research sites) has a monthly market that also earns them modest revenue from vendor participation. The key element of Omusubi Currency's market seems to be the focus on encouraging entrepreneurial skills among children.
6.3.5 Secure Revenue Mechanism Summary

The secure funding mechanisms are summarized below in table 19.

<table>
<thead>
<tr>
<th>LC Organization</th>
<th>Funding Source</th>
<th>Key Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toda Oar</td>
<td>1. LOCAL GOVERNMENT FUNDING</td>
<td>• A strong cross sector mechanism between business, government and citizens.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Strong support from the local business sector.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• A modest funding burden on local government.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Long-term continuous funding is achieved through a framework of set aims, that when achieved, ensure funding for the following year.</td>
</tr>
<tr>
<td>Sarari (Two sources)</td>
<td>2. NPO REVENUE</td>
<td>• LC functions as a subdivision of an NPO and is funded by the NPO's revenue.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The NPO provides a service that has stable demand.</td>
</tr>
<tr>
<td>Hirari</td>
<td>3. CORPORATE SOCIAL RESPONSIBILITY SPONSORSHIP</td>
<td>• Companies use a LC as a tool to contribute to society.</td>
</tr>
<tr>
<td>Beach Money</td>
<td>4. OPERATING A REVENUE PRODUCING MARKET</td>
<td>Omusubi Tsuuka has established a popular kid's market event. About 3 times a month customers pay a fee to host the market. Customers include local government and various companies.</td>
</tr>
<tr>
<td>Atom Currency</td>
<td></td>
<td>涩。</td>
</tr>
<tr>
<td>Omusubi Currency</td>
<td></td>
<td>涩。</td>
</tr>
</tbody>
</table>

Table 19: LCs with Secure Funding Mechanisms (Created by Author)

6.3.6 Secondary Funding Sources

The above-mentioned funding mechanisms were not the only revenue sources, only the most secure. There are two more sources of revenue that were not as stable or substantial but are worth mentioning. These secondary sources of revenue are:

1. Funding through grants and subsidies.
2. Funding via circulation.

These are discussed below.

6.3.6.1 Grants and Subsidies

Below in table 20 are the LCs that have received short-term grants and subsidies. The key aspect of this kind of funding is that it can only be relied on in the short term. Genki is the LC that has been primarily relying on this kind of funding for almost 20 years. However the Genki representative stated that the issue with grant funding is the fact that it needs to be perceived to be fair.
<table>
<thead>
<tr>
<th>LC Organization</th>
<th>Subsidy or Grant Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Earthday Money</td>
<td>A one year grant from Panasonic (I. Saga, personal communication, March 26, 2016)</td>
</tr>
<tr>
<td>2 Tama Currency</td>
<td>Received funding twice from Kawasaki City Hall at the start of the Project for currency printing and an online system. Following this they never received funding from the city again47</td>
</tr>
<tr>
<td>3 Yorozu Ya</td>
<td>Received a small amount of funding (¥ 100,000) once from the local government to organize a LC conference48</td>
</tr>
<tr>
<td>4 Hirari</td>
<td>From 2004 – 2012 received a yearly stipend from the local government. The funding was cancelled when Hirari was deemed to be an unnecessary project 49</td>
</tr>
<tr>
<td>5 Maayu</td>
<td>Received funding 3 times from local government (2011, 2012, 2015) to run specific projects 50</td>
</tr>
<tr>
<td>6 Genki</td>
<td>Has received many grants over the years from the local government and other foundations. These subsidies together with donations are their primary funding sources. However in recent years grant funding is becoming more and more difficult to get51</td>
</tr>
<tr>
<td>7 Omusubi Currency</td>
<td>From 2010 to 2016 Omusubi Currency was dependent on grant funding. Within the last 3.5 years they have not needed grant funding52</td>
</tr>
</tbody>
</table>

Table 20: LCs That Have Received Short Term Grants And Subsidies (Created by Author)

Consequently each institution giving out grants generally allows only two successful applications. In addition to this, funding will sometimes be directed towards projects that are deemed to be more urgent. Finally, the applicant will not always receive the amount request (Nitanda, S. personal communication, October, 2019). For all these reasons grants and subsidies cannot be considered stable funding. However, they can provide momentum in the early years of the LC’s existence. For example Omusubi Currency was dependent on grants and subsidies for the first 6 years of its operation. This gave them time to set up their revenue producing market which has become their primary source of revenue. In summary Grants and subsidies are not a good long-term funding source but they can provide impetus for the first few years of a LC’s operation.

47 (Eda, M, personal communication, July, 2018)
48 (Takahashi, Y. personal communication, November, 2018)
49 (Goto, M. personal communication, December, 2018)
50 (Yasui, K. personal communication, November, 2018)
51 (Nitanda, S. personal communication, October, 2019)
52 (Yoshida, D. personal communication, September, 2019)
5.3.6.2 Funding Via Circulation

Five of the LCs among the research sites earn revenue via the circulation of the currency. There are 3 ways this is done:

1. **Handling fee:** This is when the LC organization subtracts a portion of a transaction amount to cover certain expense. With Genki, 25% of the currency paid out to the volunteers goes to the LC organization to cover expenses. This means that 200/800 of the currency is not redeemed via business, meaning that the ¥200 out of every ¥800 paid to purchase the currency stays with the LC organization. (Yamazaki, 2013) When exchanging Omusubi Currency for Japanese yen, businesses have to pay a 10% or ¥1,000 handling fee. In addition to being a revenue source it also encourages businesses to use the currency instead of exchanging it for Japanese yen.

2. **Discounted Redemption:** Hirari is the only LC to use this inexplicable revenue mechanism and it proved to be very unpopular with businesses and severely damaged Hirari’s reputation among local businesses. In the early years of Hirari’s operation, when businesses exchanged their Hirari tickets for Japanese yen, they only received 50% of the value of the ticket. The other 50% went to Hirari as Revenue. Thus business made a 50% loss on any Hirari LC they received as payment for goods and services. This was later amended to a 30% loss and finally equal exchange. Hirari’s representative speculates that the reason businesses agreed to this arrangement was due to pressure from City Hall to cooperate with the (then) new LC development initiative^{53}

3. **Revenue from unredeemed Currency:** All LCs that are purchased when going into circulation in the community receive revenue via unredeemed currency to some extent. For example if ¥100,000 worth of currency is purchased by local organizations, it means ¥100,000 enters the LC’s bank account and 100,000 of the LC circulates in the community. If only 90% (900,000) is used at participating business who then exchange it for Japanese yen, that means ¥10,000 (10%) still remains in the LC’s bank account, which then becomes profit or revenue. While this form of revenue is convenient it depends on

^{53} (Goto, M. personal communication, December, 2018)
inefficient circulation of the currency in the community. Two Atom Currency branches, who relied on this form of funding, had to close down when a high percentage of issued currency was redeemed at the LC offices. According to September (2019) not only is this form of revenue unreliable but it is negatively correlated with the spread and use of the currency in the local community. Therefore while it might be a convenient form of revenue it should not be relied on, or encouraged

<table>
<thead>
<tr>
<th>LC Organization</th>
<th>Circulation funding Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Hirari</td>
<td>From 2004 – 2009 Hirari paid out only 50% of the value of redeemed currency. This meant that Hirari made a 50% profit on all redeemed currency but that participating businesses suffered a 50% loss. Naturally this was unpopular with store owners and the practice was stopped.</td>
</tr>
<tr>
<td>2 Genki</td>
<td>Genki receives a 25% (200/800) handling fee for all currency that is paid out to volunteers.</td>
</tr>
<tr>
<td>3 Omusubi Currency</td>
<td>When exchanging Omusubi Currency for Japanese yen, businesses pay a 10% or ¥1,000 handling fee.</td>
</tr>
<tr>
<td>4 Atom Currency</td>
<td>Atom Currency branches receive revenue when less than 100% of issued currency is redeemed.</td>
</tr>
<tr>
<td>5 Toda Oar</td>
<td>Toda Oar receives revenue when less than 100% of issued currency that was purchased is redeemed.</td>
</tr>
</tbody>
</table>

Table 21: Circulation Funding Mechanisms Among the Research Sites (Created by Author)

In summary, of the 3 circulation funding methods, only one of them (Charging a handling fee) is recommended. This is because the remaining 2 (discounted redemption and revenue from unredeemed currency) affect the LC organization negatively in the long run. Charging a handling fee however is not enough to sustain a LC in the long-run there it is only recommended as a convenient secondary funding mechanism.

6.4 Migrant Centered Rural Networks

This was one of the earliest and clearest concepts to emerge from the interview data. It emerged from interviews with representatives from Earthday Money (Mr. Saga), Yorozu Ya (Mr. Takahashi) and Awa Money (Mr. Hayashi). The theme first emerged when talking to Earthday Money’s Mr.
Saga who had worked as a researcher at the Japan Research Institute until around 2005. In the course of his work as a researcher Mr. Saga had investigated LCs and consequently has much theoretical knowledge to share. In the course of the interview the discussion turned to the topic of rural LC networks and Mr. Saga ventured the opinion that these rural networks were sustained by urban migrants who had moved to the countryside (I. Saga, personal communication, March 26, 2016). He specifically mentioned Yorozu Ya and Awa Money as successful examples of this kind of rural LC.

