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by New Zealand

Events in the 1990s are often referred to as Japan's "lost decade." The depth and length of the recession in Japan began in the late 1980s and continued through much of the 1990s, with the peak in September 1990 marking a turning point. The prolonged economic downturn was characterized by low growth, deflation, and weak corporate governance. The Japanese government and financial institutions sought to address these issues through various reforms, including the introduction of prompt commercial code revisions aimed at promoting the evolution of Japanese accounting systems.

Throughout this period, companies in Japan were required to conduct intensive auditing in credit cooperative associations and adhere to strict standards to remain competitive. This was in response to increased scrutiny and a desire to improve corporate governance. The role of accounting auditors in providing statements of financial position for their client firms became a critical area of focus, with many researchers noting the significant changes in auditing practices that emerged.

In response to the challenges posed by the "lost decade," Japanese banks and financial institutions adapted their practices to comply with new regulations and standards. The volume of bonds and equity increased by a factor of 5.5 between 1990 and 2020, reflecting the financial institution's response to the economic challenges.

The rule of law in Japan has been compared to that in other countries, and technological policies in Japan have been discussed since the late 1990s. During these 2 decades, Japanese accounting systems have evolved, and the role of accounting auditors in providing these statements of financial position has been discussed.

In the case of Kanebo and ChuoAoyama, the role of accounting auditors in providing statements of financial position for their client firms has been discussed. Many researchers have recognized the high standards that were maintained during this period. According to the newspaper The Nikkei, on September 6, 2006, of the 802 listed companies, some 25% of them preferred to audit the budgetary implementation of selected projects.

In summary, the "lost decade" in Japan was marked by significant economic challenges and the adaptation of financial institutions to meet new regulatory requirements. The role of accounting auditors has been integral to this process, and their practices have evolved accordingly.