# Economic Management Humanity Hypothesis and Behavioral Subject Analysis

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**Abstract:** People are the main actors in economics and economic management, but economics and economic management as independent disciplines do not study every specific and different person; according to their respective subject objectives and research objects, based on people's general behavioral characteristics, abstract and conceptualize human beings for analysis. The resulting understanding of human beings is the basic assumption of the subject of behavior, which is the basic premise for further analysis. Therefore, different perceptions or assumptions about the subject of the act lead to a fundamental difference between economics and management. The hypothesis of behavioral subject in economics and management is manifested in two aspects: the basic tendency and mutual relationship of the subject.

## 1. Introduction

Because the term economic management is used very frequently, many people mistakenly believe that economics and economic management are similar. In fact, the difference between economics and economic management is two disciplines that are very different. Their fundamental difference lies in the humanity assumptions in economics and economic management. The abstract understanding of the basic tendency of behavioral subjects forms the humanity hypothesis in economics and economic management. Economics and economic management have different factions. There is also an inconsistent understanding of human assumptions between different factions within economics and economic management. However, such inconsistencies are similar, but between the two disciplines. There is a big difference.

## 2. Economic Management Humanity Hypothesis

### 2.1 Economic Management Humanity Hypothesis

Economics considers the rationality of rules with the goal of cost saving, expanding output, and optimizing resource allocation. It can only be analyzed from most general behaviors, so it is assumed that people are economic, rational, or opportunistic people.

The economic people's behavioral decision-making starts from their own economic interests, and maximizes their net income through the comparison of income and cost. Of course, when it comes to maximization, it means that it is as large as possible under certain conditions, not infinite, that is, maximization is the conditional extremum. The basic tendency of rational people is the same as that of economic people, but only expands economic interests to comprehensive interests and long-term interests. For example, temporary dedication is for long-term interests or psychological and prestige satisfaction. However, economics also believes that under the conditions of commodity economy, money is a general equivalent, and it has measurability, comparability and objectivity, so it is a difficult substitute for measuring the value of the transaction object and the value of human (labor goods) scale. Therefore, the foundation of comprehensive interests is of course economic interests, and its measurement scale also uses market trading value. Therefore, the behavior of economics is rational behavior, and the rational behavior is the behavior of maximizing profit.

The economic man assumes that by means of measurable currency, it is particularly advantageous for quantitative analysis or modeling, but the fundamental reason for the assumption of the economic man is the goal of economics, not for measurement and modeling, which can be used less. The new institutionalist economy of quantitative analysis and model Marxist economics is also evidenced by the fact that people are economic.

Although Marxist economics does not explicitly state the assumption of human nature, it implies the assumption of the economic man. Because Marx regards the economy as the decisive force of social development, the economic foundation as the decisive factor of the superstructure, and the capitalist's greed of surplus value as its theoretical premise. Undoubtedly, Marx is premising the pursuit of economic interests by the behavioral subject, but this premise emphasizes more when analyzing the abstract law and the behavioral characteristics of the capitalists; while it emphasizes less when analyzing the behavioral characteristics of workers.

The new institutional economics still believes that people are characterized by the pursuit of the interests of economic management thldl.org.cn, but they are quite succinct about the rationality of behavior. They think that people only have bounded rationality, but they think that people have opportunistic tendencies and always want to take advantage of them car. Opportunism is not only pursuing its own interests, but also trying to use tricks to realize its own interests. Although not all actors are manifested as obvious opportunism, it is difficult to affirm that those people have less opportunistic tendencies. Obviously, the new institutional economics, while denying complete rationality, emphasizes the pursuit of economic interests and means. Judging from the basic tendency of the behavioral subject, this is not very different from the assumption of the economic person.

### 2.2 Economic Management Humanity Hypothesis

Economic management is different. It is aimed at motivating people's enthusiasm and improving organizational efficiency. It must take into account the general behavior of the majority and the special behavior of the minority, because a few special behaviors are very important to improve organizational efficiency. Because of this, economics adheres to the assumption of economic man (opportunism), while economic management believes that the pursuit of economic interests is a basic need of human beings, but it is a low-level need among people's multiple needs, so economic management is human. The hypothesis has long surpassed the economic man hypothesis, and with new theories of complex people, social people, managers, etc., along this direction, economic management has been separated from economics and developed independently.

