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The Role of Management Accounting in Stakeholder Theory

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Abstract

In economic activities, profitability is effective for governance and/or management of organizations, through financial figures explicitly and/or implicitly. While Shareholder Theory utilizes, at most, functions of profitability, expressed by financial figures, what does Stakeholder Theory utilize? According to this paper, in addition to profitability, it increases the importance of strategy and dialogue. In the case of public sectors, in cases without profitability, strategy and dialogue become more fatal issues, if used correctly.

The theme of this paper is to study the role of management accounting in Stakeholder Theory in corporate governance, with reference to discussions on management accounting in Japan. Also, this paper considers public sectors in the analogy of its discussion.

Keywords: management accounting, stakeholder theory, shareholder theory, agency theory, stakeholder engagement, strategy, dialogue, the Balanced Scorecard (BSC), strategy map, usability of information, logic model, the Inter-Organizational Relationship (IOR), behavioral control, social control, public sectors

1. Introduction

In economic activities, profitability is effective for governance and/or management of organizations, through financial figures explicitly and/or implicitly. While Shareholder Theory utilizes, at most, functions of profitability, expressed by financial figures, what does Stakeholder Theory utilize? According to this paper, in addition to profitability, it increases the importance of strategy and dialogue. In the case of public sectors, in cases without profitability, strategy and dialogue become more fatal issues, if used correctly.

The theme of this paper[1] is to study the role of management accounting in Stakeholder Theory in corporate governance, with reference to discussions on management accounting in Japan. Also, this paper considers public sectors in the analogy of its discussion.

At first, as related to Shareholder Theory and Stakeholder Theory, the main assertions and arguing points are investigated. Then, behavioral assumptions, on which these theories are based, are arranged (2.). As well, this paper takes up stakeholder engagement, and surveys discussions on engagement and communication. Based on these discussions, it introduces strategy and dialogue as key words (3.). After the literary review, current discussions on management accounting among both Shareholder Theory and Stakeholder Theory are classified. This confirms that the application of management accounting to Stakeholder Theory is one of the most challenging issues (4.).

In the discussion section, this paper examines the application of management accounting in Stakeholder Theory (5.). It abstracts discussions to apply this topic from management accounting practices in Japan, in order to prepare for further discussions (5-1). The contents are the notion of BSC, non-financial figures as performance drivers, usability of strategy information, and influence systems.

Next, the paper examines management accounting in Stakeholder Theory (5-2)—referring to two types of strategies, i.e., business strategies and stakeholder involvement strategies. Strategy maps, logic models and cascading processes in BSC groups might be useful to both strategies, while non-financial figures play more important roles in Stakeholder Theory. Then quality improvement of dialogue through usability of strategy information is suggested, applying Inter-Organizational Theory to communication design logic. After cultural control is introduced, a small summary is suggested.

Afterwards, based on the discussion in 5-2, this paper considers public sectors from the analogy of this section (5-3). Conclusion and limitations of this paper are referred to in

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[1] I sincerely express special thanks to the seminar on management accounting at Tamagawa University, Tokyo. The conference examined an original version of this paper and gave kindly and useful remarks.

the last section (6.).

2. Shareholder Theory versus Stakeholder Theory

The discussion between Shareholder Theory and Stakeholder Theory has focused for nearly half a century on their differences. This paper approaches Shareholder Theory from a shareholder perspective and Stakeholder Theory from a stakeholder perspective, while simultaneously comparing the two.

2-1. Shareholder Theory

In the following, basic ideas of Shareholder Theory and assumptions are explained, followed by criticism.

2-1-1. Basic Ideas of Shareholder Theory

Shareholder Theory offers the viewpoint that the primary obligation of an organization is to maximize shareholder value. In this theory, effective corporate governance should increase the value of equity holders by better aligning incentives between management and shareholders (Larcker and Tayan, 2021, p.8).

According to Rausch (2011), in Shareholder Theory, corporate philosophy is profitability, corporate ends are meeting shareholder goals, and long-term corporate objectives are shareholder utility maximization. Stakeholder interests are the means, while social contribution is self-interest seeking.

Shareholder Theory made a big social influence by Friedman (1970). Friedman (1970) pointed out that the executive is an agent serving the interests of his principal, i.e., the shareholders. He stated, “there is one and only one social responsibility of business—to use its resources and to engage in activities designed to increase its profits.” He also criticized, “the discussions of the ‘social responsibilities of business’” which is not concerned only with profit but also with promoting desirable “social” ends, “are notable for their analytical looseness and lack of rigor.”

In Shareholder Theory, Jensen and Meckling (1976) started to apply the theory of agency. They pointed out that agency costs are generated by the existence of shareholders, and that such costs are defined as the sum of the monitoring expenditures by the principals (i.e., shareholders), the bonding expenditures (like disclosure costs) to bond the principals, by the agents (managers), and the residual loss. The theory of agency considers how to provide incentives to agents that would take into account the desires of principals, in order to minimize the agency costs.

This theory is easy to understand and to implement data analyses. Many scholars have used this theory to show empirical analyses (Egawa, 2018, pp18-19)

2-1-2. Principal Elements of Shareholder Theory

According to Hansmann and Kraakman (2001), the activities of recent years have brought strong evidence of a growing consensus on Shareholder Theory. Five principal elements of this emerging consensus are that ultimate control over the corporation should rest with the shareholder class; the managers of the corporation should be charged with the obligation to manage the corporation in the interests of its shareholders; other corporate constituencies, such as creditors, employees, suppliers, and customers, should have their interests protected by contractual and regulatory means rather than through participation in corporate governance; noncontrolling shareholders should receive strong protection from exploitation at the hands of controlling shareholders; and the market value of the publicly traded corporation's shares is the principal measure of its shareholders' interests.

This reason for voting rights being provided to shareholders is weaker than others. As noted above, corporate constituencies (with the exception of shareholders) are protected by contracts and regulations. In addition, dividends to shareholders are divided *after* distribution to other corporate constituencies. Therefore, it is rational that shareholders try to maximize the firm's value by their voting rights.

2-1-3. Critics for Shareholder Theory

Tirole (2001) pointed out that economists traditionally emphasize the firm's responsibility vis-à-vis its shareholders, while opponents of the shareholder value concept point at various externalities imposed by profit maximizing choices on other stakeholders.

Egawa (2018, pp.26-28) compiled[2] three critics for Stakeholder Theory. First, by focusing on maximizing only the value of shares, corporate management tends to short-termism which means a short-term tendency. It means to harm other stakeholders' interests and/or long-term corporate value. This is the most important point among the critiques. Secondly, shareholders do not have incentives and responsibilities as corporate owners, since they tend to hold shares during only short-terms from their portfolio and the like, and do not have strong commitments to the corporation. Thirdly, Shareholder Theory is mistaken from

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[2] Egawa (2018) said her discussion was deducted from Blair, M. (1995) *Ownership and Control*, Brookings Institutional Press; Bower, J. and L. Paine (2017) "The Error at the Heart of Corporate Leadership," *Harvard Business Review*, May-June, pp.50-60; Mayer, C. (2013) *Firm Commitment*, Oxford University Press; Stout, L. (2012) *The Leadership Myth*, Berrett-Koehler Publishers, Inc; and the like.

a legal perspective. Shareholders have only voting-rights and dividends receiving rights, and rights to sell shares, but they do not have rights to use or sell corporate properties.

Responding to the above critiques, Enlightened Stakeholder Theory has been insisted upon by Jensen (2001a; 2001b). This theory will be explained in the section 2-2-4.

2-2. Stakeholder Theory

Contrasting the objective of Shareholder Theory to maximize the firm's share value, the objective of Stakeholder Theory is to consider broad stakeholders like employees, customers, and communities, a theory which might be broadly accepted by society. This section depicts basic ideas, examples of stakeholders, complexity of this theory and integration with Shareholder and Stakeholder Theories.

2-2-1. Basic Ideas of Stakeholder Theory

Stakeholder Theory has the viewpoint that the organization has a societal obligation beyond increasing shareholder value. In this theory, effective governance should support policies that produce stable and safe employment, provide an acceptable standard of living to workers, mitigate risk for debt holders, and improve the community and environment. Obviously, the governance system that maximizes shareholder value might not be the same as the one that maximizes stakeholder value (Larcker and Tayan, 2021, pp.8-9).

In Stakeholder Theory, corporate philosophy is responsibility, corporate ends are meeting interests of all stakeholders, and long-term corporate objectives are value creation for all stakeholders[3]. Stakeholder interests are ends and means, with social contribution being collective-serving (Rausch, 2011).

According to Stakeholder Theory, profit maximization isn't the sole objective of the business activity, but equilibrium among stakeholders' expectations is identified as the necessary condition for the survival and success of the firm in the mid-long term (Pedrini and Ferri, 2019; Donaldson and Preston, 1995). Additionally, Stakeholder Theory is supported by the theory of property rights through stakeholders' expectations (Donaldson and Preston, 1995).

The history of Stakeholder Theory is long. Dodd (1932) pointed out that public opinion, which ultimately makes law, was then making strides in the direction of a view of the business corporation as an economic institution which has a social service as well as a profit-making function. As well, Davos Manifest (WEF, 1973) stated, "The purpose of professional

[3] Separating from long-term corporate objectives, respective objectives for each stakeholder are different from short-term ones to mid-term, or to long-term.

management is to serve clients, shareholders, workers and employees, as well as societies, and to harmonize the different interests of the stakeholders.”

Freeman (1984) set out a management theory that academics indicate as the stakeholder concept and is often referred to as Stakeholder Theory, contending that successful management teams and companies must satisfy a range of stakeholders, not just shareholders. Elkington (1997) contended that a company’s success is dependent on its ability to satisfy the triple bottom line: profitability (economic bottom line), environmental quality (environmental bottom line), and social justice offering (social bottom line). Business Roundtable (BRT, 2019) released in August 2019 a new statement on the purpose of a corporation signed by 181 CEOs who commit to lead their companies for the benefit of all stakeholders, customers, employees, suppliers, communities, and shareholders. Davos Manifest (WBF, 2020) stated, “The purpose of a company is to engage all its stakeholders in shared and sustained value creation. In creating such value, a company serves not only its shareholders, but all its stakeholders—employees, customers, suppliers, local communities and society at large. The best way to understand and harmonize the divergent interests of all stakeholders is through a shared commitment to policies and decisions that strengthen the long-term prosperity of a company.”

2-2-2. Stakeholder

In this section the stakeholder notion is put in order. Relating to stakeholder, numerous scholars have opined separately. Mitchel et al. (1997, Table 1) listed these definitions comprehensively. Actually, depending on each advocate, the definition might be different. Here, the prominent accountability framework is introduced first of all, and the basic two-tier stakeholder map by Freeman is referred to. Then, other definitions are also pointed out.

According to prominent accountability framework such as Global Reporting Initiative, “stakeholders are individuals or groups that have interests that are affected or could be affected by an organization’s activities. Common categories of stakeholders for organizations are business partners, civil society organizations, consumers, customers, employees and other workers, governments, local communities, non-governmental organizations, shareholders and other investors, trade unions, and vulnerable groups” (GRI, 2021a, p.10).

GRI (2021a, p.10) also stated, “In the GRI Standards, an interest (or ‘stake’) is something of value to an individual or group, which can be affected by the activities of an organization. Stakeholders can have more than one interest. Not all interests are of equal importance and they do not all need to be treated equally.”