This opinion was confirmed by the interviews conducted with Mr. Hayashi of Awa Money and Mr. Takahashi of Yorozu Ya. Mr. Hayashi stated that almost all of Awa Money members (about 300 people) were urban migrants (Hayashi, Y. personal communication, December, 2018) while Mr. Takahashi stated that around 80% of Yorozu Ya's members (Around 1100 people) were urban migrants (Takahashi, Y. personal communication, November, 2018). Both LCs appear to fulfill the function of helping urban migrants to settle into rural areas. Finally in a paper published by Yamazaki and Akai (2010) they found that a rural passbook LC has the possibility to serve as a gateway to U/I turn people (people returning to rural areas) who move into rural areas.

Thus the interview data and the background literature paint a clear picture of passbook LCs in rural areas serving as a gateway for urban migrants moving to the countryside. Consequently the more urban migrants there are, the bigger the LC network becomes.

6.5 Conclusion

In conclusion the 3 research questions and their answers are summarized:

Research Question 1: How is long-term leadership maintained?

Answer: Long-term leadership is maintained in 3 ways

1. In passbook LCs, which function more as social clubs than structured organizations, long-term leadership is achieved through the personal fulfillment the leader receives from his/her role and light leadership responsibility.
2. In LCs created from cross-sector networks the long-term leadership is maintained by firstly setting up a self-sustaining LC mechanism that receives sufficient HR and funding support from parent organizations or institutions in exchange for the utility the LC provides to the community. From this point the leadership consists of members of an executive board who fulfill a decision-making role on a monthly or quarterly basis. These decisions guide the organization. They are not involved with the day to day running of the organization and thus their long-term involvement be sustained due to the light time demands placed on them.

3. The 3rd manner in which long-term leadership is achieved is through the drive and vision of mission based leaders who are willing to shoulder the burden of driving the organization forward. Unlike the previous two long-term leader types, there are no structural similarities among the LCs led by these mission-based leaders.

Research Question 2: What are effective long-term strategies for resource/funding procurement?

Answer: Four strategies to secure long-term funding were identified.

1. Local government funding received as part of a long-term cross sector partnership. There are 3 conditions to receive such funding. Firstly, strong support from the local business sector is needed as this supports the LC in achieving its goals. Secondly, the amount of funding needs to be modest so as not to become a burden for the local government. Thirdly, the funding framework should be conditional with funds provided when goals are met.

2. Operating as a subdivision of a NPO and being funded by the NPO’s revenue. The conditional factor is that the NPO needs to be providing products and services that have stable demand, making it easier to use some of the funds for LC activity. This form of funding is also achievable due to relatively low funding and HR needs of most LC organizations.
3. Corporate social responsibility funding support from corporations. This kind of funding originates from within the corporation, making the LC an extension of the company’s values and principles.

4. Creating and popularizing a market. This is a unique form of funding. The factors contributing to its success are related to successful methods of launching a market. The ultimate goal of a LC or any currency is to circulate. The better the currency circulates, the better it can fulfill its purpose. In that sense creating a market for a currency to circulate makes it doubly useful.

Research Question 3: How does a rural environment influence longevity?
Answer: The evidence from the literature, from observation and from the interviews points to the fact that rural passbook LCs are sustained mainly by urban migrants who move to those small towns. These passbook LCs aid the urban migrants in settling into rural communities. Consequently, the more urban migrants there are in a small town, the larger the LC network will grow.
7. Conclusion

This paper has investigated the longevity of Japanese LCs through an inductive grounded theory approach and uncovered 3 key concepts (1 core and 2 supporting concepts) and 3 management models that describe the longevity of Japanese LCs. The dependent variable that these concepts and models explain is survivability. In other words this paper proposes that LCs that operate in accordance with the concepts and models put forward here, stand a better chance of enduring over the long-term. While this does not guarantee that a LC will make a sufficient impact in their local area, it will provide the LC organization an opportunity for greater embedment in the community and a chance to make greater future impact. In a sense, operating according to these concepts and models will allow the LC organization to live to fight another day.

This final chapter begins with a discussion on the core emerging concept (Long-Term Leadership), and unpacks its significance in terms of what the literature says on this topic. The theoretical and practical implications of the core concept are then explored in the light of the discussion’s conclusions. Next, the implications of the key concepts of Secure Funding and Migrant Centered Rural Networks are discussed. These supporting concepts are not as dominant as the core concept and consequently their implications are largely practical.

Two important aspects of academic implication are then discussed. The first important academic implication concerns theoretical frameworks that have great utility in describing LC phenomena (Nonprofit theory and Social Entrepreneurship theory). The second academic implication involves the cataloging of universally applicable longevity factors for LCs around the world. This should be regarded as a preliminary long-term management framework for all LCs. The proposed universal factors are a result of a comparison between the findings of this paper and 4 other longevity related papers mentioned in the literature review.

Next, the practical implications of the 3 uncovered management models are discussed. These take the form of 6 impact factors that separate the organizations that are thriving from those organizations that are merely surviving. This elevates the discussion beyond survivability and
onto the consideration of making a greater impact. Towards the end the originality and limitations of this paper are stated and lastly the concluding remarks are made.

7.1 Long-Term Leadership Discussion

*Long-Term Leadership* was the core emerging concept and the one connecting link between 12 diverse long-lived LCs. Given the dominance of this concept among the findings, its theoretical and practical implications will be discussed separately in this section.

7.1.1 Long-Term Leadership in the Literature

The literature shows that long-term leadership is not an uncommon feature among non-profits and social ventures. Froelich, Mckee, Rathge (2011) conducted a leadership survey among 266 American NPOs54. According to their findings a high percentage of the responding organizations reported a relatively long tenure of their current chief executive: over 60% reported tenure of 7 years or more, and close to 50% report tenure greater than 10 years (Froelich, Mckee, Rathge, 2011, p.14). A study by Alvord, Brown, Letts (2010) that examined 7 successful social entrepreneurship ventures of varying sizes across Asia, Africa, Latin America, and North America, also uncovered data related to leadership longevity. They found that, the leadership of most of these organizations showed impressive longevity. Five of the seven organizations were led by their founders for 25 years or more, and the remaining two had the same leadership teams for 10 years or more. This led them to hypothesize that successful social entrepreneurship initiatives have leadership that is characterized “by a long-term commitment to the initiative” (Alvord, Brown and Letts, 2010, p147). Looking at these studies we see that there is a discernable trend amongst NPOs and social entrepreneurship ventures, especially the successful ones, to have long-term leadership.

7.1.2 Particular Leadership Requirements

There are several factors that contribute to long-term leadership in social ventures but an important factor highlighted by the literature are the indispensable skills and motivation required to be successful leader in a non-profit enterprise. In a study of LCs in the US, UK and Canada (Kim, Lough and Wu, 2016) the manager of Lewes Pounds55, a LC launched in 2008, stated that without

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54 106 charitable NPOs and 160 cooperatives, Froelich, Mckee, Rathge (2011, p.10)

55 https://www.thelewespound.org/
her “the program would not be sustainable because of the very specific set of management skills and relationships she brought to the table.” In their survey of 106 charitable non-profits, Froelich, Mckee, Rathge (2011, p.13) report that 47% of the nonprofit organizations reported that their current CEO had qualities that would be difficult to replace. They further comment that this finding “is consistent with descriptions of nonprofit leaders as having charismatic as well as hands-on multitasking roles in the often understaffed organizations, along with mission-driven motivation that accentuates the importance of appropriate selection in executive succession.” Accordingly, the challenge for nonprofits and social ventures is to find leaders that not only have good skills but a commitment to the mission of the organization. Most of the research sites in this paper are not highly complex organizations requiring high levels of technical skill or leadership however; mission driven motivation was the prevalent characteristic among the leaders interviewed. It is this characteristic which could make these LC leaders difficult to replace.

7.1.3 Prevalence of Mission-based leadership

As mentioned above mission-based leadership was quite prevalent among the research sites with half of the leaders having clear mission-driven motives. The key element separating those specifically labeled as mission-based leaders was the time and effort they invested into the organization however, all the leaders showed elements of mission-based leadership or passion for the work they were involved in. Below are some quotes that illustrate this.

Awa Money’s co-founder had the following to say about his passion for the Awa Money community:

“It’s an indispensable community that is like an extension of my family. I can live here because of this community, and it enriches my life.” (Hayashi, Y. personal communication, December, 2018)

Mr. Oikawa, who was central to launching the LC Sarari, had the following to say regarding his passionate efforts to launch the currency: “I wanted to do it somehow and so I called out to various people in the village and put pressure on the local authorities by saying ‘Give me a subsidy’. I also secretly told everybody in the area to participate, while I persuaded them to get together.” (Oikawa, Y. personal communication, December, 2018)
Mr. Horii from Beach Money explained why he has been managing Beach Money alone for 12 years. “Beach money is a volunteer group so it doesn’t make money, but someone has to do it, and I really value cleaning the sea.” (Hori, N. personal communication, September, 2018)

Finally Atom Currency’s executive committee chairman explains the reason why executive board members, who haven’t changed since 2004, joined the committee. “We joined the executive committee in order to give back to society as people who live in the area. It's a connection based on doing volunteer activities together.” (Yoshida, D. personal communication, September, 2019)

Therefore, with such a strong representation of mission-based leadership among the research sites, it is no surprise that Long-Term Leadership emerged as the core concept and most likely the primary causal factor in why these LCs have maintained their activities for so long. The academic and practical implications of this are discussed next.

