

Economics and Psychology in a Beneficial Combination

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Abstract

The Lean Method was brought to my attention by students in Marketing especially, discussing the role of it in Sell-Buy process, in action marketer-customer. In fact, it's about the Lean Management term and method, and its special combination of economic aspect-the economic term of Lean- and psychological aspect, supporting the best understanding firm-customer relationships. For the economic/marketing approach, it is possible to interact with the customer, by guiding him, tracking him to the end of the action/process that is in the E-2-E manner. That is, we move the analysis to the interrelations with customers. But, the accent is put on the psychological approach, because the marketing techniques regard the final stage of Sell-Buy negotiations. We are interested in how the seller/the marketer use psychological mindsets that is the possibilities of approaching clients that the pure marketing tools to match perfectly on this intention. We use information and cases presented in media, or opinions of specialists and even bachelors in Economics who work in marketing domain. We develop the analysis using a sound psychological method, applicable to the situation presented. We are referring to Voice of Customer (VoC) method action which influences straight the relationships marketers-customers. VoC analysis involves multiple sources of receiving/understanding and determining customer's needs and expectations, plus being considered a vector for any process/product improvement within a firm. Essentially for the firm is the fact that VoC can help you reduce waste and inefficiencies, by eliminating features or activities that do not add value to your customers, or that cause dissatisfaction or frustration.

Keywords: Economics, Psychology, Lean, Customer, Benefits

A Complex Term in our Lives

LEAN means, at the first sight, the explicit and implicit satisfaction of the customer needs, with as little factors of production consumption as possible and preserving the existing capital of the firm/corporation, by continuously eliminating wastes, variability and rigidity.

Furthermore, *Lean* is a philosophy in business, originated in Japan, post-WWII, more precisely in the activity of Toyota Motor Company to get efficient production methods in order to compete with American leading companies, such as Ford and GMC.

As a primarily read book in this field, we can mention that one, in fact a well-based survey realized by Womack et al. in 1990, published the famous book "The Machine that Changed the World" (Womack 1990). The novelty compared to the original Japanese model is the introduction of quick changes in order to regain market competitiveness.¹

We have to understand this term, this method, from two points of view: the first one, economic, regarding marketing

and, the second one, the psychological point of view, with the same importance, because it's about the relationships with the customers, to understand the demands/requirements of the clients and to action, as a real factor of production-we refer to marketing-to sell the desired product/good, or to provide the qualitative service needed by customers.

Thus, in harmony with the new realities, the Lean methodology promotes a customer-oriented culture, a culture that acts on operating processes with the proactive involvement of all resources, effectively shaping the management structure and fundamentally changing the way we think and act in our day-to-day activity.

By following a thorough organization-wide implementation, thereby ensuring the sustainability of the transformation, the numbers begin to speak for themselves and inevitably turn into Lean's most ardent advocate. With an immediate impact that can be between 20% and 40%, as well as an annual impact of more than 3-4% obtained from the process of continuous improvement, we can see why organizations want such a transformation.

Quick Response Code:



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Received: 12 November, 2024

Published: 21 November, 2024

Citation: Trifu A. Economics and Psychology in a Beneficial Combination: Investigative Paper. *J Psych Sci Res.* 2024;4(4):1-4. DOI: [10.53902/JPSSR.2024.04.000573](https://doi.org/10.53902/JPSSR.2024.04.000573)

Speaking about transformation, punctually it's about changing in management, such as *job satisfaction, negotiations, communications* and continuing *motivation measures, awards* and, if it's possible, an *empathy* to the staff. Empathy has always been a crucial skill for leaders/managers, but it is taking on a new level of meaning and priority, driving to the desired results. Expressing and demonstrating *empathy* is positive for people, in a biunivocal communication, and has its importance in work activities, from innovation to retention.²

The psychological approach is needed in this respect, because we have to understand why a person acts in a particular way has an obvious benefit. It prevents leaders from focusing on the behavioural symptoms of deeper problems. It also gives people insight into their own behaviours so they can focus on the source of the problem and not spend their time on technical devices. This the reason of seeing what are the mental resorts for decision-making, not to focus on the results of a decision-made, on one line of action.

