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- Numerous studies have demonstrated that providing financial incentives to help workers reach their objectives can cause them to make poor choices and act dishonestly. Other drawbacks of incentive pay include the following: It can engender a sense of entitlement over time, diminishing motivation and performance.
- **Hw answer assignments:**
- ***Why might the compensation cap be bad? Once you reach the limit, you know you can't make any more money past the point you've to reach it.***
- ***What is a possible consisqunense? Forcing a product that doesn't need to be forced. As long as you get your bonus but you're doing a bad thing to get the bonus for the company, a good thing the more you sell the more you make.***
- ***3 Problem-solving principles?***
- ***Still make your sale if the quota isn't being met so that means they have the incentive to sell the car and give you a discount or deal to want to come back next week.***
- ***Competition and capital accumulation incentivize businesses to maximize efficiency, which allows investors to capitalize on that growth and consumers to enjoy lower prices on a wider range of goods.***
- **Study fixed, variable, and semi-variable cost**

10 units with a total cost of $100
15 units with a total cost rose to $150

50/5 = 10

Tc =Fc + Vc
100 =Fc + 10 x 10
100 =Fc + 100
100 - 100 =Fc

- **Marginal cost is the rate of the previous cost**

PV= Present Value '
FV= Future Value'

$$pv = \frac{fc}{(1+r)2}$$

600 = 600 = 600
(1+0.1) 11 1.21

When determining when you will break even financially, a break-even analysis compares the expenditures of a new company, service, or commodity against the unit sale price. In other respects, it indicates when you will have generated enough revenue to pay for your expenses. BreakEven quantity is your fixed cost + marginal cost.

MR is greater than MC isn't

> **Quantity demand when determining when you will break even financially, a break-even analysis compares the expenditures of a new company, service, or commodity against unit sale price. In other respects, it indicates when you will have generated enough revenue to pay for your expenses.**
>
> **The degree to which demand reacts to a change in an economic factor is known as the elasticity of demand. The most prevalent economic factor considered when calculating elasticity is price. Income level and the accessibility of substitutes are additional factors. Elasticity gauges how demand changes in response to shifting economic conditions.**
>
> **Our rigid inelasticity is btw 0 and negative 1m.**

$$MR = P(1-\{e\}) \qquad MR > MC \qquad \frac{p-mc}{P} > \frac{1}{\{e\}}$$

> **(steak peanut butter and jelly that's just to show them when you're buying peanut butter you're buying joke cuz you love peanut butter and jelly so these products you can consider them to compliment okay so they're compliments so you love your peanut butter and jelly you're going out you're buying peanut butter you're buying jelly what happens to the quantity demanded jelly if the price of peanut butter goes up that goes up too what happens to the quantity demanded jelly if the price of peanut butter goes up because they go together right what happens to the quantity demand for peanut butter if the price of peanut butter goes up people buy less peanut butter you raise the price of peanut butter they buy less peanut butter if they buy less peanut butter they're**

awesome what happens if the price of peanut butter goes down people buy more peanut butter if they're buying more peanut butter what else do they buy more jelly so now you're jelly product over there for jelly was impacted by a price change of peanut butter what direction does it go I said the price of peanut butter went up what happened to the demand for quantity time so they're in opposite directions so what number is that what does that make that it makes it a negative note cross price the elasticity if it's negative it's complements if you get a question on the quiz and it tells you these two products are complements (+) substitutes (-) and you got to figure out the cross price elasticity and you see two answers are negative and two answers are positive which two are definitely wrong you know they have to be negative.)

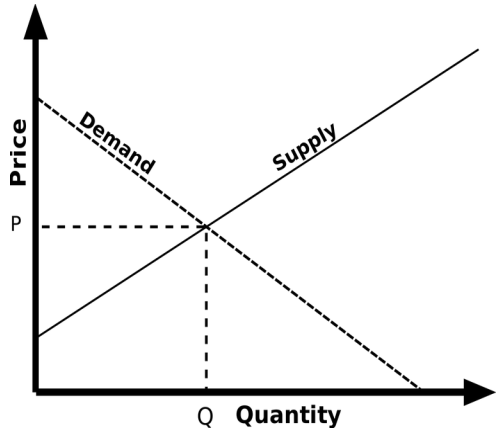
Formulas

- **FV = PV(1 + r)**
- **P x Q = FC + VC x Q**
- **PM = (P-MC) > 1**
  p {e}
  E = % change in q
  % change in p

- **When an entire sector experiences growth benefits, such as the development of better infrastructure improvements, a skilled workforce, or the sharing of technology, external economies of scale occur. Economies of scale are decreases in average costs caused by an increase in the volume of goods produced.**
- **0 to -.07 inelastic**
- **Inferior goods are non-reasonable products (usually negative and they go in two different directions)**
- **16 dozen = 20**
- **Mc = 8**
- **Profit = 16 = 80**
  12q 12q
  8/12 = *66.67%*
  - **Once marginal cost rises over average cost rises**
  - **have the potential to have a widget making company you all have your own little business plan your own thoughts about how to you create this widget making company so think in your head about what things you**

need to think about for this would you make your company if Market says and you estimate your cost structure let's assume you're going to estimate your cost structure to be $6 a piece forget the market said you assume you're your cost structure is going to be $6 a piece if you estimate your cross truck to be $6 a piece and you know the market says you can sell widgets at $6 who's going to jump into the business of making with no that's good what if the market says widgets could sell at $7 a piece is anybody going to start selling widgets you going to start that business or if you could sell a million widgets a week at $7 a piece are you going to jump into that business you sell wouldn't want to go so we can tell 500 widgets a week you estimating you can get 500 so 500 widgets a week at $7 a widget cost to 6,000 which was jumping into that market if the market says you could sell them at 8 does anybody want to sell widgets and you think you can sell 500 a week

- **Surplus with a lot of excess supply**



- **Demand is higher then suppliers**
- **Farmers selling $4000 dozen**
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