
Role and Responsibilities of Managerial Economists: Empowering Business through Methodology and Strategy

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Abstract

An appreciation of economics and the general workings of the economy have become increasingly necessary to make sense of government policy-making, the conduct of businesses and the enormous changes in economic systems, which are occurring throughout the world. With the increasing importance of behavioural economics, for business and management, especially with the recent global downturn, managers need to be effectively equipped with economic theories, tools and techniques. Their expertise, efficiency and experience, then will enable them to manage any crisis, adequately. Both theoretically and practically, it is a bridge-building exercise between business and economics. The excellence that managers attain will be rewarding to them and the business environment. This paper highlights how modern manager ought to be a strategist and an economist in terms of her role, responsibilities and qualities. It analyses the emerging parametric convergence between economics and business. It calls for incentivising smart people to engage more in productive rather than unproductive entrepreneurship. The intent is to make way for empowering business, with both firm and market advantages.

Keywords: Business, corporations, economics, managers, responsibilities, strategy

“No matter how high you climb the ladder, hard work is necessary for success” (Anon).

INTRODUCTION

In the knowledge-based economy and business, those who continued to have expertise in economics are referred to as managerial economists, economic advisors, or company economists. The study of the role and responsibilities of managerial economists brings to light the practical importance of managerial economics itself.

As we know, managerial economics is economic theory in practice. A managerial economist helps the management by using his analytical skills and highly developed techniques in solving complex issues of successful decision-making and future advanced planning. A managerial economist

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can play a very important role by assisting the management in using the increasingly specialized skills and sophisticated techniques, which are required to solve the difficult problems of successful decision making and forward planning. That is why, in business concerns, her importance is being increasingly recognised.

It is critical to recognise that companies operate not only within markets, but also within a society. Organizational and operational functions are no longer confined to a stakeholder model that considers power relationships between the corporation and other entities. New models try to explain how to give power to the powerless by replacing force with ethical duty (Steiner & Steiner, 2013). Case studies of various business Organizations reveal that despite dynamic business environment, many complicated issues crop up about management. Companies fail if they lack of proper Organizational structure with clear roles and responsibilities prior to implementation of new strategies and this should be part of corporate governance (Krishna, 2014).

A fusion between commerce and economics should not be undermined. Time has also come for research acumen to be integrated with business agility. New concepts, constructs and practices such as ubiquitous commerce (u-commerce): combination of traditional e-commerce and wireless, television, voice and silent commerce; enterprise resource planning; social entrepreneurship; and social market economy have emerged. The ‘management’ side of economics is coming up.

However, management as ‘art’ and not merely as ‘science’ has to be recognised. Economics – the “queen of social sciences” can help do that. While commerce research is applied in nature, it can gain a lot by building bridges with Applied Economics. Such a relationship would help build the base for business trade, industry and trade, and development. It helps solve problems, expand the human knowledge and develop better and advanced tools and techniques for development even in a complex, ever-changing and challenging environment with new designs. This is not simply a game theory, but a “reverse game theory” (Hans, 2011; Hans & Jayasheela, 2013).

MANAGER AND MANAGERIAL ECONOMICS

Economic Theory

A theory is a well-substantiated explanation of some aspect of the natural world and an organized system of accepted knowledge that applies in a variety of circumstances to explain a specific set of phenomena. Theories can incorporate facts and laws and tested hypotheses. That makes us to endorse a phenomenon as “true in fact and theory”.

Economics is theoretical. It is a treasure house of theories, models and scientific laws. It is said that economics is model-building science. In Economics, we have Price theory, Consumption theory, Monetary theory, Distribution theory, Growth theory, Demographic theories, Population theory, Business Cycle theory and so on. Broadly as per the distinct approach or method in economics, we have microeconomic theory and macroeconomic theory.

