Eco assignment

Restaurants, schools, and even prisons are feeding healthier. More people want to be healthy and live healthier lifestyles. This paper will outline a plan for managers anticipating rising prices, examine the major effects the government have on production and employment, determine whether government regulations ensure fairness, examine the major complexities under expansion via capital projects, and lastly suggest how a company could create convergence between the interests of stock holders and managers. The Company aims to keep the prices of its products as inelastic as possible.

This means that the pricing strategy should have no impact on the way he consumers perceive and buy such products (Definition of Inelastic, (n. D.)). Generally we see such demand only in situations in which the good or services are indispensable and the consumers cannot do without the product. This is not the case for microwavable food products. The demand function for low calorie microwavable foods largely depends on the price of the merchandise, its relative (substitute) product, advertisement overheads and last but not the least on the income of the consumer.

From the demand function and the elasticity considered, it is established that the market for the low calorie microwavable odds fit into a market of unapologetically competitive type. A monopolistic competitive is distinguished by a reasonable number of buyers and sellers. As a result people can change to another brand if a specific brand charges a soaring price. However, monopolistic competitive suppliers carry out product differentiation and consequently bringing in the consumers.

Now, Profit (NP) = Total Revenue (TRY) Total Cost (ETC) According to the FOCI of profit minimization, we get [Here P is not fixed] = MR. MAC= O From the elasticity as considered in the specified assignments, we can observe hat the demand for the low calorie microwavable manufactured goods is not very elastic in nature. Now, with the purpose to maintain their products as inelastic as feasible, the firm will attempt to differentiate its merchandise from other products of other firms.

If their product is dissimilar from others then the customers will not locate a substitute for that merchandise straightforwardly. That will formulate the demand for the equivalent product inelastic in character. We all are familiar with the fact that the larger the amount of product differentiation the larger the market power becomes. Consequently, it is sensible or the organization to carry out vigorous product differentiation to make the most of its profits. Examine the major effects that government policies have on production and employment.

Predict the potential effects that government policies could have on your company. Government involvement in the market economy Most people believe that regime must regulate the market. The only alternative to a regulated market is an unregulated market. Either a market is regulated or it is not. To some extent, there should be regime regulation/ intervention. Government regulation is needed. Too often, there is an urge to announce government as pointless or a waste, without considering that there are some things that government can do better than private industry.

Handling externalities, providing public goods (from national defense to public roads), enforcing contracts, and supplying a medium of exchange (that is, money); all of these are things that government can do better than private industry, simply by virtue of being a government (Callisthenic, 2008). There can and should be lots of discussion about where to draw the limits of government and what specific activities should fall within those limits? To argue hat, would one be better off with no government what so ever or is that just as reckless and shortsighted as arguing that the government should be in charge of every economic activity.

Neither one will result in an ideal economic climate. Two main reasons for government involvement in a market economy is establishing rules for exchange in markets and using that same power to enforce. Additionally, reducing economic uncertainty for people who are less fortunate due to poor health, bad luck, job losses, or other circumstances (Sullivan & Suffering, 2006). Overall, a market economy provides plenty of opportunities to people, but there are risks. Determine whether or not government regulation to ensure fairness in the low-calorie, frozen microwavable food industry is needed.

Cite the major reasons for government involvement in a market economy. Provide two (2) examples of government involvement in a similar market economy to support your response. The basic purpose of the government’s intervention to the market is the use of private and public goods, imperfect information, and whereby individuals are not the best judges of their own interest and are not able to figure out what will benefit the. The U. S. Government must fund things that are in society best interest overall.

The governmental intervention is required in the market economy because without it, the market would be close to being inefficient (Managerial-economics strategies). Mergers and monopoly through the market economy are highly possible creating opportunities for consumer exploitation through substandard goods and high prices. The government's role in this case is to oversee the mergers and control the market to obscure monopoly creations. The essence of market economy is to achieve optimal capacity in production an specs that is likely to miss out where a monopoly exists.

