

# MATHEMATICS for **MANAGEMENT**

Richard C. Lucking

$$\therefore Q^* = \sqrt{\frac{2SD}{I}}$$

# Mathematics for Management

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## *Preface*

The last few years have witnessed both a rapid growth in the number of courses offered by universities and polytechnics in the fields of management, economics, and business studies, and an increasing emphasis within these areas on quantitative analysis and the development of numerate skills. Even so, most such degree courses accept students with very diverse backgrounds in mathematics, and first-year classes may well include several students with a recent good 'A' level pass, and others with an average 'O' level taken several years previously. Introductory courses in mathematics thus need to bring the less well qualified student up to the standard of the more advanced students in selected topics, as well as develop the latter's capabilities more in the direction of mathematics applied to subjects less technical than the physical sciences. This text is based on the first-year course in mathematics offered to undergraduate students at the University of Bradford Management Centre, and was developed in the first instance specifically for this course. Despite this particular origin, however, the level of the text is appropriate for recommendation to students with at least mathematics at 'O' level standard, following courses in Business Studies, Economics, Finance, and related social sciences with some quantitative input. Material is also included which should prove useful for understanding the mathematics involved in introductory courses in statistics in the same subject areas (although the book does not attempt to provide a full course in basic statistics, which is better left to a separate specialist volume). Likewise at the postgraduate level, the text is appropriate for those students following MBA, MSc, or research programmes in management whose academic backgrounds have been in non-quantitative subjects.

In line with the usual structure of many degree courses, this text aims to help the student acquire and develop one of the basic analytical skills (mathematics) early in the course, which would then be exercised in relation to appropriate classes of problems (such as operational research or economics) in a subsequent stage of the degree programme. The emphasis is therefore on helping the social science type student become a better mathematician, the techniques covered being selected with a view to those types of application likely to be faced subsequently. This emphasis on

developing mathematical skills is in contrast to many texts where the mathematical ability of the reader is assumed, and is exercised to greater or lesser degree on classes of problems, rather than being explicitly developed as skills.

The applied nature of the subject is emphasized in this text through the choice of worked and set examples which run in parallel with the main mathematical techniques discussed. After the introductory chapter, which reviews basic mathematical notation, the text proceeds through five main classes of techniques:

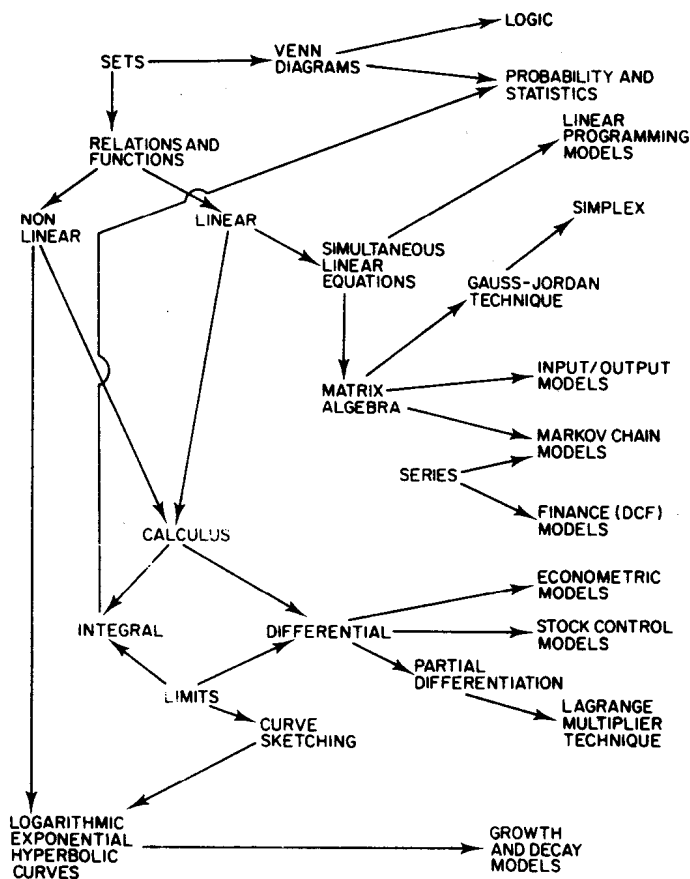
1. Basic set theory, leading into relations, functions, and graphs.
2. Linear relationships.
3. Curvilinear relationships, leading to the development of the differential and integral calculus.
4. Matrix algebra, which is developed from a second look at simultaneous linear equations.
5. Mathematical series.