Of what avail, is economic theory? One obvious answer is that it is a challenging intellectual enterprise and interesting on its own merits. A well-constructed economic model has an aesthetic appeal like a piece of music or a painting or a poem: an intellectual pursuit. Secondly, it plays an essential part in economic research and policy-making. It means, economics is a policy science, says Hal R. Varian (University of California at Berkeley). In the policy domain, the importance of economics can be highlighted as below:

- Describing the structure and status (success/failure) of an existing policy
 - Defending and existing practice – (a) theory as a substitute for data, (b) theory tells what parameters are important and how we might measure them. For example, the Laffer curve depicts the relationship between tax rates and tax revenue.²
 - Demonstrating/determining benefits and costs – required for making rational choices (optimisation); and to move from individual objectives, to individual choice, to social objectives and social choice.
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- Directing towards remedial steps even for seemingly disparate problems as for example, the Arrow-Debreu general equilibrium model: the concept of ‘good’ can be interpreted as a physical commodity available at different times, locations, or states of nature. One theoretical model can thereby provide a model of inter-temporal trade, location, and uncertainty.
- Developing new insights/avenues even though it may be a wrong theory – pure competition is certainly a ‘wrong’ theory for many markets; pure monopoly is a wrong theory for other markets. Nevertheless, each of these theories can be very useful for yielding significant insights for how a particular market functions. No theory in economics is ever exactly true.

Thus, basically economic theories seek to predict and explain economic behaviour beginning with a model, such as the profit-maximisation model (Salvatore, 2017). The methodology followed being logical ensures a choice: accept or reject the theory or model, if it predicts accurately.³ With more and more econometric paths being adopted an economist is indeed a technician even while knowing the truth of the market.

MANAGEMENT

Wehrich et.al (2011) define management as “the process of designing and maintaining an environment in which individuals working together in groups efficiently accomplish selected aims.” Management is concerned with productivity be it in a company, church, school or a State.

Management as an art or science is as old as economics. The ancient Greeks defined economics as the “art of household management”. Here, the household could be micro unit (individual person or family) or the macro entity (state, for instance). Today we consider that the global economy – the earth, its resources and the activities in the world using the world’s resources) – needs to be managed effectively. That is why essentially business economics is the integration of business and economics through management – the meeting point or common ground.

Old school management tools are being sharpened and new school management tools are being devised to deal with innovative and dynamic practices and approaches to empowerment evaluation, service leadership, diversity management, integrated performance management, and reengineering corporate management. Analysing and applying management (not Organization *per se*) concepts and tools (e.g. Plan Quality Index)⁴ critically to contemporary and changing business situations is one of the specialism today (e.g. Critical Theory of the Frankfurt Schools⁵).

MANAGERIAL THEORY

Managerial theory is the theory of the firm or theory of the enterprise. Theories of the firm are ways of conceptualising the firm. Theory of the firm helps us understand why firm exists and why it does what it does.⁶Coase's transaction cost theory was one of the first neo-classical attempts to define the firm theoretically in relation to the market. He argued that transaction costs i.e. costs not reflected in the price mechanism, explain both the existence of firms and their optimal size. Critics however argue that transaction costs would be minimised in a world without transactions, if for instance rights and duties would initially be assigned in the 'right' way. This leads us to the theory of property rights. In 1995 Oliver Hart, one of the leading scholars in this area, wrote that a firm without property is just a phantom. In situations where ordinary contractual relationships fail, firms arise and the ownership of capital assets puts (collection of) persons in the position to organise production through the purchase of economic factors, including labour.⁷Labourer in this sense is not abstract, even if his work is. Applied to corporate governance, this theory provides a supplement to contract theories. Contracts make economic relationships 'legal' and bring economics closer to jurisprudence (Hans, 2017).

Coase's theory was later extended by Williamson⁸through a deeper analysis of different forms of contracts. He developed 'governance' structures which can be seen as a spectrum of contracts between the extremes of markets and firms. Alchian and Demsetz's analysis of team

production (1972) is another extension of the earlier work by Coase. According to this theory the firm is preferred to the market because of the benefits of 'team' production. A common feature of all these early theories of the firms is that they provide negative reasons for the existence of the firm, namely, to overcome 'inefficiencies'. However, Demsetz himself in his 1988 article considered the positive function of the firm as an efficient device for accumulating, storing and using information (Braendle, n.d.).