7.1.4 Practical Implications of Mission-Driven Long-Term Leadership
The most important practical implication of mission-driven long-term leadership for the research sites is that, in order for these organizations to endure, leadership change will likely be a very difficult obstacle to overcome. Adams (2004, p.7) writes that, “Transitions involving the departure of the founder (or long-term executive with many similarities to a founder) are the most perilous, as key internal and external constituencies (employees, funders, etc.) tend to identify the organization with its first leader.” Hayek, Williams, Taneja and Salem (2014, pp. 105 – 106) add that, “Typically social ventures employ fewer individuals than commercial ventures and hence have difficulty finding suitable successors among their limited internal talent pool. Many times this drives external human resource searches and creates a challenge of finding a suitable successor with an aligned social interest and managerial philosophy.”

The second quote in particular highlights the problem facing the research sites with many of them having no paid staff and thus no internal talent pool to call on. The Cross-Sector Tool LCs that are run by boards (Atom Currency, Toda Oar and Sarari) at least have formal structures in place that could facilitate a leadership change. The Passbook Communities (Awa Money, Maayu and
Yorozu Ya) are informal with a very low leadership responsibility and so it is conceivable that individuals from within those communities will step up and take leadership if or when it is necessary. However, for the remaining 5 LC organizations (LCs with mission-driven leadership), an end to the current leader's tenure will likely result in the organization closing down. This has already occurred with Earthday Money. After more than 10 years of committed effort the two co-founders could no longer sustain their efforts and the currency stopped circulating (September, 2019, p24). Thus leadership succession is the biggest threat to the longevity of these organizations and consequently their most important management issue to solve in the coming years.

7.1.5 Theoretical Implications of Mission-Driven Long-Term Leadership

The key theoretical implication of mission-driven long-term leadership is that it suggests that viewing LCs through the lens of social entrepreneurship theory could provide very useful insights. Alvord, Brown, Letts (2010, p.147) in writing about successful social ventures write that “Launching and expanding successful social entrepreneurship ventures is not a short-term effort.” They also provide the following definition of social entrepreneurship: “Social entrepreneurs are focused on social problems. They create innovative initiatives, build new social arrangements, and mobilize resources in response to those problems, rather than in response to the dictates of the market or commercial criteria.” (Alvord, Brown, Letts, 2010, p.137) While this is a broad description it accurately describes the missions, goals and methods of the research sites in this paper.

A deeper look into social entrepreneurship literature reveals another concept that also accurately describes development trends of LCs. El Ebrashi (2013) conducted a grounded theory study on 30 social entrepreneurs across 13 countries to develop theories to describe social entrepreneurship. One of the theoretical concepts created through this study was labeled “Transformative Social Entrepreneurship” and is defined as follows:

“Transformative social entrepreneurship is creating systematic social change through the appraisal and formal measurement of the impact of the social entrepreneurial organization, creating systems, and intentionally replicating the model of the organization through others to
maximize and sustain social impact. (El Ebrashi, 2013, p.203)

This theory of transformational social entrepreneurship could be applied to the spread of several LC innovations, particularly regarding the intentional replication of models. One example within Japan is the formation of the Volunteer Labor Bank (VLB), which was briefly discussed in chapter 2 and is considered to be one of the first time bank experiments in the world. The VLB is a LC that facilitated labor exchanges between members using a time-based currency. The VLB was established in 1973 by Teruko Mizushima and within the first 6 years the model had spread to 326 branches within Japan (Hayashi, 2011, p.33). This is one of the early examples of transformational social entrepreneurship by a LC organizer that created a wave of social impact.

Another example is the creation of the LETS (Local Exchange Trading System) LC system by a Canadian community activist called Michael Linton in 1983 (Seyfang and Longhurst, 2012, p.12). Following the creation of the LETS LC model it rapidly spread internationally becoming one of the biggest waves of LC innovation to date. The extent of the LETS system’s social impact was such that was endorsed by Britain’s then prime minister Tony Blair (Wheatley et. al, 2011, p. 36). The LETS model spread to numerous countries including Canada, UK, New Zealand, Australia, France, Hungary, Germany, Austria, Switzerland, South Africa and Japan. In 2012, LCs resembling the LETS model made up 41% (1412) of the LCs worldwide (Seyfang and Longhurst, 2012, p.12). It is thus hard to argue that the proliferation of the LETS model did not create some level of systemic social change. The LETS model inspired some of the research sites in this paper. Earthday Money was created after the two co-founders attended a presentation given by the LETS founder and the passbook mechanisms of Maayu, Awa Money and Yorozu Ya are based on the LETS mutual credit mechanism.

Thus given the applicability social entrepreneurship theory to LC trends, LC researchers could likely find concepts and descriptions within social entrepreneurship theory that could greatly benefit and advance the theoretical understanding of LCs.
7.2 Secure Funding Practical Implications

The core concept of Long Term Leadership was quite dominant and overshadows much of the operations of these LCs. For this reason the discussions of the supporting concepts will be limited to their practical implications. When looking at the 4 secure funding options a dichotomy can be discerned. This is a dichotomy between strategies that could be adopted (NPO subdivision and running a market) and factors that cannot be controlled (CSR funding and long-term local government funding).

With both the LCs that have CSR funding the impetus to start a LC came from the company itself and not from an outside LC organizer looking for funding. Regarding local government funding several LCs failed when their city funding was cut (As will be discussed in 7.8). Furthermore, the author was unable to uncover the specific factors that fueled the long-term relationships that Toda Oar and Sarari enjoy with their local authorities, which appears to be the exception rather than the rule. This leads the author to believe that it is hard to strategize around these two funding sources for the long run.

On the other hand, functioning as the subdivision of an NPO was a deliberate strategy adopted and executed by both Sarari and Hirari. And as mentioned previously several of the research sites launched market initiatives to varying degrees of success. The practical implication then is that instead having 4 secure funding options, there are in reality only 2, which narrows the path towards strategically planned long-term maintenance. The author recommends adopting a market as a funding approach as, in addition to raising funds, it can also encourage greater circulation of the currency.

7.3 Migrant Centered Rural Networks Discussion

As mentioned in chapter 6, this was one of the clearest trends to emerge not only from the research sites but also from the literature and the author believes that it presents an opportunity for rural town developers. The key implication of this trend among LCs is that it represents a potential low risk but high reward policy for attracting urban migrants to a small town by creating
a Passbook Community that can ease their move to a new area. One of the characteristics of most Passbook Communities is that they are not very big. Awa Money (300 members) and Maayu (180) are more representative of standard memberships for Passbook Communities. However, in a small town, you might not need a large network to make a big impact. Furthermore, when one looks at the large memberships of Yorozu Ya, which has 1100 members in a town of 8500 people (Takahashi, Y. personal communication, November, 2018) or the Passbook Community in Chiba (Peanuts) that had over 2500 members in 2013 (Izumi and Nakazato, 2013), one sees that there is a very large potential upside. Thus, if a Passbook Community in a rural area does not succeed, the financial loss will be minimal. However, if it does blossom and attract many people to the network, there is great benefit to be had.

7.4 Theoretical Implications

There are two key theoretical implications of this paper.

1. The applicability of social entrepreneurship theory to the comprehension of the LCs.

2. The Vanguard and Value Guardian roles that LCs play in society as nonprofit organizations.

These two theoretical perspectives are not mutually exclusive and they provide two useful lenses through which to view LCs. Social Entrepreneurship theory can, as discussed in 7.1.4, provide insight into the leadership and goals of LC organizations as well as the international spread of LC ideas and models. In this sense social entrepreneurship theory appears to be broadly applicable to LC phenomena regardless of the country.

However the NPO roles (Vanguard and Value Guardian roles) are not widely applicable. The reason for this is that LCs tend to play different roles in society depending on whether it is a developed or developing nation. Nishibe (2015) uses the two long-term trends of globalization and de-industrialization to explain why LCs tend to fulfill different roles in developed and developing countries. When explaining the effect of globalization and deindustrialization on developed economies he writes that developed countries “are also experiencing the demise of communities such as families and neighborhoods and the decay of local economy. It is what market penetration brought about in globalization of capitalist economy.” His point is that developed countries have suffered a breakdown of the local communities due to market penetration. Consequently,
regarding the role that LCs play in developed nations (he refers to them as CCs), Nishibe says the following: “We understand that the side of social and cultural media in CCs in Japan is far more significant than that of economic media from the observation that the percentage of ‘vitalization of community’ is more than three times of that of ‘activation of local economy.’ This would be more or less true of other developed countries.” (Nishibe, 2015, p.6). In this sense the Value Guardian role is more in effect in developed economies due to the necessity of guarding against the loss of community values.

When writing about the purposes of LCs (he again refers to them as CCs) in developing countries Nishibe writes that: “On the other hand, developing countries have not yet reached the stage with similar situations and problems to developed countries. They are at present struggling to realize economic development and poverty eradication through industrialization, while the senses of community in families and neighborhoods are still strong enough to antagonize market penetration in globalization. Accordingly, they need to have the CCs (sometimes combined with microcredit scheme as in Palmas Bank) mainly to accomplish such goals as described above” (Nishibe, 2015, p.1).