This material is developed through examples of some applications, so for example:

1. An introduction to linear programming, using graphical representation, is presented after the section on linear relationships.
2. Several aspects of mathematical models are discussed in conjunction with the section on nonlinear relationships.
3. Various discounting techniques in finance are explained and developed from first principles in the section on mathematical series.
4. The theme of optimization under constraints, common to several applications, is emphasized in order to demonstrate their element of similarity.

The chart illustrates the many connections within the material covered. The various 'pure' mathematical inputs toward the left-hand side of the diagram are employed in the applications listed towards the right-hand side.

Besides worked examples within the text, three further sets of examples are included. Simpler examples for the student are included at the end of each chapter (with answers provided at the end of the book); intermediate problems, suitable for tutorial work, also follow each chapter (without answers); and more advanced problems are included at the end of each of the six main sections of the book, the solutions to this latter group being explained more fully, and providing in effect an extension to the material of the main text.



*Contents*

**Preface** . . . . . xvii

*PART ONE*

**Introduction** . . . . . 1

**1 Basic Notation** . . . . . 3

    Arithmetic Operations . . . . . 3

    Brackets . . . . . 4

    Modulus Sign . . . . . 4

    Alternative Notations . . . . . 4

    Equalities and Inequalities . . . . . 4

    Additional Notation . . . . . 6

    Powers and Indices . . . . . 6

    Addition of Indices . . . . . 6

    Multiplication of Indices . . . . . 7

    Roots . . . . . 7

    Powers of Ten . . . . . 8

    Logarithms . . . . . 9

    Logarithms and Powers . . . . . 10

    Manipulation of Logarithms . . . . . 11

    The Summation Sign . . . . . 12

    Sense and Nonsense . . . . . 13

    Approximations . . . . . 13

    Electronic Calculators . . . . . 16

    Popular Misconceptions . . . . . 20

    Basic Examples for the Student . . . . . 25

    Intermediate Examples for the Student . . . . . 26

*More Advanced Examples for Part One* . . . . . 27

**PART TWO**

<b>Introduction</b>	<b>29</b>
<b>2 Sets and Logic</b>	<b>31</b>
Introduction	31
A Numerical Example	32
Formal Set Notation and Theory	33
Pictorial Representation: Venn Diagrams	34
Set Operations: Two Sets	36
Set Operations: Three Sets or More	37
Sets in Counting Problems	38
Sets in Logic	42
Logical Chains	43
Basic Examples for the Student	44
Intermediate Examples for the Student	45
<b>3 Sets, Relations, Functions, and Graphs</b>	<b>46</b>
Numbers	46
Pictorial Representation of Real Numbers and Intervals	47
Extension to Two Dimensions: the Cartesian Plane	48
Ordered Pairs	49
Relations	51
Functions	53
Inverse Functions	54
Graphs	55
Basic Examples for the Student	56
Intermediate Examples for the Student	57
<i>More Advanced Examples for Part Two</i>	<i>58</i>

**PART THREE**

<b>Introduction</b>	<b>61</b>
<b>4 Graphical Representation: Straight Lines</b>	<b>63</b>
A Note on Notation	63
Introduction	63
Basic Characteristics of a Straight Line	64
The Equation of a Straight Line	66
Special Cases	68
Simultaneous Linear Equations	68
Three Variables, Three Dimensions	71



