

Management Goals and Accounting for Control.

YUJI IJIRI.

North-Holland, Amsterdam, 1965. xvii+191 pp. 47s.

This book claims to analyse “relationships between the planning processes of an organisation and the accounting processes it uses to generate control data”. Unfortunately, it falls a long way short of this objective. Most of the book is concerned with the problem of the choice of a suitable budget for an organization, once the overall objectives have been determined. It aims to develop mathematical methods for the choice of such a budget. These methods may be of help where the overall objective is to optimize some criterion. But most organizations are not interested, on a year-to-year basis, in achieving satisfactory levels of their chosen criteria. So any plan which achieves this level, including those produced by normal, current methods of budgeting, can be considered equally good.

In these circumstances, the new methods proposed must be judged against the ones in current use. And they do have the serious drawback of greatly reducing management participation in the preparation of the plan, and this would probably lead to greatly reduced management identification with the target set, to the detriment of the organization. I do not, therefore, feel that these ideas are to be recommended. At this stage, I doubt if they really justified a book to themselves.

D. A. CONWAY

Theory of the Firm.

K. J. COHEN and R. M. CYERT.

Prentice-Hall, New Jersey, 1965. xx+406 pp. 64s.

A democratic society allows the policy makers in a company to choose between alternative courses of action in their attempts to fulfil company objectives, but certain constraints, such as government regulations, limited resources, the effects of competition and a finite market, all have their influence. The authors have set out to analyse the processes by which the activities of individual companies interact with the availability of finite resources in such an economy. Their book is based on material presented to students studying the “Economics of the Firm” at the Carnegie Institute of Technology and is essentially a textbook devoted to idealized situations such as perfectly competitive markets, pure oligopoly, duopoly and monopoly. The techniques of analysis, e.g. model building and marginal analysis, are explained in the early chapters and then applied to topics such as price determination, market demand curves and the utilization of resources. The question of equilibrium in an economy is discussed and a concept of “Economic Efficiency” being largely dependent on social values