

ing of the Japanese financial reporting environment as well as generally accepted accounting principles as regulated, adopted, and practiced in Japan. The reader also has new insight into the information disclosure issues of Japanese corporations and some grasp of the unique environmental factors that continue to influence accounting and reporting.

The book is logically divided into two parts. Part I provides a thorough discussion of the evolutionary environmental factors that have influenced the development of Japanese reporting practices, e.g., forms of business, users of the information and their needs, government regulation and the accounting regulatory environment, the accounting profession, various international influences, educational factors, culture, politics, and economics. Part II consists of an analysis of accounting principles and practices based on a survey of 48 Japanese corporate annual reports. In addition, this section of the book provides a wealth of information about currently practiced Japanese GAAP.

While the reader may find Part I a bit dry, this section is informative, educational, and necessary. It provides an important foundation for those readers interested in conducting research in this area. The chapter on stock exchanges and regulation is both relevant and timely, especially given the current interest in analyzing the efficiency of foreign stock exchanges and the publicity about Japanese P/E ratios. This section covers the organizational structure of the exchanges, while providing a discussion of the growth of the Japanese equities market. The authors offer a brief analysis of differences in P/E ratios with some explanation as to why these differences exist without attempting to offer answers to everything. They provide valuable historical information with ample charts and graphs for those preferring a visual walk through history.

The real strength of the book lies in Chapters 10 and 12, for if readers read only these two chapters they would have a solid Japanese financial reporting foundation to build upon. Chapter 10 covers disclosure principles and provides an overview of Japanese reporting as required by the Commercial Code and the Securities and Exchange Law. Chapter 12 reports the results of a descriptive survey of the content of 48 Japanese corporate annual reports; both listed and unlisted corporations are included. Information reported for the Commercial Code vs. The Securities and Exchange Law vs. the English language version is compared and some very revealing results are reported in the conclusions.

A tremendous amount of invaluable information is provided in 100 pages of appendices. There the reader finds an extensive comparison of reporting practices in Japan, the United Kingdom, and the United States. A chronology of accounting in Japan will appeal to those interested in a historical perspective. The book is an excellent reference work for the novice or the accomplished international researcher and is not suitable to be used as a text. There is a reference and further reading list at the end of the book that appears to be extensive and exhaustive. No bibliography is provided at the end of each chapter which would have been useful to the researcher.

In summary, the book has technical and research content and is a thorough, timely, and valuable contribution to the literature on Japanese financial reporting practices.

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GRAEME W. DEAN, MARC P. JOYE and PAUL J. BLAYNEY, *Strategic Management Accounting Survey: Overhead Cost Allocation & Performance Evaluation Practices of Australian Manufacturers* (Sydney: University of Sydney, 1991, pp. x, 144, A\$25.00, paper).

This monograph presents a descriptive data base of overhead cost allocation and performance evaluation practices of Australian manufacturers. The survey is an extension of an earlier study by Joye and Blayney (see review in the January 1992 issue). While the earlier study covers a variety of management accounting issues, the current study focuses on overhead allocation and performance evaluation practices. As such, the subtitle of the book aptly captures the

essence of the contents—but not the main title. The bulk of the book is devoted to data summary and cross tabulation. The reader will find relatively little textual material.

Out of over 2,000 manufacturers sampled, 313 provided usable responses. For readers interested in comparing practices in the U.S. and Australia, the vast majority of the firms sampled would be considered small and medium-sized by American standards. Of the 31 items on the questionnaire, 14 are related to the organizational and market characteristics of the sample firms, such as size, industry, diversification, ownership, etc., which serve as the categorical variables for cross tabulating responses to each of the remaining 17 questions.

In overhead cost allocation, the major findings include: (1) that allocated cost-based information is used almost exclusively for business decisions; (2) that prices are a function of costs or other factors, irrespective of whether managers perceive their firms to be price takers or price makers; (3) that overhead costs are allocated because the production “divisions would incur such costs if they were independent units” and “to make divisional managers aware that central services costs exist”; and (4) that the majority of respondents are satisfied with their current overhead allocation methods.

In performance evaluation, the major findings include: (1) that *accounting* rather than *non-accounting* data are predominantly used for performance evaluation; (2) that accounting data are more likely to be used to evaluate upper-level managers and non-accounting measures are more likely to be used at lower levels; (3) that non-accounting indicators were found to provide more *timely information* than accounting-based measures; (4) that it is more common for Australian managers to use *absolute* (compared to predetermined objectives) rather than *relative measures* (compared to other managers) of performance; and (5) that over 1/3 of the upper-level managers were *dissatisfied* with their performance-evaluation system.

The majority of the book is devoted to an exhaustive cross tabulation of every item against the 14 categorical variables. This section is not particularly useful, as there is no statistical test to examine if any of these categorical variables contributed to any differences in responses. If there is any statistical difference, it should be brought to the attention of the reader; if not, there is no need to show extensive cross-tab tables.

The most useful section is probably the summary score for each questionnaire item. It allows readers to draw their own conclusions as well as seeing the anomalies in responses, such as including nonmanufacturing costs in inventory valuation for financial reporting purposes (over 20 percent of respondents) and checking either *every day* or *every week* for the frequency of measurement of *all inclusive income, operating income, return on investment, customer satisfaction, and market share*. The data in this section also led this reviewer to question the authors' conclusion that “the evidence provides limited support for criticism that far too much emphasis is placed on the short term by managers” (p. 28). The response summary shows that most of the short term measures are *operational measures* which are intended to provide “more timely information” (p. 5) and therefore are expected to be for a shorter time period.

In summary, with data anomalies in mind, the reader may find useful information about Australian manufacturers' overhead cost allocation and performance evaluation practices if one is prepared to draw his/her own conclusions.

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ADOLF J. H. ENTHOVEN, JAROSLAV V. SOKOLOV, and ALEXANDER M. PETRACHKOV, *Doing Business in Russia and the Other Former Soviet Republics: Accounting and Joint Venture Issues* (Montvale, NJ: Institute of Management Accountants, 1992, pp. xv, 259, \$29.95, paper).

This book is the culmination of a research study conducted for the Institute of Management Accountants. The principal aim of the book is to describe and provide insight into the system of accounting and auditing in the former Soviet Union. Although the study was commissioned before the breakup of the Soviet Union, its results continue to be of current interest as the Soviet