All depends, also in this analysed issue, on who you are, on what is the status within the firm/corporation and on what the person thinks or acts in his/her own way.³

Also, psychologically speaking, the Lean action, mainly *waste and flows* that is transformations conceived, we have to present the two approaches of the issue (it is seemly even to teachers-student's interactions): from the point of view of managers (CEOs) it is normal to think and action towards transformation, innovation, using the tools of Lean Method. Or, in teachers' case, the necessity of improving the teaching methods, by using the new technologies and last hour information is their commitments.

But, from staff's point of view the concern is about their jobs, their work-life balance, results of the actions done on it.

This dissemination between two categories of human resources within a firm/corporation is strengthened by the generational situation, by the traits of character of the most important generations as workforce. The Millennials will make up 75 % of the workforce and have to be seen both as entrepreneurs/managers and employees/staff. That is, the main frontline in the straight relationship's providers—customers.⁴ Even the consulted link includes the composed term *thinking-place*, in accordance with our issue.

Understanding why a person acts in a particular way has an obvious benefit. It prevents leaders from focusing on the behavioral symptoms of deeper problems. It also gives people insight into their own behaviors so they can focus on the source of the problem and not spend their time on band-aids.

Therefore, at the core of the Lean methodology is the continuous concern for efficiency/optimization, as well as the transformation of the way people act so that the improvement process is sustainable and, of course, perfectible.

Lean transformation is built on 3 pillars grouped around the voice of the customer (*VoC – Voice of Customer*):⁵

- a. **Operating systems:** Focuses on how the **processes** are designed, what are the **resources** needed in order to make them run and how the working **layout** is supporting everything.
- b. **Management Infrastructure:** Focuses on how people are managed in order to deliver best possible performance. This pillar is like a bridge between operating system and the last pillar of Lean.
- c. **Mindsets & Behaviors:** which refers to how employees **behave** and what is the **mindset** that is driving such behaviour.

These three dimensions are meant to give a logical grouping for the tools based on the intended purpose of usage.

To understand why VoC (Voice of the Customer) is at the center of the three pillars, we must return to the meaning of Lean, that is a concept of Lean Management that aims to *minimize waste and maximize the value for customer*. To fix the meaning of *waste* the first component of Lean methodology, exactly eliminating it, in the form of unnecessary costs, wasted time, overproduction, errors.⁶

Thus, Voice of the Customer (VoC) is centred around customer feedback regarding the performance of all other three pillars, while Mindset and Behaviour is the pillar that highlights the level of satisfaction and commitment of employees and it's directly impacted by the way Operating System and Management Infrastructure pillars are performing.

Methodology

We use all information from papers, guides, social media, but also, bachelors in marketing experiences, or students who work in commercial activities.

The accent is put on the psychological approach, because the marketing techniques regard the final stage of Sell-Buy negotiations. We are interested in how the seller/the marketer use psychological mindsets, the possibilities of approaching clients that the pure marketing tools to match perfectly on this intention.

At the same, this issue is a challenge for those working in Economics in general, management and marketing especially because we put a special approach on present relationships between providers and customers.

Its Development Today

At the beginning of this part, we have to strengthen the idea that *lean*, colloquial meaning, is that the system analyzed is considered without over weight, not "fat", without unnecessary costs and ready to take off smoothly and taking into account the challenges and conditions of the business environment.

First of all, we may say that this method is still applied in marketing today and I have come to the conclusion that it is beneficial and necessary for the proper functioning of a company, because it focuses on the customer and the creation of added value and most importantly the elimination of unnecessary costs and long production times that do not bring no profit.

Speaking of the starting point in this issue, with will give also the example the car company Toyota, which used this method for the first time in the 90s with real success, becoming from a small company one of the largest car manufacturing companies.

Today, the Lean method is used in marketing by many companies in promotion and advertising placement, using a simple recipe: testing ads in three stages on which small amounts are spent and for a short duration of 3-5 days to attract that audience that brings the best results and draw the promotion direction that the company must go in the future.

Regarding the *Voice of Customer (VoC)* is a fundamental principle in Lean Six Sigma, a methodology aimed at improving processes to align them with customer specifications. That is, the aspect of psychological nature, which influences the marketing communication between customers and marketers (firm/company).