From 'information' to 'knowledge' the journey was not too far. The last two decades brought forward a knowledge-based theory of the firm as an alternative view. Knowledge – what is learnt as well as the capacity to learn more – is seen as the most important resource of a firm. People in the firm are thus considered as assets, input-providers rather than as sources of inefficiency. Corporate governance as a research area has been affected by all of these theories of the firm.

According to Bartlett & Ghoshal (1993), a “managerial theory of the firm” would be more attuned to the premises of the key actors within the firm so as to be able to illuminate the corporate world as seen by managers and encompass the issues that they perceive to be important. The form of the firm resulting from this managerial theory is a radical departure from the dominant M-form of the firm. Thus, managerial theory is not management theory per se. it goes beyond organizational structure of the firm to its behaviour.

What then is the content of managerial theory? The theory of the firm consists of a number of economic theories that describe, explain, and predict the nature of the firm, company, or corporation, including its existence, behaviour, structure, and relationship to the market. In simplified terms, the theory of the firm aims to answer these questions:

1. *Existence*. Why do firms emerge, why are not all transactions in the economy mediated over the market?
2. *Boundaries*. Why is the boundary between firms and the market located exactly there as to size and output variety? Which transactions are performed internally and which are negotiated on

the market?

3. *Organization*. Why are firms structured in such a specific way, for example as to hierarchy or decentralisation? What is the interplay of formal and informal relationships?
4. *Heterogeneity* of firm actions/performances. What drives different actions and performances of firms?
5. *Evidence*. What tests are there for respective theories of the firm?

MODERN APPROACH

Traditional managerial models typically assume that managers, instead of maximising profit, maximise a simple objective utility function (this may include salary, perks, security, power, prestige) subject to an arbitrarily given profit constraint (profit satisficing).

The behavioural approach, as developed in particular by Richard Cyert and James G. March of the Carnegie School places emphasis on explaining how decisions are taken within the firm, and goes well beyond neo-classical economics. Much of this depended on Herbert A. Simon's work in the 1950s concerning behaviour in situations of uncertainty, which argued that "people possess limited cognitive ability and so can exercise only 'bounded rationality' when making decisions in complex, uncertain situations."

Ronald Coase, Armen Alchian, and Harold Demsetz feel that the firm emerges because extra output is provided by 'team' production, but that the success of this depends on being able to manage the team and team production always involves a metering problem – measuring the contribution made by each participant and matching their reward to their actual contribution. The metering problem therefore presents a fertile soil for a form of opportunism known as 'shirking'.

In a team where each member's reward is not fully related to their actual input, the member has too little incentive to contribute fully to the team's activities. Corporate governance, in this context, should try to minimise the scope for shirking by all participants and conserve the gains from

using a firm. The team members are likely to gain more from less shirking by other team members than they lose from their resulting inability to shirk (Braendle, n.d.)

Efficiency wage models like that of Shapiro and Stiglitz¹⁰ suggest wage rents as an addition to monitoring, since this gives employees an incentive not to shirk, given a certain probability of detection and the consequence of being fired.

In 1982 George Akerlof¹¹ developed a gift exchange model of reciprocity, in which employers offer wages unrelated to variations in output and above the market level, and workers will have developed a concern for each other's welfare, such that all put in effort above the minimum required, but the more able workers are not rewarded for their extra productivity. Again, size here depends not on rationality or efficiency but on social factors.

Recently, Yochai Benkler also questioned the rigid distinction between firms and markets based on the increasing salience of "commons-based peer production" systems such as open source software (e.g. Linux), Wikipedia, Creative Commons, etc. He put forth this argument in *The Wealth of Networks: How Social Production Transforms Markets and Freedom* (2006).