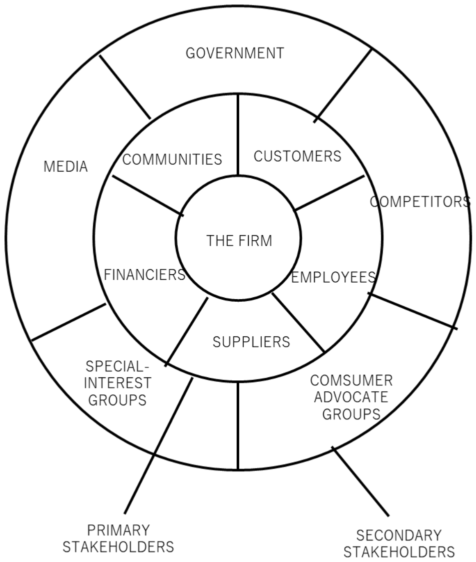
And GRI (2021a, p.10) said, “Stakeholders may not always have a direct relationship with the organization. For example,” “individuals or groups living at a distance from the organization’s operations who can be affected or potentially affected by these operations.” “The organization should identify the interests of these and other stakeholders who are unable to articulate their views (e. g., future generations).”

According to Freeman and Reed (1983), the word “Stakeholder” originally referred to “those groups without whose support the organization would cease to exist” in an internal memorandum at the Stanford Research Institute in 1963.

Freeman and Reed’s (1983) definition was two-fold. “Narrow Sense of Stakeholder” is “Any identifiable group or individual on which the organization is dependent for its continued survival. (Employees, customer segments, certain suppliers, key government agencies, shareowners, certain financial institutions, as well as others are all stakeholders in the narrow sense of the term.)” And “The Wide Sense of Stakeholder” is “Any identifiable group or individual who can affect the achievement of an organization’s objectives. (Public interest groups, protest groups, government agencies, trade associations, competitors, unions, as well as employees, customer segments, shareowners, and others are stakeholders, in this sense.)”

Freeman et al. (2007, pp.6-8) showed that “Corporations are just the vehicles by which stakeholders are engaged in a joint and cooperative enterprise of creating value for each other.” They have defined a stakeholder as any group or individual who can affect or is affected by the achievement of a corporation’s purpose. Then, they have maintained a two-fold structure as stakeholders as showed in Figure 1 below. Primary stakeholders require managers to pay a special kind of attention to them, and to influence the firm directly. Secondary stakeholders can influence the relationship of the corporation with the primary stakeholders.

(Figure 1) Basic two-tier stakeholder map



(Source) Freeman et al., 2007, p.7, Figure 1.1.

Mitchel et al. (1997) sees stakeholders identified as both primary and secondary stakeholders. Primary or secondary stakeholders are "as owners and[4] nonowners of the firm; as owners of capital or owners of less tangible assets; as actors or those acted upon; as those existing in a voluntary or an involuntary relationship with the firm; as rights-holders, contractors, or moral claimants; as resource providers to or dependents of the firm; as risk-takers or influencers; and as legal principals to whom agent-managers bear a fiduciary duty."

Mitchel et al. (1997) also demonstrated three attributes which define a stakeholder: the power to influence the firm, the legitimacy of the stakeholder's relationship with the firm and the urgency of the stakeholder's claim on the firm[5]. Whether stressing power or legitimacy, perspectives against stakeholders are divided between a strategic or social/ethical one. Freeman and Reed (1983), Freeman (1984), Savage et al. (1991) and the like belonged to the former. Langtry (1994), Clarkson (1995) et al. belonged to the latter[6].

Based on Mitchel et al. (1997) et al., Takaoka (2004) introduced strategic stakeholder thinking and intrinsic stakeholder thinking. Takaoka (2004, Table 1) showed the features of strategic or intrinsic stakeholder thinking; as primary stakeholders or primary and

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[4] Mitchel et al. (1997) used "and," but "or" might be better in this context.

[5] Driscoll and Starik (2004) added "proximity," forth attribute, to the three attributes.

[6] Nakamura (2016) is informative on this arrangement. Andriof et al. (2002, pp. 31-32) also showed power and legitimacy as rationales for stakeholder theory.

secondary stakeholders; as contributions to continuance of the organization as an economic entity, or inter-influence relationships between the organization and stakeholders; as stakeholders as instrumental or stakeholders as teleologic; as fields in traditional strategy or in organization and society; or as centering on the corporation or on the system, and the like.

As aforementioned, stakeholder involves two ingredients: strategy or power and sociality/ethicality or legitimacy. The former is a strategic perspective by managers and the latter is a Corporate Social Responsibility (CSR) perspective by societies (Nakamura, 2016).

2-2-3. Complexity of Stakeholder Theory

Stakeholder Theory seems to be complicated, due to a lot of discussions from many perspectives. In addition, the firms should consider CSR which is getting currently growing stronger.

Donaldson and Preston (1995) streamlined Stakeholder Theory from three aspects, i.e., descriptive, instrumental and normative. The theory of the descriptive aspect is used to describe, and sometimes to explain, specific corporate characteristics and behaviors, like the nature of the firm, the way managers think about managing, how board members think about the interests of corporate constituencies, and how some corporations are actually managed[7]. The theory of the instrumental aspect, in conjunction with descriptive data when available, is used to identify the connections, or lack thereof, between stakeholder management and the achievement of traditional corporate objectives (e.g., profitability, growth). Instrumental uses of Stakeholder Theory make a connection between stakeholder approaches and commonly desired objectives such as profitability. Instrumental uses usually stop short of exploring specific links between cause and effect in detail, but such linkage is certainly implicit. And the theory of the normative aspect is used to interpret the function of the corporation, including the identification of moral or philosophical guidelines for the operation and management of corporations. Instrumental approaches are essentially hypothetical. Normative approaches, in contrast, are not hypothetical but categorical.

Relating the three aspects, Donaldson and Preston (1995) show Figure 2. The external shell of the theory is the descriptive aspect. The theory presents and explains relationships that are observed in the external world. The second level is the instrumental aspect. If certain practices are carried out, then certain results will be obtained. The central core is the normative aspect which is recognized as ultimate moral values and obligations.

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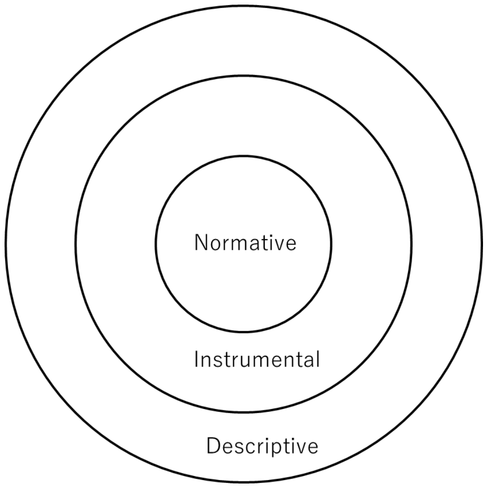
[7] Kaur and Lodhia (2018) said “managerial/descriptive” for descriptive, focusing on stakeholders’ influence and interactions with the organization.

(Figure 2) Three Aspects of Stakeholder Theory



(Source) Donaldson=Preston, 1995, p.74, Figure 3.

According to Wall and Greiling (2011), unlike Shareholder Theory, Stakeholder Theory is an umbrella term for a variety of approaches. Stakeholder Theory has been developed within broader theoretical frameworks including agency theory, contingency theory, property theory, system theory, feminist theory and discourse ethics. Among the various approaches within Stakeholder Theory, the three most frequently referenced approaches are: Stakeholder Agency Theory, Strategic Stakeholder Theory and Normative Stakeholder Theory.

Donaldson and Preston (1995) described Strategic Stakeholder Theory as included in the instrumental aspect and Normative Stakeholder Theory as included in the normative aspect. They did not refer to Stakeholder Agency Theory, but it seemed to be included in the instrumental aspect, as deduced from the contents.

Relating to each stakeholder theory, Wall and Geiling (2011) showed them as seem below. First, Stakeholder Agency Theory is advocated by Hill and Jones (1992), Jones (1995), Rausch (2011), and the like. Its focus is a narrow one, as it focuses in particular on the relationship between the management and the other stakeholders. This relationship is modeled as a principal agent relationship. One of the crucial questions of Stakeholder Agency Theory is concerned with minimizing utility loss. Management has a unique position as it is the only group of stakeholders that enters into contractual relationships with all other stakeholders (Hill and Jones, 1992). Stakeholder Agency Theory does not pay much attention to enforcement mechanisms in order to deter managers from maximizing their utility at the expense of (other) stakeholders; instead, it focuses on the benefits of trustworthy behavior (Jones, 1995) or credible threats (Hill and Jones, 1992). Jones (1995) argues that firms which build their contract relations with their stakeholders on the basis of mutual trust and cooperation have a competitive advantage over firms which do not subscribe to such a policy.

Secondly, Strategic Stakeholder Theory is insisted upon by Freeman and the like, since Freeman's stakeholder approach toward strategic management aims to enhance substantially an organization's strategic management capabilities. For this purpose, Freeman (1984, pp.54-74) regards it as essential to clearly identify the stakeholders and the perceived stake (rational level). Furthermore, it is relevant to manage an organization's relationship with its stakeholders (process level) and to understand the set of transactions or bargains among an organization and its stakeholders (transaction level). Freeman (1984, pp.83-191) showed a) setting strategic direction[8], b) formulating strategies for stakeholders, and c) implementing and monitoring stakeholder strategies, as strategic management processes. Relationships with stakeholders are regarded as a critical part of a firm's ongoing process (Freeman et al., 2004). According to Freeman (1994), stakeholder management always includes a moral dimension. He considers ethical values as necessary and explicit parts of doing business. In comparison, shareholder, which values maximization, is viewed as more susceptible to moral myopia and fosters the kind of tunnel vision, rationalizations and self-dealing as seen in ethical disasters such as Enron, WorldCom or HealthSouth (Freeman et al. 2004).

Thirdly, Normative Stakeholder Theory, which stresses the intrinsic value of stakeholder orientation, is referred to by Goodpaster (1991), Clarkson (1995), Phillips (1997) and the like. Normative Stakeholder Theory is targeted at providing a moral basis that considers the public interests (Joseph, 2007). Jones and Wicks (1999) tries to specify moral obligations of the management in its relationship to other stakeholder groups. In Normative Stakeholder Theory, the focus moves from utility maximization to legitimacy of stakeholder claims and requires that the legitimate claims of all stakeholders are equitably addressed (Cragg, 2002). Normative Stakeholder Theory draws on a broad basis for its normative justifications such as feminist ethics, integrative social contracts, Kantianism and discourse ethics (Phillips et al., 2003).

A common theme in all stakeholder approaches is that moral behavior is a distinctive feature, and such cooperative and trustworthy behavior is seen as a competitive advantage by Strategic Stakeholder Theory and Stakeholder Agency Theory (Wall and Geilings, 2011). Stakeholder Theory focuses not only on the outcome but also on procedures, and the way in which stakeholders should have input in the decision-making processes of a firm (Phillips et al., 2003).

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[8] Freeman (1984, pp.101-107) exemplified several types of enterprise strategy, such as specific stakeholder strategy, stockholder strategy, utilitarian strategy, Rawlsian strategy and social harmony strategy.

2-2-4. Integration with Shareholder and Stakeholder

Among the approaches in Stakeholder Theory, a move to integrate with Shareholder Theory and Stakeholder Theory exists. This is Enlightened Stakeholder Theory by Jensen (2001a; 2001b), which is relisted in the last part of Section 2-1-3.

