

PARADOX OF ABUNDANCE:
IMPLICATIONS FOR
STRATEGIC MANAGEMENT

SUBI RANGAN
INSEAD

8 AUGUST 2024



Strategy Summit 2024
Deer Valley, Utah

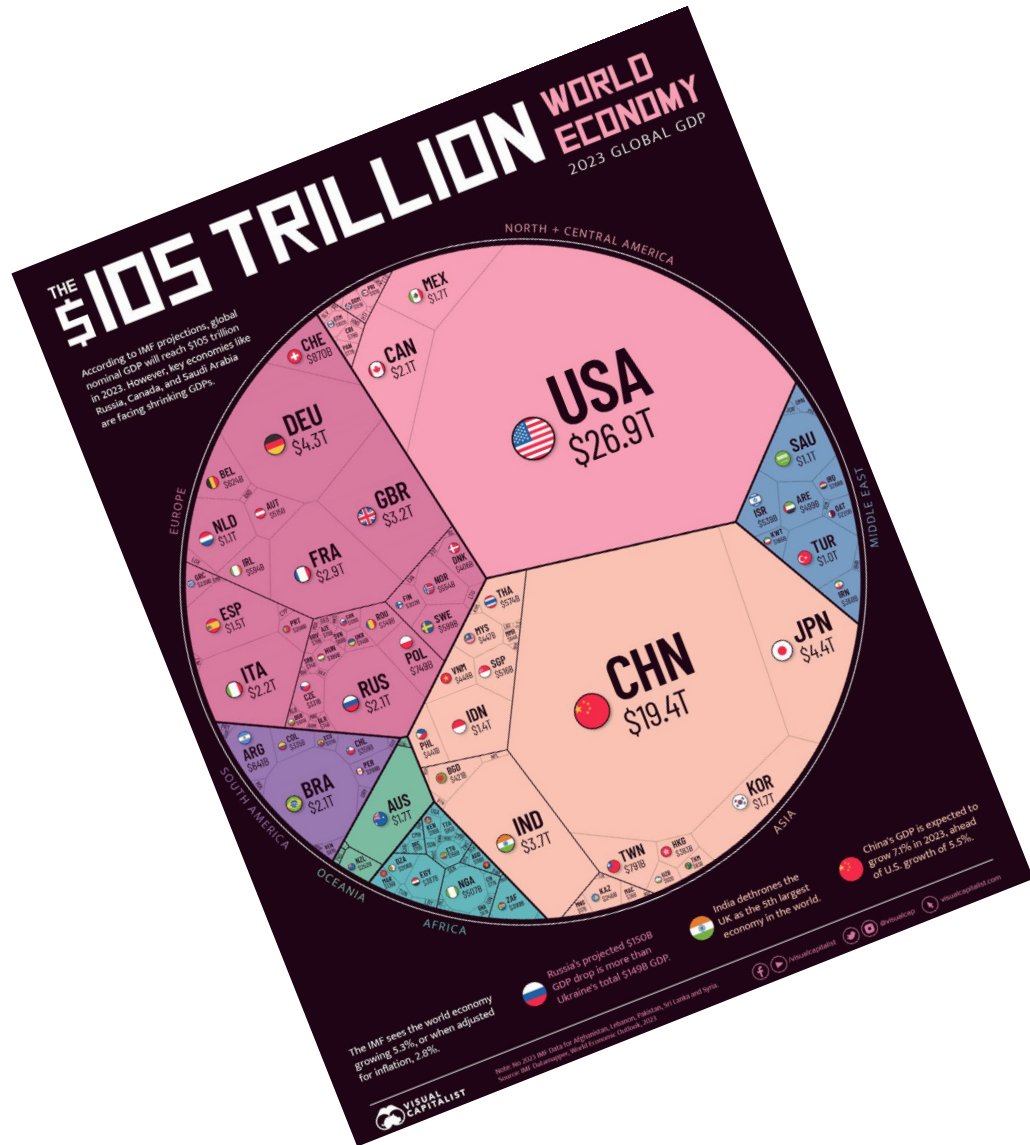


**My telegram:
Want liberty?
Contribute to
security!**



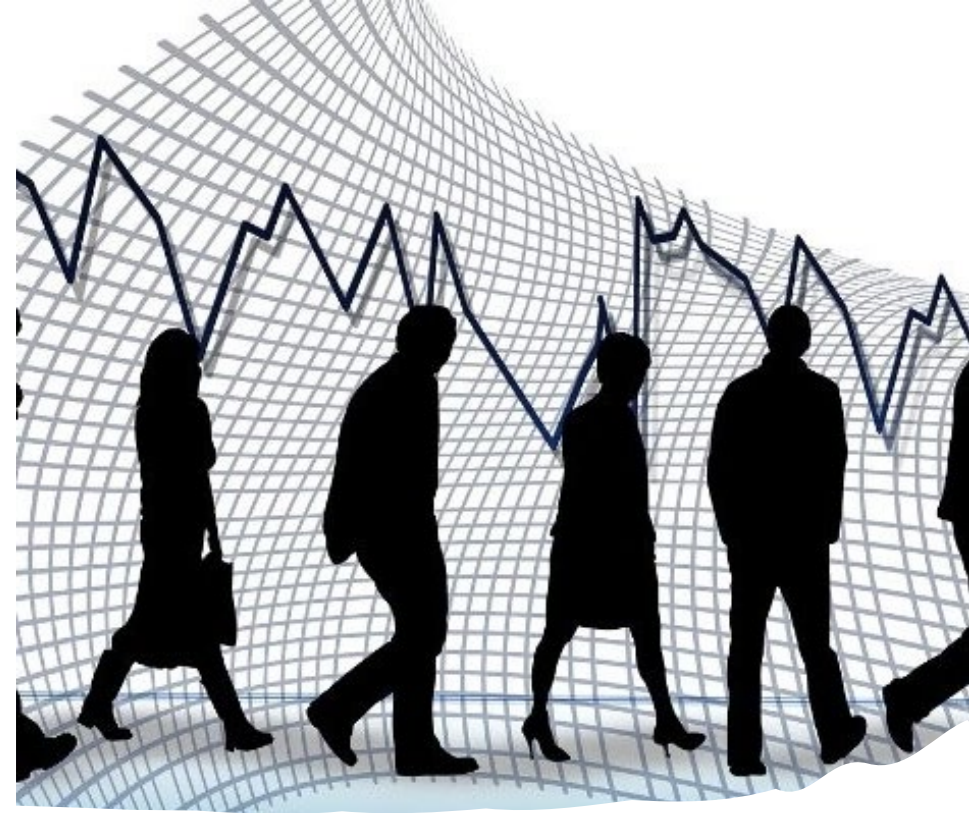
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ABUNDANCE



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PROFITS UP, BUT...





It was the best of times, it was
the worst of times.

~ Charles Dickens

AZ QUOTES



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BUSINESS SCORECARD

OUTPERFORMING

- OUTPUT
- EFFICIENCY
- SIZE

NEEDS IMPROVEMENT

- OUTCOMES?
- EQUITY?
- SUSTAINABILITY?





