

## Book Review

Essentials of Managerial Economics: South-East Asian Edition, by Dominick Salvatore, edited by Suresh Narayanan and adapted by Rosilawati Amiruddin, Ismadi Ismail, Jamaliah Mhd Khalili and Arlinah Abdul Rashid, Oxford University Press, 2012, 419 pp.

Managerial economics, the application of economic methods in the managerial decision-making process, is a fundamental part of any business or management course. It is the science of directing scarce resources to manage cost effectively. Managers are charged with the task of maximising profits for their employers. Managerial economics, which is an outgrowth of microeconomic theory, analyses ways in which managers apply economic tools and techniques to make intelligent business decisions. This discipline studies how managers protect the interests of their firms by adopting management methodologies or applying game theory to assert control over external economic factors.

This textbook is an adaptation of Managerial Economics by Dominick Salvatore covering all the main aspects of managerial economics and discusses modern managerial tools and method. Essential of Managerial Economics is a simple and practical book that provides essential tools and concepts for business students as well as managers. Written in simple, accessible style, the textbook presents the essentials of managerial economics. It uniquely integrates the discipline with other managerial functions, including accounting, finance, human resource management, and marketing. Managerial Economics teaches students how to make better business decisions not how to build models.

This book is divided into five parts and nine chapters. The first part explains the nature and scope of managerial economics and tools. Second part focuses on demand theory and estimation. Part three covers production and cost analysis. Market structure and pricing practices are discussed in part four. The last part is on risk analysis and capital budgeting. It includes numerous and extensive real case studies, as well as supplementary reading list at the end of each chapter.

Suresh Narayanan and team adopt a user-friendly approach which takes the reader in gradual steps from simple problems through increasingly difficult and complex case studies, providing an understanding of how the relevant principles

can be applied to real-life situations. This book is invaluable to undergraduate students in most business and some economic programmes.

The Southeast Asia edition provides practical and local examples and easy-to-follow steps to solve in solving problems. This edition has been adapted to suit the syllabi of undergraduate and Master's programmes in major public and private universities in the region. With new, up-to-date examples more reflective of local realities, this text is now even more relevant for undergraduate students in Malaysia.

Various resources useful for students are provided in the companion website of this book. This includes learning outcomes for each chapter, online tests, additional case studies and additional chapters on game theory and strategic behaviour, and linear programming. Resources for lecturers include solutions manual, power point slides for teaching, various assignments, test bank (multiple choice questions, true and false) and additional case studies.

This book is useful to students because it does not rely on complicated mathematics and yet, it succeeds in conveying most of the important practical economic ideas for business managers. Case studies are provided to illustrate the application of economics to business decisions.

An undergraduate might find it a little challenging, but graduate students would find it an easy read providing a clear and insightful guide to economic rationale behind the theories. Highly advanced, technical and fiendishly complicated top-of-the-line economic theories are presented in a simple and insightful plain language. The value of this book for an undergraduate student majoring in economics or business may not be immediately evident but would be appreciated later when they are more comfortable with matrix algebra, calculus and econometrics.

In today's dynamic economic environment, effective managerial decision-making requires timely and efficient use of information. This book will provide students with a basic understanding of the economic theory and analytical tools that can be used in decision making. The contents will sharpen the analytical skills of the students by integrating their knowledge of the economic theory with decision-making techniques. Students will learn to use economic models to isolate the relevant elements of a managerial problem, identify their relationships, and formulate them into a managerial model to which decision making tools can be applied. In short, this work is a very useful, concise and all-round assortment of all the pre-existing economic concepts and techniques in their simplest and the most intuition-friendly form. Essentials of Managerial Economics provide easy-to-understand case examples. The book offers a good

reading experience both for students as well as instructors from schools of management studies.

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