In the earlier management thoughts, people were regarded as a tool for talking. They believed that people were always lazy, arrogant, and unresponsible. McGregor called this tradition the x theory of human hypothesis. The scientific management theory represented by Taylor emphasizes the nature of people's pursuit of economic interests, and has once reached a consensus on the humanity assumptions of economic management and economics. But not long after, Mayo realized from the "Hawthorne experiment" that in addition to the requirements for economic interests, people's social and psychological requirements are also very important, thus negating the economic man hypothesis and proposing social assumptions. Representatives of other behavioral science theories have intensified social assumptions from different sides. Among them, Maslow's hierarchy of needs develops the social person hypothesis into a classic and refined need model.

The contemporary economic management school is like a jungle, and the assumption of human nature is like a jungle. The representative one is the humanity hypothesis elaborated by Nobel Prize winner Simon in his decision theory. He believes that management is decision-making, and employees at different levels of the organization are making decisions, so they are managers.

### 2.3 The Impact of Human Nature Hypothesis on Economic Management

The economic man assumes simple and clear analysis, and economics forms the method (technique), principle and law of the axiom system and system as the core; while the assumptions of social people and managers are rich and complex, and it is difficult to form an axiom system. On the basis of this, economic management combines rich practice to form many methods (techniques) principles and theorems of art and skill (experience). Both have advantages and disadvantages, but the difference is obvious. In layman's terms, economics is similar to the "bad guy hypothesis", and economic management is similar to the "good guy hypothesis."

Contemporary economics and economic management are all different schools. However, because the humanity hypothesis of economics is relatively consistent, the differences between economic principles and empirical analysis are not very large. The differences are mainly in the application of economic principles (such as the formulation of economic policies) and normative analysis. For example, economics has more authoritative textbooks in different eras, and non-authoritative textbooks are similar. However, contemporary economic management has a lot of differences in human nature, resulting in almost no classical or authoritative theory, no systematic theoretical framework, and no authoritative textbooks. An economist once said that two economists will have three economic genres when they discuss together. Borrowing this idea, one can say that there are at least four economic management schools in the two economic management scholars.

## 3. Relationship between Actors in Economic Management

### 3.1 The Core of Economics

The core of economic research is resource allocation, and division of labor and transactions are the main ways of resource allocation. Trading through the market can turn the self-interested motive of the agent into a result of mutual benefit. That is to achieve "subjective for oneself, objective for the society." Therefore, the relationship between actors in economics is mainly reflected in the market trading relationship. The direct purpose of market transactions is that both parties can obtain benefits, so the parties to the transaction are equal contractual relationships. People in economics are not only equal in personality and status, but often do not consider the differences in tiered capital and affiliation that are inevitable due to differences in division of labor, job responsibilities, and personal expertise. This relationship can be summarized as the equality of the subject of the act.

The relationship between the above mentioned people is not clearly stated in that textbook, but it is implicit in the general theory of economics. Because the economic man hypothesis is effective for everyone, the economic man does not close the door to pursue the maximization of benefits, but to maximize the benefits in exchange. Since everyone has the same tendency, the limit of maximizing their own interests is to maximize the same benefits of others. If everyone can only make money in the pursuit of their own interests, and you are not allowed to gain, there will be no equilibrium in the need and supply of economics, and there will be no equilibrium in the marginal cost equal to the marginal cost.

From an economic point of view, the so-called "customer is God" is a marketing strategy used by sellers to realize their own interests, because the relationship between suppliers and those in need is completely equal. These slogans have practical significance because the supply in a particular historical period is greater than necessary. In fact, in order to achieve their own trading purposes, customers can also say something nice to the seller (this is often the case in the market for debt pricing). In short, due to the equality of actors, from an economic perspective. Both parties to the transaction can propose conditions to the other party or reject the other party's conditions, and can also achieve their own trading purposes by raising the position of the other party or depreciating their position.

### 3.2 The Relationship between Actors in Economic Management

Economic management studies aim at motivating people and improving organizational efficiency, and fundamentally respects the role of people and people. Of course, the individual in economic management (that is, the subject of the act, to avoid confusion with the management subject) is also equal in personality. But economic management has to consider the different levels of organization and the functions of individuals. Some people are divided into leaders, some are divided as performers, and the same person has to play a different role in different situations. Therefore, people should be regarded as "the profession has specialization, ability and level, status." There are differences between different individuals. Although people in economic management are equal in personality, they are unequal in status. Although this inequality does not mean the difference between high and low, it means the difference between subject and object, initiative and passiveness. The difference between functions and the contribution to the organization. This relationship can be summarized as individual differences.

