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Book Review

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BOOK REVIEW

MERRETT, A. J. AND BANNOEK, G. *Business Economics and Statistics.* Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1962.

To quote the authors,"... The main purpose of this book is (therefore) to provide economists in industry, and students of economics and statistics who will be going into industry, with a self contained account of the major-accounting, forecasting and market research techniques and their common applications to the problems of the firm". In outlining the plan of the book, they state, "Operational research problems have been completely excluded". Be it as it may, the subject matter is of interest to operations research workers and management scientists, to whom the best advice would be to seek some other sources on the application of these techniques to the firm. (For example, "Mathematical Models and Methods in Marketing", Bass, Buzzell, etc. (Irwin)). The economist in industry might find the book of some value, provided that other works are available, for the contents are far less then one would expect from reading the title.

The book is divided into three parts, each of which is self contained. Part I treats techniques of micro-economics as applied to assessments and valuation in capital budgeting, investment and taxation. Part II is concerned with statistical and non-statistical forecasting methods and problems, and Part III treats the methods and procedures of market research with more depth than is found in most books of this type.

The first part is addressed to accountants, rather than economists. The second and third parts are better than most presentations in the lay business literature and can be understood and appreciated by managers. The treatment follows the usual method of presentation (without details) of moving averages, exponentially weighted moving averages, and regression analysis.

The third part contains a rather good chapter on basic statistical theory as applied to market research, including stratified sampling and ratio estimates and a chapter on multi-stage sampling.

The "case studies" are not well chosen in that they frequently confuse, rather than illuminate. Tests of significance are not discussed until page 235 (263 pages of text in all), and the only test mentioned is the "Students' t". The presentation would be improved if significance tests were introduced earlier and their role in analysis emphasized. Most market research and forecasting studies, even today, ignore or gloss over significance tests. While Madison Avenue doesn't care for such tests, economists in industry must understand them.

While the reviewer cannot recommend the book to all readers of *Management Science*, it may be of value to accountants and marketing personnel.

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