

## Impact Objectives

- Investigate the concept of tension and highlight the negative impact of management accounting
- Identify ways to incorporate the perspective of tension management into the design and operation of management accounting systems

# Achieving organisational prosperity

*Professor Eisuke Yoshida is interested in management accounting and how, by incorporating tension management, this can have significant benefits for businesses*



**Could you introduce management accounting and the purpose of your research?**

The practice of management accounting is to smoothly run the PDCA (plan-do-check-action) cycle for performance management and cost management towards the realisation of a business strategy in order to achieve set goals. It is important to note that even if a certain organisation can achieve its short-term goals, it will not gain a sustainable and competitive advantage if, in achieving these goals, it sacrifices its long-term aim and stretches individuals beyond their limits. Therefore, my research focus is on the concept of tension; highlighting the negative impact of management accounting, and aiming to incorporate the perspective of tension management into the design and operation of management accounting systems. Tension is inherent in an organisation and resembles dilemmas, contradictions and conflicts.

**What is your research background and what led you to become involved in this field?**

I was born and raised in Japan. Obviously, there are many global companies in Japan, and the lifestyle of most of the Japanese is associated with the concept of the 'corporate man', whereby one's life revolves around the

company they work for and it is common for a person to just work and have no other hobbies (although, in recent years, more and more people value their time outside of work). For someone like me, who believes that the Japanese are diligent, well-educated, selfless and hardworking, I am sceptical of the Japanese way of working, which can come at the cost of many sacrifices. For that reason, I am interested in the discipline of management accounting and, in particular, research focusing on the negative aspects that can come with businesses aiming for operational efficiency.

**Could you explain more about the concept of tension in the context of your research?**

Organisations usually set their goals through the design and operation of management accounting systems, as they aim to achieve their goals while managing and monitoring business processes. 'Tension management' in management accounting does not focus on only the result of management (forward function) in the design and operation of management accounting systems, but also tension (side effects and reverse functions) that leads to an excessive load on a specific individual or department and the deterioration of a product or quality of service, which we are aiming to put into practical management.

Conceptually, tension is neither good nor evil, it is just the occurrence of

conditions such as organisational conflicts, unreasonable burdens, collisions and conflicts. As the saying goes, after rain comes fair weather and it would be great if we could provide creative solutions to the tensions that occur in individuals, products and services through organisational support such as communication, co-ordination and judgment without overlooking the occurrence of such tensions, which are called dynamic or creative tensions. 'Tension management' in management accounting emphasises organisational support so that business goals will not be overwhelming and will remain as challenges.

**What do you anticipate the impact of your research will be?**

The ultimate impact of my research is to provide a different perspective to previous research and to introduce excellent corporate practices that are different from conventional wisdom, since we believe that theorising the pattern of conformity between the organisational context and the management system will have a global impact rather than simply showing the diversity of corporate practices through empirical research.

Every large organisation and its people will benefit from the findings. We believe that tension management is key to achieving an organisation's long-term and sustainable prosperity, as well as personal wellbeing. ●

# Tension management for organisational sustainability

*Collaborative research underway by a team based in the Faculty of Business and Commerce, Keio University, is exploring tension management; paving the way for long-term sustainability in businesses and promoting the wellbeing of employees*

Tension in the form of dilemmas, contradictions and conflicts exists in organisations. It can be managed through management controls, including management accounting, thereby optimising organisational performance. Management accounting uses all quantitative and qualitative information in addition to accounting information to assist managerial decisions, ultimately helping a business to achieve its goals. As part of this, tension management, which is a relatively new research topic, can not only enable long-term business goals to be achieved, but can also help attain the individual wellbeing of employees. This is the premise of the research of Professor Eisuke Yoshida.

The research themes of Yoshida, who is based in the Faculty of Business and Commerce, Keio University, Japan, encompass management accounting, business structure and organisation design and management. He is interested in the mechanisms behind optimising organisational performance, with a specific interest in management accounting. 'My area of expertise, which is management accounting research, aims to elucidate the mechanism for achieving the best organisational performance through management controls such as organisational design, goal setting, performance evaluation, compensation and communication,' Yoshida highlights.

This interest stems from a desire to optimise the working environment and ensure that work doesn't come at the expense of other, outside interests. Yoshida says this is because often achieving operational efficiency is associated with negative consequences. Using management accounting, with incorporated tension management, he believes it is possible to avoid these. For example, in Japan targets tend to be difficult to achieve, and failure to achieve targets has become the norm. 'This creates a state of tension, which is not necessarily a negative thing. It will be a trigger for creating new ideas and collaborating with others,' outlines Yoshida. From his perspective, creating a theoretical framework for tension management is an important part of addressing this.

