

# Institute of Engineering JIWAJI UNIVERSITY



## Presentation On NATURE SCOPE ROLES IN MANAGERIAL ECONOMICS UNIT-IV BE 8sem (EL-8103) Electronics

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# CONTENT

- ▶ Nature of Managerial Economics
  - ▶ Decision Making
  - ▶ Scope of Managerial Economics
  - ▶ Role of Managerial Economics in Business Development
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# Nature of Managerial Economics

- ▶ Managerial economics is a science applied to decision making.
  - ▶ It bridges the gap between abstract theory and managerial practice.
  - ▶ It concentrates more on the method of reasoning.
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# DECISION MAKING

- ▶ Managerial economics is supposed to enrich the conceptual,
  - ▶ Technical skill of a manager,
  - ▶ It is concerned with economic behavior of the firm.
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# DECISION MAKING

- ▶ It concentrates on the decision process,
  - ▶ Decision model and decision variables at the firm level.
  - ▶ It is the application of economic analysis to evaluate business decisions.
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# SCOPE OF DECISION MAKING

- ▶ Managerial Economics is a developing subject.
  - ▶ The scope of managerial economics refers to its area of study.
  - ▶ Managerial economics has its roots in economic theory.
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# SCOPE OF DECISION MAKING

- ▶ The empirical nature of managerial economics makes its scope wider.
  - ▶ Managerial economics provides management with strategic planning tools.
  - ▶ Used to get a clear perspective of the way the business world works.
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# SCOPE OF DECISION MAKING

- ▶ What can be done to maintain profitability in an ever changing environment.
- ▶ Managerial economics refers to those aspects of economic theory.
- ▶ Application which are directly relevant to the practice of management.

# SCOPE OF DECISION MAKING

- ▶ Its scope does not extend to macro-economic theory.
  - ▶ The economics of public policy,
  - ▶ Which will also be of interest to the manager.
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# SCOPE OF DECISION MAKING

- ▶ While considering the scope of managerial economics.
  - ▶ We have to understand whether;
  - ▶ It is positive economics or normative economics.
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# Role of Managerial Economics in Business Development

- ▶ Decision making is an integral part of today's business management.
  - ▶ Making a decision is one of the most difficult tasks faced by a professional manager.
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- ▶ A manager has to take several decisions in the management of business.
  - ▶ The life of a manager is filled with making decisions alter decisions.
  - ▶ Decision making is a process,
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- ▶ A decision is the product of such a process.
  - ▶ Managerial decisions are based on the flow of information.
  - ▶ Decision making is both a managerial function and an organizational process.
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- ▶ Managerial function is exercised through decision making.
  - ▶ The purpose of decision making as well as planning is to direct human behavior,
  - ▶ And effort towards a future goal or objective.
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- ▶ It is organizational in that many decisions transcend the individual manager,
  - ▶ And become the product of groups, teams, committees, etc.
  - ▶ Once the decision is taken
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- ▶ It is implemented within the minimum time and cost.
- ▶ A study of the principles of business decisions will enable managers,
- ▶ Executives make many types of decisions connected with the business

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- ▶ To understand business problems in a better perspective,
- ▶ And increase their ability to solve business problems facing.

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- ▶ Executives make many types of decisions connected with the business
- ▶ Production, inventory, cost, marketing, pricing, investment and personnel.

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- ▶ In the long-run, application of principles of business decisions will result in successful outcomes.
- ▶ A good decision is one that is based on logic, considers all available data,
- ▶ And possible alternatives and applies the quantitative approach.

**THANK YOU**