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The impact of economics on management

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ABSTRACT

This article analyzes the impact of economics on management by examining citations of 71 management journals. *AER*, *JPE*, *Econometrica* and *QJE* have the highest impact. Industrial organization journals also have a particularly large impact. The share of economics in management citations drops from 9.91 percent until 1995 to 5.70 percent for 1996–2005. Three possible explanations for this decrease are analyzed: economics research became more mathematical; because management is a younger discipline, it grew faster than economics in quantity and quality of research; and interdisciplinary spillover of research is slower than the spillover within a discipline. Only the second explanation is supported by the data.

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1. Introduction

The process of creating and disseminating academic research is an important process because it is the basis (together with education) for the impact that universities and other research institutions have on promoting knowledge in various areas. Previous research in economics addressed various aspects of this process. For example, Laband (1990) examined the value added of the review process, Ellison (2002a) analyzed the standards of publishing in economics, Laband and Tollison (2003) studied the “thanking” behavior of economists, Azar (2008) modeled the slowdown in the refereeing process as an evolving social norm, and various journals dedicated special issues to topics related to the process of academic research.¹

One of the topics addressed by the literature on academic research in economics is the impact of economics journals. The influence of journals is usually measured by the number of citations that journals receive (e.g., Laband and Piette, 1994; Burton and Phimister, 1995; Kalaitzidakis et al., 2003), sometimes using further manipulations, such as giving different value to citations from different journals (based on the quality of the citing journal) or taking a per-page or per-article measure of

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¹ For example, the *International Journal of Industrial Organization* published a special issue (November 2003, volume 21, issue 9) on The economics of intellectual property at universities, the *Journal of the European Economic Association* had a special issue on Evaluating Economics Research in Europe (December 2003, volume 1, issue 6), and the *Journal of Economic Behavior and Organization* dedicated its August 2007 issue (volume 63, issue 4) to “Academic Science and Entrepreneurship: Dual engines of growth.”

citations. Liner (2002) uses an innovative methodology and ranks economics journals based on citations in textbooks instead of journal citations. Palacios-Huerta and Volij (2004) develop an axiomatic approach and use it to rank economics journals.

There are many other interesting issues related to the influence of economics journals, however, that are not addressed by these general rankings. One is to rank the importance of economics journals in certain sub-disciplines, for example the agricultural economics ranking by Burton and Phimister (1996), rankings of various economics sub-disciplines according to JEL codes by Barrett et al. (2000), and ranking of behavioral economics and socio-economics journals by Azar (2007). Additional issues are cross-citations among journals and how they capture the mutual influence of journals on each other (Bush et al., 1974; Stigler et al., 1995; Pieters and Baumgartner, 2002) and how citation measures affect the demand for journals (Odagiri, 1977).

The general rankings of economics journals usually take into account all the citations received from journals indexed by Social Sciences Citation Index (SSCI). Because most of the citations received by economics journals are from other economics journals (see Section 4), these rankings mainly measure the impact of economics journals within economics. This is even stronger in rankings that take a recursive approach that gives a higher weight to citations from journals that received many citations. Because journals from other disciplines are not cited very often in economics, citations from them receive smaller weights in the recursive method (even if they are top journals in their own disciplines), thus downplaying even further the impact of economics journals on other disciplines in determining their ranking.

Research in economics, however, is relevant not only for other economics articles, but also for management research. Ideas that appear in economics journals can often provide insights about how firms should be managed. Indeed, some of the most influential books in the field of strategy were written by Michael E. Porter, who applied ideas from economics to strategy (e.g., Porter, 1980, 1985; SSCI recorded thousands of citations to each of these two books). Several prominent economists wrote textbooks for MBA students, applying economic analysis to management topics (e.g., Milgrom and Roberts, 1992; Besanko et al., 1996).

Journals that are devoted to the interaction between economics and management were also established, such as *Managerial and Decision Economics*² that was established in 1980 and the *Journal of Economics & Management Strategy* that was established in 1992.³ The *Strategic Management Journal*, the leading journal in strategic management, dedicated a special issue in 1991 to the relationship between strategic management and economics, where prominent scholars from both disciplines offered their insights about the relationship between the two fields.

These are a few examples for the important interaction between economics and management. Indeed, many topics that appear in economics journals are relevant for the field of management, for example, labor contracts and incentives; organization of the firm; market entry and exit; and the choice of price, quantity, quality, advertising and R&D level. Does economics indeed have an influence on management research? Which economics journals have the most impact on management? Are there changes over time in the impact of economics on management? These interesting questions have not been addressed before, and trying to answer them is the focus of this article.

The rest of the article is organized as follows. The next section explains how the data were obtained. Section 3 investigates which economics journals had the most impact on management. Section 4 analyzes time trends in the impact of economics on management, and the last section concludes.

2. The data

Following most of the literature on impact of academic journals, I use citations as a measure of impact. To obtain data about citations in management journals, I used the database of Journal Citation Reports (JCR) for 2005. JCR is one of the databases maintained by ISI Web of Knowledge (ISI) (ISI, 2007). The social sciences part of JCR is based on the data of SSCI, which is a database that tracks citations from a set of indexed journals. ISI attempts to cover the most influential journals in each discipline. In JCR 2005, the category of economics journals included 175 journals, and the management category included 71 journals.

Some of the journals in the economics category also belong to additional categories in JCR. To decide whether these journals can justifiably be categorized as economics journals, I compared the number of citations they received from economics journals to the number of citations they received from the other discipline to which they belong. If the number of citations from this other discipline was higher than the number of citations from economics, the journal was not included in the ranking. Twenty-two journals were dropped from the list according to this criterion, thus leaving a list of 153 economics journals to be analyzed.

² The aims and scope of *MDE* state that “Managerial and Decision Economics will publish articles applying economic reasoning to managerial decision-making and management strategy. Management strategy concerns practical decisions that managers face about how to compete, how to succeed, and how to organize to achieve their goals. Economic thinking and analysis provides a critical foundation for strategic decision-making across a variety of dimensions. . .” see <http://www3.interscience.wiley.com/cgi-bin/jabout/7976/ProductInformation.html> (accessed 10 June 2007).

³ An editorial written by Daniel F. Spulber, the founding and current editor of *JEMS*, states that “The Journal of Economics & Management Strategy (*JEMS*) focuses on the application of economic analysis to the study of the competitive strategies and the organizational design of firms. The journal is based on the proposition that economics has much to contribute to business decision making and that in turn the study of microeconomics can be greatly strengthened by the consideration of practical issues in management strategy.” See <http://www.kellogg.northwestern.edu/research/journals/JEMS/Aims%20and%20Scope%20pages/editorial.htm> (accessed 10 June 2007).

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