

Abstracts

Major Issues related to the Development of Public Accounting Standards for Social Insurance in the U. S. A.

Aishi Imafuku

The aim of this paper is to explain the major issues in the formulation of public accounting for social security, especially for social insurance, focusing on the development of public accounting standards for social insurance promulgated by the U. S. Federal Accounting Standards Advisory Board (FASAB) since the 1990's. It concludes by sketching the implications of the recognition of liability for social insurance.

One of the major issues is whether the transactions between government and citizens regarding social security are exchange or non-exchange transactions, or reciprocal or nonreciprocal transactions. If social security is based on a pay-as-you-go financing plan, it is a non-reciprocal transaction. Under the reserve financing scheme, it is an exchange transaction. The U. S social security system, like the Japanese public pensions system, works on a pay-as-you-go basis. Liability is recognized on a “due and payable” basis, and the accrued obligations are off-balance sheet transactions.

Another major issue is whether the recognition of liability of U. S. social security is limited to the “due and payable” obligation or to the accrued liability. Up to the present time, the liability of social security has been recognized as a “due and payable” obligation.

The third major issue is how far disclosures about social security are extended, although recognition of liability for social security is limited to the definitive obligation. In other words, the matter is whether liability is disclosed to 1) users or citizens, namely open groups which consist of pensioners, current participants, and future participants, or to 2) closed groups, which include pensioners and current participants. The 1999 Statement of Federal Financial Accounting Standards 17 required the U. S. government to disclose not liability but the financial position of social insurance in Stewardship supplementary information

and MD&A.

The implications of this paper are as follows: 1) although social insurance is based on a pay-as-you-go basis, i. e. the transfer of income between the current generations and future generations, the recognition of liability for social insurance is still controversial; and 2) a new concept of recognition of liability for social insurance will possibly become a substitute for the “due and payable” basis, which is the current requirement.

International Disclosure Regulations of Alternative Performance Measures

Osamu Furusho

As opposed to GAAP earnings, which are calculated in accordance with generally accepted accounting principles (GAAP), non-GAAP earnings, or pro forma earnings, and alternative performance measures (APMs) are typical financial key performance indicators (KPIs). In Japan at present, the disclosure of APMs is not enforced, of course, but on the other hand, its use in public disclosures is not restricted either.

The conclusions of empirical studies on the usefulness of APMs as performance indicators are quite disparate, and it is also a fact that discussions have been going on within the jurisdictions of the various regulatory authorities regarding the pros and cons of APM disclosure regulations among other things. This paper explains the international trends and ultimate goals of APM disclosure, regarding which a principles-based “Comply or Explain” approach tends to be taken, meaning that disclosure is neither mandated nor prohibited, toward the creation of best practices.

Taking into account that a certain framework for disclosure exists, including the establishment of guidelines for the public disclosure of APMs, this paper will, in addition to positioning Integrated Reports or Integrated Annual Reports as communication tools that exist in the area common to both mandatory public disclosure items such as financial statements and optional public disclosure items such as APMs, also consider modifications in disclosure regulations that deal with the placement of the disclosure of APMs as KPIs.

While the optimal placement for the disclosure of APMs has not yet been specified, APM disclosure regulations are gradually beginning to be strengthened. Given that financial statements are the main standards of corporate performance and lay the foundations for performance evaluation indicators, then the connection between the International Accounting Standards Board (IASB), which

takes the core place in discussions as the body responsible for setting accounting standards, and other international regulatory bodies will be the focus of attention.

A Study on the Diffusion of Management Philosophy; From the Perspective of ‘Cultural Translations’

Izumi Mitsui

Management philosophy is a subject that has long drawn attention, and recently the globalization of business administration raises new issues on that. One of these issues is the overseas diffusion and local acceptance of the headquarters' management philosophy in overseas branches. A number of questions arise regarding the issue; How should a company ensure the diffusion of its original management philosophy to an overseas branches located in a different background both culturally and socially? What kinds of problems are likely to arise as a result of this diffusion? Is a meaning of original management philosophy being conveyed accurately in culturally different situations? Does the diffusion of management philosophy simply involve translating its texts into the local language? How a company's management philosophy relates to the society and the culture behind each company, and how this affects its diffusion across cultures, and so on.

