

Chapter 9

The Roll Of Managerial Economics In Business Development

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ABSTRACT

This study aims to explore the relationship between family involvement in a business and the managerial factors that influence the success of recent business developments. The research is guided by three key questions focusing on the connection between family involvement and managerial factors, how these factors are managed in family firms, and the differences in management approaches between family and non-family firms. Utilizing the Johansen-Juselius cointegration method, the study examines the end-of-day relationship between financial development and economic strategies in Chinese firms. Findings suggest that managerial quality, as signaled through reputation and past performance, plays a critical role in securing government support and resource allocation, ultimately influencing the economic strategy in China.

INTRODUCTION:

Managerial economics is an exciting area of study that seeks to satisfy the demand of integrating theory and application in the management of the business. It enables the managers to possess a good number of tools and ideas to take effective decisions in the present day more challenging and competitive business world. Thereby, applying rationality of economics to business issues enables organizations

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to run efficiently, become profitable and make decisions in the face of risks (Huang et al., 2022).

As a sub-discipline of economics, managerial economics is mainly centered on the general problems that organizations encounter in their operations. This includes the processes of analyzing factors that determine the performance of a business such as the price models, cost of production, market demand and competition. Analyzing these economic factors as well as their interactions, the managers will be able to make more efficient decisions concerning the distribution of resources, the creation of new products, market penetration or leaving the particular market, and other key strategies of the companies (Lestari et al., 2023; Zhang & Kajikawa, 2021).

The strength of place of managerial economics is that it is all encompassing. It can be used in any field and in different aspects of a business ranging from a small-scale business to international business. Whether identifying the right level of production, estimating the probable payback for a new venture or measuring the effect of changes in government policies, managerial economics offers a systematic approach to decision making that helps organizations to succeed in a rapidly changing business environment (Zarghami, 2024).

Importance of Strategic Decision-Making in today's Business Environment.

In the current world, business environment is changing dynamically due to globalization, advancement in technology and increased competition hence, strategic decision making is more critical now than before. It is no longer an option that only big firms have to consider it as a necessity in the current world of business for any firm that is alive to the challenges of the business world today. It is a long-term decision, affecting a company's future course, results and destiny, as opposed to tactical decision that have short-term implications on its operations (Feng et al., 2022; Rinta-Kahila et al., 2022).

This is because the strategic decision-making process plays a significant role in charting the direction to follow especially when dealing with the issues of complexity and uncertainty. It is thus important for businesses to critically assess their strengths, weaknesses, opportunities, and threats with the view of effectively being able to forecast the future trends and make sound decisions that would be inline with it's overall business strategy. This way allows the companies to act effectively in changing conditions, take opportunities and avoid potential threats that can hamper the process.

Finally, it allows strategic management to define goals and provide rational decision-making for companies that helps to avoid reacting to circumstances. It is the process of decision-making that is in line with the vision, mission, and the

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