Enlightened Stakeholder Theory is presented from Shareholder Theory perspective, with the ultimate objective of this theory being to maximize total long-term share value, considering all interests of other stakeholders, and where conflicts among interests of stakeholders are resolved in a temporal axis.

Jensen (2001b) argues that since it is logically impossible to maximize in more than one dimension, purposeful behavior requires a single valued objective function. He also criticizes Stakeholder Theory for leaving managers with a principle that makes it impossible for them to make purposeful decisions. As well, such a theory can be tempting to managers' and directors' self-interests. Further, he proposes Enlightened Stakeholder Theory, which considers the proper relation between value maximization and Stakeholder Theory. Enlightened value maximization utilizes much of the structure of Stakeholder Theory but accepts maximization of the long run value of the firm as the criterion for making the requisite tradeoffs among its stakeholders. Enlightened Stakeholder Theory specifies long-term value maximization (or value seeking) as the firm's objective and therefore solves the problems that arise from the multiple objectives that accompany traditional Stakeholder Theory (Jensen, 2001b)[9].

Enlightened Stakeholder Theory has influenced section 172 of UK Companies Act 2006. And it also has parallel discussions in the United Nations Principles for Responsible Investment (PRI), which urge analyses of stakeholder interests as part of firm- and portfolio-level risk management (Ho, 2010) [10].

2-3. Behavioral Assumptions

Shareholder Theory and Stakeholder Theory have different behavioral assumptions. Some explanations are added here.

2-3-1. Agency Theory versus Stewardship Theory

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[9] Jensen (2001a; 2001b) denies utility of the Balanced Scorecard. This point will be discussed in Section 5 in this paper.

[10] Ho (2010) said "Enlightened Shareholder Value" instead of "Enlightened Stakeholder Theory."

Alternative models of man have influenced governance (Davis et al., 1997). Economic approaches such as agency theory tend to assume some form of homo-economicus, which depict subordinates as individualistic, opportunistic, and self-serving. Alternatively, sociological and psychological approaches to governance (such as stewardship theory) depict subordinates as collectivists, pro-organizational, and trustworthy. Below, a comparison of agency theory and stewardship theory is depicted.

(Table 1) Comparison of Agency Theory and Stewardship Theory

	Agency Theory	Stewardship Theory
Model of Man	Economic man	Self-actualizing man
Behavior	Self-serving	Collective serving
Psychological Mechanisms		
Motivation	Lower order/economic needs Extrinsic	Higher order needs (growth, achievement, self-actualization) Intrinsic
Social Comparison	Other managers	Principal
Power	Institutional (legitimate, coercive, reward)	Personal (expert, referent)
Situational Mechanisms		
Managerial Philosophy	Control oriented	Involvement oriented
Risk orientation	Control mechanisms	Trust
Time frame	Short term	Long term
Objective	Cost control	Performance enhancement
Cultural Differences	Individualism	Collectivism

(source) Davis et al. (1997, p.37, Table 1) was modified.

These classifications between Shareholder Theory and Stakeholder Theory could not identify Stakeholder Agency Theory as delineated in Section 2-2-3. Therefore, Rausch (2011) showed the more precise classification in Section 2-3-2 below.

2-3-2. Pure Stakeholder Theory and Stakeholder Agency Theory

Rausch (2011) introduced 2 x 2 matrix as Table 2, one axis of which is two segments from Shareholder Theory and Stakeholder Theory, and the other axis of which is two segments from behavioral assumptions. Behavioral assumptions of the latter segments are relevant to Agency Theory and Stewardship Theory in the previous section.

(Table 2) Framework for understanding the design of management accounting systems

	Shareholder Theory	Stakeholder Theory
Behavioral Assumptions deduced from New Institutional Economics	Pure Shareholder Theory	Stakeholder Agency Theory
Behavioral Assumptions deduced from Psychological and Sociological Approaches	Stewardship Theory	Pure Stakeholder Theory

(Source) Rausch (2011, p.151, Figure 1) modified.

Rausch (2011) explained four theories: Pure Shareholder Theory is primarily focused on the bilateral relationship between managers as agents and shareholders as principals of the managers. Stakeholders other than shareholders are only regarded as a means to the end of the corporation’s profitability.

Stewardship Theory has been proposed as an alternative to agency theory. Although the principal goal of the company is shareholder value maximization just as in Shareholder Theory, steward-managers are not supposed to be strictly self-interested. If stakeholder interests vary from shareholder interests, a steward is motivated to make decisions that are in the best interest of all groups. From this point of view, Stewardship Theory seems to be similar to Stakeholder Theory. Actually, however, it is closer to Shareholder Theory as moral stewards do not regard stakeholder interests as ends but rather consider the interests of non-shareholder stakeholders only in an instrumental sense to achieve the aim of shareholder utility maximization. They resemble no-conflicts, as in Pure Shareholder Theory.

Stakeholder Theory proposes that owners of shares are the prime beneficiary of the firm’s activities. However, Stakeholder Theory recognizes a multiplicity of groups having a stake in the operations of the corporation which merit equal consideration in managerial decision-making. Pure Stakeholder Theory follows two principles. First, the corporation should be managed for the benefit of all stakeholders. Stakeholder interests are the means to the end of the corporation’s profitability but also, ends in themselves. Secondly, managers have a fiduciary relationship to both, shareholders and all non-shareholder stakeholders. Pure Stakeholder Theory therefore involves Strategic Stakeholder Theory and Normative Stakeholder Theory.

The purpose of Stakeholder Agency Theory is to maximize value for the entire corporation and to respect legitimate claims of all stakeholders. Although managers have fiduciary duties to shareholders, they also have non-fiduciary duties to all stakeholders due to implicit and explicit contracts. Managers will always face a trade-off either between conflicting claims of other stakeholders (agency-conflicts) or between their own utility function and others’ claims (opportunistic behavior).

Relating to Enlightened Stakeholder Theory, Rausch (2011) didn't say clearly where this theory falls. Enlightened Stakeholder Theory seems to be based on behavioral assumptions deduced from New Institutional Economics, or homo-economicus in the previous section—and the ultimate object of the theory is to maximize total long-term stock value of the firm. Therefore, Enlightened Stakeholder Theory is thought to be one part of Pure Shareholder Theory.

Rausch (2011) introduced recent empirical surveys showing that, out of 100 companies randomly drawn from the Fortune 500, only ten favored pure shareholder focus of value maximization for shareholders; 22 espoused a legal and ethically-bounded shareholder focus; while 64 supported approaches that maximized the well-being of all stakeholders. Only two aimed at solving social problems while making a fair profit (Agle et al. 2008). These theories are obviously not the only forms followed by corporations — mixed forms of corporation orientation also exist. He also maintained that assumptions of human behavior are single and narrow, hence further empirical research is necessary in further investigations.

3. Stakeholder Engagement

Greenwood (2007) explained, "Stakeholder engagement is understood as practices the organization undertakes to involve stakeholders in a positive manner in organizational activities." Noland and Phillips (2010) stated that engagement "is used to recommend a type of interaction that involves, at minimum, recognition and respect of common humanity and the ways in which the actions of each may affect the other."

Thus, at first, engagement and communication processes are exemplified as Global Reporting Initiative (GRI) and Multi-Stakeholder Processes (MSPs). Secondly, it is said that stakeholder engagement has two types. Thirdly, communication is referred to as having two designs.

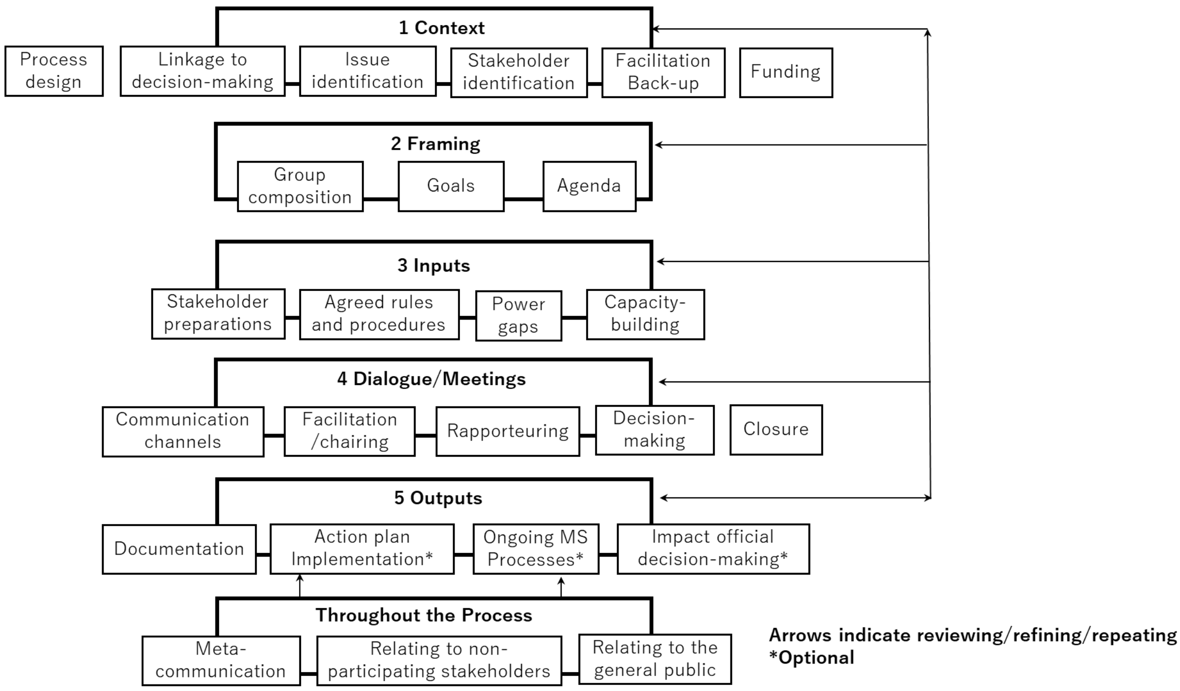
3-1. Engagement and Communication Process

Stakeholder engagement and communication have a central role in defining the relations between organizations and their internal and external stakeholders. Here, engagement is exemplified first, while communication among engagement is then examined.

According to a prominent accountability framework such as Global Reporting Initiative (GRI), "The purpose of stakeholder engagement can be, for example, to identify actual and potential impacts or to determine prevention and mitigation responses to potential negative impacts. In some cases, stakeholder engagement is a right in and of itself, such as the right of workers to form or join trade unions or their right to bargain collectively" (GRI, 2021b, p.47). GRI (2021b, p.47) also asserted, "Meaningful stakeholder engagement is characterized by two-way communication and depends on the good faith of participants on both sides. It is also responsive and ongoing and includes in many cases engaging with relevant stakeholders before decisions are made."

Processes which aim to bring together all major stakeholders in a new form of communication, decision-finding (and possibly decision-making) on a particular issue are called "multi-stakeholder processes (MSPs)" (Hemmai, 2002, p.2). Designing MSPs is showed in Figure 3. According to Hemmati (2002, pp.209-248), MSPs start from "Context." Following are "Framing," "Inputs," "Dialogue/Meetings" and "Outputs." And also "Throughout the process" includes all processes. In this same connection, "Meta-communication" means reflection, reassessment and feedback procedures. Even Hemmati (2002), which refers to whole processes in stakeholder engagement, indicates concrete communication in relatively small number of parts.