ENTER LEVIATHAN TO SHAPE/ SECURE THE DISTRIBUTION OF COSTS & BENEFITS

**SPATIAL-POLITICAL:
ACROSS GEOGRAPHY**

**CROSS-SECTIONAL:
ACROSS STAKEHOLDERS**

**TEMPORAL:
ACROSS TIME**

National Stability & Security

Welfare & Social Justice

Nature & Future

National Security

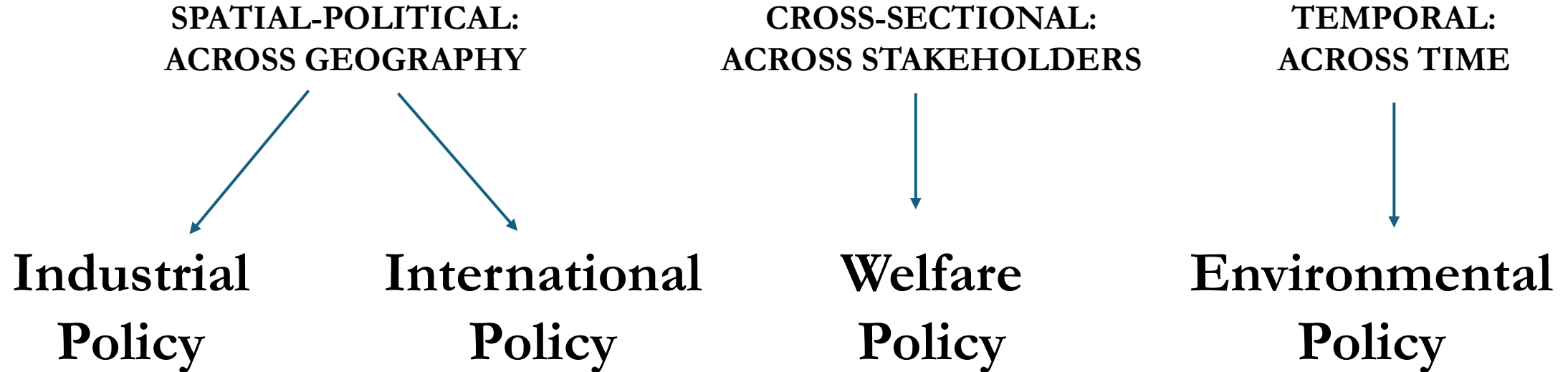
Social Security

Ecological Security



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RETURN OF THE ACTIVIST STATE



