

**A COMPARISON OF THE FINANCIAL CHARACTERISTICS OF JAPANESE AND AUSTRALIAN
MANUFACTURING FIRMS**

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ABSTRACT

In this paper, we compare the financial characteristics of Japanese and Australian manufacturing firms with the MANOVA (Multivariate Analysis of Variance) technique. Our empirical findings indicate that the overall financial characteristics of Japanese and Australian manufacturing firms are significantly different. Japanese firms have more efficient inventory management compared with Australian firms. However, Australian firms have more efficient accounts receivable management compared with Japanese firms. Japanese firms have more liquidity, therefore they have less technical insolvency risk, compared with Australian firms. Australian firms generate more sales per dollar of investment in fixed assets and they achieve a higher total assets turnover and annual sales growth rate compared with their Japanese counterparts. Return-on-assets is higher in Australian firms than in Japanese firms. However, return-on-equity is not significantly different in the two countries.

Keywords: *Japanese manufacturing Firms, Australian Manufacturing Firms, Financial Characteristics, Multivariate Analysis of Variance (MANOVA)*