

Study on Corporate Philanthropy by Local Currency

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1. BACKGROUND AND OBJECTIVES

The enterprise should accomplish the social responsibility to the local society because the enterprise influences local society while acting there. However, it is a current state in the theory of corporate social responsibility that the discussion about a regional social contribution is hardly performed. On the other hand, "Local Currency" is advocated in all parts of the world, being experimented and researched as a means to activate and circulate the goods and services that have come off from the range of the market economy like the volunteer labor etc. Then, I got background for my research if there is discussion complementing current theory of corporate social responsibility, there are insufficient points for past theory of local currency and we can utilize local currency for one of contribution methods to local society.

Against such background, I designed and proposed the local currency system for corporate philanthropy. I theoretically examined grounds that this regional currency system can become the solution of current corporate social responsibility theory, which cannot reflect the reality of corporate that it must pursue the profit and demonstrated its feasibility. And, it is assumed to be a purpose of this research to show that such a system becomes support to flow of funds in the region including NPO and there is a possibility that original effects are brought to corporate and the local society, and to show the condition and the context that such system is approved.

2. MAIN DISCUSSION

There are negative view and positive view in Corporate Social Responsibility. However, there is a limit in each discussion. Then, "Strategic Philanthropy" theory of Porter and Kramer¹ [2002] was introduced. On the other hand, I found that an existing research on the regional currency made up a general theory from the cases and the role of the local currency is different according to the mechanism. Moreover, the enterprise can contribute originally to the local society by the mechanism like Figure 1 under some conditions.



Figure1: Corporate philanthropy by local currency

3. CONCLUSION

There are four points what I clarified in this research. First, there is a limit in the social responsibility theory. Secondly, the regional currency plays various roles depending on the mechanism. Thirdly, philanthropy by regional currency has original advantages and meanings. The fourth is conditions under which such mechanism approves.

¹ Porter, M. E. and Kramer, M.R. (2002) "The Competitive Advantage of Corporate Philanthropy", *Harvard Business Review*, Vol.80, Dec., pp56-69