Thus, the purpose of LCs in developing countries tend to focus on aspects of economic development such as credit creation within a community. Two examples of this are the Banco Palmas project in Brazil and the Kenyan LCs mentioned in 3.1.2.3. The above-mentioned LCs certainly serve different roles than Japanese LCs. For example one of Banco Palmas main goals is credit creation for small businesses (Nishibe, 2015, p.10). In this respect provision of credit might fall under the Service Provider Role (Kramer, 1981). Furthermore in 2003 Banco Palmas was forced into an Advocacy Role (Kramer, 1981) when the Central Bank of Brazil sued the organization for issuing fake money (Lietaer and Dunne, 2013, p.108). Fortunately, Banco Palmas not only won the court case but the Central Bank of Brazil has since then entered into a cooperation agreement with the National Secretary for Solidarity Economy of the Labor Ministry of Brazil to support and develop more Banco Palmas LC banks (Place, 2011, p.39). This is a clear example of how LCs in Brazil (a developing country) fulfills a very different purpose to LCs in Japan (a developed country).
In summary the two theoretical perspectives introduced in this paper provide insight into LCs from two points of view. Social entrepreneurship theory provides insight into LC leadership, the aims of LC organizations and propagation of LC models. Kramer’s (1981) Vanguard and Value Guardian Roles provide a theoretical framework into the roles that LCs play in developed nations as NPOs.

7.5 Comparison between Japanese and the Western LC Longevity Findings

As mentioned in the literature review 4 research papers were identified that dealt with the issue of long-term management. Collum (2005) focuses on the social environment in which a LC emerges and survives in the United States. Kim, Lough and Wu (2017) focus on the conditions and strategies for the success of LC movements in North America, Canada and the UK. Blanc and Fare (2018) pay attention to the successes and difficulties of LC schemes in France and finally Sobiecki (2018) focuses on the sustainable management of LCs in Poland. As will be noticed some of these papers did not primarily focus on long-term management. However, all of these papers do cover issues related to long-term management such as strategies for success, the suitability of the local environment and operational difficulties that need to be overcome. In this regard, these papers represent a relevant comparison to the findings in this paper.

7.5.1 Focus of the Comparison

As mentioned previously, a prominent characteristic of LCs both in Japan and around the world are their diversity in terms of issuance purpose, circulation mechanisms, exchange instruments and other factors. In their review of LC literature Shroeder, Miyazaki and Fare (2011, p.35) write that the differences in the characteristics of these systems in different parts of the world make it clear that LCs must always be understood in their specific socio-economic and cultural environment. By looking at the findings above papers it becomes clear that there are several important differences between the LCs in Japan and Western countries. These include but are not limited to French LCs having a stronger focus on economic development with higher circulation value (Blanc and Fare, 2018), Polish LC systems being less developed (Sobiecki, 2018) and North American LCs being influenced by household income levels (Kim, Lough and Wu, 2017). In addition to the above-
mentioned differences, each paper also lists a wide variety of factors that require consideration. Sobiecki (2018) in particular lists dozens upon dozens of factors that defy brief analysis. For this reason this comparison focuses only on areas of common focus. The perspective adopted here is that any common ground between these LCs of different backgrounds could provide insight into universal factors that support long-term LC operations anywhere in the world.

7.5.2 Leadership

Due to the centrality of long-term leadership to the findings in this paper, the comparison starts with an examination of findings related to leadership. Two key points regarding leadership are found amongst 3 of the research papers. These are discussed below.

7.5.2.1 Western Local Currencies Leadership Issues

Problems related to leadership burnout were raised in 2 of the research papers. According to Collum (2005, p.1580) American LC systems face two common problems. “First, leadership burnout is frequent and these systems are having a difficult time recruiting volunteers to invest the substantial time required to administrate these alternative economies.” On the same topic of leadership burnout Sobiecki (2018, p.111) writes that many of the Polish LC coordinators start out with great enthusiasm, “After some time, however, it turns out that the system management and coordination is burdened with a heavy workload, and even with more experience and knowledge, motivation drops, enthusiasm ends – often coinciding with external financing ending – and coordinators burn out.” Thus in both these papers the issue of leadership burnout is linked to a heavy workload of system administration and funding issues.

Another aspect of Western LCs is the dependence on leadership continuity to achieve organizational goals. In an example discussing the Canadian LC Toronto Dollars, Kim, Lough and Wu (2017, p.9) write that “Toronto Dollars initially obtained a $90,000 grant to support their movement, yet a manager described how ‘they weren’t able to meet any of their goals’ that were planned in the initial grant application, which the administrator mainly attributed to the frequent turnover of leadership in the early movement.” This example points out that despite sufficient funding, the lack of leadership continuity was a key factor in not meeting the organization’s goals.
This dependence on leadership continuity is also evident when discussing Lewes Pounds, a long-lived LC in the UK. According to Kim, Lough and Wu (2016, p.12). “the manager of Lewes Pounds asserted that without her the program would not be sustainable because of the very specific set of management skills and relationships she brought to the table.” In the Lewes Pounds example we see a particularly heavy reliance on leadership continuity due to the specific capabilities of the leader.

Thus, these 3 research papers point out 2 leadership related issues in Western LCs:

1. Leadership burnout and funding
2. Dependence on leadership continuity

7.5.2.2 The Vulnerability of LCs with Mission-based Leadership (to Western LC Problems)

Similarly to the discussion in 7.1.4 LCs with mission-based leadership would be the most vulnerable to the above-mentioned issues. In fact, the examples from Poland, America and the UK have aspects very similar to how Earthday Money stopped operating. According to September (2019, p.24) Earthday Money stopped operating due to a lack a funds and the inability of the two co-founders to continue. Among the other mission-based LCs Genki has been having issues with funding recently (Nitanda, S. personal communication, October, 2019) and Tama’s activities have been reduced in recent years due to lack of funding and human resources (Eda, M, personal communication, July, 2018). In addition to this, both Genki and Tama are dependent on their current crop of leaders to continue operating. Even Beach Money and Omusubi Currency, despite being well funded and growing, are dependent on their current group of leaders continuing.

In summary, LCs with mission-based leadership in Japan face many of the same leadership (and funding) problems that Western LCs face, which leads the author to conclude that the operations of mission-based LCs model are most similar to Western LCs. On the other hand, Passbook Communities, through their informal structure and low leadership responsibility, and Cross-Sector Development Tool LCs, through their governance and funding structures, are shielded from these issues (to a certain extent).
7.5.3 Western LC Human Resource Issues

Three of the papers were very clear about the need for paid staff as human resources. Sobiecki (2018) when writing about LC coordinators (managers) writes that, “In most of the examined systems, the coordinators answering the question about their role stressed that the coordinator is highly needed in such systems. However, this is a time-consuming role with a high amount of responsibility. Coordinators reported that, for a relatively small system (up to 150 people) to function properly, a coordinator working from a part-time (Tczew, Niepolomice) to full-time job (Gliwice) is necessary.” Kim, Lough and Wu (2017) write that, “All other movements employed either a part-time coordinator or relied on volunteer leadership, which they viewed as a significant limitation.” Finally, Blanc and Fare (2018) state that, “It takes a lot of will and human work, from volunteers and employees, to increase the use of the currency....One can hardly expect that volunteers would be sufficient to develop the circulation of these currencies across the relevant territory over the years....Access to paid employment is thus necessary.” Thus all 3 these papers are absolutely clear on the point that paid staff (part-time or full-time) is a necessity in order to successfully run a LC organization.

The LCs among the research sites of this paper who have fared the most poorly are Earthday Money (closed), Hirari (Activities decreased) and Tama (Activities decreased). These are also the 3 LCs among the research sites that have had the most issues with insufficient human resources. The other LCs have adapted by either creating a mechanism that could afford paid staff (Cross-Sector Development Tools & Omusubi Currency) or by simplifying their LC mechanism so that minimal human resources are needed (Passbook Communities & Beach Money). The only exception is Genki, which benefits from having retirees who are willing and able to volunteer fulltime. Regardless, unless the LC mechanism is simple, paid human resources are a necessity among Japanese and Western LCs.

7.5.4 Institutional Support

Two of the papers stressed the important role that institutions could play in supporting the operations of LCs. Kim, Lough, Wu (2017) highlight collaborations with banks, fiscal sponsors
and chambers of commerce as "major advantage". An administrator of BerkShares, an American LC, commented that their collaborations with the chamber of commerce and banks are "very helpful because we don't have to do the accounting; accounting takes so much time and energy and the banks already have those systems". Blanc and Fare (2018) simply state "Local governments should be recognized as major partners for local currency schemes." The value of the support of institutions and large organizations has been repeatedly demonstrated in the literature and is also evident in the stability of the Cross-Sector Tool LCs among the research sites. Consequently this is undoubtedly a universal characteristic of long-lived LCs

7.5.5 Engagement with Businesses

In analyzing LCs in the UK, America and Canada, Kim, Lough and Wu (2017) found that successful merchant engagement was an essential feature of a successful LC. They write that, "Regular and repeated communication with merchants was viewed as critical to success.....The most successful movements frequently communicated with merchants to explain how local currency could help to expand their business, develop customer loyalty, and provide an alternative advertising stream." (Kim, Lough and Wu, 2017). The findings of this paper are in agreement in this regard. Two of the DTS impact factors are directly related to engagement with businesses. Consequently successful business engagement is essential to the impact of LCs both in Japan and abroad.