More than Three Dimensions and Variables . . . . .	72
Linear Inequalities . . . . .	72
Linear Models . . . . .	72
Families of Lines . . . . .	75
Basic Examples for the Student . . . . .	76
Intermediate Examples for the Student . . . . .	77
<b>5 Linear Programming: An Introduction . . . . .</b>	<b>78</b>
Introduction . . . . .	78
The Basic Idea . . . . .	78
Examples (Two Constraints) . . . . .	79
More than Two Constraints . . . . .	84
More than Two Products . . . . .	87
Integer Programming . . . . .	87
Minimum Cost Problems . . . . .	88
Basic Examples for the Student . . . . .	89
Intermediate Examples for the Student . . . . .	89
<i>More Advanced Examples for Part Three . . . . .</i>	<i>91</i>

## PART FOUR

<b>Introduction . . . . .</b>	<b>93</b>
<b>6 Graphical Representation: Curves, Limits, Continuity . . . . .</b>	<b>95</b>
Introduction . . . . .	95
Limits: an Introduction . . . . .	97
Formal Definitions . . . . .	98
Examples (Geometric Representation) . . . . .	99
Examples (Algebraic Representation) . . . . .	99
Rules for Limits . . . . .	101
Basic Examples for the Student . . . . .	102
Intermediate Examples for the Student . . . . .	102
<b>7 Calculus: Differentiation I . . . . .</b>	<b>103</b>
Gradients . . . . .	103
Interpretations of the Gradient . . . . .	103
Calculation of the Gradient: the Principle . . . . .	105
Examples . . . . .	107
Notation . . . . .	110
Formulae for the First Derivative . . . . .	110
Basic Examples for the Student . . . . .	111
Intermediate Examples for the Student . . . . .	111

<b>8 Calculus: Differentiation II</b>	<b>112</b>
Introduction	112
Products	112
Quotients	114
The Chain Rule	114
Partial Differentiation	116
Higher Order Derivatives	117
Higher Order Partial Derivatives	121
Basic Examples for the Student	121
Intermediate Examples for the Student	122
<b>9 Applications of Differential Calculus I: Economic Model</b>	<b>123</b>
Introduction	123
Dependent and Independent Variables	123
Examination of an Economic Model	124
Prices, Quantities, and Revenue	125
Elasticity of Demand	125
Producer's Costs	129
Gross Profit	132
Second Order Derivatives	134
Summary	136
Basic Examples for the Student	136
Intermediate Examples for the Student	136
<b>10 Applications of Differential Calculus II: Curve Sketching</b>	<b>138</b>
Introduction	138
Approaching Curve Sketching	140
Curves of the type $y = ax^n$ and Symmetry	141
Products and Symmetry	143
Orders of Magnitude	144
The Use of Derivatives	145
The Use of Limits	147
Intercepts	148
Examples	150
Basic Examples for the Student	153
Intermediate Examples for the Student	154
<b>11 Further Curves: Exponential, Logarithmic, Hyperbolic</b>	<b>155</b>
Introduction	155
The Exponential Curve $y = e^x$	155
Functions of the form $ae^{f(x)}$	156
An Example of the Exponential Function	157
The Expansion of $e^x$ as a Series	160
The Logarithmic Curve $y = \log_e x$	161
Functions of the form $a \log_e f(x)$	162

Use of Logarithmic Functions in Differential Calculus . . . . .	163
The Rectangular Hyperbola $y = c/x$ . . . . .	164
Variations on the Basic Curve . . . . .	165
Use of the Hyperbola . . . . .	166
Basic Examples for the Student . . . . .	167
Intermediate Examples for the Student . . . . .	167
<b>12 Calculus: Integration I . . . . .</b>	<b>169</b>
Introduction . . . . .	169
Anti-differentiation . . . . .	169
Integration as a Process of Summation . . . . .	170
The Area under a Curve . . . . .	173
The Definite Integral . . . . .	175
Examples . . . . .	176
Basic Examples for the Student . . . . .	179
Intermediate Examples for the Student . . . . .	180
<b>13 Calculus: Integration II . . . . .</b>	<b>182</b>
Introduction . . . . .	182
Simple Functions . . . . .	183
Chain Rule in Reverse . . . . .	184
Substitution Methods . . . . .	186
Integration by Parts . . . . .	186
The Method of Partial Fractions . . . . .	188
The Use of Integration in Statistical Calculations . . . . .	189
Expected Values . . . . .	190
Basic Examples for the Student . . . . .	193
Intermediate Examples for the Student . . . . .	194
<b>14 Mathematical Models . . . . .</b>	<b>196</b>
The Purpose of Models . . . . .	196
A Basic Stock Control Problem . . . . .	197
Possible Refinements to the Basic Stock Control Model . . . . .	201
A Basic Decay Rate Problem . . . . .	203
Basic Examples for the Student . . . . .	205
Intermediate Examples for the Student . . . . .	206
<b>15 Lagrange Multipliers . . . . .</b>	<b>207</b>
Introduction . . . . .	207
Partial Derivatives: a Reminder . . . . .	207
Saddle Points . . . . .	208
The Introduction of Constraints . . . . .	209
Solution by Substitution . . . . .	210
Solution by the Method of Lagrange Multipliers . . . . .	210
Examples of the Method of Lagrange Multipliers . . . . .	211

