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The business of economics

In your article '[Why economics does not understand business](#)' (April 8th) you highlight that 'economics likes to see itself as a foundational discipline, like physics, not a practical one, like engineering.' In its quest to be physics-like and evidence based, economists are prone to a form of selection bias by focusing on problems where data is relatively abundant. In doing so, economists tend to understudy problems where data is necessarily scarce as in the context of firms innovating to maintain competitive advantage.

Often when studying firms that are leaders in technology adoption and business model innovation there is a need to analyse small samples or even a sample of one in the case of pioneers. Studying small samples requires obtaining qualitative information and inferring logically causal processes about management decision making, organisational governance, culture and politics within and across firms as they strive to innovate and remain competitive. Such approaches are well developed in cognate disciplines such as management, sociology and politics, among others. Adopting such complementary approaches by working collaboratively with cognate disciplines can only strengthen the toolbox of economists and contribute better to understanding business.

Economics may still continue to be a foundational discipline, but it has the potential to become as practical as engineering.

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