Modern entrepreneurs/managers of micro, meso and mega companies/corporations need to look beyond conventional theories and practices to new areas for firm and functions to be employed 'strategically'. Sustainability management and talent management are two such areas. Sustainability refers to the continued sustenance of business environment for continued life of an Organization. That includes not only economic factors, but also welfare or value-based aspects such as ethics of business, corporate social responsibilities (CSR) etc. Similarly, modern enterprises look for 'talent' in the domain of 'knowledge' where talent makes knowledge useful (Sankaran, 2014).¹²

Fortunately, newer quantitative measurement methods are also being developed to support management policies and practices that drive the growth and development of intangible assets. The central proposition is

that a valid measurement program will promote increased productivity through better workflow and accountability (Conway, 2004). However, one has to be cautious not to equate modern entrepreneurship, razor edge technology or new talent as “ICT based” only. Several experts in knowledge management feel that, Internet/intranet along with face-to-face communication could be the answer.¹³ We are reminded here about what Nancy Fraser calls “critical communication” not communication *per se*, as in the case of Jürgen Habermas’s “Theory of Critical Communication”. This aspect, one must realise given the fact that while the public sector as a unit in every national economy has been downsized, (global) public sphere is not like a mute spectator as is evident in India – networking/digitalisation for good governance (e.g. Aadhar services), and the newfound love for total quality management (TQM), quality assurance and quality circles etc., even in government affairs. TQM once a thought revolution has now become an action revolution. The fear is about it becoming more and more data-based and very little of value-based (Hans, 2016). Will Business Ethics address these issues swiftly and adequately? This is a genuine concern for convergence.

Thus, the modern view is one of convergence – both in thinking and practice – of business and economics in the dynamic world. We may now be using new concepts and terminologies such as ‘corporate’ instead of ‘commercial’ or ‘business’ while referring to firms and their managers but the fact is that of ‘integration’.¹⁴ This is a balancing act when we admit that we are living in a global village. Just like work-life balance, today’s corporate leaders – even the elder ones – are realizing that the old world wisdom needs to be balanced with innovative ideas and tools. Wisdom – which is nobody’s monopoly – and entrepreneurial energy with technological prowess can together take progress at a steady pace (“CEOs Raise,” 2014). That managerial asset is no less important than market advantage has now been proved. Accumulated managerial skills along with cost effectiveness, firm size, export orientation and sometimes product differentiation are significant variables explaining the probability of an Indian enterprise investing abroad. Managerial advantage could be one of the newer ‘competitive advantages’ for emerging countries’ firms (Leena & Hans, 2013).

ROLE OF THE MANGERIAL ECONOMIST

Blend of Knowledge and Skills

A managerial economist helps the management by using her analytical skills and highly developed techniques in solving complex issues of successful decision-making and future advanced planning, the field of operation ranging from resource allocation to product pricing; from project planning to performance budgeting. That truly requires wealth of knowledge and skills, mostly acquired. Knowledge management (KM) and skill development (SD) have become the recognized contributors to business value, and hence the need to identify, and assess both these resources. It has been noted that “brick and mortar” tangible asset investments are now growing by only around 31 per cent whereas business investments in intangible assets are growing by nearly 63 per cent (Conway 2004). How to blend knowledge and skills for optimizing business output – is what the managerial economist has to be concerned with today.

The role of managerial economist can therefore be summarized as follows:

- Her objectives must coincide with that of the firm – achieving the goal with conviction and ability
- She must try to make forecasts as accurate as possible – being alert to the trends and shifts in business activities, and their implications
- She must be able to respond quickly to the needs of the firm, whether information, market analysis, etc. – being highly professional in ideas and their execution
- She must perfectly measure the growth of the firm, its sales, profits etc.
- She must be a proactive member of the business team – ready to accept newer responsibilities and challenges with utmost care and seriousness and achieving respectful status in the firm and for the firm

Qualities for Empowerment

The duties are advisory, exploratory and even educational. She must be a good thinker and a practical guide to the businessperson. It is expected of a managerial economist to possess the ability and skills (especially analytical skills) to handle all the internal and external issues of the firm he manages. Her success depends on her ability, personality and capacity. Smart work is what is needed.

