Zbigniew Bochniarz

**Integration of Economy and Management in Theory and Practice:**

**A Subjective View of an Economist**

**An Outline**

1. There is no commonly accepted definition of economics, as one of the key social sciences.
2. For one of the founding fathers of classical economics (what was then called “political economy”) - philosopher Adam Smith - economic science was "an inquiry into the nature and causes of the wealth of nations" (1776).
3. Alfred Marshall, who led efforts for building foundation for economics – the “hardest” and “objective – free of politics” social science, separated from political economy and based on hard sciences “laws” and mathematics – economics was about human behavior in getting income and spending it, about production and exchange, less about distribution or consumption, and free of institutions and values (*Principles of Economics*, 1890).
4. Based on my over 50 years relations with different schools of economic thoughts, I define economics as a social science searching for an optimal allocation of resources – different forms of capital – to satisfy human needs and **secure human centered sustainability** (HCS). It takes into account **all four stages** of reproduction cycle: production (extraction and manufacturing), exchange, distribution and consumption, as equally important.
5. There are two sides of economics – **positiv**e (**what** is?) and normative (**what** ought to be?). The first one is closely related to neoclassical economics, mainly microeconomics, why the **normative** is subject of applied economics and policy design. All of them, however are dealing with a “**substance**” and do not describe **how to reach the goal**, HCS.
6. This is why Economics needs Management (Mgmt) to find the way **how** to reach the HCS, what process to follow. So, Mgmt is about the **process** undertaken by one or more individuals to coordinate others activities – people or organizations - to achieve results, which could be not achieved by acting alone (Donnelly, et al, 1995). The *scientific management* or Mgmt as a social science started appearing among practitioners – managers and engineers – who at the beginning of the XX Century started to apply scientific rigors to date related to productivity. One of the founding fathers of the Mgmt was French manager of a large coal company Henri Fayol who formulated **Principles of Management** around 1929 (*General and Industrial Management*, 1929). The contemporary guru of the management science Peter Drucker described Mgmt as making people productive, competent, integrated and performing (1980).
7. Mgmt utilizes knowledge of many disciplines, including psychology, sociology, statistics and social anthropology, as well as economics. There are many branches of management, starting with human resources management, organizational management, financial management, technology management, operational management and several others. The key role plays the strategic management, which integrates all branches of management and makes an interface with microeconomics- the base for managerial economics.
8. The microeconomics focus on firms, households and governments offers a core knowledge how material wealth is created, how products or services are exchanged and revenues distributed at the first stage. Due to the fact business sector controls about 65-75% of resources (based on their revenues) it is critical for securing HCS by making business organizations **sustainable** (**SB**).
9. There are many SH involved in HCS but we have to focus on the most important, who create and enforce rules of Sustainability to move us closer to HCS. For that reason, we have to introduce and support all business efforts leading to SB.
10. We, as academia need to think how to make firms/corporations interested in moving toward SB.
11. Microeconomics of Competitiveness (MOC) program implement at about 130 universities worldwide offers many interesting tool to make this process easier: Diamond of Competitiveness, Value Chain or Creating Shared Values are the tools, which could be applied with involvement not only firms, their managers and employees but also their communities.
12. Getting involved community organizations at micro (local/regional) level in designing sustainable businesses and responsible representatives of society in designing sustainable development strategies at the macro (national) level is critical to reach HCS. Full transparency and understanding of long-term interest each of the partners and potential short-term challenges are the basic conditions to perform **Winwin** strategies securing vital interest of all partners. Potential **zero-sum-game** strategy performed by the strongest partner would adversely affect the sustainability of all of them. This is the ambitious task for academia to explain these principles, which are still poorly understood.
13. The concept of **learning organization** (LO) refreshed and adjusted to XXI Century conditions by Dan Candea and Dan Oncica-Sanislav (*Business Sustainability*, 2016) could serve as a good vehicle facilitating this movement toward HCS not only among companies but also among NGOs and governmental agencies, and this way integrating microeconomics with management. This way LO concept could play much larger role.
14. Finally, there is a fundamental question for all of us – if the New Economic Theory (NET) needs Mgmt (particularly a strategic one) to move toward HCS, **what should academia do, particularly WAAS to facilitate and speed up this process** – vital tour survival on the Earth?