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Editorial Note on Managerial Economics

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Editorial

On a daily basis, businesses must make critical judgments. These decisions could be about an investment, a new product, a new competition, or a company's strategy. Businesses must rely on professionals when making such critical judgments. These professionals have a background in managerial economics. Rather of being a part of the executive arm of the organisation, managerial economists get to sit at the table with the executives. They are the experts who assign a monetary value to various opportunities before urging the organisation to move forward. Monetary economics has attempted to address the simple question of what value money has in a society throughout history. Money now is easy, yet it had no inherent worth in ancient times. When ships began to cruise around the world and trade began, this altered. To facilitate trade, merchants established a system of credit and exchange. Since its inception, monetary economics has attempted to comprehend money's purchasing power and link it to interest rates and economic activity.

The application of economic ideas to decision-making in business firms or other management units is known as managerial economics. The fundamental notions are primarily derived from microeconomic theory, which investigates the behaviour of individual customers, firms, and industries, but additional analytical tools have been introduced. For example, statistical tools are becoming increasingly significant in estimating current and future product demand. Operations research and programming approaches provide scientific criteria for maximising profit, lowering costs, and selecting the most profitable product combination. Systematic ways of appraising investment prospects have been aided by decision-making theory and game theory, which identify the conditions of uncertainty and imperfect knowledge under which company managers operate.

Managerial economics is a branch of management studies that focuses on using microeconomic and macroeconomic theories and concepts to solve company problems and make decisions. It is a specialist stream that uses numerous economic theories to address an organization's internal concerns. Economics is a necessary component of any business. This single premise underpins all business assumptions, projections, and investments. In a word, this is what management economics is all about.

To learn more about management economics, you must first understand its distinct aspects. Let us learn about the nature of this concept in the following points:

Art and science: Management theory requires a lot of critical and logical thinking and analytical skills to make decisions or solve problems. Many economists also find it a source of research, saying it includes applying different economic concepts, techniques and methods to solve business problems.

Management economics: Managers often deal with challenges that are specific to a single entity rather than the economy as a whole in managerial economics. As a result, it is regarded as an essential component of microeconomics.

Realistic: The answer to day-to-day business problems is pragmatic.

Employs macro-economics: A corporation operates in the external world, i.e., it serves the consumer, who is a vital component of the economy. Managers must examine numerous macroeconomic elements such as market dynamics, economic developments, government policies, and so on, as well as their impact on the organisation, for this reason.

Multidisciplinary: It employs a wide range of tools and principles from other disciplines, including accounting, finance, statistics, mathematics, manufacturing, operational research, human resources, and marketing.

Prescriptive/Normative discipline: It strives to achieve the goal and solves specific issues or problems by introducing remedial steps.

Management oriented: This is a tool that managers can use to efficiently cope with company difficulties and uncertainties. This also enables for the establishment of priorities, the formulation of policies, and the implementation of effective decision-making.

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