In modern business, especially for big firms, therefore, employment of a managerial economist has become inevitable. She has to be open for innovation and imbibing entrepreneurial spirit, come what may. In this era, we must seize the opportunity for entrepreneurial empowerment. India has already shown the world that this is possible – through the enabling mechanism of Self Help Groups (SHGs) for instance. Particularly, the women enterprises are going beyond family and child welfare, from reproductive roles to productive roles; and from *pappad-pickle-perfume triangle* to techno-training and services, skill textures and medium and large enterprises, and the motivational spirit of women entrepreneurs is reinforcing (Hans, n.d; Sowjanya & Hans, 2016.).

Today companies are assessed for empowerment rating too, because companies come in all kinds.¹⁵ Empowering Organizations have clear methodologies and open-ended strategies. When the team-leader is ready to empower others it is a sign that she has a strategy – operational and tactical. Her team serves as a device to implement the strategy. However, employee or jobsatisfaction alone is not an indicator of empowerment. Customer-orientation also matters, because managerial economists have to re-evaluate their marketing approach in the age of the empowered customer. Also empowerment should not be seen as a substitute for fixing quality design problems. The best products and services are those that are done right the first time, and relying on the initiative of workers to make good on poorly designed products is costly and unlikely to satisfy customers in the long run. Empowerment in firms tends to focus on developing a corporate culture and Organizational structure in which frontline employees eagerly perform their tasks of satisfying the customers by using their best judgment to tailor-make solutions that satisfy the

customer and are the firm's best interests. "Inverting the pyramid" is an expression commonly used to describe the difference between the empowerment approach and traditional management styles. In a classical hierarchical Organization, orders flow from the top of the Organization and are carried out by the people at "the bottom." They have little discretion in changing services because the expertise, and therefore decision-making authority, is considered to reside at the top of the Organization. In an empowered organization, the hierarchy (often drawn as a pyramid) has been inverted. Serving customers is considered to be the most important function in the organization, and the people on the front line who provide it are considered to be the most important people (Chand, n.d.). And of course, empowerment comes with some costs, both implicit and explicit, howsoever high-tech a company might be. Even ITC and social networking are not without their pitfalls— there can be High Sociability with Low Solidarity – in a networked Organization. Carrots are weaker than sticks.

CONCLUSION

This paper discussed the changing roles and responsibilities of business economists in a dynamic setting. It analysed why and how 'managing' business is much more than commercial or even scientific. It is also 'human'. Therefore, why should only humanities have social objectives? Why not management science and managerial techniques? Let us be united in the unity of purpose. More research is needed to assess the value of fusion or 'unity' and to address its related issues and challenges. The outcome from such exercises will stand in good stead for economics, management and managerial economists.

As we analyse the business environment both theoretically and empirically we find that today firms have to more and more factor in parameters like worker's reciprocity, cooperation, motives and incentives, relationship and talent management, common property rights, corporate social responsibility, e-governance, and the like. Economic theory can no longer be confined to understanding markets alone; it must study and predict behaviour of the firms; and move away from decisions in the

marginalist way to decision by the rule of thumb. This is necessary because market transactions are getting eliminated and the complicated market structure with exchange transactions is substituted with the 'entrepreneur' who directs production and post-production operations. In a sense, the system of contracts and relationships become more important than the allocation of resources. Even the role of the State is changing on these lines, as for instance the fiscal policy reforms, tending to increase the size of firm.¹⁶ This situation may seem counter to the neoclassical economic theory but real because of the considerable costs of haggling about division of surplus, particularly due to asymmetric information and asset specificity. In India as we are in a situation of rising surplus labour with capital augmentation, these are serious points to ponder. Economics has grown faster since Smith's *Wealth of Nations*. We are in times of discussing social capital, and privatisation with public partnership. However, firms and markets need not be at loggerheads, if reciprocity works for efficiency and welfare. The questions as to market vs. state, market vs. firm, relationship vs. allocation need not be on "either or" ground. Quality of individuals and institutions are determined not just by the available talents and skills but also by the way they are allocated in economic enterprises. This is a caution for India in its skill and smart campaigns. How best can we incentivise smart people to engage more in productive rather than unproductive entrepreneurship is the moot question.¹⁷ More research is needed along these lines. Before concluding, this paper it may be appropriate to state that Benkler¹⁸ has rightly questioned the rigid distinction between firms and markets. From nation's wealth to nation's welfare; and from social welfare to social capital and social networks, there is now a "Creative Commons" like phenomenon, globally. This is impacting businesses methodologically, technically and strategically. With diverse role and responsibilities for the business economists newer perspectives in management have to be incorporated.

