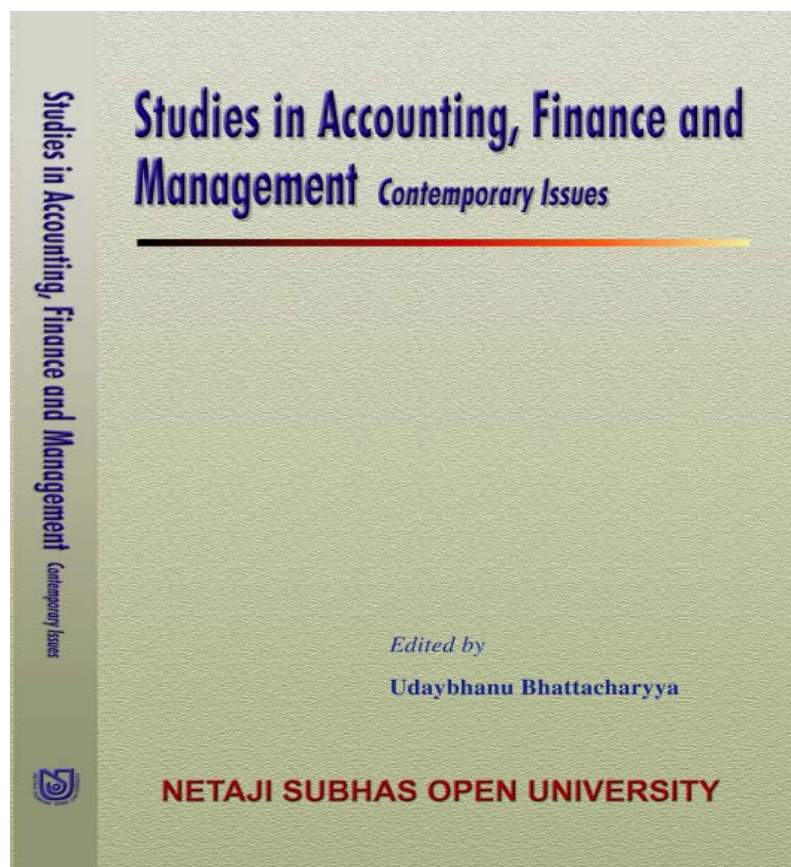


Studies in Accounting, Finance and Management Contemporary Issues

Edited by: Udaybhanu Bhattacharyya



About the book

The volume contains twelve research based articles having contemporary studies on Accounting, Finance and Management. It has two parts. While Part I deals with articles on Accounting and Finance, studies having focus on Management are incorporated in Part II. In Part I, some of the articles offer an in depth analysis on recent burning topics like global economic meltdown, mutual funds and securitization movement. Conceptual issues on accounting, auditing and financial reporting are discussed in other articles. In Management part, some articles focus on industry based empirical studies. It also contains papers having emphasis on recently developed models essentially considered as an important tool of modern business management.

The book may be found useful for students of M Com, MBA programme of different Indian Universities and management institutions as well as the candidates doing their professional courses like CA, CFA, ICWA and CS. The book may be found extremely useful for those who wish to pursue their doctoral programme leading to Ph D degree in Commerce and Management.

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CONTENTS

Foreword	v
Acknowledgements	vii
Contributors	ix
Preface	xi
Acronyms	xv
PART - I: ACCOUNTING AND FINANCE	
Financial Reporting in the Caribbean's Public Sector Assessment and Challenges <i>Winston Dookeran and David Walker</i>	3-18
Global Financial Meltdown: Where Do We Stand? <i>Syamal K. Ghosh</i>	19-32
Remodelling the Conceptual Framework of Accounting: Perspectives and Prognosis <i>Arun Kumar Basu</i>	33-58
Problems of Mutual Fund Industry of India: A Review <i>Sitanath Mazumdar and Subhasis Chakravarty</i>	59-80
Securitization Movement in India: An Appraisal <i>Prithul Chakraborty</i>	81-96
In Search of Sources for Global Development Finance <i>Kartick Chandra Paul</i>	97-108
Value-for-Money Audit: Concepts and Applications <i>Udaybhanu Bhattacharyya</i>	109-124
PART - II : MANAGEMENT	
Systems Thinking in Large Indian Service Organizations: An Empirical Study <i>Snehanshu Kumar Dasgupta, Sudipti Banerjee and Anindita Gangopadhyay</i>	127-138
Technical Entrepreneurship Model & Evaluation Method (High Tech SMEs in India) <i>Soumyendra Nath Roy</i>	139-150
Towards Sustainable Aviation: The Challenge of Flying Within Planetary Limits <i>Kanika Chatterjee</i>	151-178
Managing Change: An Entrepreneurial Perspective <i>Pralay Kanti Halder</i>	179-190
Impact of Globalisation on the Indian Floriculture Industry: An Empirical Study <i>Sudipti Banerjee and Subrata Goswami</i>	191-203
Index	204-206

