

BOOK REVIEW

S. van der Merwe, A.J. van der Merwe & C.W. Pistorius: *Business Policy and Strategy* McGraw-Hill 1977.

Business schools and other institutions concerned with the teaching of Business Policy have long felt the need for a book of case studies relating to the South African situation to give local colour to their teaching. The authors are to be congratulated on being the first to publish a book of local cases. The pioneer always has a formidable task, which is underestimated by the camp followers.

The prime requisite of a case in Business Policy is that it makes the student privy to top level decision-making within the organization. This means that any case study must generate insight into the organization concerned at what is very obviously a highly confidential level. This is more difficult to achieve if the rather conservative South African management culture is considered.

A South African case must serve one of two purposes: Firstly it must provide depth and insight into the problems faced by, and practice and decisions required of top management; or secondly it must illustrate problems uniquely associated with the South African situation. Several areas have obvious potential, from the use of tariff barriers as a means to protect a local market through to problems in strategic planning for the local subsidiary of a multinational.

There are many internationally known case studies which dynamically illustrate problems in strategy setting, including the objectives of the shareholders and management, the effect of technological change, the matching of resources to opportunity, the dilemma of growth and a host of others. If a local case does not equal any of those available in genesis of depth of understanding, a very real question arises regarding its potential use.

Many very thorny strategic problems exist in South Africa from the puzzle of how to identify the objectives and products of an industry control board, through the management of technological innovation, methods of financing and competition against multinationals, to the use of labour. Not one major area of local constraints on decision-making appears to have been highlighted in this book of cases.

Finally the case study technique is essentially one in which people of different backgrounds are presented with a mass of data which may be ambiguous and misleading, as in real life. By careful thought the key strategic issues should be unravelled and perspective gained. Many of the cases simply state that the company is illiquid or that the company has marketing problems, without requiring any depth of thinking or analysis from the student.

In conclusion, a laudable effort has been made to generate a book of local case studies. In view of problems of confidentiality it is a difficult task. This book has certain shortcomings which make it more suitable for nondegree programmes, than for degree programmes and programmes for senior executives.

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Sharpe, William F: *Investments*, Englewood Cliffs, N.J. Prentice-Hall, 1978, 617 pp.

Professor Sharpe's contribution to the fascinating and dynamic field of investments, which has been unprecedented change during the last decade or so, is a truly creditable attempt at clarifying the concept of efficient market theory.

The book gives a commendable presentation of the main issues usually found in texts on investments, such as financial and portfolio analysis (including performance-risk evaluation and the effects of diversification); investment or portfolio management; and the valuation of shares and fixed-income securities. In addition, the inclusion of a few important and relevant aspects has most certainly enhanced the value of this work. These topics, which are once again presented clearly and in an illustrative manner, include the implications of taxation and, particularly well elucidated, of inflation in the field of investments; an exposition of Sharpe's personal contribution to the field of investments embodied in the Capital Asset Pricing Model; and a concluding section on International Diversification.

This comprehensive, well-organized and systematic text, based on sound investment theory, can hardly be faulted in any way. The serious student of investments and its various facets as well as the practising investment analyst should find this interesting and stimulating work a worthwhile challenge.

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