

Preface

This book discusses the current status of International Management Accounting in Japan through the interviews with three major electronics companies in Japan and investigations into their evolving international business activities and their accompanying organizational structure, management, and management accounting (especially international management accounting).

This book consists of two parts. Part 1 describes the general concepts of international management accounting on the premise that the international management accounting system is established in conformity with corporate strategy, under which organizational structure and management are adopted in the pursuit of the organization's strategic objectives.

The first paper discusses the pattern of international organization structure on the premise that the international management accounting system is affected by changes to organizational structure and will change as the organization's structure changes. Thus, the organizational structure and the information system will change as companies transit from being domestic companies to multinational and global companies. Therefore, the change of organizational structure, and its accompanying change of responsibilities, requires an accompanying change in the information system (including management accounting system).

The second paper discusses the global or transnational strategies that involve the configuration, co-ordination, and integration of geographically dispersed business activities. In order to plan, implement, and control global strategy, strategic management and international management accounting systems have to be established and effective international management accounting information should be provided.

When the company adopts a global strategy, the company actually tries to achieve global scale economic efficiency, while simultaneously adapting to local market needs and learning capability. The company with a global strategy establishes an integral network connecting financial resource distribution and strategic business units. Here, it is essential for the international management accounting system to have good communications between the global headquarters and subsidiaries (and also between each subsidiary) so that relevant information is transmitted in timely fashion. As representative

examples of this international management accounting information, three types of information — multicurrency accounting information, accounting information required for budget management in global companies, and accounting information using a composite currency as the measurement unit in global companies — are described.

In Part 2, the results of research and studies of the current international management accounting of three major electronics companies will be elaborated in order to clarify part of the current status of international management accounting in Japan. By tracing the history of the business expansion of the three companies in the electronics industry, transition of strategies and its accompanying transition of organizational structures, management, and details of international management accounting are faithfully described. In these studies, the manner in which the companies' present strategies were developed, conducted and managed is verified through interviews in order to find out the international management accounting of the three companies. Additionally, the characteristics of the international management accounting of the three companies are also clarified.

The third paper investigates the current status of the international management accounting practices of Matsushita Electric Industrial Co., Ltd. Matsushita Electric Industrial Co., Ltd. has been developed through performing management with the profit center approach, which was first introduced in Japan in 1932 by Mr. Konosuke Matsushita, the founder of Matsushita Electric Industrial Co., Ltd. It had already started overseas business activities before World War II and had successfully developed there to become a global company. This helped the company survive the difficult times that followed Japan's defeat in the war.

The fourth paper researches and studies the current status of international management accounting practices of Sharp Corporation which was established in 1912. Starting with the innovation of the mechanical pencil by Mr. Tokuji Hayakawa, the founder of Sharp Corporation, it has always created new market fields with products such as the first domestic radio, television, and the world's first calculator and LCD. Realization of Sharp's management principles ("Make Only-one Products") and its history of transition of strategies, management, and management accounting are reviewed through interviews which were carried out to find out the details of Sharp's current international management accounting.

The fifth paper investigates the current status of international management accounting at SANYO Electric Co., Ltd. The company name "SANYO" means three oceans — Pacific Ocean, Atlantic Ocean, and

Indian Ocean — and also implies the entire world is to be dealt with using the three pillars of human resources, technologies, and services. These pillars were thought of by Mr. Toshio Iue, the founder of the company, who had ambitious hopes to extend his business throughout the world. In 1949, two years after starting the business in 1947, overseas trade had already been started, and the company successfully increased its business. The history of transition of strategies, management, and management accounting here is reviewed, based on which interviews were carried out to clarify the details of current international management accounting.

The sixth paper compares and reviews the international management accountings of the three major electronics companies which appeared in papers 3, 4, and 5, in order to clarify the characteristics of each company's international management accounting.

Finally, the contents of the study results in this book have been added and modified by all expert committee members of International Management Accounting in the enterprise research study project of the Japanese Association of Management Accounting. The purpose of this book is to benefit people abroad who are establishing theories and practices for their international management accountings. In addition, I would like to express special thanks to the people of Matsushita Electric Industrial Co., Ltd., Sharp Corporation, and SANYO Electric Co., Ltd., who graciously agreed to be interviewed for this study. Also, I would like to express deep and sincere gratitude to Prof. Yoichi Kataoka, the committee chairman of the enterprise research study project of the Japanese Association of Management Accounting, who helped to carry out research activities for this book. Lastly, I would like to express special thanks to Prof. Yasuhiro Monden, the founder of Monden Institute of Management, who made it possible for me to publish this book as book series Vol. 4 of the institute.

Editor

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15 October 2007