It is necessary to underline that in this moment we discuss about *Lean Six Sigma*, which were two different improvement process methodologies (Lean and Six Sigma), but now there are considered complementary to each other.

Focusing only on Lean, more precisely Lean Management, it is exactly what it's required in our days' companies, value added, by creating *efficient process flows* (our emphasis) and by eliminating *wastes* (muda in Japanese, in original Toyota case), that is non-added value within a process (www.theleansixsigmacompany.co.uk/).⁷

In this manner, the processes can become better, faster and cheaper and, on the other hand, the customers are looking for goods/services cheaper, of good qualities and in due time.

Furthermore, using VoC in Lean Management can bring many advantages to your organization, such as increased customer satisfaction and loyalty, enhanced competitive advantage and market share, improved quality and performance, reduced costs and waste, and increased innovation and creativity.

Another advantage, a real purpose for this method is to attract customers, reduce the activities and operations which do not add value both for the firm and to the customer, and find possibilities to improve operations and deliver the right products which meet the customers' expectations (www.linkedin.com/advice/3/2023).⁸

A clear link between the psychological action and economic situation is in our daily activities, when we „navigate” on Internet

looking for affordable and needed products or services. And, after choosing some of them and put them in the basket, the price becomes higher due to the transportation fees required if the order does not exceed a certain value, or other elements. The decision is, in the majority of cases, to drop the online purchasing and to find out the desired product physically.

Even in thinking the marketing tools and procedures we find out the impact of psychology driving the process towards the accomplish targets and to get satisfaction.

It's about *E 2 E* in Marketing that means *End-to-End* which it is a comprehensive and holistic approach that covers all the stages of the marketing process designed, from strategizing and creating content until promotion, analyzing the results and feedback received. The "adventure" consists in tracking the customer's journey from start to finish, from expressing the need to receiving/purchasing the desired good or service. It is the displacement of the analysis from Lean Method to Lean Marketing, for a better understanding of this scientific common corpus.

Also, this action E-2-E helps you identify where prospects are in your [sales funnel](#). The situation is considered favourable based on the demands from customers, the expressed needs, fact which leads to to satisfy the customers and to earn more sales.⁹

Behaviours, needs, and information are the structural terms of understanding the combination of marketing and psychology. To create a flexible and well-organized functioning frame within the entity, in which people is the main factor of production, and lead to an economic game win-win, in the benefit of all who are involved in and the know-how of entrepreneurs/managers/staff face to customers ensure the driving up of the profit and people wellbeing.

Another aspect tight linked to this situation analyzed regards the contribution of generations at work, especially the Millennials, who are vectors for:

Team-oriented vision, strengthen by **encouraging cross-generational collaboration**, considered the most important action, leading to balance within firms and thus to achieving the required goals and profit and, by consequence the customer's satisfaction

The reality shows that entrepreneurs, managers are aware that to survive in an economy in continuous decline, where the customer chooses to spend only when he really needs, to buy only if the service or product stands out slightly above the average of the competitors, it is necessary of a fundamental change of archaic business strategies, which until recently gave excellent returns.

Conclusion

We believe that Lean Method is an indispensable promotion method for all companies, even start-ups, because it is based on clear principles and can bring results in a relatively short time. That

is, exactly what we think that the forecasts to be done: on short and medium-run.

At the same, this term in economics has to be mandatory inserted with psuchological elements, because we deal with the human mind making decisions when Demand and Supply are in action (accent on Marketing).

By understanding what your customers want, need, and value, you can design and deliver products and provide services, in due time at in the right place, that meet or exceed their expectations, and create loyal and satisfied customers.

Essentially for the firm is the fact that VoC can help you reduce waste and inefficiencies, by eliminating features or activities that do not add value to your customers, or that cause dissatisfaction or frustration.

Those facing directly the customers have to take a broader look to the needs and requests of these clents, before preparing the proper plans and solutions in order to fix the respective issue. Adding something else, a little bit more *empathy* is welcome in the analyzed situation, and not only.

At the same time, we have to understand also employees' experrience, skills and to bring them forward these challenges to be solved in the benefit of all parties involved in.

Acknowledgments

None.

Funding

This Investigative Paper received no external funding.

Conflicts of Interest

Regarding the publication of this article, the author declares that he has no conflicts of interest.

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