

Chapter 2 Economics

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As we are aware, managerial economics is concerned with the application of economic concepts and economic analysis to the problems of formulating rational managerial decisions. According to (Managerial Economics and its Relevance in Business Decisions, August 2019, <https://theintactone.com/2019/08/11/me-u1-topic-4-mamanagerial-economics-and-its-relevance-in-business-decisions/>) Spencer and Siegelman have defined the subject as the integration of economic theory with business practice for the purpose of facilitating decision making and forward planning by management. So, we can say that managerial economics plays a very big role and significance in the important decisions of the business. Managerial economics is relevant to managers and their businesses. The importance of managerial economics is to assist the managers of a firm in a rational solution to obstacles faced in the business's activities. It makes use of economic theory and concepts. It helps in formulating logical managerial decisions. Managerial economics is the stream of management studies that emphasizes solving problems in businesses using the theories in micro and macroeconomics. In addition, it helps in assisting the cost control and profit planning methods that help in the increase of business profits. In the business organization the aspect of managerial economics is that it plays an effective role in the management, the forward planning and the decision making in the internal operations of the business. In other words, it allows the clear and accurate understanding of different existing conditions of the market along with various analytical tools.

[SHORTENED TITLE UP TO 50 CHARACTERS]

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Reference

- 1) Managerial Economics and its Relevance in Business Decisions, August 2019,
<https://theintactone.com/2019/08/11/me-u1-topic-4-mamagerial-economics-and-its-relevance-in-business-decisions/>