## INTERRELATED PROJECTS

Yoshida's research on management accounting encompasses several interrelated projects. These include 'Complementary effects of stretch target costs and concurrent processes on cost reduction: A dynamic tension perspective', in which he examined the joint effects of stretch target costs and concurrent processes on cost reduction in order to explain how and why the joint use of stretch target costs and concurrent processes are associated with superior performance. 'Unfortunately, after conducting a questionnaire we couldn't find a statistically meaningful relationship between the joint

effects and cost reduction,' Yoshida confirms. 'From further analysis by industry, we found that the joint effects enhance cost reduction for firms in process industries, but it was not possible to confirm from this study about those in assembly industries that have been standardising parts in recent years.' He continues to explain that analysis of process industry firms suggested concurrent processes enhance cost reduction when target costs are set at high stretch levels.

Another project of Yoshida's, entitled 'The Role of Management Accounting as Tension Management – An Empirical Analysis of Target Cost Management and Management Control', sought to clarify the function of management accounting from the point of view of management accounting as tension management. He looked at the impact of performance targets and control mode on target cost management and management control and investigated the relationship between these metrics and organisational performance.

Findings from this work included that stretch target costs set at relevant levels were effective, cross-functional activities at target cost management were effective in both manufacturing and non-manufacturing industries, and both interactive and diagnostic control were effective for achieving performance targets. 'My research team ►



tackled target cost management and focused on interaction with interdepartmental collaboration in order to explore the requirement that the potential tension of stretch cost target sublimates into dynamic tension,' outlines Yoshida. From the analysis that was undertaken, which was based on the data gathered from the mail questionnaire survey, it was confirmed that the interaction between the challenging target cost and the interdepartmental collaboration is effective for cost reduction in the process industry. 'In addition, we took up a potential tension called

For Yoshida, collaboration is invaluable, not only for research success but for making the research enjoyable. 'Collaboration is essential for research. You can come up with research ideas individually but, when conducting dozens of company surveys in a year, it is only possible to observe the phenomenon from different viewpoints by implementing it with multiple members. Also, by exchanging opinions among researchers, new ideas may be born,' he observes. 'Moreover, the creation of questionnaires can be brushed up by having multiple researchers and business people

tension management for theoretical purposes,' he points out.

Ultimately, Yoshida and his team believe their work could help organisations to achieve long-term sustainability and a competitive advantage, as well as promoting the wellbeing of the members. It may have a positive impact on the management style of businesses in Japan and beyond. ●

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budget rigidity and analysed the impact of the interaction of budget rigidity, subjectivity of performance evaluation and environmental uncertainty on financial performance,' continues Yoshida. 'As a result, it was clarified that in a highly uncertain environment, lowering the budget rigidity and increasing the subjectivity of performance evaluation increases financial performance ROA (return on assets) and sales growth rate.'

#### EMPIRICAL AND COLLABORATIVE RESEARCH

In their research, the team is using an empirical methodology. 'Research methods are centred on empirical research based on statistical analysis of the data collected from mail questionnaire surveys and web surveys, as well as in a field study of the companies.' Collaboration is indispensable to the work. He is working with researchers from other universities as well as with business people, with around 10 team members from other universities and companies.

check it, and data entry and analysis becomes more rigorous when multiple people check it. Above all, having team members to discuss the research and dissertation writing with on a daily basis makes the work more fun.'

The researchers plan to continue their research, in order to fill gaps in knowledge. For example, Yoshida considers there is insufficient knowledge regarding the contribution of management accounting to the creation of dynamic tension in tension management research in management accounting, and so there is more to be done. Yoshida is also working on research that is different from the tension management studies. As a part of this, the team published papers on Cost Variation Risk Management of Fuji Xerox, which supports activities for goal achievement in the product development stage. 'Furthermore, we are conducting surveys by visiting several companies, mainly Japanese companies, with the aim of integrating these findings in the context of

## Project Insights

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### BIO

Professor Eisuke Yoshida has a PhD in Business Administration from Kobe University, Japan. He was a member of the Certified Public Accountants Examination Committee, Japan between 2017 and 2018. Yoshida is President of the Institute of Practical Management Accounting and first issue editor-in-chief of *Management Accounting Review*, Japan Cost Accounting Association. He has published a number of books and articles on the topic of management accounting, some of which have won book and article awards.

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