BOOK REVIEW

Prof. Dilip Kumar Sen's titled "An interface-Methodology of Accounting, Economics and Finance in the perspective of Socio-Economic Development within SAARC"

Prof. Dr. Tanvir A. Khan,
Hamdard University Bangladesh

This book has been published by the University Grants Commission (UGC) in October 2014 which by itself reflects the gravity it carries. No less a person as Professor Dilip Kumar Sen is the Author who has two other milestones in his educational career, the first being his PhD degree in the discipline of Accounting from Punjab University, India in 1983. The second milestone was his first D.Litt. from Rabindra Bharati University, Calcutta in 1993 under the Department of Economics. This book covers his second post-doctoral research study. He obtained permission from the administration of Visva-Bharati University Santiniketan, West Bengal, India to work for his second D.Litt. It is complete and this book contains it all.

The book investigates whether an integrated approach to Accounting, Economics and Finance can act as an aid to poverty alleviation and can be of any use for promoting a country's balanced economic growth and development. The Author has critically analyzed the memorable contributions of Noble Laureate Prof. Muhammad Yunus and Nobel Laureate Prof. Amartya Sen of the SAARC region.

This book comprises of xiv chapters. In the empirical part of this book, 206 null hypotheses have been tested. This book reflects a blend of seriousness, high quality research and its functionality as stated by the Chairman of the University Grants Commission. The UGC had taken the responsibility to publish this book since it predicted that it will be of immense benefit to the students. It emphasized that this book will provide guidance to all those engaged in policy formulation, decision-making, corporate reporting as well as corporate governance. This unique contribution deserves kudos since this is the first time that anybody had written in the context of socio-economic development and poverty alleviation within SAARC with particular reference to Bangladesh.

Some universities of the developed world have integrated these three different disciplines under one school or department. Twenty-nine universities of the developed world (i.e. four universities in Australia, eighteen universities in the USA, four universities in the UK, one each in Cyprus, Lebanon and Ireland) have a business educational department/school under the consolidated name. Obviously the answer from most of these experts under study is that a student armed with the knowledge of the three disciplines becomes a better human power for stimulating economic growth and development of a nation.

There are a number of empirical studies which could stand alone and be an independent PhD thesis. Yet the author has assembled them and presented all in one thesis. Chapter VI to Chapter X is based on the analysis of expert of 1525 respondents especially teachers of eight SAARC countries. Chapter XI presents another empirical part of the thesis in the context of Bangladesh with 390 respondents of four expert groups in Bangladesh. Null hypotheses of 260 units have been tested. Chapter XII belongs to the third empirical part of the study where 152 respondents were interviewed through a case study-based questionnaire. The validity of the present dissertation's questionnaire has again been tested by statistically analyzing 51 university professor's expert view.

There has been a tremendous research gap while digging into references only to find there aren't any. Bangladesh as well as other SAARC countries has failed to do related studies. No studies – theoretical or practical- have so far come into existence showing the results of integrating Accounting, Economics and Finance. This dissertation is quite likely to bridge the research gap by giving a logical answer to the question.

Comprehensive economic development aims at restoring living standards. Resource deployment and conservation are closely linked. Cost benefits or resource deployment for economic deployments are in a way an accounting concept, added by the funding processes – the focus area of finance. Each major civilization has contributed importantly to the integrated concept. The historical developments bears the evidence that the three disciplines have grown simultaneously in response to the growing need for economic growth and development.

Each discipline individually plays an important role directly or indirectly in stimulating economic growth and development. Accounting furnishes information in relation to fair measurement of cost and income for decision making which is likely to have an effect on economic growth and development at both micro and macro levels. Finance helps in the management of earnings and working capital, formulation of dividend policy as well management of risks that together fosters economic growth and development. Economics is a universally recognized science that contributes to identifying the best possible options to prudently use limited resources that could ensure socio-economic development and thereby reduce poverty and ensure creation of wealth.

Each pair's ('Accounting and Economics', 'Accounting and Finance' and 'Finance and Economics') impact on socio economic development appears to be identical as reflected in the perception of a significant majority of respondents in each expert-group under study of the SAARC nations.

The accounting field facilitates quantifying financial information. It allows meaningful comparisons of different alternatives and performance evaluations. Employing this information, the finance domain assists in making financing and investment decisions. Finance is in fact a sub-branch of the economics area. Overall, economic analyses and decisions affect the community's welfare through the macro and micro dimension.

Literature bears no evidence that the Nobel Laureates in Economics ignored the importance of integration of all the three disciplines which have been indubitably enriching the common good directed towards economic growth, development and poverty reduction. Their analyses are found to have been compatible with the broad principles and philosophy of Finance and Accounting. The philosophy of Accounting and Finance may significantly contribute to strengthening the hands of economists in promoting balanced economic growth and development as well as in reducing poverty.

According to most of the teachers (including departmental heads) of 29 universities in the developed world, the existence of Department or School of Accounting, Economics and Finance was the result of organic growth rather than decisions to form such a department or school. The existence of department or school was accidental. Lumping three disciplines together under one department or school was simply for administrative convenience in order to reduce overhead expenses. Finally, Economics, the oldest of the three disciplines spawned the other two. A large majority of the teachers of the SAARC countries felt this similar feeling.

There is no mismatch between economics and accounting. In the area of finance as well, cost of capital calculations and capitalization issues do not have much hiatus in the calculations related to determination of long and medium term financial and marketing policies and strategies. The tenets of scenario planning make for a common ground among the three disciplines at issue.

A fruitful way to enhance a country's socio-economic growth would be to increase the investor's awareness. It is not enough that people know and concur with the need for an integrated approach. This study pointed out several factors that were significant in explaining how this discrepancy between theory and practice can be reduced.

Omission of some variables in the regression analysis was a major limitation of the study largely due to the unavailability of data particularly of accounting variables. The conceptualization and measurement of Environmental Sustainability Index (ESI) and Human Development Index (HDI) have been fairly recent and as a result there was insufficient data particularly in the context of Bangladesh.

The accounting variables included in the models though not ideal are indicative enough. The variables pertaining to the three disciplines were more or less available for the period from 1980 to 2009. The Time Series data spanning 30 years may be considered adequate for statistical analysis meant for explaining the dependent variable.

Model iii, Model -ivA and Model-ivB better explains the impact on economic growth in comparison to Model-ii, thereby showing that a model that includes economic, financial and accounting variables better explains economic growth in comparison to a model that has economic variables only.

At the end it can be stated with confidence that the hypothesis identified by the author shows that integration of all the three types of variables concerning the three disciplines is more effective than taking only economic variables in explaining the economic growth rate of a nation.