



**RESEARCH IN ACCOUNTING IN  
EMERGING ECONOMIES  
VOLUME 7**

**ACCOUNTING, BANKING AND CORPORATE  
FINANCIAL MANAGEMENT IN  
EMERGING ECONOMIES**

**VICTOR MURINDE**  
Editor

ACCOUNTING, BANKING AND  
CORPORATE FINANCIAL  
MANAGEMENT IN EMERGING  
ECONOMIES

# RESEARCH IN ACCOUNTING IN EMERGING ECONOMIES

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FINANCIAL  
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EDITED BY

**VICTOR MURINDE**

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## **DEDICATION**

To Rosemary I. Wallace, who gave generously of her expertise and precious time in copy-editing previous volumes of this research annual.

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During the academic year 2001–2002, he held the distinguished Hallsworth Senior Research Fellowship at the Institute for Development Policy and Management, University of Manchester, on sabbatical from the University of Birmingham. Currently, he holds external appointments as Visiting Professor at Cardiff Business School, and Professor Extraordinary at the University of Stellenbosch Business School. He is a resource person for research projects as well as a contributor to the Collaborative PhD Programme (in Financial Economics) for the African Economic Research Consortium (AERC).

Professor Murinde has published more than 50 refereed journal articles; he has also authored, co-authored and edited about a dozen books. He was a partner in two major EU-funded Phare/ACE research programmes on financial sector reforms in Central and Eastern Europe. He was also a partner in a major DFID-funded research programme on finance for development and poverty-reducing growth, directed by Professor Colin Kirkpatrick (University of Manchester). He was the joint convenor, together with Professors

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# INTRODUCTION: ACCOUNTING, BANKING AND CORPORATE FINANCIAL MANAGEMENT IN EMERGING ECONOMIES

Victor Murinde

## 1. INTRODUCTION

Singular among the inextricable links between accounting, banking and corporate financial management is that the theory and practice of accounting generate the main information sets that are used in banking and corporate financial management. Accounting theory provides a framework for underpinning the financial operations of banks and companies. As a discipline, accounting also underpins the data generation process for book values of assets and transactions, which are used alongside values derived from market transactions to provide the necessary database upon which bank management decisions and corporate operations are forged. In addition, most secondary data that are often used in empirical and applied research on firms and banks are partly generated from accounting-based information sets. At the economy-wide level, the national income accounting framework, based on the Standard of National Accounts, is used to underpin the flow of funds between the main sectors of the economy, including the household sector, the company (business) sector, the banks

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