

Lecture notes on Managerial Economics for students academic use only By Dr Neha Mathur ma'am

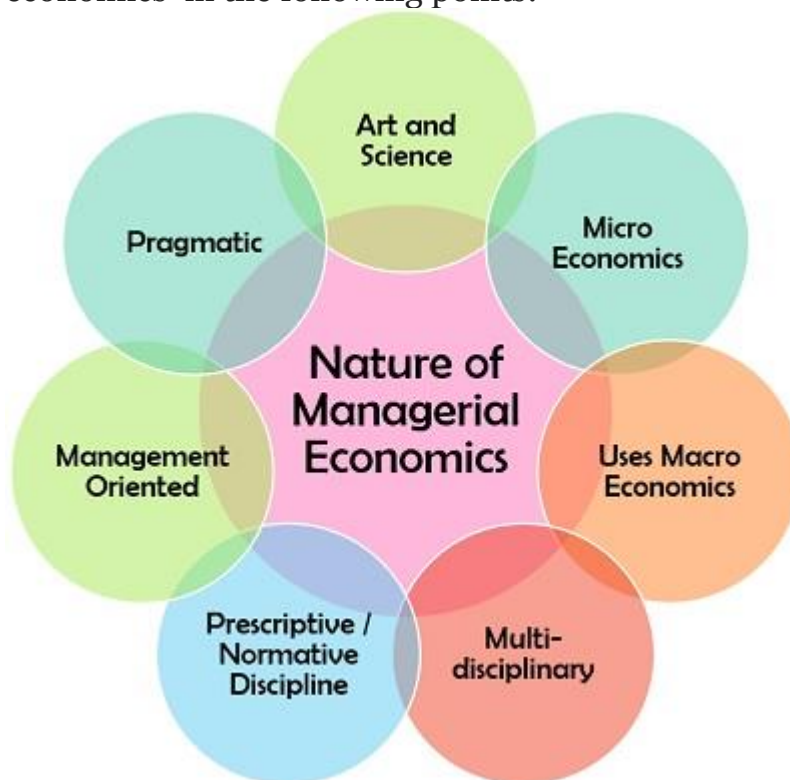
Managerial Economics

Managerial economics is a stream of management studies which emphasises solving business problems and decision-making by applying the theories and principles of microeconomics and macroeconomics. It is a specialised stream dealing with the organisation's internal issues by using various economic theories.

Economics is an inevitable part of any business. All the business assumptions, forecasting and investments are based on this one single concept.

Nature /Features of Managerial Economics

To know more about managerial economics, we must know about its various characteristics. Let us read about the nature or the features of managerial economics in the following points:



Art and Science: Managerial economics requires a lot of logical thinking and creative skills for decision making or problem-solving. It is also considered to be a stream of science by some economist claiming that it involves the application of different economic principles, techniques and methods, to solve business problems.

Micro Economics: In managerial economics, managers generally deal with the problems related to a particular organisation instead of the whole economy. Therefore it is considered to be a part of microeconomics.

Uses Macro Economics: A business functions in an external environment, i.e. it serves the market, which is a part of the economy as a whole.

Therefore, it is essential for managers to analyse the different factors of macroeconomics such as market conditions, economic reforms, government policies, etc. and their impact on the organisation.

Multi-disciplinary: It uses many tools and principles belonging to various disciplines such as accounting, finance, statistics, mathematics, production, operation research, human resource, [marketing](#), etc.

Prescriptive / Normative Discipline: It aims at goal achievement and deals with practical situations or problems by implementing corrective measures.

Management Oriented: It acts as a tool in the hands of managers to deal with business-related problems and uncertainties appropriately. It also provides for goal establishment, policy formulation and effective decision making.

Pragmatic: It is a practical and logical approach towards the day to day business problems.