7.5.6 The Advantage Of A Small Rural Environment

The advantage of a small rural environment to a LC’s success comes up in one paper. Kim, Lough and Wu (2017) write that one of the conditions associated with successful LC movements is "being located in less populated areas, in a small community with comparatively lower levels of household income, and in a community with prior experience with alternative economic movements. Likewise, a manager at Lewes claimed that a major advantage of their movement was that she could ‘walk from one end of the town to the other in about 45 minutes,’. Thus the key points associated with LC success at a rural level are:

1. Prior experience with alternative economic movements
2. Small town size

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56 Wheatley et.al, 2011; Nihei & O'Connor, 2013, Kurita, Yoshida and Miyazaki, 2015, September, 2019
3. Lower levels of household income

This paper did not examine the levels of household income but two of the research sites (Yorozu Ya and Sarari) meet the first two criteria. Both LCs are situated in small towns. Yorozu Ya circulates in a town call Fujino with a population of about 8,500 people (Takahashi, Y. personal communication, November, 2018). Sarari circulates in a town called Sarabetsu situated on the northern island of Hokkaido with a population of about 3300 people (Oikawa, Y. personal communication, December, 2018).

Both of these towns have some prior experience with alternative economic movements. With Sarabetsu Village it is more a case of proximity. Another village in Hokkaido, Tomamae Village, had launched a LC before Sarabetsu Village. A report on this LC was widely distributed in Hokkaido and peaked the interest of Sarabetsu’s chamber of commerce (Nishibe, 2018, p.190). Sarabetsu Village authorities had a lot of access to information on Tomamae’s LC experiment and capitalized on this to make improvements on Tomamae’s experiment. The result was the LC Sarari. The town where Yorozu Ya circulates astonishingly has 3 other LCs circulating, including a digital currency (Oikawa, Y. personal communication, December, 2018), showing that the area has an unusually rich culture alternative currency experiments. Regarding the town size, Sarari’s representative stated that the small size of the town really aids communication between residents, which really helped to spread the idea of the LC. Yorozu Ya’s representative did not make specific mention of how the town’s size influence the LC’s success.

In summary, it appears that small towns with prior experience of alternative economic experiments are fertile ground for the launch of LC experiments, both in the West and Japan.

7.5.7 Revenue via the Circulation Mechanism

The final aspect Western long-lived LCs have in common with long-lived Japanese LCs is generating revenue from the LC circulation mechanism. Kim, Lough and Wu (2017) in writing about LCs in America, The UK and Canada write that almost all the LC movements “were able to use the return exchange rate as a built-in revenue stream to cover operating costs.” This is a funding device whereby users of the currency pay an exchange fee when exchanging the LC for
the national currency. This exchange fee achieves two objectives. Firstly it provides modest but steady revenue for the LC organization and secondly it acts as a disincentive to exchange the LC for the national currency, thereby hopefully keeping the LC in circulation.

As discussed in 6.3.5.2 the research sites in this paper implemented 3 kinds circulation based revenue streams, with the return exchange rate or handling fee being the most successful. In both Japanese LCs and Western LCs it is not sufficient as a primary source of income but it does provide a modest and useful stream of income.

7.5.8 Comparison Summary: Proposed Universal Factors

The biggest difference between Western long-lived LCs and Japanese long-lived LCs are found among the Passbook Communities and Cross-Sector Tool LCs. An in depth analysis of Western LCs that enjoy institutional support has not yet been done so it is not clear to what extent Western LCs differ from Cross-Sector Tools. However, as discussed in 7.2.1.2 Passbook Communities are a uniquely Japanese phenomenon and probably the biggest point of difference between Japanese LCs and Western LCs. On the other hand mission-based LCs are most similar to Western systems and share the same vulnerabilities regarding leadership and staff issues.

Due to problems with leadership burnout and dependence on leadership continuity, it’s safe to say that long-term leadership is also an important factor for the success of long-lived Western LCs. A common dependent variable with the 4 studies was the impact of the currency, not only its survival. For this reason the universal factors listed below are for impactful longevity.

Universal Factors for Impactful Longevity:

1. Long-term Leadership
2. Paid staff are a necessity (Unless it is a Passbook Community)
3. Successful engagement with local businesses is essential for the LC's impact.
4. Institutional support is hugely advantageous.
5. Small towns with experience of alternative economic experiments are fertile ground for LCs.
6. A return exchange rate or handling fee is a reliable secondary funding source.

It is important to note that these factors have been compiled from research papers written on only 6 countries’ LCs (America, Canada, UK, Poland, France and Japan). There are several other countries where LCs are particularly active including Brazil, Kenya, The Netherlands and several other European nations. For this reason this list should only be considered as a starting point for identifying universal factors for LC longevity.

7.6 Practical Implications

The GTA process and the analysis of the findings in chapter 6 revealed three key concepts and three management models. This section discusses the implications of these models for social entrepreneurs or aspiring LC practitioners. These implications take the form of 6 impact factors (3 for passbook communities and 3 for DTS) and one basic investment model for a cross sector partnership. When looking at the development and growth among the research sites, there is a clear difference between organizations whose activities have decreased and are just surviving, those that have maintained their status quo and those who growing and thriving. These impact factors are often the difference between the LCs that merely survived and those who were able to thrive in their environment. All the concepts, models and impact factors uncovered in this paper can be seen in Appendix 4.

7.6.1 The Passbook Community Impact Factors (Maayu, Yorozu Ya, Awa Money)

7.6.1.1 Efficiency And Flexibility Of Mutual Credit Networks

As discussed in 4.2.1 the passbook mechanism, also known as a mutual credit mechanism, is an exceedingly convenient and efficient way to set up a LC as minimal supervision is needed. The mutual credit mechanism is also quite flexible in terms of how large the network can spread and each level of expansion has particular characteristics and requirements. Among the research sites investigated the number of users are around 180 for Maayu, around 300 for Awa Money and around 1100 for Yorozu Ya. Another passbook LC not investigated in this paper is Peanuts, which is active in Chiba prefecture. According to Awazawa and Shishikura (2017, p.21) the number

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57 (Yasui, K. personal communication, November, 2018)
58 (Hayashi, Y. personal communication, December, 2018)
59 (Takahashi, Y. personal communication, November, 2018)
of Peanuts users exceeded 4000 members in 2017. Peanuts also have a digital application for online exchange of credits. Thus within Japan, the same LC mechanism has a range of between 180 and 4000 users, including a digital application which makes it very flexible.

7.6.1.2 Mutual Exchange and Japanese Reciprocity and Obligation

7.6.1.2.1 Difference between Western and Japanese Mutual Exchange Systems

The Japanese mutual credit networks examined in this paper differ substantially from western mutual credit networks (LETS) in the amount of supervision and administration that is required. Collum (2005) describes the administration process in a typical western LETS mutual exchange network as follows: “Transactions are reported to a centralized coordinator via telephone, the Internet, or checks (similar to a bank account). Members receive monthly statements and most systems have debit and credit limits (to prevent ‘freeloading’ and ‘hoarding’).”

Shraven (2000, p.2) explains that a mutual credit system “operates on the basis of a set of individual accounts, which are administered by a central unit. In a well-administered system all accounts sum to zero.” He further adds that, “To facilitate peer monitoring and allow members to check the viability of the system there is no banking secrecy. Therefore, the administration publishes the balance and turnover details of the members regularly. Moreover, before a transaction takes place the supplier has the possibility of checking the balance and turnover of the purchaser as a proxy for creditworthiness.”

However, in a follow-up paper Shraven writes that despite the possibilities for mutual monitoring, mutual credit systems “appear susceptible to such opportunism of members, who could run up debts and subsequently refuse (or be incapable) to repay. The collapse of the Australian Baytown LETS can be attributed to this problem exacerbated by bad administrative practices.” (Shraven, 2001, p.3). Consequently, Western mutual credit networks, despite their administration and supervision are vulnerable to being exploited by opportunistic members who run up high debts and never repay into the system.
The above-mentioned complexity and management issues of Western mutual credit networks are in complete contrast to Japanese mutual credit systems (passbook communities). As previously mentioned Japanese mutual exchange systems require almost no administration or supervision and the responsibility for recording transactions is completely on the user. Furthermore, opportunistic behavior by Japanese members was not mentioned in any of the interviews conducted for this paper, nor is it mentioned in the literature on Japanese mutual exchange systems. It was also not in evidence during two observation visits to 2 Japanese passbook communities (Awa Money and Maayu). It seems then that in Japanese mutual credit networks, the members are more trustworthy than in Western systems. The question then is, why?