(Figure 3) Designing MSPs: A Detailed Guide



(Source) Hemmati (2002, p.211, Figure 7-1) modified

Although they are important parts, specific processes of communication in Stakeholder Theory tend to be invisible. They are sometimes called "black box" (Aakhus and Bzdak, 2015). Therefore, specific process of communication in Stakeholder Theory are here clarified.

Since the early 2000s, relating to communication, stakeholder perceptions have changed dramatically from "inform me" to "engage me" to incorporate dynamic stakeholder needs and expectations in decision-making (Kaur and Lodhia, 2018; Cummings, 2001). This shift requires organizations to understand and address stakeholder concerns through proactive engagement approaches such as partnerships and collaborations (Kaur and Lodhia, 2018; Andriof et al., 2002).

Cummings (2001) stated specifically, "It has been said that the world has moved from a 'trust me' culture where stakeholders placed implicit and explicit faith that corporations would act in their best interests, to a 'tell me' and a 'show me' culture in which stakeholders wanted to be reassured that organizations will do what in morally right. This study finds that the world is moving towards an 'involve me' culture in which stakeholders are working in partnerships with organizations."

O'Dwyer (2005) described, "Stakeholder engagement exercises, where organizations and stakeholders interact, are promulgated as processes enabling stakeholders to have a 'say' in organizational decisions impacting on their lives." Such two-way communication not only allows organizations to listen, share and consult with their stakeholders on critical issues but also contributes to education as well as training and information in relation to internal and external stakeholders involved (Kaur and Lodhia, 2018; Brown and Hicks, 2013, Cummings, 2001).

Lawrence (2002) said, "Successful dialogues" "will encourage both companies and stakeholder organizations to encourage more often in the difficult, but productive, task of listening to and learning from one another."

Relating to sustainability reporting, Schaltegger (2012) pointed out five business environments, which are relevant to communication styles here, as Table 3. Depending on a particular business environment, social expectations and contents of each accounting are different. These models are common to communication processes in stakeholder engagement.

(Table 3) Sustainability Reporting in Different Social Business Environments

Business environment	Social expectation	Relevance of sustainability accounting
Trust me	None	Internal efficiency improvements
Tell me	Communicate	Information creation for highly visible and formally required issues
Show me	Communicate and illustrate	Information creation to meet stakeholder expectations and information demands
Prove to me	Measure, account for, communicate and illustrate	Disclosure result of what has been achieved with sustainability performance management; basis to create transparency and verification
Involve me	Involve, empower, integrate and exchange	Basis to support exchange and joint development, implementation and responsibility sharing

(Source) Schaltegger (2012, p.186, Table 1.1) modified.

As described above, the quality of communications in stakeholder engagement has been changing, with dialogues being focused among communications.

3-2. Two Types of Stakeholder Engagement

Through effective stakeholder engagement, the organization may discover how value is perceived by stakeholders and know how to leverage resources to achieve this value. In order to ascertain what the different stakeholders' needs and expectations are, the company needs to engage with the stakeholders and earn their trust (Blackburn et al., 2018).

Noland and Phillips (2010) identified two competing perspectives in stakeholder theory literature regarding what is believed to be "proper" stakeholder engagement (Blackburn et al., 2018). They pointed out the relationship between strategic stakeholder engagement and moral stakeholder engagement[11].

According to Noland and Phillips (2010), scholars in one camp first differentiated between two types of stakeholder engagement: strategic and moral. Strategic stakeholder engagement is undertaken with strategic, though not necessarily intentionally dishonest or malicious, motivations. Moral stakeholder engagement is marked by specific conditions of communication which ensure that communication is uncorrupted by power differences and strategic motivations. According to this camp, strategic and moral stakeholder engagement

[11] Compared with different two types of stakeholder engagements here, a strategic perspective and a CSR perspective in Section 2-2-2 are insights to stakeholders.

are separate.

Secondly, scholars in the other camp argued that the engagement of stakeholders, and moral behavior generally, must be integral to a firm's strategy if it is to achieve real success. This camp is characterized by scholars contending that the distinction between strategy and morality is not only unfortunate, but logically unnecessary.

Noland and Phillips (2010) concluded that the strict distinction between strategic stakeholder engagement and moral stakeholder engagement is logically untenable and that the arguments of the second camp are more coherent.

Blackburn et al. (2018) also affirmed, "in relation to social and environmental issues," the second camp "would be consistent with the view that the relationship is win-win, creating value for both the organization and its stakeholders and gaining importance" "to the idea of sustainability." They called this camp the "Ethical Strategist." The Ethical Strategists offer a necessary theoretical basis for including honest, open, and respectful engagement of stakeholders as a vital part of a firm's strategy.

As aforementioned, strategy and morality, both of which are integrated, are essentially derived from stakeholder engagement. The two ingredients, strategy and sociality, are involved in stakeholders, as pointed out in Section 2-2-2, where a strategic perspective and a CSR perspective are elucidated. One commonality in both stakeholders and stakeholder engagement is "strategy." Here, "strategy" is introduced as one of the keywords in Stakeholder Theory.

3-3. Two Designs of Communication

Communication is accompanied with stakeholder engagement, as shown in Section 3-1. How to impart communications is one of the most important points in stakeholder engagement.

The importance of communication in stakeholder engagement was referred to by Aakhus and Bzdak (2015). They pointed out that communication design among stakeholders is a central issue for governance. And communication design means that professionals and organizations of all sorts are challenged to invent forms of engagement with organizational stakeholders making communication possible that may otherwise be difficult, impossible, or unimagined.

Stakeholder "engagement can be more usefully understood as a communication design practice where competence and expertise are found in the concepts, skills, and methods for making forms of communication possible that were once difficult, impossible, or unimaged." (Aakhus, 2007; Aakhus and Bzdak, 2015).

Aakhus and Bzdak (2015) identified two important rationales; the shared value communication design rationale in Table 4, and the collaborating governance and open innovation design rationale in Table 5.

The shared value communication design rationale

The concept of shared value has been developed by Porter and Kramer as an overarching framework for guiding organizational decision-making about the relationship between business and society in addressing social and environmental problems (Porter and Kramer, 2011). Shared value seeks to dismiss traditional Corporate Social Responsibility (CSR) and corporate philanthropy in a quest to reinvent capitalism. The basic principle of the shared value approach is that companies should see their responsibilities in terms of developing their competitive advantage by seeking points of profitability at the intersection of business opportunity with social values (Porter and Kramer, 2011).

Aakhus and Bzdak (2012) explained that the purpose of engaging stakeholders from the shared value perspective is to find the sweet spot where business and social value come together. Porter and Kramer (2011)[12] offered that the main premise for orchestrating dialogues is clear in that the company drives the dialogue among stakeholders and does not deviate from finding business value (i.e., profitability).

(Table 4) Communication design logic underlying shared value

Exigency	Account for the social context without losing sense that the purpose of business is to return profit to shareholders.
Purpose	Identify 'sweet spots' where business and social value overlap.
Orchestration	Construct topics, turn-taking, commitments to discover 'sweet spots.'
Rationality	Dialogue is justified if it is effective in finding business opportunity and legitimate because social and/or environmental problems were addressed.
Dialogue and engagement design logic	Organized around dialogue, not persuasion and proceeds on the topic of business value. Some shared process and content control but the contributions and outcomes judged on finding the overlap of business and social value.

(Source) Aakhus and Bzdak (2015, p.193, Table1).

Collaborating governance and open innovation design rationale

According to Aakhus and Bzdak (2015), another logic for communication design can be constructed from examples of current practice in CSR and philanthropy. The alternative

[12] Porter and Kramer (2011, p.76) referred "well connected to the goals of all stakeholders," and was thought to involve Stakeholder Theory.

highlights a different way of conceptualizing communication's governance role in building a stakeholder network that is more comparable with collaborative governance (Zadek, 2008) and open innovation (Chesbrough and Appleyard, 2007). The alternative view more deeply embraces the relatively new approach of design thinking in the social sector where problem-solving takes on a more human-centered and collaborative dimension (Brown and Wyatt, 2010).

Since the late 1990s, the concept of community engagement has become an increasingly common approach to solving social issues. The new model focuses on long-term engagement and recognizes the need to build relationships and trust by moving from consultation and information sharing to shared responsibility (Aakhus and Bzdak, 2015). The model which Calton et al. (2013) offered to create value with the bottom of the pyramid calls for multi-stakeholder, open-system interactions with business being recast as an equal stakeholder as opposed to being in the center of a traditional stakeholder model.

Communication design practice, and logics for design, provides an original path for opening up the black box of stakeholder engagement to advance communication competence in professional practice and organizational communication (Aakhus and Bzdak, 2015).

(Table 5) Communication design logic for collaborating governance and open innovation

Exigency	That social-environmental-economic problems are products and by-products of current forms of social organization and institutions in which multiple actors share a stake.
Purpose	Identify opportunities for enhancing the enabling conditions for civil society.
Orchestration	Construct topics, contributions, and commitments to focus stakeholder network on the problem or opportunity for enhancing social value.
Rationality	Dialogue is justified if it is effective in enabling the stakeholder network to discover how social-environmental-economic problems are generated and legitimate when the stakeholder network engages in co-design.
Dialogue and engagement design logic	Stakeholder network shares in shaping the content and the process of their communication while sharing responsibility for the outcomes of their interaction.

(Source) Aakhus and Bzdak (2015, p.194, Table2).

Dialogue plays an important role in Table 4 and 5. In both cases, dialogue should be required after some effective stage. Therefore, communication is one of the most important processes and dialogue is of course located in the center of that process.

Deetz (2007) points out, "Communication is an integral part of any form of participation." He observed, negatively, that organizational communication, in particular CSR and governance communication, is traditionally about hierarchy and control and not dialogue. The attention to dialogue highlights deficits in conceptualizations and knowledge about organizational communication where professions have given considerably more attention to building knowledge about persuasion over dialogue.

As stated above, dialogue is deduced as one of the keywords. And improving the quality of the dialogue is very important.

4. Management Accounting in Shareholder versus Stakeholder Theory

Here, this paper streamlines current situations of management accounting in Shareholder versus Stakeholder Theory. First, it is introduced that Wall and Greiling (2011) referred management accounting techniques in the two theories. Secondly, it mentioned current status and challenges of management accounting practices in both theories.

4-1. Management Accounting Techniques in Shareholder versus Stakeholder Theory

Wall and Greiling (2011) identified differences and commonalities of accounting-related information intended to contribute to managerial decision-making in shareholder-value versus stakeholder-value management. The paper followed the widely accepted distinction between the decision-facilitating and decision-influencing function of information, introduced by Demski and Feltham (1976).

Decision-facilitating information is a direct input in decision-making and is supposed to improve the knowledge and prospects for making decisions. Decision-influencing information is intended to affect the behavior of (other) persons and in the management context, particularly, to influence managerial decision-making.

Wall and Greiling (2011) showed, as in Table 6, that accounting-related techniques in shareholder value orientation are much more advanced. In comparison, accounting-related techniques to support managerial decision-making in stakeholder value orientation are not as well advanced and stakeholder value orientation required a more integrated approach.