The Similarity with Linear Programming . . . . .	215
Basic Examples for the Student . . . . .	216
Intermediate Examples for the Student . . . . .	216
<i>More Advanced Examples for Part Four</i> . . . . .	217

## **PART FIVE**

<b>Introduction</b> . . . . .	<b>221</b>
<b>16 Matrix Algebra</b> . . . . .	<b>223</b>
Introduction . . . . .	223
Developing a Matrix Technology . . . . .	223
Linear Equations . . . . .	226
Formal Properties of Matrices . . . . .	229
Basic Examples for the Student . . . . .	232
Intermediate Examples for the Student . . . . .	232
<b>17 The Gauss–Jordan Technique</b> . . . . .	<b>234</b>
Introduction . . . . .	234
Simultaneous Equations . . . . .	234
The Gauss–Jordan Technique (i) . . . . .	236
The Gauss–Jordan Technique (ii) (Inverse) . . . . .	238
Use of the Inverse . . . . .	240
Basic Examples for the Student . . . . .	241
Intermediate Examples for the Student . . . . .	241
<b>18 Matrix Applications I</b> . . . . .	<b>242</b>
Matrices as Networks . . . . .	242
Transition Probabilities . . . . .	242
Successive Outcomes . . . . .	245
Eventual Outcome . . . . .	245
Assumptions in the Markov Chain . . . . .	247
Input–Output Models . . . . .	247
Basic Examples for the Student . . . . .	250
Intermediate Examples for the Student . . . . .	251
<b>19 Matrix Applications II</b> . . . . .	<b>252</b>
Linear Programming: a Reminder . . . . .	252
The Basic Idea of the Simplex Method . . . . .	253
Vertices of Convex Regions . . . . .	254
Algebra of the Simplex Method . . . . .	255
The Matrix Format . . . . .	259
More than Two Variables . . . . .	261

Minimization Problems . . . . .	261
Basic Examples for the Student . . . . .	261
Intermediate Examples for the Student . . . . .	262
<i>More Advanced Examples for Part Five . . . . .</i>	<i>263</i>
 <b>PART SIX</b>	
<b>Introduction . . . . .</b>	<b>265</b>
 <b>20 Series . . . . .</b>	<b>267</b>
Introduction . . . . .	267
Arithmetic Progression . . . . .	268
Sum of an Arithmetic Progression . . . . .	268
Geometric Progression . . . . .	270
Sum of a Geometric Progression . . . . .	271
Applications of the Geometric Progression . . . . .	271
Compound Interest . . . . .	271
Discounting . . . . .	272
Annuities . . . . .	273
Mortgage Loans . . . . .	273
Sinking Funds . . . . .	274
Series Expansion for Methods of Approximation . . . . .	275
The Binomial Expansion . . . . .	276
Basic Examples for the Student . . . . .	277
Intermediate Examples for the Student . . . . .	277
 <i>More Advanced Examples for Part Six . . . . .</i>	<i>279</i>
 <b>Answers to Basic Examples . . . . .</b>	<b>281</b>
 <b>Answers to Advanced Examples . . . . .</b>	<b>291</b>
 <b>Index . . . . .</b>	<b>317</b>

## PART ONE

### *Introduction*

This introductory chapter begins by summarizing the basic algebraic rules and notation which will be used and assumed throughout the remainder of the text. Although it should be adequate as a basis for revision, it is deliberately very concise, and any reader who finds himself having great difficulties with this section is advised to refer in the first instance to an introductory text on algebra and arithmetic.

