NATURE AND SCOPE OF MANAGERIAL ECONOMICS

(Our Lady of Fatima University)

BSBA - MAJOR IN OPERATION AND SUPPLY CHAIN MANAGEMENT

services (including negative by-products, such as pollution) should be produced? How should goods and services be distributed? These are the most vital questions faced in a free enterprise system, and they are key social issues.

SOCIAL RESPONSIBILITY OF BUSINESS

Firms are primarily economic entities and can be expected to analyze social responsibility from within the context of the economic model of the firm.

VALUE MAXIMIZATION IS A COMPLEX PROCESS

Value maximization is a complex process that involves an ongoing sequence of successful management decisions.

BUSINESS AND SOCIAL ENVIRONMENT

TECHNOLOGY

- Production capacity
- Worker knowledge
- Communications capability
- Research and development

MARKET ENVIRONMENT

- Customer demand
- Level of competition
- Supplier capability

LEGAL ENVIRONMENT

- Tax burden
- Regulatory policy
- Trade policy

COMPETITIVE STRATEGY

- Product choice
- Level of competition
- Supplier capability

ORGANIZATIONAL DESIGN

- Assignment of decision rights
- Match worker incentives with managerial motives
- Management pay for performance