(Table 6) Accounting-related techniques in shareholder and stakeholder management

	Shareholder value orientation	Stakeholder value orientation
Decision-facilitating information	Value driver models as, for example, in the Balanced Scorecard	Accounting techniques for specific stakeholder groups as well as stakeholder analysis, stakeholder value matrix, and stakeholder performance measurement
Decision-influencing information	Residual income-based measures, for example, economic value-added, cash value added	Stakeholder performance management and stakeholder reporting

(Source) Wall and Greilling (2011, p.123, Table 1).

Relating to the first and forth quadrants in Table 6, Wall and Greiling (2011) explained about specific words. Accounting techniques for specific stakeholder groups mean customer value accounting, human resource accounting, accounting for the value created in supply chains, environmental reporting and CSR-reporting. Stakeholder analysis aims to provide relevant input information for formulating stakeholder strategy. Stakeholder value matrix has a more limited focus but goes along with a greater degree of formalization, by utilizing the analytical hierarchy process (AHP) as a multi-attribute decision-making tool. Stakeholder performance measurement is specific designs of performance measurement systems, such as the BSC and the like, to determine whether they can be classified more as decision-facilitating or as decision-influencing. And the decision-influencing performance measurement is not only focused on monitoring but also includes a strategy-promoting business model and incentives mechanism for directing behavior.

In the second quadrant, the Balanced Scorecard (BSC) was exemplified as a value driver models. Wall and Greiling (2011) indicated value driver models from Value Based Management (VBM). VBM consists of six steps of an ongoing cycle: 1) choice of organizational objectives, 2) development of strategy and organizational design, 3) identification of value drivers, 4) development of action plans, selection of performance measures and specification of targets, 5) evaluation of action plans and performance, and 6) (re-)assessment of strategies, plans and control systems (Ittner and Larcker, 2001). The BSC in Table 6 did not involve strategy maps and meant "performance measurement system" as mentioned later in Section 5-1-2.

By Wall and Greiling (2011), it seems that Enlightened Stakeholder Theory is located in Shareholder Theory. Jensen (2001a; 2001b) denied applying the BSC to Enlightened Stakeholder Theory, with his reason being that the BSC means a dashboard or instrument panel, that is, the BSC for performance management[13]. However, Wall and Greiling (2011) indicated that the BSC was located at decision-facilitating information in Shareholder Theory including Enlightened Stakeholder Theory.

On the other hand, relating to Stakeholder Theory, Wall and Greiling (2011) introduced three approaches: They are a) stakeholder value creation as a mean for maximizing a firm's value (instrumental approach), including Jones (1995) and Rausch (2011) and meaning Stakeholder Agency Theory, b) stakeholder value creation as a mean and end (joint value creation approach), including Freeman (1984) and meaning Strategic Stakeholder Theory, and c) stakeholder value creation as an end (normative approach), which is criticized by Jensen (2001a; b) and means Normative Stakeholder Theory.

Pure Stakeholder Theory in Table 2 is considered to be equivalent to b) and c). And Stakeholder Agency Theory in Table 2 is a) in this section. Wall and Greiling (2011) focused on a) and b) and did not focus on c). Because they thought c) has the broadest notion and goes far beyond aspects which can be described in accounting terms.

In Table 6, Wall and Greiling (2011) assumed management accounting techniques in shareholder value orientation, and the requirement of more integrated approaches in stakeholder value orientation, after examining a) and b). Repeatedly, they pointed out that management accounting techniques are supposed in Shareholder Theory, while in Stakeholder Theory more integrated approaches are necessary.

4-2. Current Status and Challenges of Management Accounting Practices

As aforementioned, relating to Shareholder and Stakeholder Theory, and considering the current situation prevailing CSR, there are four theories thought to be supported at present as below.

① Enlightened Stakeholder Theory (Jensen, 2001a; 2001b) from Shareholder Theory

② Stakeholder Agency Theory (Jones, 1995; Rausch, 2011), emphasizing mutual trust and corporation based on the same behavioral assumptions (New Institutional Economics) as Enlightened Stakeholder Theory.

③ Strategic Stakeholder Theory (Freeman, 1984) from Stakeholder Theory

④ Normative Stakeholder Theory (Goodpaster, 1991) from Stakeholder Theory

According to Wall=Greilling (2011), considering application of management accounting, three cases are supposed as below.

A) The Balanced Scorecard and the like which exist at present are assumed to apply (only ①

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[13] As described later, the BSC is ambiguous and Jensen (2001a; 2001b) thought the BSC as the narrowest meaning.

as aforementioned).

B) While a lot of specified techniques exist so far, more integrated techniques are required, (② and ③ as aforementioned). The issue is what to consider as more integrated techniques.

C) What kind of management accounting techniques to apply to Normative Stakeholder Theory (④ as aforementioned), which was not involved in Wall and Greilling (2011) in Section 4-1.

Wall and Greilling (2011) showed that management accounting techniques are suitable for Shareholder Theory, and indicated some reservations to apply these techniques for Stakeholder Theory. The next section will discuss on this point.

5. Discussion

This section first observes relevant developments of management accounting in Japan. The reason is that it tends to show the essence in developments in foreign countries (5-1). Secondly, it examines what kind of management accounting applies to Stakeholder Theory (5-2). Thirdly, it refers to how to apply management accounting to public sectors (5-3).

5-1. Management Accounting Practices in Japan

Relevant practical developments of management accounting in Japan are reviewed here. There are a lot of features in Japanese developments. First, in this section, meanings of examinations on practices abroad are confirmed. Secondly, it refers to how the Balanced Scorecard means are different between in U.S./Europe and in Japan. Thirdly, usage of non-financial figures in management accounting are pointed out. Fourthly, usability of strategy information is introduced. Lastly, influence system is indicated. And these are also scheduled to be referenced in Section 5-2.

5-1-1. Meanings of Examinations on Practices Abroad

Practices abroad of management accounting techniques are useful references when examining their essence (Ohnishi, 2010, p.248). In a lot of cases, excessive ingredients or superfluous elements could be deleted in foreign countries.

For example, Toyota Production System (TPS) has been introduced as Lean Thinking abroad. Lean Thinking is only one part of TPS. TPS has a lot of techniques and philosophy, and it is a very complicated and sophisticated system. Therefore, it is a little difficult to implant TPS as it is, to foreign countries, and Lean Thinking might be easier to implant than TPS (Ohnishi, 2010, pp.217-250).

Another Example is Amoeba Management which has been developed in Kyocera.

Amoeba Management has mini-profit center systems based on a time-tested method and philosophy such as Kyocera Philosophy (Ohnishi, 220, pp.280-282). Therefore, there are some possibilities that its developments in foreign countries would cause changes, especially in philosophy. Observance might be a useful tool for finding the essence of Amoeba Management.

One more example is Activity-Based Costing (ABC)/Activity-Based Management (ABM). ABC for product strategy through costing in the latter half of 1980s, had changed to ABM for cost reduction in the early half of the 1990s. At this turning point, more and more attention to ABM is paid in Japan (Sakurai, 2019, p.375). This indicates the importance of the differences between ABC and ABM.

In the case of the BSC, practices in Japan could give valuable hints to consider the essence of the BSC, as will be mentioned in Section 5-1-2.

5-1-2. the Balanced Scorecard

Although in Wall and Greiling (2011) the Balanced Scorecard (the BSC) is located in Value Based Management and suitable to Shareholder Theory, a lot of academics and professionals in Japan have indicated the BSC as the stakeholder perspective[14]. For example, Sakurai (2003, pp.32-33) pointed out shareholders' and creditors' views as financial perspective in the BSC, customers' views outside a firm and inside as customer perspective, managers' views as internal business perspective and employee's views as innovation and learning perspective.

Ito Y. and Metoki (2021, pp.324-325) indicated that shareholders' views as financial perspective in the BSC, customers' views as customer perspective, views of firm members and affiliated firms, taking one part of business processes or value chains, as internal business perspective and top-level managers' views, based on meta-level considerations with intrinsic necessity, as innovation and learning perspective. They insisted that it was easier for this kind of view to align interests of stakeholders.

Takahashi (2001, p.106) also pointed out that shareholders' satisfaction as financial perspective in the BSC, customers' satisfaction as customer perspective, and employees'

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[14] Even in U.S./Europe, some academics indicates the same point. Grant (2016, p.49) described, "because the balanced scorecard allows explicit consideration of the goals of customers, employees, and other interested parties, scorecards can also be used to implement stakeholder-focused management." Therefore, there are some indications (to some extent) that the BSC is connected with Stakeholder Theory, although Wall and Greiling (2011) did not connect the BSC with Stakeholder Theory.

satisfaction as internal business perspective and as innovation and learning perspective. He also stated that the framework of the BSC was connected with European Foundation for Quality Management (EFQM).

Development of the BSC Group

Understanding the BSC seems to be different between the U.S./Europe and Japan. The main reason depends on the notion of the BSC. In U.S./Europe, the BSC means the scorecard such as Wall and Greiling (2011). In Japan, the BSC is understood as a group. For example, Sakurai (2019, p.637) described that the BSC had been recognized as, "A system for strategy formulation and execution, and performance evaluation, while identifying various stakeholders." Furthermore, that "the BSC was proposed as a tool mainly for performance evaluation in 1992 when the BSC was published at first. But, the processes to introduce business practices have made clearer the role of tools, which formulate and execute strategies, and improve quality of management." Sakurai understands the notion of the BSC changing over time.

The BSC group has developed in three stages, which are from "performance measurement system" to "strategic management system" and to "closed-loop management system" (Umeda, 2022)[15] in Figure 4 and 5[16]. In U.S./Europe the BSC has been understood as a "performance measurement system" still now (Wall and Greiling, 2011). This is the main reason that the BSC is thought not to be proper in Stakeholder Theory in U.S./Europe. On the other hand, in Japan a lot of scholars have thought the BSC has been varying from "performance measurement system," as explicated below.

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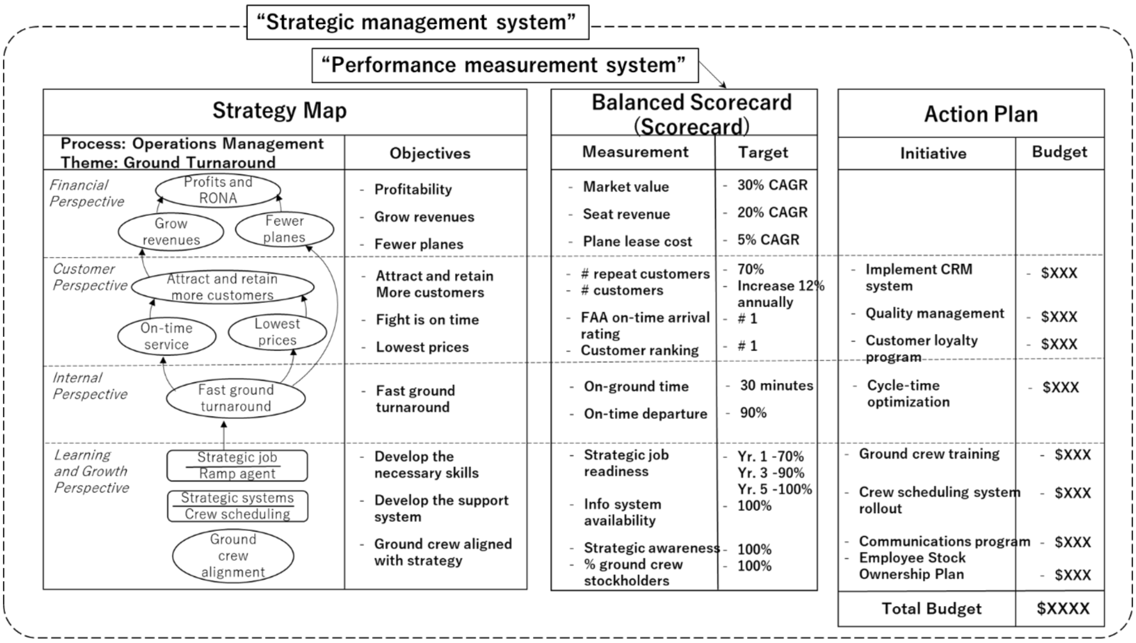
[15] Umeda (2022) showed "Strategic performance measurement system" instead of "Performance measurement system." The first BSC does not have strong meaning of strategy, and then this paper does not use the word, "strategic."