ENDNOTES

¹Warren Bennis and James O'Toole in their article in *Harvard Business Review*, May 2005: 'How Business Schools Lost their Way', write that being too focused on 'scientific' research the B Schools are hiring professors with limited real-work experiences, and when applied to business where judgments were made with messy, incomplete data, statistical and methodological wizardry can blind rather than illuminate. The problem is not of 'embracing' scientific rigour but 'forsaking' other forms of knowledge.

²The Laffer analysis demonstrates both good and bad economic theory. The bad theory is that inference that because the Laffer effect can occur, it does occur. The good theory is that we can use simple supply and demand analysis to determine what magnitudes the elasticity parameters have to be for the Laffer effect to occur.

³For more on methodology in economics see M. Friedman, *The Methodology of Positive Economics*. In *Essays in Positive Economics*, University of Chicago Press, Chicago, 1962; and M. Blaug, *The Methodology of Economics and How Economists Explain*, Cambridge University Press, England, 1980.

⁴Plan Quality Index (PQI), is an – evaluation (research, consultation and feedback) – tool developed to measure the quality of coalition plans, suited for community partnership businesses.

⁵Frankfurt School – developed in 90s – brought together critical theory and post-structuralist writings. It has brought into the domain of business management as diverse areas as psychoanalysis, feminism, queer theory, post¹³ colonialism, neo-liberal capitalism, ecology, anarchy, democracy, popular media etc. Critical Theory basically, is anti-positivistic, considering positivism (fact based) as too narrow, and probes a range of areas of discourse. Denaturalisation, non-performativity, critical performativity and reflexivity are the key features of CMS (critical management studies).

⁶Before the 1930s firm was considered as a “black box” which was assumed to behave like any other Smithian selfinterested utility maximising economic actor. Coase was one of the first scholars who asked why firms exist and what precisely a firm was. Today both questions are fundamental to understand corporate governance. For details see Ronald Coase, “The Nature of the Firm”, *Economica*, 4, 1937:386-405.

⁷Oliver Hart, *Firms, Contracts, and Financial Structures*, Oxford University Press, 1995.

⁸Nobel laureate economist Oliver Eaton Williamson (b. 1932) of the New Institutional School, identified factors for the optimal choice of governance structure. He presented the firm and instant market transactions as lying on a spectrum of forms of organisations (“governance structures”) rather than as simple alternatives. Williamson has been

influential in the 1980s and 1990s debates on the boundaries between the public and private sectors.

⁹See R.H. Coase, “The Nature of the Firm”, *Economica*, 4 (16), 1937:386–405. doi:10.1111/j.1468-0335.1937.tb00002.x; and A.A. Alchian; &H. Demsetz, 1972. “Production, Information Costs, and Economic Organization”, *The American Economic Review*, 62 (5), 777-795. JSTOR 1815199.

¹⁰Shapiro-Stiglitz efficiency wage model provides a technical description of why wages are unlikely to fall and how involuntary unemployment appears. For details see C. Shapiro & J.E. Stiglitz, “Equilibrium Unemployment as a Worker Discipline Device”, *The American Economic Review*, 74(3), 1984: 433-444.

¹¹See G. Akerlof, “Labor contracts as partial gift-exchange”, *Quarterly Journal of Economics*, 1982: 97 (4), 543-569; and G. Akerlof, & J. Yellen, “The fair wage-effort hypothesis and unemployment”, *Quarterly Journal of Economics*, 105 (2), 1990: 255-283.