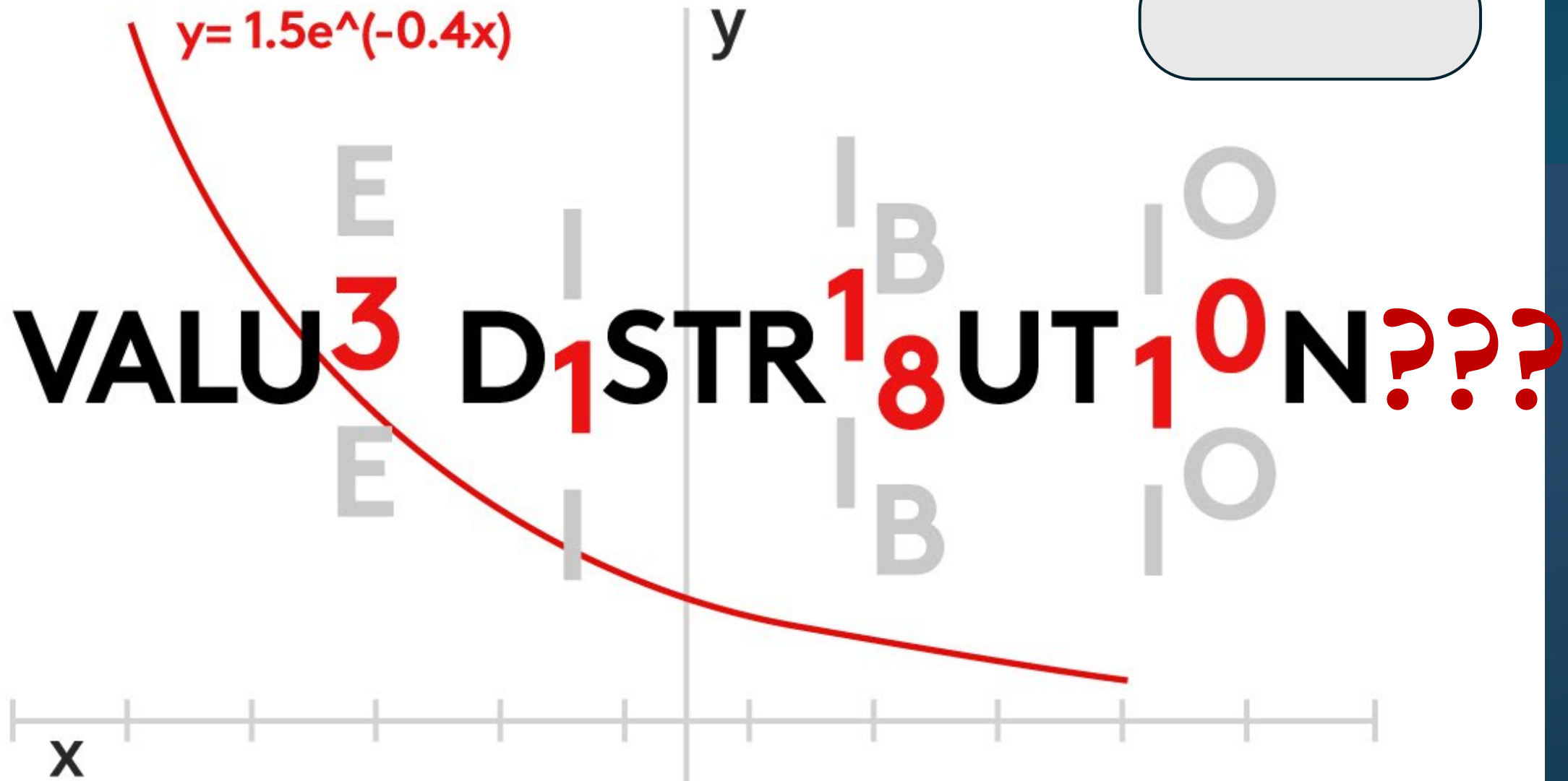
THE PRIMARY FOCUS (DV) OF STRATEGY

Value Creation

Value Capture



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WE NEED MORE NOT LESS STRATEGIC MANAGEMENT

COMPETITIVE STRATEGY

&

CONTRIBUTIVE STRATEGY

- INNOVATION

- INTEGRATION

- INTERNATIONALIZATION



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BUSINESS NEEDS TO USE ITS POWER TO BETTER INTEGRATE ...

BUSINESS
&
SOCIETY

HUMANITY
&
NATURE

PRESENT
&
FUTURE

HOME
&
ABROAD



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4 DIMENSIONS FOR “PRIVATE POLICY”

COMPETITION

CONTRIBUTION

CONFIGURATION

COORDINATION



CONTRIBUTIVE STRATEGY

- STELLA MCCARTNEY
- MAERSK
- APPLE NEURALMATCH
- INTERFACE TILE CARPETS
- TANISHQ (TATA) JEWELRY



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COMPETITIVE STRATEGY

- INTEGRATING OUTPUT & OUTCOMES (EGS.: APPLE; JOHN DEERE; ...)
- MIN MEANS & MIN HARM (HOW CAPTURE VALUE)