7.6.1.2.2 Japanese Reciprocity and Obligation

It would appear to the author that the strong elements of reciprocity and obligation present in Japanese society prevent members of these networks from exploiting the system. Ohashi (2008) did a linguistic analysis of Japanese telephone conversations that took place during the end-of-year gift giving season (Seibo). Ohashi writes that “This study reveals that conversational participants cooperate to achieve a mutual pragmatic goal of ‘debt–credit’ equilibrium. This is a symbolic settlement that is necessary to care for the conversational participants’ debt-sensitive face.” (Ohashi, 2008, p.2150). Thus the participants cooperated to achieve balance in the social transaction of gift giving. In an older paper Befu (1968, p.450) writes that, “To the extent that one man’s relation to another in Japanese rural society is defined in reciprocal terms, in which the give-and-take of social relations should be fairly rigidly balanced, the concept of giri evokes in the tradition-minded rural Japanese the obligation to reciprocate. (Befu, 1968, p.450). Similarly to Ohashi, Befu also mentions the importance of balance in social relations among Japanese. The ‘paid volunteer’ paradox discussed in 2.5.1.2 is also a result (in part) of the shame and obligation elderly recipients felt at benefitting from volunteer services for free. The 3 points discussed above all point to a very real reluctance by Japanese not to incur debts in social interactions and it is the author’s contention that this aspect of Japanese culture plays an important role in facilitating the success of these passbook communities.
7.6.1.2.3 Yorozu Ya’s Mutual Exchange

This reluctance to go into debt is being used by the Yorozu Ya LC organizers to great effect. According to Kurita, and Miyazaki (2018, p.127) “Participants in Yorozu Ya do not perceive negative deductions to their passbook as something undesirable. On the contrary, they perceive these deductions as opportunities to help others bring out their potential skills. In this way, it is regarded as positive to have more negative deductions against a passbook.” Thus, in the Yorozu Ya system, members are encouraged to go into debt on their passbooks as it encourages transactions in the network. This is significant as Yorozu Ya has a fairly large network of members (1100 people). Kurita (2020) does an in depth analysis of the debt aspect of Yorozu Ya exchanges and writes the following:

“If the Yorozu community approves of members going into debt, won’t all the members try to get many goods and services? However, this never happens. All members of the community show their commitment to the community by reducing their debt. Members who have a minus balance will think about how they can contribute to the Yorozu Ya community. As a result, members will rediscover their own potential.” (Kurita, 2020, p.248).

While it is not explicitly stated the Yorozu Ya organizers seem to be making use of the reluctance Japanese users have for going into debt in the system. In the Yorozu Ya system, this reluctance to be in debt acts as a motivating factor to contribute to the network. This (reciprocity and obligation) particular aspect of Japanese culture seems to make the mutual exchange system a better fit in Japan than other countries. The result is passbook communities that can encourage and sustain transactions over the long-term without fear of collapsing under opportunistic behavior.

7.6.1.3 Passbook Uns suited for Business Sector

All the mutual credit LCs among the research sites had minimal links to local businesses. A primary reason for this is that mutual exchange LCs cannot be exchanged for Japanese yen. Furthermore, the informal nature of currency transactions as well as the lack of oversight in monitoring the creation and spending of credits makes it wholly unsuitable for most businesses. As such these mutual credit networks are limited to a STS circulation pattern, which only occurs between individuals in a network.
7.6.1.4 Passbook Implications Summary

In Japan mutual credit networks are an efficient and low cost method for introducing LCs into the community. These networks are also capable of expanding to up to 4000 users, however they are not suited to transactions with and between businesses due to their informal nature. The Japanese cultural emphasis on reciprocity and obligation seems to make it more likely that users in Japan will not take advantage of the mutual exchange system as has happened in other countries. This bodes well for the continued implementation of mutual credit networks in Japan.

7.6.2 Impact Factors for DTS

7.6.2.1 Necessity of Yen Exchange:

The more businesses there are in a DTS network, the more places there are to spend the currency and the more effective the circulation becomes. Accordingly successful engagement with local business is essential and the baseline requirement for this is to facilitate exchange with Japanese yen. Out of all the DTS LCs only two (Earthday Money and Tama) did not facilitate exchange with Japanese yen and both organizations had difficulty encouraging the active involvement from businesses in the network. Tama’s representative admitted that the currency was not being used in about 80% of the participating stores (Eda, M, personal communication, July, 2018). Earthday Money's representative also stated that they had issues with currency accumulating at some businesses (I. Saga, personal communication, March 26, 2016). Furthermore according to September (2019, p.24) Earthday Money's digital account data indicate that less than 50% of earned Earthday Money was actually spent in participating stores. The issue with both Earthday Money and Tama is that once businesses have accepted the currency, there are very few options regarding how to spend the currency. This understandably will lessen a business's enthusiasm for active engagement with the network. In fact it is remarkable that both Tama and Earthday Money managed to accumulate so many participating business.

The core issue is that to enable Japanese yen exchange, funds are required. This means that the LC needs to be purchased when going into circulation. Out of the 12 research sites, 5 LCs are purchased when going into circulation. Table 22 shows the 3 methods used by these LCs to enable
exchange with Japanese yen. As will be seen in the section discussing “business evangelists” (7.6.2.2), exchange with Japanese yen is essential for any DTS hoping to sustain their circulation over the long term.

Therefore, in order to successfully engage business networks in a DTS it is essential to facilitate Japanese Yen exchange. Three methods have been identified to accomplish this: Using ‘paid volunteering” as a mechanism to distribute the LC, aligning the LC with a famous brand so that it has market appeal and finding a necessary purpose for the LC so that individuals need to purchase the LC to fulfill that purpose.

<table>
<thead>
<tr>
<th>LC Organization</th>
<th>Method of LC sale</th>
<th>Why People Purchase the LC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Genki</td>
<td>“Paid Volunteering”</td>
<td>Elderly, disabled or individuals in need pay a nominal fee to purchase the LC. The LC is then given out to volunteers who assist these people in exchange for LC.</td>
</tr>
<tr>
<td>Sarari</td>
<td>Brand Value</td>
<td>Due to its attachment to the world famous Tetsuan Atomu character, event holders are willing to purchase the LC to hand out to volunteers.</td>
</tr>
<tr>
<td>Hirari</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atom Currency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Omusubi Currency</td>
<td>LC has a specific use</td>
<td>The goods and services sold by elementary school children at the Kids Dream Market can only be purchased with Omusubi Currency.</td>
</tr>
</tbody>
</table>

Table 22: Methods to Enable LC purchase (Created by Author)

7.6.2.2 Business Evangelists (Toda Oar, Atom Currency Onagawa branch, Sarari, Genki)

Business evangelists are leaders in the business community who are enthusiastic about supporting and aiding the development of the LC in their area. As mentioned in 7.2.2.1 successful engagement with local businesses is essential to the success of a DTS LC. Business evangelists, who are usually members of the local chamber of commerce or shopping street association, can greatly affect the success of a LC. The contrast between LC with business evangelists vs. those with none is summarized in table 23. In each of the LCs numbered 1 - 4 representatives of the local chamber of commerce or shopping street associations took an active and eager role in implementing the LC. The remaining LCs in table 23 had no business evangelists and consequently had varying levels of difficulty in engaging with the business community.
<table>
<thead>
<tr>
<th>LC Name</th>
<th>Business Evangelist (BA)</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atom Currency</td>
<td>Yes</td>
<td>• Influential in persuading businesses to join network.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Nationwide expansion directly due to BA’s influence.</td>
</tr>
<tr>
<td>Toda Oar</td>
<td>Yes</td>
<td>• Influential in persuading businesses to join network.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Japanese yen exchange facilitated free of charge.</td>
</tr>
<tr>
<td>Sarari</td>
<td>Yes</td>
<td>• BA enthusiastically promoting LC idea.</td>
</tr>
<tr>
<td>Genki</td>
<td>Yes</td>
<td>• Hastened acceptance of LC in at hundreds of stores in a short period of time.</td>
</tr>
<tr>
<td>Hirari</td>
<td>No</td>
<td>• Business dissatisfaction with circulation mechanism</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Difficulty promoting LC to stores</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Decrease in participating stores over the years</td>
</tr>
<tr>
<td>Tama</td>
<td>No</td>
<td>• Low use of LC at businesses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lack of interest among participating businesses</td>
</tr>
<tr>
<td>Earthday Money</td>
<td>No</td>
<td>• Communication problems with participating businesses</td>
</tr>
</tbody>
</table>

Table 23: Comparison between LCs with business evangelists and those with none

(Created by Author)

7.6.2.3 Market or Designated Area for LC Use

(Earthday Money, Omusubi Currency, Toda Oar, Atom Currency Onagawa branch)

Having a market or an area specifically for LC use is a powerful tool to encourage use and circulation of the LC. Each of the LCs listed below used such a device to varying levels of success.

1. **Earthday Money**: In 2006 Earthday Money launched their monthly farmers market called Earthday Market. According to co-founder, Mr. Saga, the market provided some cash flow for the LC through fees charged to the vendors (I. Saga, personal communication, March 26, 2016) In addition to supplying revenue, Earthday Money’s director, Mr. Hatta, stated that is was very effective at promoting the circulation of the LC (Hatta, K. personal communication, June 8, 2017) Interestingly, Earthday Market has outlasted the LC itself. In an observation visit in 2016 (years after Earthday Money had effectively stopped circulating), vendors still advertised acceptance of the currency and reported its occasional use.
I. **Omusubi Currency:** Omusubi Currency's longevity thus far is largely due to the successful popularization of its Kids Dream Market (KDM) (Yoshida, D. personal communication, September, 2019) The market, which takes place approximately 3 times a month, is the sole point of issuance of Omusubi currency. The KDM invites elementary school children to the market as vendors. The children then sell any goods or services that they can provide including old toys, festival games or baked goods. All purchases are made with Omusubi Currency meaning that the adults attending the market have to exchange their Japanese yen for Omusubi currency to support the children. Similarly to Earthday Market this market has created a revenue stream (although far greater) and a point of focused circulation. Its key point of promotion is the encouragement of entrepreneurship among elementary school children. This has resulted in numerous media mentions and television coverage.

