

**IARIW-ESCoE Conference**  
**“Measuring Intangible Assets and Their Contribution to Growth”**

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**The Optimal Use of Management**

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We analyze the management input from the perspective of a shadow cost minimizing firm. With the help of Bloom and Van Reenen (2007)'s management measure we estimate management's shadow price, dual Morishima elasticities of substitution, and relative price efficiencies vis-à-vis labor and capital. We find that the shadow price of management is about 1.3 million US dollars per survey scale point. Management is a weak complement for labor but a strong complement for capital. Increases in management reduce the relative income share of labor but not capital. Most firms use too little management relative to both labor and capital, but relative use of management improves over time, with the combination of ownership and control, and competition. Our results suggest that management behaves similar to other inputs.