¹²Michael Polanyi, for instance makes a distinction between knowledge and knowing. While knowledge is static, knowing is dynamic. ‘Knowing’ when marshalled to create desired human behaviour creates strategic asset for the organisation. Central to Michael Polanyi’s thinking was the belief that creative acts (especially acts of discovery) are shot-through or charged with strong personal feelings and commitments (hence the title of his most famous work *Personal Knowledge*). Arguing against the then dominant position that science was somehow value-free, Michael Polanyi sought to bring into creative tension a concern with reasoned and critical interrogation with other, more ‘tacit’, forms of knowing. For more information on this see S. Conway, Valuing Knowledge Management Behaviours: Linking KM Behaviours to Strategic Measures. In C. W. Holsapple (Ed.), *Handbook of Knowledge Management, Volume 1, Knowledge Matters* (pp. 461-475), International Springer Group, New Delhi, 2004.

¹³ See for experts’ views, Jacky Swan, Sue Newell, Harry Scarbrough, & Donald Hislop, 1999: 262 – 275.

¹⁴The famous CSR DNA 2.0 model incorporates value creation, good governance, social contribution and environmental integration. For details see Rassindren & Hans (2015).

¹⁵ See Annexure to this Article.

¹⁶The old discussion about “Market or State” is obsolete. There will always have to be a mix of market and state. The only relevant question is what that mix should look like. How far do we have to let the market go its own way in order to create as much welfare possible for everyone? What is the responsibility of the government in creating welfare? These are difficult questions. In India for instance, there is the objective of “minimum government, and maximum governance”. Will this lead to more and more ‘empowering’ business outside the government sphere? Will less quantity (downsizing)

mean more quality? Will there be more room for total quality management in the new dynamics of business management in the country? Time will tell. See V. B. Hans, "State and the Market – Debate and Developments". Working Paper, 2014. Available at SSRN: <https://ssrn.com/abstract=2373827> or <http://dx.doi.org/10.2139/ssrn.2373827>. An interesting recent work in this area is *The Limits of the Market: The Pendulum between Government and Market* by Paul De Grauwe, Oxford, 2017.

¹⁷See Perumal, p. 9.

¹⁸ See Y. Benkler, *The Wealth of Networks: How Social Production Transforms Markets*, Yale University Press, New Haven, 2006.

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ANNEXURE 1

- Many countries have their own company assessing indices. For instance in South Africa the 'Intellidex' and 'Empowerdex' show the overall ranking of SA's listed companies.
- 2015: In a survey conducted by Great Place to Work Institute and The Economic Times, seven hundred companies across 20 sectors were surveyed. Google, the all-time favourite best employer has been topped by a lesser known (IT) company called RMSI. It's speciality? Says, Gagan Jyot, vice president, Human Resources, RMSI, "People are respected and valued, performance is nurtured, creativity and excellence are encouraged, leadership and teamwork are rewarded. The management team is simple, honest and highly approachable, which makes it easy for people to work together as one team and focus on the business and clients." Marriott Hotels India ranked 3rd and American Express India, 4th.
- 2016: Google India, American Express India, Ujjivan Financial Services, Teleperformance India, Godrej Consumer Products, and Marriott Hotels India rank 1 to 6 among the 10 best Indian Companies to work for.
- What's the reason for the unparalleled success that keeps Amazon growing while so many traditional retailers are shutting their doors? What is clearly visible is the paradigm shift that is getting started (?). The key lessons from the Amazon model are – (i) It's not the product; it's the experience, (ii) Annihilating the competition with customer service., (iii) Fulfilment lies in not concentrating typically in major metropolitan areas with a large population, and (iv) Be unstoppable with 'change'; don't consider any boundaries as insurmountable.
- Doing business with knowledge and skill of behavioural economics can be a rewarding experience for most firms and governments today. There is some on-going research on how behaviour economics could solve the woes of social sector spending (e.g. insurance, education etc.)