Z. I. Tomshin
Institute of Industrial Management, Economics and Trade, SPbPU,
Saint Petersburg, Russia
Scientific supervisor – A. A. Timofeeva, PhD in Economics Science, Associate Professor

THE ROLE OF ECONOMICS IN BUSINESS MANAGEMENT: TRENDS AND PRACTICES

In today's fast-shifting global economy, business schools know their graduates have to be prepared in management and economics just to make it. This article aims to defend the place of economics in business management, explaining why it is an essential part of making decisions and managing relations. Management applies the theoretical framework that economics does not provide for real-world strategies. To do this, I identify the following tasks: to demonstrate where economics and management meet; to determine current economic tracks in business management; to identify best practices in business management. In this article, we discuss essential business economics trends such as globalization, digitalization and sustainability. Next, we take a closer look at leading practices such as those regarding data-driven decision-making and organizational agility followed by workforce development. It also covers issues like economic environmental changes and market saturation, future growth planning.

Keywords: *business management, economics, globalization, technological innovation, sustainability, resource allocation*

In short, decision-making in business uses tools and methodologies taught by economists to think systematically about the ways businesses allocate resources based on changing market conditions as well how they go after growth opportunities too. How business decisions are influenced by basic concepts such as: supply, demand, cost structures and market competition [1]. Actualizing economic theory is another thing, which needs good management.

Resource Allocation: Businesses manage with the deciding on and assignment of materials – whether they are able to be human being resources (personnel), financial, or real goods. Economics gives us methods–such as cost-and-benefit analysis for finding out which investments or projects will give the biggest bang for our buck [3].

Pricing Strategy: It is crucial to set the right price for products and services, in order to be profitable. Pricing decisions are influenced by economic concepts such as elasticity of demand, competition and market saturation. Managers have to balance these two in order for their pricing strategy to be both revenue and market share maximizing [1].

Risk Management: No business is without uncertainty regarding market fluctuations, economic downturns or consumer preferences changing. While it is possible to estimate potential risks and sensitivities using financial models and performing data analysis, managers can still develop strategies that are intended for the impact of those estimated consequences [5].

Economic literacy enables managers to respond better to pressures from outside as well as anticipate them and prepare their businesses for long-term viability [2].

Today, in the context of globalization and digitalization there are a number of key economic trends that influence how businesses manage their operations.

Globalization and Global Trade: The economy today is very different than it was in the more recent past, much of this change comes from globalization. With business reaching well beyond national borders to include suppliers, customers and competitors worldwide. While this presents an array of opportunities for growth, with it comes a wealth of supply chain hurdles, currency impacts and regulatory variation [7].

One of the biggest challenges for global managers in today`s fluctuating economy is managing operations internationally but with local economic conditions varying to great extent. International trade policies and the routes tariffs take can be significant cost drivers and affect competitiveness as well [8].

Technological Innovation – With the lightning speed technological innovations, especially in AI, Automation and data analytics transforming Business Management. These advancements have placed businesses in a position to function optimally, help them take more informed decisions and be able to cater their services with personalization to consumers [3].

Technology, however, has its integration issues too – as tech keeps changing and growing new systems need to be learned for the old ones are replaced; jobs may even become obsolete due to automation. This balance of how much technology to adopt versus what is invested in human capital development will keep managers up at night, trying to figure out the right combination that can spear head their companies to maintain competitiveness and sustainability [5].

Fig.1. The integration of AI into business operations

Sustainability and Green Economics: With growing environmental problems, and more and more responsibilities of social problems, companies move from traditional way in some way they can innovate internally develop products which avoid pollution save cost for future generations outputs that integrate best current technology with minimal environmental costs sustainability corporate philosophy emphasizing long-term strategy over quick pay offs and lasting profits that benefit everybody on Earth without harming them in any fashion or form public management system where performance assessment focuses not only immediate results but also environmental impact assessment criteria the adaptations towards investors' aspirations will be reflected in your company's results. One widely adopted framework is ESG (Environmental, Social, Governance), This tool helps corporations to face up to questions such as what their track record in sustainability and ethical governance is [4].

1) Environmental: Companies face the challenge of reducing their environmental load through such means as managing natural resources, discarding wastes, setting up systems to minimize and recoup spills or emissions.

2) Social: The social aspect involves the impact a company has on people, including employee well-being, workplace diversity and its relationships with the community and supply chain.