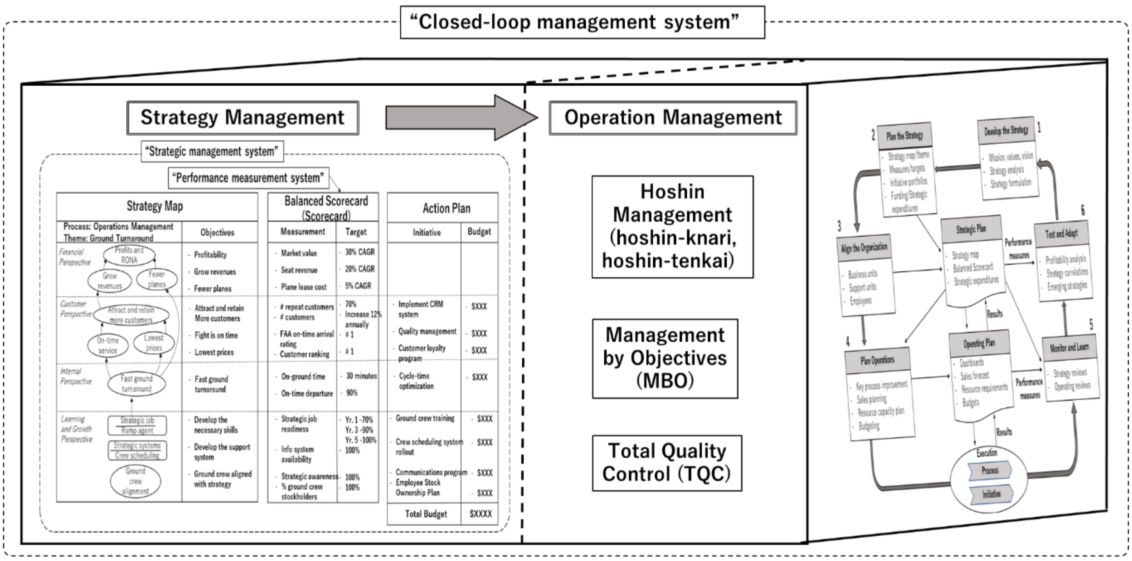
[16] Figure 5 is shown by three dimensions. The BSC has developed to strategy management and operation management from only strategy management.

(Figure 4) "Performance measurement system" and "Strategic management system"



(Source) Kaplan and Norton (2004, p.53, Figure 2-10) modified.

(Figure 5) "Closed-loop management system"



(Source) the author made.

1) "Performance measurement system" (1992-)

Traditional financial accounting measures like return-on-investment and earnings-per-share can give misleading signals for continuous improvement and innovation. Therefore, managers want a balanced presentation of both financial and operational measures. The BSC includes financial measures that tell the results of actions already taken. And it complements the financial measures with operational measures on customer satisfaction, internal processes, and the organization's innovation and improvement activities—operational measures that are the drivers of future financial performance (Kaplan and Norton, 1992). They indicated the BSC as a performance measurement system, with four perspectives: financial perspective, customer perspective, internal business perspective, and innovation and learning perspective. And the BSC puts strategy and vision, not control, at the center (Kaplan and Norton, 1992). At this stage, the BSC had a relationship with strategy, but strategies were not so important, compared with strategy maps seen below.

Kaplan and Norton (1996a; 1996b, pp.10-12) named the BSC a strategic framework for action, which is centered on vision and strategy. Building the BSC enables a company to link its financial budgets with its strategic goals. And at this stage, they used only the BSC as a scorecard, and did not indicate strategy maps as seen below.

In "Performance measurement system," the BSC means only a scorecard as showed in Figure 4. And in US/Europe this meaning might be general. Even in Japan, there are some cases of this meaning. For example, Yasukata et al. (2010, p.174) indicated the BSC "performance measurement system."

2) "Strategic management system" (2000-)

The second BSC group, "strategic management system," is the scorecard and a strategy map as Figure 4. A strategy map is a genetic architecture for describing a strategy. The flow charts are the cause-effect logic which constitutes the hypotheses of the strategy[17] (Kaplan and Norton, 2000; 2001, pp.69-72). In other words, a strategy map provides a framework to illustrate how strategy links intangible assets to value creating processes (Kaplan and Norton, 2004, p.30).

Kaplan and Norton sometimes used the phrases, "the Balanced Scorecard" and "strategy map" separately. These expressions seem a little unstable. The reason is thought they could not but help using these wording because they had called only a scorecard the BSC at the early stage.

In Japan, Sakurai (2008, pp.71-92) thought that the BSC involves the scorecard and strategy maps. The BSC was understood as not only the scorecard, but also strategy maps. This is contrary to its usage of the BSC in U.S./Europe.

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[17] Cause-effect relations, of which the strict sense have been criticized (Nørreklit, 2000), are possible for just hypotheses (Kaplan and Norton, 1996, p.10; 2004, p.32), which are used for interactive control systems.

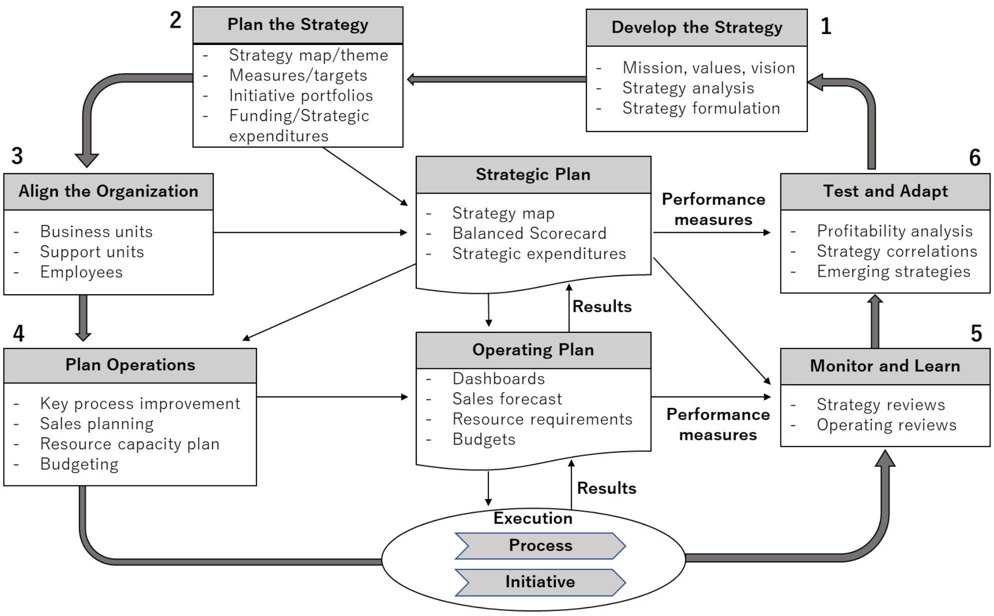
In addition, in Japan, there are some cases to use only strategy maps without the scorecard (i.e., the BSC in U.S./Europe). This means that strategy maps might be more essential or important than the scorecard[18].

3) "Closed-loop management system" (2008-)

The third BSC group, "closed-loop management system," is formed from strategy management and operation management in Figure 5. Operation managements are key issues for realizing the strategy, and it is fatal to break down the strategy to operational units. These are cascading processes (Kaplan and Norton, 2008, pp.132-135), and Hoshin Management, MBO and TQC are very important tools therein (Kaplan and Norton, 2008, p.6).

At the same time, closed-loop management similar to the PDCA (Plan, Do, Check, and Action)[19] circle is introduced as the Figure 6 by Kaplan and Norton (2008). The functions of this closed-loop management have been extant since "Performance measurement system." However, closed-loop management in Figure 6 by Kaplan and Norton (2008) might be a new point in involving operation management.

(Figure 6) Closed-loop management



(Source) Kaplan and Norton (2008, p.8, Figure 1-3) modified.

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18 In public sectors in Japan, Ohnishi(ed)(2020, pp.37-39) indicates the usage of only strategy maps without the scorecard.

19 The origin of PDCA was in the development process of Total Quality Control (TQC) in Japan, stimulated by the Dr. Juran's lecture in 1954 (Ohnishi and Fukumoto, 2016).

In Japan, the BSC sometimes means the third BSC group. Ito (2014, pp.158-159) indicated that the BSC involves scorecard[20], strategy maps and cascading processes using Hoshin-Management, i.e., strategy management and operation management. As aforementioned, the BSC was thought as performance measurement for management. After the BSC involved strategy maps, it has featured with strategy management, constituted by strategy maps, i.e., visualizing strategies, and the scorecard, i.e., measuring and managing strategy progresses (Ito, 2014, p.15). In this stage, the BSC was made up by diagnostic control systems which is used to measure critical performance variables, and interactive control systems (Simons, 1995). According to a case study in Japan (Ito, 2014, pp.157-186), the BSC is centered on the latter systems using strategy maps, although both systems are available in the BSC. In addition, operation management could also be more effective in activating interactive control systems.

5-1-3. Non-Financial Figures in Management Accounting

Financial figures are merely results of past actions. Influencing factors for financial figures in the future are non-financial figures in a lot of cases. In a management context, they are called performance drivers.

Relating to non-financial figures, Wall and Greiling (2011) wrote, "for measuring value creation often a mixture of financial and non-financial performance measures is used," and "While the cost side can to a large extent be described in terms of cost accounting, the evaluation of benefits relies to a greater extent on non-financial measures." In other words, it is not denied that non-financial figures are used in management accounting.

Practices of management accounting in Japan have been developing centered on manufacturing industries and been interweaved with Total Quality Control (TQC) in operational levels (Ohnishi, 2010, pp.15-47). Therefore, proactive use of non-financial figures in operation levels, a lot of which are in the cost side in spite of Wall and Greiling (2011), is one of the strong features in Japan.

In the BSC, strategy maps use a lot of non-financial figures as performance drivers. Non-financial figures are not only limited to strategic objectives in strategy maps, but are also used as strategic initiatives and action plans in the BSC. These kinds of figures are useful in both business strategy and cascading process sides. Although this kind of usage is not limited only to Japan, non-financial figures are essentially familiar with Japanese Total Quality

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[20] Ito (2014, p.16) called the scorecard to the BSC, to be different from Kaplan and Norton (2004, p.53).

Control (TQC) and the like.

Kaplan and Norton (2008, p.6) pointed out the availability of Hoshin Management[21] while cascading processes of the BSC in organizations. In Japan, a lot of studies on the BSC have shown this possibility of Hoshin Management (Yamada and Ito, 2005; Ito, 2007; Ohnishi, 2020, pp.31-32, pp.72-73)[22]. This discussion has not been observed only in Japan (Nishii, 2011), but relations between cascading the BSC and Japan Quality Award as well as TQC including Hoshin Management have been indicated (Sakurai, 2019, pp.645-647). Therefore, practices of Hoshin Management, many of which are utilized as non-financial figures, might be one of the strong features of the BSC in Japan.