In this paper, as the first step of discussing these questions, the author proposes the concept “cultural translation” as an analytical framework. The author discusses about this issue using the case of Panasonic Corporation (formerly known as Matsushita Electric Industrial Co., Ltd.) which is one of the results of the “the Study of Asian Companies' Management Philosophy” being conducted since 2008 by the interdisciplinary research group that the author has organized.

Management philosophy generally refers to a company's guidelines for action and principles of management, and is generally has the form of a codified document. This study, however, treats it not as a static document, but as a dynamic process –“formed” primarily by the company's founders through their interaction with their surroundings, “diffused” by the interpretation and reinterpretation of its message by those who receive it, and “inherited” by future generations amid changing times. It also includes the process by which the philosophy is realized through the actions of the organization's members, and as

a result, embodied in the company's businesses (products, services, managerial processes, and so on).

When the management philosophy defined in this way has to be diffused to overseas branches, it involves more than documents translation, a mere transmission of the message through language. This paper attempts to explain from the perspective of cultural anthropology with the concept of “cultural translation” introduced by Tamotsu Aoki and Keiji Maekawa, and attempts to explain three specific cases related to setting up of Panasonic's Asian operations with this analytical framework.

Issues of Low-wage Labor—The Working Poor and the Exploitation of Work Satisfaction

Tetsuya Takahashi

When taking up for discussion Japan's domestic labor issues, the first problem that draws attention is long working hours. This is often discussed as an issue pertaining to fulltime workers, and the elimination of practices such as ordinary overtime work and illegal unpaid overtime work are discussed under this heading. The problem is compounded, however, if the long working hours come together with low wages. This paper takes up for discussion two problematic scenarios that involve long working hours at low wages – the “working poor” and the “exploitation of work satisfaction.” Employees who work for long hours like fulltime workers despite earning a low wage are labeled the “working poor.” “Exploitation of work satisfaction” is a scenario in which work satisfaction is thought to be compensation enough for long working hours at low wages.

These phenomena are discussed under the head of the stratification of society, which is slowly becoming a social problem, and must be seen as aspects of the poverty issue. If wages are considered the responsibility of the worker, and wage disparities are thought to result from a disparity in effort put in, then poverty becomes a social issue arising from the social environment, and must be resolved. The real nature of the working poor problem is that it gives rise to a spiral of poverty, with children also becoming trapped and unable to escape it. The other problem of “exploitation of work satisfaction” must be seen as a sub-type of the working poor problem. As in the case of the working poor, these employees also work for long hours for a low income, but they convince themselves that, because they derive work satisfaction, the situation in which they are placed is “desirable.” As a result, such people work until they collapse. It is a phenomenon in which those who are doing jobs that give them satisfaction continue to work while failing to recognize the consistently poor working conditions. At first glance, the working poor problem seems to arise from the social environment, but the problem of exploiting work satisfaction seems to be the responsibility of the individual concerned. This paper, however, would like to shed light on the

problematic nature of the latter too, where individuals are being driven into a situation where they consider it their own responsibility.

A Study on the Institutionalization of Management Philosophy: An Approach based on Barnard's Theory

Yasuhiro Watanabe

A company's policies and its guiding precepts embody the values and philosophies of the organization that form the basis of action for its employees on an individual level, and are also used by the organization as an adjustment mechanism. In fact, however, a company's values and philosophy are realistically quite difficult to manage – they not only fail to function as rules for individual behavior, they are also incapable of combating the kind of corporate culture that is bound to adversely affect business expansion.

Studies that deal with the values of an organization and their institutionalization are established in the field of modern business administration under the theories of “management philosophy” or “organizational culture.” These concepts throw light on aspects of an organization that lie hidden beneath the aspects of an organization that are public and visible.

Chester Irving Barnard was one of the early scholars who considered the institutionalization of the values of an organization. Barnard's understanding of the problem ultimately converged on the leadership of a company's management, and he mentioned “moral creativeness” as an important managerial function that affects not just leadership but also the survival of the organization. He presented the view that this would allow the organization, as a moralistic social entity, to become “autonomous moral institutions.”

This paper will consider how Barnard's theory, which is the headstream of the theories of management philosophy and corporate culture, dealt with the challenges of the institutionalization of an organization's values. In particular, in investigating its conceptual framework, this paper will mainly discuss the manuscript of a talk titled “Notes on Some Obscure Aspects of Human Relation,” written around the time of drafting his most important work, “The Functions of the Executive.”