Behaviors of two revenue and profit maximization: a companion of two economic mod...

Psychology, Behaviorism

Revenue is often simplified in economics or basicfinanceprojections to “ Price x Quantity” (the price of a good times the number of goods sold) though it is rarely this simple in actuality. Net revenue (revenue – returns) is used when sales returns are a factor in the business (http://en. wikipedia. org)”. “ Our first look at firm behavior comes within the context of perfect competition. What comes below is a step-by-step explanation of how perfectly competitive firms maximize their profits, both algebraically and graphically, and a discussion of our result (http://www. louisville. edu)”.

Remember that, in perfectly competitive markets, no individual firm has any influence over the market price (since there are many firms and each is a small player in the overall market). Since each firm's product is identical to that of other firms (i. e. products are homogeneous), all firms face the same price. Objectives The paper is a summary of a journal of economic literature. This article is about revenue versus profit maximization. This covers the differences of behavior by the type of control and market power. Also, it illustrates the different behaviors and model firms can use to profit and revenue.

Profit maximization was used to critically evaluate the different article models. Revenues versus Profit maximization: Differences in Behavior by the Type of Control and by Market Power Professor Baumol did not favor to the neoclassical theory. He suggested maximizing the total revenues not the profit. This is so called minimum profit constraint or rather spottyobservationof business behavior. It is purposely to test empirically the maximization revenues (RM). So it’s expected that large firms falls into

specification firms. To which, is in turn into two classifications; Olig holistic firm and owner’s interest firm.

The first type of firm is further classified as to the theory of “ Oligopoly”. While the owner interest firm, the second type means no management interest. While firms cannot individually influence the market price through their actions, they can collectively. Therefore, our starting point will be the market demand and supply curves. These are the same demand and supply curves from the earlier material on Consumer Theory (i. e. they do all the same tricks, like demand shifting when there's a change in income, which those other demand and supply curves did.