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MFCA Management as Sustainable Management

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ABSTRACT

Material Flow Cost Accounting (MFCA) has been developed into Sustainable Management since it was introduced to Japan in 2000, when MFCA was first used as a new process improvement tool known as Kaizen in Japanese companies. Nowadays, MFCA has become popular in Japanese companies for helping to improve material inefficiency in the production process. But we find that many companies have not tried to reduce any material losses. According to our research in Japanese companies, there are two types of material losses as far as MFCA is concerned. One is the material loss to be reduced by relatively simple Kaizen, the other is the material loss to be reduced by relatively difficult innovation and investment in the medium- and long-terms. In some companies, the former is easy to reduce by taking action to improve the management, while the latter is difficult and impossible to reduce through Kaizen. This research shows some subjects and approaches to developing MFCA into MFCA management that can help to make process innovation in a company.

Keywords: Material Flow Cost Accounting (MFCA), Environmental Management Accounting, Sustainable Balanced Scorecard (SBSC), Sustainable Management