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Business Economics: An Overview

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Commentary

Business economics is a branch of applied economics that examines business enterprises and the factors that contribute to the diversity of organisational structures and businesses' connections with labour, capital, and product markets using economic theory and quantitative tools [1]. The journal Business Economics' professional focus has been described as delivering "useful knowledge for professionals who apply economics in their jobs." Business economics is an extension of economic concepts to real-world business circumstances and is a vital aspect of classical economics. It is an applied science in the sense that it is a tool for administrative decision-making and planning. In other words, business economics is the study of how economic theory is applied to business management. Business economics is divided into two categories: positive and normative microeconomics. Business economics is concerned with the economic challenges and problems that arise from the organisation, management, and strategy of businesses.

An explanation of why corporate firms emerge and exist; why they expand horizontally, vertically, and spatially; the role of entrepreneurs and entrepreneurship; the importance of organisational structure; the relationship of firms with employees, capital providers, customers, and government; and interactions between firms and the business environment are among the issues and problems addressed [2-3]. The phrase 'business economics' is used in a number of different contexts. Industrial economics/industrial organisation, management economics, and business economics are all terms that are sometimes used interchangeably. Even yet, there may be significant distinctions in how 'economics for business' and' managerial economics' are utilised, with the latter being more strictly defined. One way to look at the differences is that business economics has a broader scope than industrial economics because it is concerned not only with "industry" but also with enterprises in the service sector. The fundamental principles of economics are examined in Economics for Business, but the emphasis is on applying these economic principles to the real world of business. The application of economic methods in the managerial decision-making process is known as managerial economics. Business economics is a branch of economics that may be summed up as a collection of economic theories and pertinent theories connected to business management. Business economics is the study of how economic theories influence the performance of businesses and business activities in the real world.

There are numerous case studies that show how economic theories have been used to corporate development. The product life cycle theory, for example, has analysed the complete product life cycle from an economic standpoint, which may be divided into four stages: introduction, growth, maturity, and decline [4]. Apple Inc. is a multinational technology business that focuses on the design and development of electronic products as well as software development. IPhone is one of the company's competitive advantages that generate significant profit. However, since the competitive environment in the smartphone market has become fiercer and profit margins have dropped, Apple Inc. has examined new product research development, such as electric vehicles. The scenario where economic theories aid to promote decision-making in a practical company organisation has been adequately explained in the example [5].

However, Andrei points out that, while economic theories can provide a theoretical understanding of the business context, it may still be difficult for managers to make accurate business decisions in organisational management because economic theories are based on certain assumptions in the modelling environment, but the real-world business environment is much more complex and difficult to predict. Consideration of economic theory does not imply that company decisions will always be correct. As a result, in the real world, managers need evaluate not just the application of economic theories, but also internal and external aspects in their organisations before making decisions.

Different universities' interpretations

Many colleges offer business economics courses, which include a wide range of definitions of the term. The Bachelor of Business Economics (BBE) programme at the University of Delhi is designed to fulfil the growing demand for an analytical and quantitative approach to problem solving in the changing corporate environment through the application of cutting-edge economics and business approaches. The Autonomous University of Barcelona (UAB), the Universidad Pblica de Navarra (UPNa), and the University of the Balearic Islands (UIB) collaborated to create an official Master of Science in Management, Organization, and Business Economics focused on management and business topics to train professionals in the conceptual and quantitative study of organisations. Advanced analysis tools from the domains of Neoclassical economics, New institutional economics, Statistics, Econometrics, and Operations research are employed to achieve this. This focus is supplemented by contributions of ideas and theories to help build the tools needed to manage sophisticated and complex organisations.

The Harvard University curriculum analyses practical areas of business, such as business administration, management, and allied fields of business economics, using economic methodologies. In Chile, the Universidad del Desarrollo expands on Harvard University's definition by including entrepreneurship as a business area. Business economics, according to the University of Miami, is the study of how we use our resources to produce, distribute, and consume goods and services. Business economists must examine social institutions, banks, the stock market, and the government, as well as their connections to labour disputes, taxes, international trade, and urban and environmental challenges. Firm economics, according to courses at the University of Manchester, is concerned with the economic examination of how enterprises contribute to the wellbeing of society rather than the benefit of an individual or a business. This is accomplished through looking at the relationship between ownership, control, and firm objectives; theories of firm growth; behavioural theories of firms; theories of entrepreneurship; and the factors that influence the structure, behaviour, and performance of businesses at the industry level.

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