II. **Toda Oar:** Toda Oar has an idea very similar in execution to Omusubi Currency's Kids Dream Market, though at a far smaller scale and taking place only twice a year.

III. **Atom Currency (Onagawa Branch):** The Atom Currency Onagawa branch does not have a designated market, however the vast majority of businesses accepting Atom Currency are concentrated in the main business center of Onagawa Town. This makes the businesses very easy to find and means that users of Atom Currency do not have to search for places to use the currency. The result is that the Onagawa branch consistently has one of the highest usage rates (redemption percentage) among Atom Currency branches as seen in table 24.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yaeyama</td>
<td>¥ 3,754,856</td>
<td>72.48%</td>
</tr>
<tr>
<td>Onagawa</td>
<td>¥ 2,945,984</td>
<td>81%</td>
</tr>
<tr>
<td>Kasugai</td>
<td>¥ 2,122,604</td>
<td>62.42%</td>
</tr>
<tr>
<td>Niiza</td>
<td>¥ 1,273,486</td>
<td>50.6%</td>
</tr>
<tr>
<td>Waseda/Takadanobaba</td>
<td>¥ 998,592</td>
<td>64.2%</td>
</tr>
<tr>
<td>Sapporo</td>
<td>¥ 251,634</td>
<td>52.32%</td>
</tr>
</tbody>
</table>

7.6.2.4 Summary of Impact Factors for DTS

In summary the impact factors for DTS are the presence of business evangelists, the necessity yen exchange and having market or designated area for LC use. These factors by themselves will not ensure success however, based on the observation of 12 long-lived LCs, they will likely increase the impact and longevity of a DTS LC system.

7.6.3 Cross Sector Development Tools: 3 Part Investment Model

(Toda Oar, Atom Currency, Sarari)

In chapter 6 it was determined that these kind of LCs are self-sustaining organizations that receive significant aid from supporting organizations and institutions due to their perceived utility. In this section the key elements of this aid/support will be discussed.

An examination of Atom Currency, Toda Oar and Sarari reveal 3 areas of modest investment that make the cross-sector LC mechanism sustainable. These are a modest funding investment (or provision of a funding instrument), undemanding governance and modest or loaned HR. These elements are held together by cross-sector partnerships where the business stakeholders are particularly influential. They are shown in figure 18 and summarized in table 25.

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Each of the elements represents a light burden to stakeholders of the cross-sector partnership. With such a relatively light investment, a positive return on investment in terms of the utility provided by the LC is more easily achievable.

<table>
<thead>
<tr>
<th>LC Organization</th>
<th>Modest Funding or Provision of Funding Instrument</th>
<th>Undemanding Governance</th>
<th>Modest or Loaned HR</th>
<th>Cross-Sector Stakeholders</th>
</tr>
</thead>
</table>
| Toda Oar        | ¥750,000 Annual funding from City Hall         | An Executive committee meets monthly to guide the organization | City Hall Employees do Toda Oar’s administration work as part of their jobs. | • City Hall  
• Chamber of Commerce  
• Citizens |
| Atom Currency   | 99% Discount on “Tetsuan Atomu” character licensing fee | A board of directors meets monthly to coordinate the organization’s activities | Employees of Atom Currency stakeholder’s do Atom Currency’s administration work as part of their jobs. | • Tezuka Productions,  
• Local Shopping Street Associations  
• NPOs |
| Sarari          | ¥500,000 Annual Funding from village authorities | A board of directors meets quarterly to guide the organization | 1 employee of Donguri Mura Sarari (out of 3 employees) is in charge of running Sarari. | • Chamber of Commerce  
• Local Government  
• Citizens |

Table 25: Summary of Key Elements and Stakeholders of Cross-Sector LCs (Created by Author)
7.7 Originality

This paper has 2 main areas of originality and significance: Insights into LCs from the Japanese perspective and new theoretical insights. These are discussed below.

7.7.1 Insights from the Japanese Perspective

As mentioned in the literature review Japan has long been considered a rich area for the study of LCs. A big part of this richness is the high number of LCs currently operating in Japan (around 200). However, as mentioned in the literature review, much LC literature is written in Japanese, making it inaccessible to Western researchers. This paper provides insight into the following aspects of Japanese LCs.

1. The phenomenon of Passbook Communities (Including Migrant Centered Rural Networks)
2. Data on previously unknown Japanese LCs
3. Contributions to the longevity of LCs from the Japanese context

7.7.1.1 Passbook communities

The phenomenon of Passbook Communities is one of the most interesting findings in this paper. It provides a very specific example of how the socio-cultural values of a country can produce a unique interpretation of a LC mechanism. Of equal importance is the phenomenon of Migrant Centered Rural Networks. Given the trend of depopulation in Japanese small towns, Passbook Communities in the form of Migrant Centered Rural Networks could be a useful and inexpensive policy to facilitate Japanese wanting to move back to the countryside.

7.7.1.2 Previously Unknown Japanese LCs

The majority of the research sites in this paper are virtually unknown among non-Japanese speaking researchers aside from perhaps being mentioned in a couple of research papers. These include Awa Money, Beach Money, Yorozu Ya, Hirari, Sarari, Maayu, Genki and Omusubi Currency. In addition to introducing these LCs to a wider audience, this paper also describes predominant management models and trends among Japanese LCs. Consequently there are many new concepts and perspectives introduced to Western readers. The Japanese trend of using LCs for ‘paid volunteering’ is a trend as unique as the Passbook Communities. Hopefully these previously unknown LCs and management models will invite further comparison with other international
LC models to deepen the overall knowledge of the field.

7.7.1.3 Contributions to the longevity of LCs from the Japanese context

As discussed in 7.4 this paper is a contribution to the understanding of the long-term management of LCs from the Japanese perspective. It is hoped that the universal factors for impactful longevity compiled here act as a starting point towards the creation of a best practices framework for the long-term operation of LCs. As discussed in the literature review and in 7.1.4, embarking on the creation of a LC is not a short-term enterprise and it is hoped that the concepts, models and impact factors uncovered here aid social entrepreneurs in the long-term maintenance of their LC organizations.

7.7.2 Theoretical Insights

7.7.2.1 The Utility of NPO and Social Entrepreneurship Theory

As previously mentioned the field of LC research is relatively new and there are many areas of theoretical and practical understanding that still need to be explored. Uncovering new concepts and theories to frame the understanding of LCs is certainly beneficial to researchers interested in this field however, it is not always necessary to create theories from scratch. This paper has identified areas of theoretical overlap with NPO theory and Social Entrepreneurship theory that could be of great use to interested researchers. Firstly, Kramer's (1981) Nonprofit societal roles could provide a useful framework for differentiating the various roles that LCs serve in different countries and contexts around the world. Secondly, social entrepreneurship theory could clarify useful concepts for the implementation and distribution of LC models. Another advantage of adopting these more familiar theoretical frameworks is that they provide a bridge to mainstream academia for the explanation of LC phenomena.

7.7.2.1 Generation of Nascent LC Theory

As useful as existing theories are, LCs are still a unique phenomenon that is not quite fully formed. The concepts and models generated here present a starting point for theories uniquely focused on the understanding of LCs.
7.8 Failed Japanese Local Currencies

Given that this paper’s main focus is longevity, a look at Japanese LCs that have failed could provide further insight. The author has uncovered 3 sources reporting on the failures of LCs.

The first source comes from the reports of various Atom Currency branches that have failed over the years. At the end of each fiscal year Atom Currency branches file a report on the year’s activities and these reports are available for download on their website.\(^{61}\) Seven branches have failed over the years and the reasons are summarized below.

2 branches closed due to funding issues. With another 2 the reasons were not stated. The last 3 each had unique reasons for failing. They were:

1. The Sendai branch closed due to the effects of the 2011 Earthquake and Tsunami
2. The Sapporo branch closed because the stores shopping street association that accepted it, suffered from a series of store closures.
3. The Yaeyama branch (in Okinawa) closed because of local government’s preference for developing digital systems to cater to tourists

Thus there was a general split between funding and reasons unique to the area.

The second source comes from Yamazaki and Akai (2010, p.56) who provide the following general reasons for failure:

1. The retraction of City funding
2. Some LCs were strongly linked to specific events and those events stopped happening.
3. A dwindling interest among users which in turn caused a loss of business interest
4. The number of people responsible for volunteer activities has decreased
5. The voluntary activities did not expand beyond a specific group people, which hindered the operation.

Yamazaki and Akai thus present number of reasons with no obvious trend.