5-1-4. Usability of Strategy Information

In integrated reporting such as the International Integrated Reporting Committee (IIRC), disclosure of information has generally been centered on in the accounting context. Recently in the area of management accounting in Japan, usability of information has been focused on more and more.

Ito (2021, pp.60-61) showed the paradigm shift in studies of integrated reporting as Figure 7. He insisted on usability of information in addition to disclosure of information in stakeholder engagement through integrated reporting. He also focused on dialogues with stakeholders through integrated reporting, and pointed out that strategy formulation and strategy execution should be integrated in realizing strategy, while correcting strategy through usability of strategy information with stakeholders.

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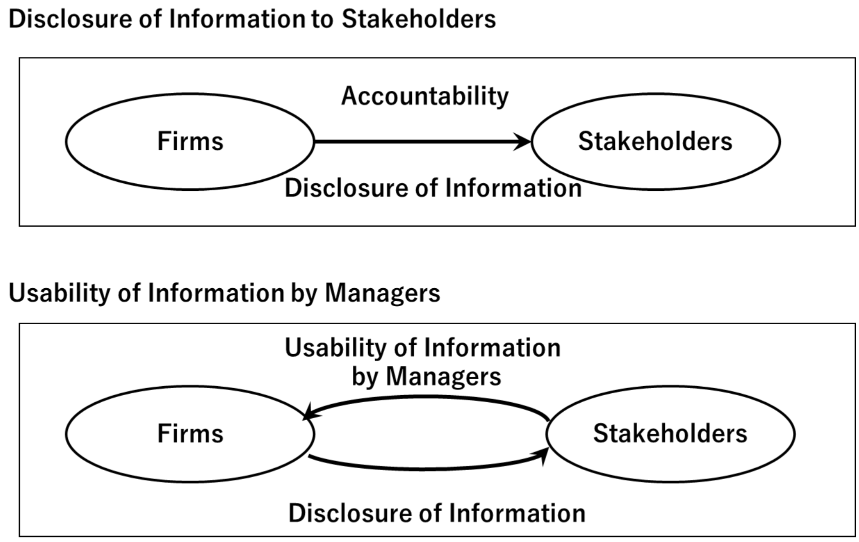
[21] Hoshin Management is one part of TQC and is to control not only objectives but also processes. In order to cascade Hoshin-Management (Kanri) downwards in organizations, Hoshin-Tenkai are applied (Akao, 1989).

[22] Ito (2007) and Ohnishi(ed)(2020, pp.31-32) included Management by Objectives (MBO) in addition to Hoshin Management.

(Figure 7) The Paradigm Shift in Studies of Integrated Reporting



(Source) Ito (2021, p.60, 図表 2-6) translated.

5-1-5. Influence System

Relating decision-facilitating information and decision-influencing information, Information System and Influence System are indicated in Japan (Itami and Aoki, 2016, pp.28-30; Itami, 1986, pp.61-64). Information System is functions for providing managers' decision-making with useful information. On the other hand, Influence System is functions for influencing behaviors by members of an organization[23]. It includes unintended influences on members of an organization. Comparing with decision-influencing information, Influence System is different from involvement of the unintended influences. Influence System has a broader meaning than decision-influencing information. When organization's members respond with measurements and evaluations themselves, Influence System works most effectively.

Influence System has effects on various activities throughout the education system, communication system and the like as sub-systems (Itami, 1986, p.58). Organizational culture as Influence System might be functioning through these sub-systems.

Considering Malmi and Brown (2008), which explained management control system package including cultural control, management accounting involves organizational culture such as code of conducts. And there are these kind of studies focusing on cultural aspects

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[23] Relating to Influence System, Watanabe (2013) pointed out the existence of studies on whether processes or procedures, of which specific management accounting techniques consist, influence behaviors of an organization's members.

(Sakurai, 2019, pp.609-610).

Taking into account the above collectively, cultural control, organizational culture, code of conducts and the like might be considered effective parts of management accounting. For example, amoeba management in Kyocera is accompanied with subjective tools like “Kyocera Philosophy.”

5-2. Management Accounting in Stakeholder Theory

Based on aforementioned contents, application of management accounting is examined in Stakeholder Theory. This section refers to three meanings of the BSC groups, primarily through two types of strategies and strategy maps, as mentioned afterwards. As well, it introduces logic models similar to strategy maps, application of non-financial figures, applying usability of strategy information in dialogues and using discussions of communication design logic and Inter-Organizational Relationships, while also indicating cultural control especially in Normative Stakeholder Theory. Lastly, this section presents a small summary.

Emphasizing the points, “strategy” plays an important role in stakeholder engagement, as mentioned in Section 3-2. Strategy maps are considered as tools for expressing strategy to involve stakeholders and using a lot of non-financial figures. Mediating through strategies, represented by strategy maps, dialogues, accompanied by disclosure and usability of strategy information, are implemented substantially.

Three Meanings of the BSC Groups

As described in Section 5-1-2, the BSC are divided to three groups: “performance measurement system,” “strategic management system” and “closed-loop management system.” The first group means only original scorecards—called “the BSC” in U.S./Europe. The second group refers mainly to scorecards and strategy maps. And the third group indicates strategy management which involves strategy maps and scorecards, while operation management involves Hoshin Management, Management by Objectives (MBO) and the like, in Figure 4 and 5.

Two types of Strategies in Stakeholder Theory

The word “strategy” has two types of definitions in this paper. One is applied to corporate strategy, business department strategy, business section strategy, and the like, from strategy of whole organizations to strategy of partial sectors. This is the same as strategy maps in common usage.

The other applies to relationships with stakeholders. For example, how to select stakeholders, how to make relations with stakeholders, how to involve stakeholders, how to develop trust with stakeholders, and the like. These strategies differ from those in the former. In this case, not only strategy maps but these maps and logic models, which would be described in the next section, could be useful.

Strategy Maps

Strategy maps might be suitable for planning and implementing strategies. As described in Section 5-1-2, the BSC is considered today as centering on the strategy maps. In Japan, there are some cases that use only strategy maps without the scorecards.

Strategy maps are good at involving some stakeholders' interests, for example, interests of employees, managers, customers, and shareholders and creditors. As mentioned in Section 2-2-2, there are a lot of stakeholders exists. The BSC groups, including strategy maps and cascading processes, are a tendency of plasticity (Ohnishi, 2010, p.145), and strategy maps could add some perspectives of other stakeholders' interests to some extent, for example, suppliers, communities, competitors, governments, special-interest groups, etc. There are possibilities to show them as additional perspectives to the four perspectives or sub-categories under the four perspectives.

Logic Models

Logic models are illustrated by a flow chart of inputs, activities, outputs, outcomes, (and sometimes impact), based on if-then relations which are similar to cause-effect relations. Logic models are one of the common words in public sectors. Their origin is Official Development Assistance (ODA) in the U.S., in the latter half of 1960s, and the purpose of the usage is to show taxpayers how to utilize their money (Ohnishi and Hiki, 2016).

Logic models could be useful as tools for expressing a strategy as well as strategy maps. But they are considered to be more suitable for depicting business section strategy, or partial strategy. Logic models might be complementary to strategy maps, especially when considering the broad sense of stakeholder, secondary stakeholder, and the stakeholders in intrinsic stakeholder thinking or in CSR perspectives. Logic models might be more useful for complementary tools under strategy maps. According to Table 6, in the first and fourth quadrants, logic models are utilized in detail.

In creating logic models, especially conceptual logic models, assumptions play important roles (Kellogg, 2004). Assumptions are tacit suppositions and should thus be made clear. These assumptions might also be important, making strategy maps. In the case of strategy maps, assumptions seem to be obvious such as relations between price-down and sales-up. Even so, in strategy maps, it is better that assumptions should be clear beforehand, in order to be presented clearly.

Cascading processes through Hoshin Management and the like

The third BSC group include cascading processes through Hoshin Management and others. The cascading processes are said operation management and they are vital parts of implementing strategy. These processes could be also possible to pay closer attention to the interest of stakeholders, for example, when selecting a means to consider interests of stakeholders. The organization, and relevant stakeholders, could reach mutual agreements or consensuses beforehand. In this context, the cascading processes (operation management) are also so important for stakeholder engagement.

Application of Non-Financial Figures

In the context of management accounting, managing performance drivers is one of the most important components. In varying cases, performance drivers are non-financial figures. Therefore, strategy maps, logic models and cascading processes are not limited only to accounting terms, or financial figures.

In the case of strategy maps, cause-effect relations are the essence of them. In the case of logic models, if-then relations are the essential parts. In the case of Hoshin Management, ends and means relations are thecentral parts. These relations among strategic levels and operational levels are the most important parts, and non-financial figures as performance drivers are more important than financial figures as result figures.

Quality Improvement of Dialogue through Usability of Strategy Information

As mentioned in Section 3-3, dialogue plays an important role in communication with stakeholders. In the communication process, disclosure of information is typically an early stage in Table 3, like "trust me." And in a communication style, there are some tendencies (traditionally) to accompany hierarchy and control but not dialogue, as introduced at the end of Section 3-3.

Usability of strategy information, which is described in Section 5-1-4, could be located in the dialogue process. In order to improve quality of dialogue in communication, it should require the application of usability of strategy information, which is a new perspective, in addition to disclosure of strategy information, which is sometimes implemented so far.

In this process, strategies, i.e., two types of usage, business strategies and stakeholder involvement strategies as aforementioned, play a role as intermediates in dialogues between the organization and its stakeholders.

Strategies are very useful to communicate to get agreements, to implement, and to correct themselves. Strategies are showed by strategy maps, logic models and cascading processes, from business strategies to stakeholder involvement strategies, which might become communication tools between the organization and stakeholders.

Application of Communication Design Logic and Inter-Organizational Relationships

In order to realize moral objectives, relations with the organization and stakeholders might be important issues. In these relations, communication is essential. In the communication process, there might be a structure in which the organization and stakeholders collaborate for common objectives. Such a structure is common to communication design logic for collaborative governance and open innovation, as shown in Section 3-3, exhibited by Aakhus and Bzdak (2015). This communication design logic is referenced from examples of current practice in Corporate Social Responsibility (CSR) and philanthropy.

Communication design logic for collaborative governance and open innovation are based on collaborations with the organization and stakeholders. These kinds of structures fit management accounting in inter-organizational relationships (IOR) from the management control point of view. Management control in stakeholder engagement might be considered as an analogy to inter-organizational management accounting. In discussions of IOR, Dekker (2004) delineated outcome control and behavioral control from formal control, and social control from informal control as Table 7.

(Table 7) Formal and informal control mechanisms in inter-organizational relationships

Formal control		Informal control
Outcome control	Behavior control	Social control
Ex-ante mechanisms Goal setting Incentive systems /reward structures	Structural specifications - Planning - Procedures - Rules and regulations	Partner selection Trust (goodwill/capacity) - Interaction - Reputation - Social networks
Ex-post mechanisms Performance monitoring and rewarding	Behavior monitoring and rewarding	Trust building: - Risk taking - Joint decision making and problem solving - Partner development

(Source) Dekker (2004, p.32, Table 1) modified

Dekker (2004) indicated that behavior control mechanisms specify how IOR partners should act and monitor whether actual behaviors comply with this pre-specified behavior, while trust is argued to be the principal mode of social control in IOR. Rousseau et al. (1998) defined trust as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” from the contemporary and cross-disciplinary collection of scholarly writing.