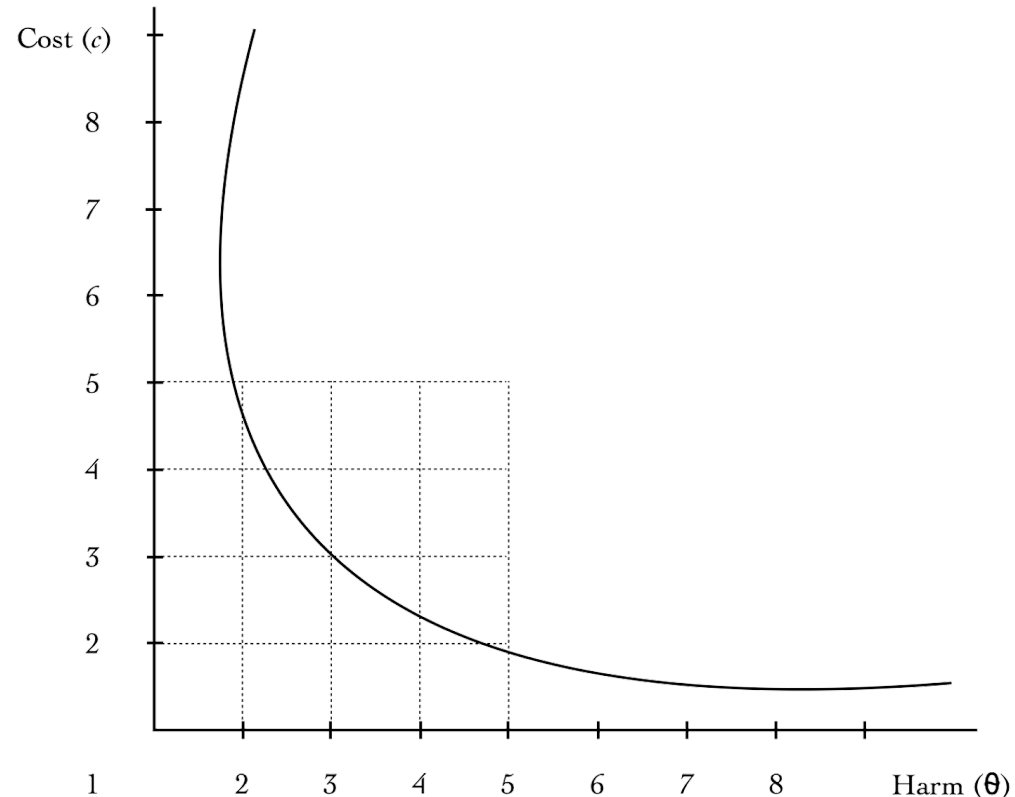


AN ALTERNATIVE PROFIT FUNCTION

- $\pi = (p - c) \times n$
- or
- $\pi = (p - \theta c) \times n$

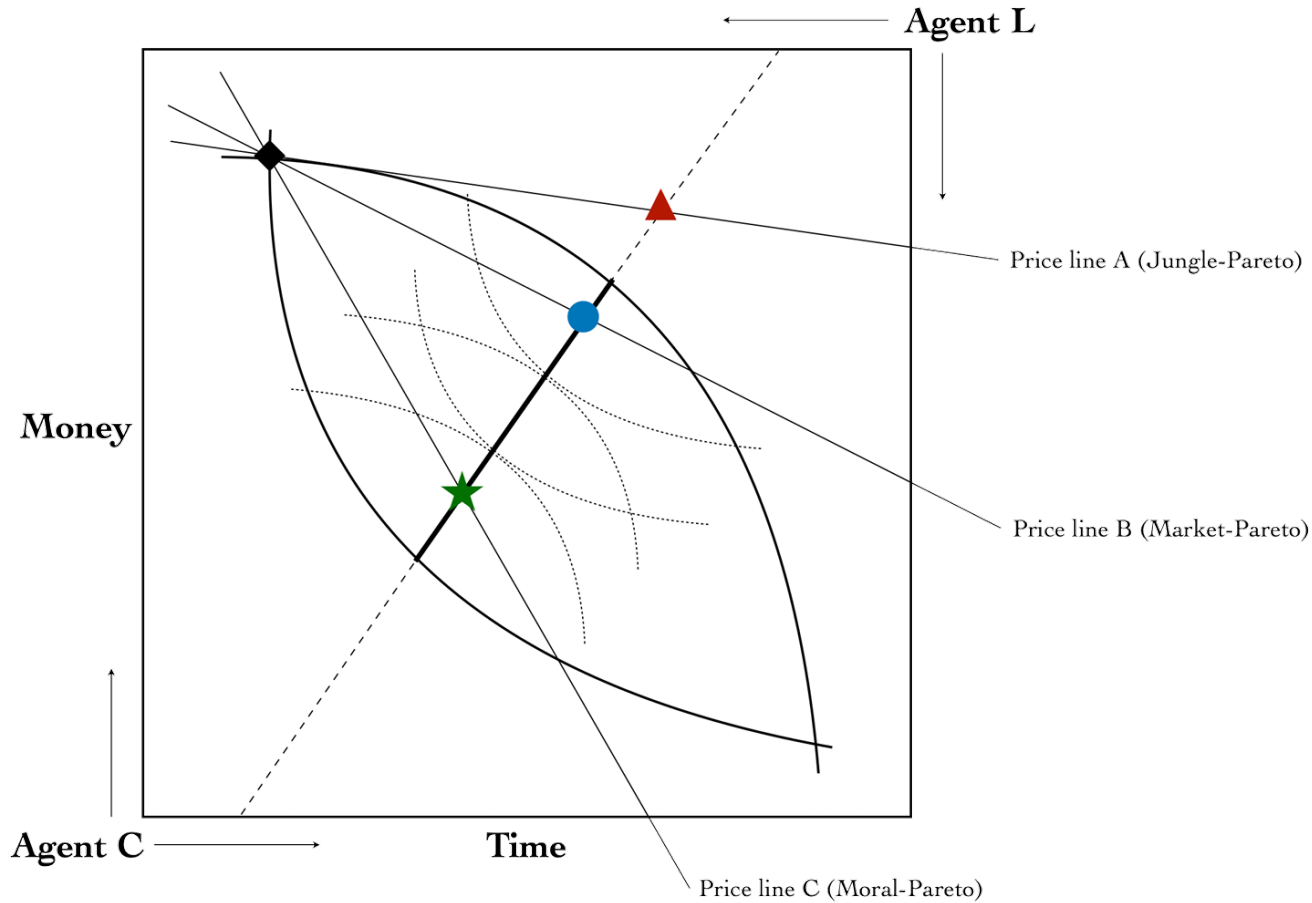
Eg.: Stigler or Nordhaus

Figure 1. A Stylized Cost-Harm Tradeoff Frontier (at a Given Level of Technology)



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Figure 2. An Edgeworth box depicting initial endowments of time and money across two agents C (capital) and L (labor). Shown also are the agents' indifference curves, the "contract curve," and three stylized price lines and corresponding points of "Pareto-efficient" allocations post trade.



- ◆ Initial endowments of time and money
- ▲ Jungle-Pareto efficiency point
- Market-Pareto efficiency point
- ★ Moral-Pareto efficiency point

PARETO OPTIMALITY?

- RAWLS' DIFFERENCE PRINCIPLE
- SMITH'S IMPARTIAL SPECTATOR.
(MORAL IMAGINATION)
- KANTIAN "IMITATIVE
EQUILIBRIUM"



NEW CAPABILITIES & CULTURE

- MORAL REASONING (PHRONESIS) FOR ENDS & MEANS
- MOBILIZING COLLECTIVE ACTION (INTERNAL & EXTERNAL PROCESS)/ COMMUNICATIVE RATIONALITY
- TWO-STAGE RATIONALITY
- MARKETING AS CONSUMER EDUCATION FOR THOUGHTFUL CONSUMPTION