ABSTRACTS

Financial Reporting in the Caribbean's Public Sector Assessment and Challenges

There is remarkable similarity in the findings in each of the three countries we reviewed and conclusions are therefore mostly stated as relating to the Caribbean as if it were a single entity. Where specific experience in one country is considered relevant it is noted in clear terms. Over the past three decades, Financial Reporting has moved from being an afterthought for developers of Financial Recording systems

to being a key weapon in the armoury of decision makers in virtually every organization. Not surprisingly, the most rapid advances have been made in the Private Sector, where huge investment decisions are made and great personal rewards often ride on the outcome. In the Public Sector, the development and use of sophisticated Financial Reporting tools has not been as rapid, lagging behind the Private Sector by at least three years. In the Caribbean context the time lag might be even greater. Yet we will see that the demand from stakeholders is increasing and that the Public Sector is beginning to respond to that demand, albeit in a patchy and rather unstructured way. There are two major areas of challenge. Firstly, we must garner the resources, human and financial to develop solutions designed specifically to meet our requirements. Secondly, we have to put in place the Parliamentary oversight structures that will ensure the effectiveness of those systems.

Global Financial Meltdown: Where Do We Stand?

This paper purports to discuss the current global economic scenario. It seeks to identify what really constitutes a financial meltdown and why such a meltdown is of great concern to not only planners and policy-makers, but also to laymen, people at large. An attempt has been made to highlight the effects of a financial meltdown as evidenced during the Great Depression and since that period. The paper goes on to discuss the current state of affairs around the world, and to trace the origin and causal influences that might have contributed to the present financial turmoil, and the kind of measures adopted in some economies across the globe. The paper finally discusses the current state of affairs in India and underscores the reasons for expecting that the effects of the global financial meltdown would be muted in this country.

Remodelling the Conceptual Framework of Accounting: Perspectives and Prognosis

This paper examines the efforts currently being made to remodel the conceptual frameworks of accounting that accounting standard setters use as the basis of development of their pronouncements. It gives special importance to the initiatives taken by the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) to develop an improved, common conceptual framework of accounting by refining and updating their existing conceptual documents. The IASB- FASB joint conceptual framework project is of crucial significance because it will greatly influence the future direction of the international financial reporting regime. The paper starts by offering a brief description of the nature and importance of a conceptual framework of accounting and then proceeds to examine the shortcomings or deficiencies in the existing concepts statements. Next, the paper makes an analysis of how the work on the IASB-FASB joint conceptual framework project is being carried out and what achievements have so far been made. It is suggested in the paper that the remodelled conceptual framework should be robust enough to address the fundamental issues involved in financial reporting in a coherent and consistent way.

Problems of Mutual Fund Industry of India: A Review

The Indian Capital market has been increasing tremendously during the last few years. With the reforms of economy, reforms of industrial policy, reforms of public sector and reforms of financial sector, the economy has been opened up and many developments have been taking place in the Indian money market and capital market. In order to help the small investors, mutual fund industry has come up to occupy an important place. The main objective of this article is to examine the importance and growth of mutual funds and evaluate the mutual fund problems and recommend some measures to make it a successful scheme in India

Securitization Movement in India: An Appraisal

All over the world there is now a craze for securitization, an innovative avenue of cheaper fund, through which illiquid assets of an entity can be readily converted into liquid assets. This technique has a significant impact upon the financial position of the entity adopting it by way of improving liquidity position, augmenting earning capacity, optimum utilization of existing capital, avoiding asset-liability mismatch, etc. In India securitization movement started since 1990s but still it is in infancy stage. A number of reasons may be held responsible for poor development of this movement in India. In the present article an attempt has been made to focus on the major weaknesses of Indian securitization market, the reasons behind such weaknesses, steps already taken by the government and other regulators to promote securitization movement in the country and actions yet to be taken for making the movement more efficient, effective and popular.

In Search of Sources for Global Development Finance

Irrational human activities involving Global Public Goods (GPGs) have been well accepted to be the major reason behind many global problems like global financial instability, growing poverty, malnutrition, outbreak of epidemic diseases, global warming, and the like. Protection of these public goods need concerted effort by all the nations irrespective of whether and how far a particular nation can be specifically held responsible for such world crises. Apart from some necessary behavioural measures, the protection of GPGs requires adequate funds. One important recent initiative to handle such problems globally is 'Millennium Declaration' in 2000 by the United Nations, which identified some eight specific problems to be solved within a target period i.e., by 2015. The necessary fund has been proposed to be mobilised by instituting a fund called 'Official Development Assistance' or (ODA). Over the years the experts and the researchers have come out with a number of different proposals to raise funds for the purposes. In this paper a modest attempt has been made to discuss briefly only on two of such proposals i.e., Carbon Tax and Tobin Tax.