In stakeholder management, outcome control might be relevant to strategy maps, logic models, and the like. At the same time, as described in Section 5-1-5, cultural control[24] such as organizational culture and the like could play more important roles in management control. In this context, behavioral control might be a code of conducts. Social control, on the other hand, might be stakeholder selection and trust with stakeholders.

Cultural Control, Especially in Normative Stakeholder Theory

Normative Stakeholder Theory is targeted at providing moral norms as ends, such as feminist ethics and integrative social contracts. However, Wall and Geilling (2011), not being connected with accounting terms, did not consider this theory.

Behavioral control might involve a code of conducts and social control might involve stakeholder selection and trust among stakeholders. These controls are getting a higher priority in Normative Stakeholder Theory than in Strategic Stakeholder Theory and the like. The reason why behavioral and social controls are so important in Normative Stakeholder Theory is that outcome control through strategy maps is weaker in Normative Stakeholder Theory than in Strategic Stakeholder Theory and Strategic Agency Theory. In Normative Stakeholder Theory, strategy maps are only the existence of partial, or not integrated, strategy maps. On the other hand, in Strategic Stakeholder Theory in general, and in Stakeholder Agency Theory, strategy maps are locating profitability in the central part of their strategy maps, based on depicting a whole organizational strategy.

Small Summary

This paper investigated application of management accounting in Stakeholder Theory, which Wall and Greilling (2011) could not indicate as integrated management accounting techniques. The theory has been exemplified by the three theories, such as Stakeholder Agency Theory, Strategic Stakeholder Theory and Normative Stakeholder

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[24] In the context of corporate governance, cultural aspects have been paid attention more and more in this century (Tricker, 2019, p.80).

Theory.

In the aggregate, dialogue mediated by strategy is very important in Stakeholder Theory. Management accounting has an essential role to reveal the strategy. In order to do this, the BSC group, including its strategy maps, offers very useful tools. In Figure 8, the structures applied in the BSC group are shown. By way of comparison, Enlightened Stakeholder Theory is shown from Shareholder Theory in the figure.

In the case of Stakeholder Agency Theory, ultimate objects are to maximize shareholder value as well as the interests of all stakeholders. Here, strategy management and operation management could be depicted. However, in order to minimize trade-off costs and to be based on mutual trust and cooperation, behavioral control and social control should be required complementarily. In Enlightened Stakeholder Theory, the theory has a prerequisite that there be no existence of trade-off problems, so that it does not need behavioral and social controls.

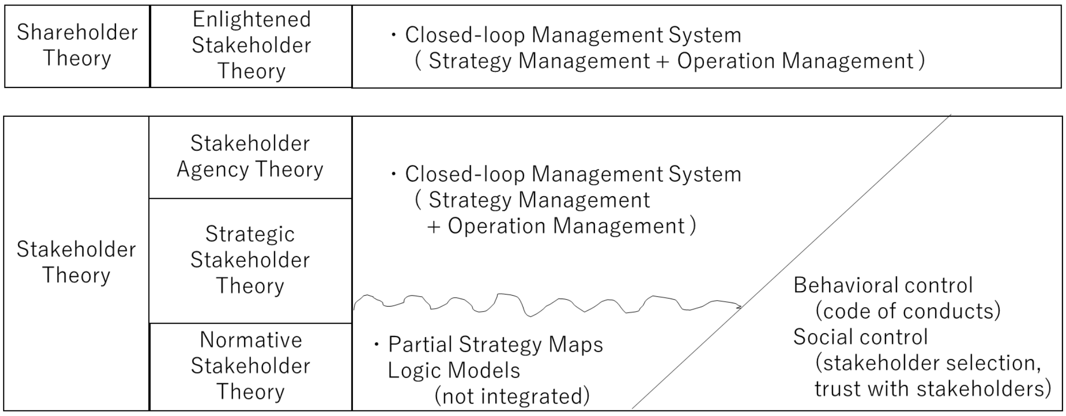
In the case of Strategic Stakeholder Theory, the structure of management control consists in enterprise strategy, corporate direction, strategic programs and budgets on implementation (Freeman, 1984, p.172 Exhibit 6.4). The most important and challenging point is whether to depict enterprise strategy by a strategy map. If strategy maps could be depicted, strategy management and operation management could be utilized, as well as Stakeholder Agency Theory as aforementioned.

On the other hand, there are some possibilities that strategy is not described as one strategy map. The reason for this is that the enterprise strategy has a lot of types and variations, according to Freeman (1984, pp.101-107). As a whole, strategy map could not depict strategy tools, which are partial strategy maps and logic models, and are relatively weaker from the control point of view; making behavioral control and social control more necessary. The difference whether a whole strategy map could be depicted or not might not be so clear. There are a lot of cases are predicted and it is difficult to clarify them. Therefore, the boundary might be obscure in Figure 8.

Relating to behavioral control and social control in Strategic Stakeholder Theory, strategies might be more complicated than in other theories, due to strategic variations. Therefore, both of the controls are more essential than in Stakeholder Agency Theory.

In the case of Normative Stakeholder Theory, partial strategy maps and logic models are not integrated as an enterprise level. Moral issues are separate and respective, and partial strategy maps and logic models focus only on each moral issue. In this case, behavioral control and social control are more necessary than in Strategic Stakeholder Theory.

(Figure 8) Summary of Management Accounting Techniques



(Source) the author made.

5-3. Challenges of Management Accounting Application in Public Sectors

This section applies Section 5-2 to public sectors analogically, and has some considerations. On the whole, dialogue mediated by strategy is more important in public sectors, requiring management accounting to play an essential role to show the strategy[25].

Public sectors could be divided into the three parts, using existence or nonexistence of profit and whole organizational strategy (Figure 9). It might be substantially difficult to imagine public institutions with profits but without whole organizational strategy. In general, an organization with profits might have some whole organizational strategy with a lot of formulas as strategies.

In the case of public organizations with profits (and whole organizational strategy), one of the examples in Japan is a water supply enterprise. Objects of these enterprises are to maximize long term profit, that is for sustainability of the business, and to maximize interests of all stakeholders. Therefore, Stakeholder Agency Theory in Figure 8 is relevant. Here, strategy management and operation management could be described. And behavioral control and social control are utilized correspondingly to minimize trade-off costs. In addition, Strategic Stakeholder Theory could be applied, using strategy maps with whole organizational strategies. In this connection, these businesses do not belong to Enlightened Stakeholder Theory—the ultimate object of the businesses in public sectors is not only long-term maximization of shareholders.

In the case of public organizations lacking profit but with whole organizational

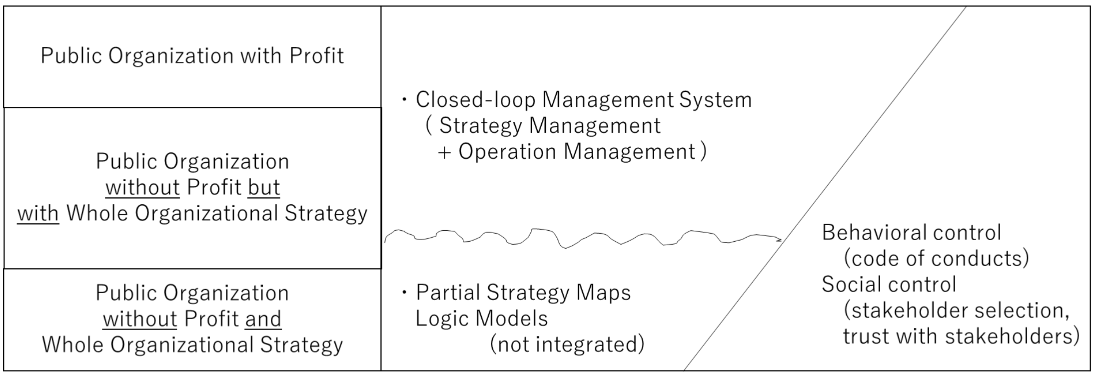
[25] Relating to this point, "management accounting as a communication tool," "visualizing to outside" and "visualizing to inside" have been proposed in public sectors (Ohnishi, 2010, pp.303-317; Ohnishi (ed), 2020, pp.311-313).

strategy, one example in Japan is policy execution organizations like the National Tax Agency. This organization does not have profit but does have whole organizational strategy in general. Strategic Stakeholder Theory is referred in this case with strategy management and operation management. Although strategy is a substitute for profit to some extent (Ohnishi, 2020, pp.34-40), nonexistence of profit requires behavioral control and social control more than the above.

At the same time, there are some cases that, although a whole strategy exists, it could not be depicted through the formula of a strategy map. Such cases might be treated the same as below.

In the case of public organizations without profit and whole organizational strategy, typical examples are policy planning sections. In this case, there is only way to show a partial strategy map or a logic model for each issue, however not in an integrated way. This case requires behavioral control and social control more than the two above cases.

(Figure 9) Summary of Management Accounting Techniques in Public Sectors



(Source) the author made.

6. Conclusions and Limitations

This paper examined the role of management accounting in Stakeholder Theory, such as Stakeholder Agency Theory, Strategic Stakeholder Theory and Normative Stakeholder Theory. And it presented analogical hypotheses on challenges of management accounting in public sectors from these arrangements.

In the aggregate, dialogue mediated by strategy is important in Stakeholder Theory. Management accounting has a very important role to show the strategy. In order to show the strategy, the BSC group, including strategy maps in Figure 4 and 5, are useful tools.

Figure 8 shows the structures in which the BSC is applied. In comparison, Enlightened Stakeholder Theory (from Shareholder Theory) is also shown in the figure. In Figure 9, public sectors could be divided into the three parts, using existence or nonexistence of profit and whole organizational strategy, as aforementioned.

Limitations are streamlined here. For the present, this paper has four limitations. First, it is only based on conceptual thinking and just presented as hypotheses. As such, no practices might be one of this paper's limitations. Practices in the future would be expected. Should the chance to be a practitioner arise, I would take it.

Secondly, Ito (2018) pointed out "strategizing" (Whittington, 1996; 2003; 2006; Johnson et al.,2003) as one of challenging issues in management accounting. There are some possibilities that more flexible systems than the BSC group (including strategy maps) which could support "strategizing" more easily. Especially the wavy line in Figure 8 and 9 might be very relevant to this issue. Ito (2018) expected studies of management accounting on this issue in the future[26].

Thirdly, the discussions of inter-organizational management accounting, based on behavioral assumptions from new institutional economics, were applied to Strategic Stakeholder Theory and Normative Stakeholder Theory, based on behavioral assumptions from psychological and sociological approaches. This is also one of this paper's limitations, although there are some possibilities that the assumptions need not to be integrated to some extent from the empirical surveys in Section 2-3-2 (Rausch 2011).

Lastly, this paper examined only main theories relating to Stakeholder Theory and Shareholder Theory. However, Stakeholder Theory, as shown in Section 2-2-3, involves various theories. Therefore, comprehensibility can also be seen as one of this papers' limitations.

[26] Origins of Strategy Maps and Logic Models were practitioners' tackling (Kaplan and Norton, 2004, p.xii; Ohnishi and Hiki, 2016). Therefore, there are some possibilities of new techniques from practitioners' necessity in this area in the future.

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