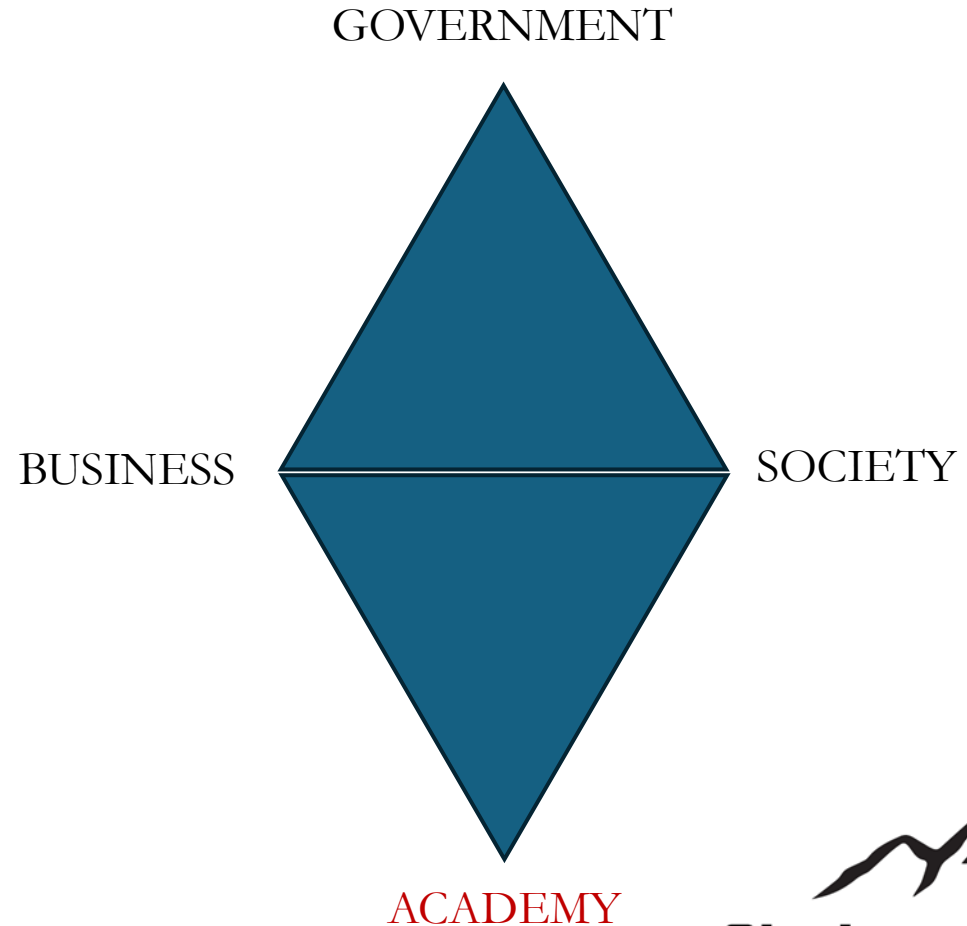
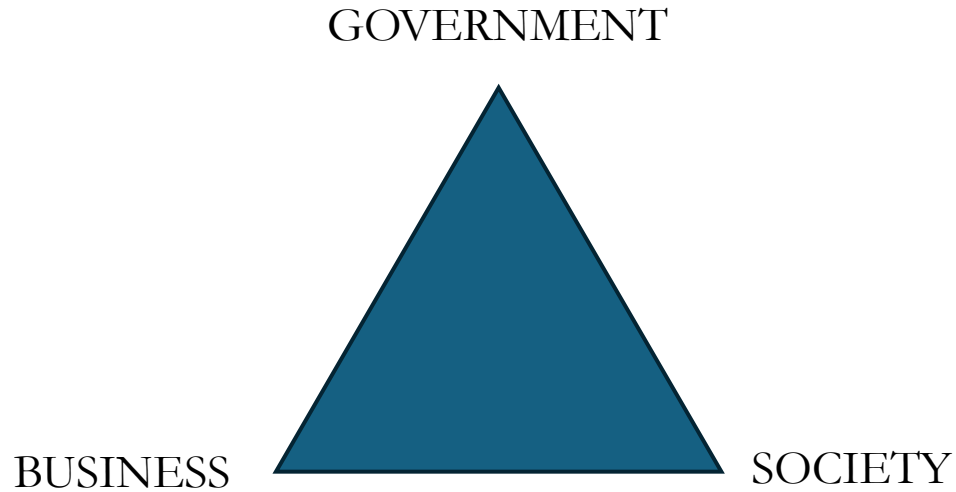
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SEVERAL AREAS FOR RESEARCH IN STRATEGIC MANAGEMENT

- CHOOSING TO CARE & CARING TO CHOOSE
- ESTIMATING COST-HARM CURVES
- TWO-STAGE RATIONALITY
- PUBLIC REASONING/ MOBILIZING COLLECTIVE ACTION/
MORAL TRANSACTION COSTS
- COMPETENCE VS CHARACTER IN HUMAN CAPITAL



BUSINESS EDUCATION WILL BE KEY



KEY POINTS

- VALUE **DISTRIBUTION** (“PRIVATIZE THE TRANSFERS”)
- COMPETITIVE & **CONTRIBUTIVE** STRATEGY
- INNOVATION INTERNATIONALIZATION **INTEGRATION**
- NEW CAPABILITIES (**MORAL REASONING; MOBILIZING COLLECTIVES;...**)
- COMPETENCE & **CHARACTER** (**NON-COGNITIVE SKILLS — E.G., COURAGE?**)
- NEW RESEARCH & EDUCATION (**MBA: MASTER OF BETTER ALTERNATIVES**)



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