A basic principle in economic management is to distinguish between management subjects and management objects. Among them, people are the core of management and the core of management.Although the same actors may have different roles in different situations, there is a clear distinction between the roles of specific actors in the same management process. This means that the relationship between people and people in economic management is unavoidable.

In fact, whether it is administrative management or enterprise management, non-management is U-type or M-type and H-type in the form of enterprise organization. Hierachy (or bureaucratic system) is still the basic form of management organization. The ability and personality characteristics required by different positions in the bureaucracy are very different, which determines the difference in human economics. Lawrence. Peter's differential relationship with the people in the bureaucracy is a wonderful analysis, and even he has created a new discipline, Hierachiolgy.

It can be seen from the above analysis that the management of economic management does not explicitly propose the difference relationship, but the difference of people's relationship is indeed the implied premise in economic management.It is precisely because people in economic management are people with different order, so in the actual management process, employees are required to have professionalism, and “one job, one job”. Since the unequal experience in real life will dampen people's enthusiasm, economic management also attaches importance to creating an equal atmosphere for employees and psychologically, in order to make employees feel inequality due to the difference in status and role. Mobilize their work enthusiasm.

### 3.3 Management Core

Management aims to achieve organizational goals as its own goal, and to motivate people's enthusiasm and improve organizational efficiency as a means. The general behavior of the majority and the special behavior of the minority must be taken into account, since a few special acts are important to improve organizational efficiency. Because of this, economics adheres to the assumption of economic man (opportunism), while management believes that the pursuit of economic interests is a basic need of human beings, but it is a low-level need in the multiple needs of human beings, thus the hypothesis of management on human nature. It has already surpassed the economic man hypothesis, and with new theories of complex people, social people, managers, etc., along this direction, management science has been separated from economics and developed independently. In the earlier management thoughts, people were regarded as a tool for talking. They believed that people were always lazy, arrogant, and unresponsible. McGregor called this tradition the x theory of human hypothesis. The scientific management theory represented by Taylor emphasizes the nature of people's pursuit of economic interests, and has made the humanity hypothesis of management and economics once reached a consensus. But not long after, Mayo realized from the "Hawthorne experiment" that in addition to the requirements for economic interests, people's social and psychological requirements are also very important, thus negating the economic man hypothesis and proposing social assumptions. Representatives of other behavioral science theories strengthen social assumptions from different sides. Among them, Maslow's hierarchy of needs develops the social person hypothesis into a classic and refined need model. The contemporary management school is like a jungle, and the assumption of human nature is like a jungle. Among them is the humanity hypothesis elaborated by Nobel Prize winner Simon in his decision theory in 1978. He believes that management is decision-making, and employees at different levels of the organization are making decisions, so they are managers. In this sense, the scientific nature of management is not as good as economics.

Management and economics have different academic divisions. The goal of economics is to achieve the benefits of the entire human race or society as a whole, and the means to achieve the goal, in the case of a certain resource. Like microeconomics, agricultural economics, international economics, regional economics, etc., all achieve the goal of maximizing wealth by region or industry. And econometrics and game theory are improvements in economic analysis tools. The emergence of institutional economics, family economics and public choice schools is an extension and improvement of economic analysis methods. It explains economic phenomena from another angle and extends economic analysis methods to sociology, political science, etc. other disciplines. In Smith's concept, through social division of labor, through exchange, through market competition, we can rely on human subjectivity for ourselves, objectively act for others, and achieve the increase of wealth in the whole society. In the world of economics, actors are free and equal. People in society are hierarchical, but in economic activities, they are equal. Of course, the development of economics to today, in fact, is more of a local improvement, some involve root causes, and some are partial improvements to the original theory. Like the scholars of this year's three research mechanism design, they are actually studying how to improve efficiency in an implemented organization, not the pure economics of traditional meaning.

## 4. Conclusion

The fundamental difference between economics and economic management lies in the humanity assumptions in economics and economic management. People are the main actors in economics and economic management, but economics and economic management as independent disciplines do not study every specific and different person; but according to their respective subject objectives and research objects, based on people's general behavioral characteristics, the assumptions of abstraction and conceptualization of human beings are convenient for analysis. The resulting understanding of human beings is the basic assumption of the subject of behavior, which is the basic premise for further analysis. Therefore, different perceptions or assumptions about the subject of the act lead to a fundamental difference between economics and economic management.

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