3) Governance: Governance is the key factor that helps companies can run transparently, under unified corporate oversight and with ethical business practices, encompassing anti-corruption issues as well as risk management.

Fig. 2. ESG components of the value chain, one important framework for sustainability integration within a business

Because stakeholder expectations are increasing, ESG is slowly becoming a necessary business approach for businesses to strike the delicate balance between short-term profitability and long-term success. Implementing these practices through management principles doesn't just reduce a company's social and environmental footprint; it boosts its profile in the marketplace [8].

Navigating the complex economic environment requires that business leaders adhere to management best practices tailored for internal capabilities and external market conditions.

Data-Driven Decision Making: As companies race to slash datasets and own processes, the gathered data with its statistical representation is slowly becoming a competitive advantage for businesses. Becoming Data-Driven: Managers need to hone their analytical ability so that they can use data for better strategic decision making, Operational efficiencies and enhanced customer outcomes [6].

Predictive analytics, machine learning and CRM tools can help businesses to capitalize on market trends and personalize the customer experience while also boosting operational productivity [2].

For example, a retail company could predict the future demand of products based on how consumer behaviour has shifted in the past and adjust inventory levels accordingly to help reduce leakage.

Adaptability and Flexibility: because the world is volatile, uncertain changed businesses must have a capacity to adapt. This requires the capability of automatically adapting to ever-changing market dynamics, customer needs or technology advancements. An example of an agile management approach, decentralized decision-making with cross-functional teams and a culture that promotes innovation & experimentation. Corporations adept at adjusting to the market tend to outperform more sclerotic rivals [3].

Human Capital Management: Even in the age of automation and artificial intelligence, people are still an essential asset in operational business. Convincing them is no mean feat, but successful leadership creates an environment both for continuous learning and for regular professional development--offering employees the skills they need to succeed in a changing business environment.

The high demand for elite employees is normal, but more and more responsibility includes the support of good corporate culture as well as diversity requirements which provide ways how to maintain a healthy job style [5].

Financial Prudence: Sound financial management continues to be the bedrock of business success. This requires smart budgeting, preserving cash flow and debt management. This is a way to equip the companies with better margins for rainy days and robust growth when times are good [7].

Economics and Enterprise Administration are related sciences that sometimes exist inside the identical faculty. This allows businesses that apply economic principles to management practice use resources more efficiently, respond effectively to dynamic market systems and position themselves for long term sustainability. The business world keeps changing and so do the requirements on managers to adapt for globalization, advanced technology or sustainability.

In the end, it will be those firms who realize what economics is and how insidious can its influence on management become that are going to win in this cut-throat competition of today.

References

1. *Zakhidov, G.* Economic indicators: tools for analyzing market trends and predicting future performance / G. Zakhidov // International Multidisciplinary Journal of Universal Scientific Prospectives. – 2024. – Vol. 2. – №. 3. – P. 23–29.
2. *Ferreira, Gregorio V.* A systematic literature review of bio, green and circular economy trends in publications in the field of economics and business management / Gregorio V. Ferreira, L. Pié, A. Terceño // Sustainability. – 2018. – Vol. 10. – №. 11. – P. 4232.
3. Okpalaoka C. I. Research on the digital economy: Developing trends and future directions / C. I. Okpalaoka // Technological Forecasting and Social Change. – 2023. – Vol. 193. – P. 122635.
4. Ogutu H., El Archi Y., Dénes Dávid L. Current trends in sustainable organization management: A bibliometric analysis //Oeconomia Copernicana. – 2023. – Vol. 14. – №. 1. – P. 11–45.
5. Calderon-Monge E., Ribeiro-Soriano D. The role of digitalization in business and management: a systematic literature review //Review of managerial science. – 2024. – Vol. 18. – №. 2. – P. 449–491.
6. Adigwe C. S. et al. Critical analysis of innovative leadership through effective data analytics: Exploring trends in business analysis, finance, marketing, and information technology //Asian Journal of Economics, Business and Accounting. – 2023. – Vol. 23. – №. 22. – P. 460–479.
7. Zhou L. et al. Production and operations management for intelligent manufacturing: A systematic literature review //International Journal of Production Research. – 2022. – Vol. 60. – № 2. – P. 808–846.
8. Yuliantini T. et al. Business Planning Based On Green Management, Should Be Sustainable? //ICCD. – 2023. – Vol. 5. – №. 1. – P. 135–140.