Subsequent sections address themselves to the task of developing the readers' commonsense in spotting errors and avoiding illegal mathematical operations. Aspects of approximation are covered, as well as intuitive or geometric reasoning to assist in the manipulation of algebraic formulae.



## CHAPTER 1

### *Basic Notation*

The phrase 'the language of mathematics' suggests that a mathematical expression can, in principle, be translated into an English language form. Or, putting it another way, the underlying logic of a mathematical operation can be expressed either by means of symbols (i.e. usual mathematical notation) or by a statement in English (or Chinese, or French, etc.). However, mathematical notation is

- (a) Brief. Complicated operations in terms of logic can be expressed very succinctly.
- (b) Universal. A unique language, with one set of rules or grammar which is universally accepted.
- (c) Rigorous. English can sometimes be vague, or ambiguous. A mathematical expression should only have one possible interpretation.

For example, the following would be extremely difficult to write in English, and would certainly not be brief

$$3ab \sqrt{xy} / [(\log x + 6 + e^2)^{-2}]^{1/3} + \sum_{i=4}^7 i^2 \geq 6 \times 10^{-8} \sum_{i=2}^5 x_i.$$

Firstly, therefore, we must understand the conventions of the notation, and how an expression like that above should be interpreted.

#### 1.1 ARITHMETIC OPERATIONS

The four basic operations in arithmetic are addition, subtraction, multiplication, and division, which are written in symbol form as +, -, ×, and /. When combining several operations, the multiplication and division should always be carried out before addition and subtraction, i.e. × and / before + and -. Otherwise, operations are performed in sequence from left to right; for example,

$$5 \times 12 + 9 - 3 \times 2/6 + 7 = 60 + 9 - 6/6 + 7 = 60 + 9 - 1 + 7 = 75.$$



## 1.2 BRACKETS

When brackets, ( ) or [ ] etc., appear in a statement, all operations inside the bracket are performed *before* those outside the bracket; for example,

$$5 \times (6 - 8) + 4/2 = 5 \times (-2) + 4/2 = -5 \times 2 + 4/2 = -10 + 2 = -8.$$

When brackets are *nested*, the innermost set of operations is carried out first, for example,

$$\begin{aligned}(3 \times (5 - 2) + 7 \times (8 - 4))/2 &= (3 \times 3 + 7 \times 4)/2 = (9 + 28)/2 \\ &= 37/2 = 18.5.\end{aligned}$$

## 1.3 MODULUS SIGN

The modulus sign is used to mean *the positive value of*, and is used in the following way (note the similar precedence to brackets):

$$\begin{aligned}| -6 | &= 6 \\ | -3(4) + 1 | &= | -12 + 1 | = | -11 | = 11.\end{aligned}$$

## 1.4 ALTERNATIVE NOTATIONS

The multiplications sign ( $\times$ ) is not always used. It can be replaced by a full stop type dot ( $\cdot$ ), thus:

$$3 \times 4 = 3.4 = 12.$$

When brackets are employed, or alphabetic letters are used, then it may be omitted altogether.

$$3 \times 4 = 3.4 = 3(4) = 12 \quad (\text{but not } 34)$$

However,

$$y \times z = y.z = yz = y(z)$$

or

$$2 \times y = 2.y = 2y = 2(y).$$

The division sign is often written as  $\div$ , rather than  $/$ .

## 1.5 EQUALITIES AND INEQUALITIES

If we want to put a statement such as *the weight of an apple is 110 g* into mathematical notation then we might first define a quantity  $x$  in the following way:

Let  $x$  = weight of an apple in grams, then  $x = 110$ .

This is an example of an *equality*, and if we operate on both sides of the