Value-for-Money Audit: Concepts and Applications

Value-for-Money (VFM) audit is a special type of audit that is aimed at an examination of whether appropriate arrangements have been made for securing economy, efficiency and effectiveness (3 E's) of public money. VFM has become a part of the control environment in many countries throughout the world. There are even countries those have promulgated a separate set of standards for VFM audits. The primary objective of VFM audit is to facilitate the accountability of the organisations to the stakeholders and ultimately the taxpayers for the results achieved from the deployment of public resources. It provides the stakeholders information with independent assurance as to the economy

and efficiency with which entities use their resources and the adequacy of the management systems which they have in place to evaluate the effectiveness of their operations. The paper is an attempt to make a brief analysis of the nature and significance of VFM and to judge its applicability in India

Systems Thinking in Large Indian Service Organizations: An Empirical Study

Attempt has been made to explore the *Systems Thinking* ability, a major skill of *Learning Organisation*, of executives working in large Indian service organizations. The concept of *Systems Thinking* has been discussed, focusing on its application, *Systems Thinking* skills, concept of *Systems Thinking* iceberg, and major *Systems Thinking* items. A rigorous methodology has been followed in terms of sample design, collection of primary data by administering a questionnaire containing scaled items for gathering the sample executives' responses with respect to the major *System Thinking* items, and analysis of data. *Reliability Estimation* and *Validity Estimation* have been done. Results show that the items considered are *significant*, *reliable*, and *valid*. Item-wise analysis shows that *Systems Thinking* ability is still not prominent in the sample executives' mindset, indicating that the sample organisations (i.e., large service organizations in India) still have a long way to go to reach the ideal state.

Technical Entrepreneurship Model & Evaluation Method (High Tech SMEs in India)

High-tech SME's are considered to be an essential driving force for growth of the manufacturing industries in India. Technological innovation is an important aspect for High-tech SME's and the most creative part among SMEs.

The paper examines the present development of tech-innovations of SMEs and the models existing in Indian technical companies. At the end author intends to give the empirical evidence by suggesting five stages of how high-tech SMEs can be developed dynamically, by developing key factors including technology level, financial capability, marketing-sales-service & human resources so on, and offering the evaluation model of the life cycle of technical entrepreneurship.

Towards Sustainable Aviation: The Challenge of Flying within Planetary Limits

This paper is homage to humanity's relentless quest for perfecting the capacity of flight into the mysterious skies. Presently, aviation offers a unique integrative network for promoting globalization, and catalysing socio-economic progress. It is a dynamic, technology-driven, global-scale industry with an annual average growth rate of 3.5%. Modern aviation is organized as a "hub-and-spoke" network system for reducing operating costs per seat kilometre flown. Although efficient, this new network system has many hidden environmental/social costs that fall unequally on local, regional, national and international communities. The significant adverse environmental impacts include GHG-induced climate change with large-scale use of kerosene as aviation fuel, local air pollution near airports, human health hazards from frequent air travel, noise pollution, groundwater contamination, solid waste generation, and third-party risks incidental to air crashes.

Hence, in the future aviation activity must be sustainable, so as to operate within the limits of planetary carrying capacity by using renewable resources within self-generation capacity; restricting waste emissions within the absorptive capacity of the receiving media; and accounting for intra-generational and inter-generational equity. Sustainability applied to aviation stands on four fundamental conditions: (1) Regeneration (2) Substitutability (3) Assimilation and (4) Reversibility.

An overarching sustainability vision for aviation rests on five pillars—technology, operational management, infrastructure, economic measures, and collaborative initiatives among industry

players. There should also be a strategic approach to institutionalizing this vision within the corporate corridors. However, over-enthusiastic implementation of sustainability industry-wide, must not degenerate into “pseudo-sustainable” solutions that potentially jeopardize the future of the planet and aviation.

Managing Change: An Entrepreneurial Perspective

The Corporate houses all over the world are virtually reeling under the pressures of the Cut-throat Competition arising out of the changes that are continuously taking place. Resultantly, business requires the application of “fresh –value creating idea” (i.e. innovation) as the “driver” for survival and growth of the business. In becoming innovative, a business essentially requires to be an entrepreneurial organization centered upon core competencies. In order to shape the souls of a business of such an entrepreneurial personality and ignite the ability and mind-ware of the people to become “mover and shaker” of corporate growth by means of creativity and innovation in the midst of fast changing scenario of the business, the paper throws light upon a number of question: what practices are required to be introduced in managing required changes in the Company? What skills and abilities the business will look for selecting its people for building its competence and how such skill and abilities may be developed consistently as a matter of corporate habit in the business?

Impact of Globalisation on the Indian Floriculture Industry: An Empirical Study

The impact of globalisation on the Indian floriculture industry, in terms of *production of floricultural products, area under cultivation of flowers, and earnings from export of floricultural products*, has been empirically tested and it has been observed that the globalisation process has certainly led to sustainable growth in the Indian floriculture industry. The limitations of the study have been briefly touched upon. The scope for further research, particularly in terms of domestic market and fluctuating flower prices, have also been briefly discussed.