\(^{61}\) [http://atom-community.jp/about/byelaw-report.html](http://atom-community.jp/about/byelaw-report.html)
Finally, Kurita and Miyazaki state that since the boom has ended numerous LCs have failed due to "long-term administrative burden" that has increased with the "stagnation of currencies, lack of participants, and shortage of operating funds." (Kurita, Miyazaki, 2018, p.121).

Looking at the above mentioned findings and unsurprisingly a lack of funding is a prominent feature, however, the variety of reasons is even more prevalent. Granted, neither of the above mentioned research papers were written with the intention of examining the failure of LCs in any depth. The author will however propose that given that varied nature of LC organizations, it is possible that the reasons for failure, aside from a predictable lack of funds, would be equally varied. Furthermore, if Long-Term Leadership is as influential a concept as the findings suggest, the individual quirks and characteristics of LC leaders might also result in diverse reasons for failing.

7.9 Limitations

7.9.1 Theoretical Saturation Not Achieved

This paper’s chief limitation is that theoretical saturation was not reached thus the concepts generated cannot be said to be a complete theory and representative of all long-lived Japanese LCs. The most glaring omission is that of the Kinoeki project, which has operated for more than 10 years and spans approximately 40 branches throughout Japan. As mentioned in chapter 5, investigation of the Kinoeki project represented a research effort greater than the resources the author could bring to bear and was thus not included among the research sites.

7.9.2 Author’s Linguistic and Cultural Limitations

A secondary limitation was the fact that the author is not a native Japanese speaker and almost all the interviews were conducted in Japanese. While compensations were made for this in terms of adjustments in the methodology and working with a knowledgeable and experienced Japanese research partner, it is possible that some of the data’s richness was not effectively captured.

7.9.3 Only One Digital LC Examined

The research sites featured only one LC that had a digital currency system. This mainly due to the fact digital LCs tend to be part of the latest generation Japanese LCs launched and as such, they
have not been operating long enough to be part of a longevity study. For example Sarubobo Coin\textsuperscript{62}, a LC that circulates in Hida and Takayama City, is known as an impressive digital LC, however it was launched quite recently in 2018\textsuperscript{63}. No doubt there is much to learn regarding these digital systems but thus far in terms on long-term operational strategies not sufficient time has passed.

7.10 Final Remarks

This chapter began with a discussion of the core concept of long-term leadership and the author proposed that the prevalence of mission-based long-term leadership was the primary causal factor for the longevity of these organizations. That is to say despite differing methods and operating models, all of the leaders interviewed had a measure of dedication to their LC project. While this dedication is to be lauded, the practical implication of it is that leadership succession, the one obstacle that none of these organizations have had to over come, would be the main operational challenge going forward.

The theoretical implication is that this mission-based long-term leadership creates a bridge between LC theory and social entrepreneurship theory, where it has been noted to be tendency particularly among successful social ventures. The implication is then that whatever challenges might be thrown up by leadership succession, answers or useful concepts could perhaps be found through an examination of social entrepreneurship theory

Next, the chapter looked at the concept of Secure Funding and noted that with this concept there is a dichotomy between strategies that could be adopted and factors that can’t be controlled. And of the two strategies that could be adopted, the author proposes that running a market might be the best way forward, given the prevalence of this strategy to varying degrees among the research sites and the particular success of Omusubi, Currency, which is the only DTS LC that is both sufficiently funded and completely independent.

\textsuperscript{62} https://www.hidashin.co.jp/coin/
\textsuperscript{63} https://www.hidashin.co.jp/images/about/disclosure/disclosure_2019.pdf
The concept of migrant centered rural networks was discussed next and this concept reveals the greatest advantage of a Passbook community. This advantage is that, as easy as it is to start a Passbook community, there is potential for growth and positive social impact given the right factors. Thus, as a strategy for attracting urban migrant to a small town there is little risk but potentially great reward.

Next, based on the findings of this paper the author would like to make proposals to both social entrepreneurs and researchers.

Firstly a proposal for social entrepreneurs: If as an interested social entrepreneur you step back and look at the 3 concepts and 3 management models created here, we see two basic choices. You could choose a passbook community that perhaps has low responsibility and maybe smaller impact, but greater personal social reward (based on LC leader testimony). The second choice would be to pursue a DTS that perhaps has a narrower path to success but potentially greater social impact. Among the options for a DTS system we see the option of launching a market among both the secure funding options and the 3 impact factors. The author therefore proposes to social entrepreneurs that the practical processes of launching and running a market should become a greater focus of LC development due to its potential ability to not only raise funding but to encourage currency circulation.

Secondly, a proposal for researchers: As has been mentioned several times in this paper the LC field is relatively nascent, with much ground to cover. The author would hereby like to expand on why the two previously mentioned theoretical frameworks can greatly aid researchers going forward.

Regarding the roles proposed by Kramer (1981): As mentioned in chapter 2 there have been numerous advancements in the currency and payments field within the last 10 years such as cryptocurrency and commercial payment systems. In this area of payments and currencies so dominated by private enterprise and government, it is only natural that as with other sectors
of society, nonprofits also have a role to fulfill. The core aspect of any currency is trust and NPOs by their very structures have greater accountability and transparency requirements, which in a world of many currencies could become a very important feature. Thus, framing the roles that LCs play in society in accordance with Kramer’s framework could be an important theoretical perspective to adopt.

Regarding Social Entrepreneurship theory: This has relevance in terms of the aims of this study which was to shed light on the long-term operations of LCs. Alvord, Brown and Lets (2010, p.136) have the following to say on the link between social entrepreneurship theory and practice: “As in other areas of social action, the practice of social entrepreneurship may be well ahead of the theory.” If this is true for social entrepreneurship theory, it is doubly so for LC theory, which probably attracts far less academic interest. For example, the language barrier that obscures much of Japanese LC activity is not only limited to Japan. In the course of writing this paper, the author came across a wide variety of Spanish and French research papers on LCs that the author had never heard of before and that he certainly couldn’t read. This suggests to the author that LC researchers might be farther behind the practice of running a LC than previously thought. And any insights that could help researchers to stay apace with developments on the ground should be taken. For this reason by paying attention to the literature on social entrepreneurship, researchers could uncover concepts and models that that are applicable to LCs and this could help them stay apace with the practice of running a LC on the ground.

A final comment on theory: While borrowing useful concepts from other academic fields is certainly to be encouraged if it is useful, the fact is that LCs are a unique phenomenon that is far from being completely understood. To this end, the author proposes the universal factors put forward in this paper. It is a very small beginning to creating a universal best practices framework for long-term management. However in a young field like LCs, small steps should not be disparaged. It is the author’s intention to continue building on this small foundation and he hopes other LC researchers will make use of it too.
In conclusion: The above-mentioned results represent one of the latest sign posts in the development of LC systems since they’ve begun to be documented in earnest 30 years ago. They are not the first empirical findings on the subject and they will not be the last as this field is in a constant state of change and evolution. Despite the potential challenges posed by leadership succession and the variety of problems mentioned in the section on LC failures, LCs continue to spread and evolve. In discussing the aftermath of the LC boom in Japan Kurita and Miyazaki (2018, p.121) have the following to say, “Since the boom, there has been a movement to seek out new systems after carefully reviewing previous practices, and it seems that the systems have diversified in the process.” This diversification is the result of lessons learned. For the co-founder of Yorozu Ya this means focusing on a bottom-up approach with minimal administration (Takahashi, Y. personal communication, November, 2018). For the founder of Omusubi Currency it means creating a specific purpose for your currency aside from vague suggestions of economic or social development (Yoshida, D. personal communication, September, 2019). Based on the author’s observation in the field, LC evolution is very much alive. Seyfang and Longhurst (2012, p.21) state that, “It is therefore clear that like other forms of innovation there is an evolutionary quality to the currency field, where new models emerge out of the knowledge and experience of older ones.” In many ways this paper is a review of some of the evolutions in the Japanese LC sector within the last 20 years, and the author hopes that the concepts and models uncovered here will be of service to researchers and practitioners who continually strive to fulfill the potential of LCs around the world.
References


Atom Currency Executive Committee (2015). *Community Design using Atom Currency: A future where people are connected to their town*. Shinjuku: Shinhayoron (Japanese)


Izumi, R., Nakazoto, H. (2013) "What kind of connection will does a local currency bring to the local community? Based on the case study of Peanut’s in Chiba" Senshuu University Economic bulletin 47, No. 3, 1-16 (Japanese)


Interviews


Yamanobe, N (2016, November 13) Personal interview, Niiza City


## Appendix 1

### Categories shared by 3 or more organizations

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Appendix 4
Summary of all Key concepts, Operational Models and Impact Factors

DOUBLE TRIANGLE SYSTEMS

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Aspirational LCs
Leadership sustained by drive of mission-based leaders

Cross-Sector Tools
Innovative investment models

LONG-TERM LEADERSHIP
- Necessity of Yen Exchange
- Business Evangelists
- Exchange Necessary of Yen

SINGLE TRIANGLE SYSTEMS

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Flexible
Efficient
Japanese
Not Suited for Business Link

Efficient Leadership sustained by
Personal fulfillment & low leadership burden

PASSBOOK Communities
Local Government Funding

DOUBLE TRIANGLE SYSTEMS

SECURE FUNDING
Market Funded
Subdivision
NPO
Government Fund
CSR
Local

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