Without government regulation, price stability is not achievable since, the increasing competition will lead to consistent low prices and thus price instability (Callisthenic, 2008). In a case where regulations in the market are lacking, lower quality goods will be introduced to reflect the low prices the market offers. The first example of government involvement in my opinion would be such as when the Government intervenes when firms are producing too many negative externalities such as a manufacturing plant producing smog that is causing some harm.

If this externally is causing no harm to the producer then the company will continue this action because there is no risk of consequence. According to Line (2004) China has smog that is so thick that the citizens are constantly wearing mask and forces to minimize any outdoor activities for goods. The vast majority of these goods are headed to the US where environmental laws and government enforcement is much stricter. The second example of government involvement is the need to regulate banking, and natural monopolies.

Our government has laws enforcing ability to protect the rights of average Americans from unfair business practices eke cartels. These same rights are what allowed to government to prosecute Dennis Kilos after he looted Tycoon of $600 million dollars (Thomas, 2004). Examine the major complexities that would arise under expansion via capital projects. Propose key actions that the company could take in order to prevent or address these complexities. Before a company considers mergers or expanding its operation, it will have to remember the reason for making this capital budgeting decision.

The main reason for a merger decision is to make sure the cost, risks, and benefits of the investment are worth getting into. The possible challenge for the need to raise capital is the source of capital. In this case, there is likely to emerge a power struggle between the company managers and shareholders. The managers' easiest measure to raising capital would be to focus on the shareholders reserves. Raising capital in a corporation is not an easy measure to undertake (Xii, 2010). There are a number of items that need to be evaluated.

One is the cost of the capital, secondly the ease that the capital can be obtained and thirdly the expected return on capital. Here in the present situation, it has to be determined whether, the movie rental industry should ensure that, they should move forward with the merger and look to have self-expansion through capital projects (Michigan, Moyer, & Harris, 2011). If the organizations move forward with the activity of self-expansion, then, it shall not be possible for it to make sure that, it derives the benefits which would have been available to it if, the organizations might have had moved forward with the action of merger.

With the help of the merger, the movie rental industry can make sure that, they hare the technology and resources for achieving a higher level of profits. If the merger will not be conducted then, the organization will find it difficult in having a higher level of profits, as it shall continue to have the inefficient use of technology, resources, strategies and the financial commitments and incur losses (Callisthenic, 2008). In this way, it can be said that, the movie rental industry should move forward with merger rather than having self-expansion through capital projects.

Suggest the substantive manner in which the company could rate a convergence between the interests of stockholders and managers. Indicate the most likely impact to profitability of such a convergence. Provide two (2) examples of instances that support your response Conflict and convergence of managers and stockholder’s interests Fundamentally there are three forces that come together to create a convergence between the interest of stockholders and managers.

These include the strategic decision makers- Directors, Managers, Financial Commitment and Organizational Integration. Managers are known to have overall controlling interests over a company’s affair. Stockholders have limited control over the actions of the managers despite the fact that they are the owners (Managerial- economics strategies). Conflict between the two occurs when the parties seek to maximize their individual benefit. While the stockholders seek to maximize profits, managers will seek to higher incomes, and higher allowances.

Managers are likely to be against mergers as this compromise they job security. Stockholders will wish to minimize their risk by holding interest in as many business ventures as possible (Xii, 2010). Managers earning need to e pegged on their ability to raise high profits. This is where the pay package will increase by a percent of the profits raised in a financial period. This will guarantee that the interests of the stockholders are met since, higher profits mean higher dividend pay to the shares held (Sullivan & Suffering, 2006).

In the 21st century, both public and private business owners’ envisioned economic growth, but growth slowed when unethical leaders became preoccupied with satisfying their personal needs instead of the needs of their customers and their employees. Financial commitment requires that managers should have knowledge and control over the internal revenue of the company plus the outside finances available from donors and other financial institution to uphold the interest of shareholders (Sullivan & Suffering, 2006).

The stockholders will not be in any kind of problem or issue regarding the fact that, whether they should believe in the financial statements of the organization or not. The Securities and Exchange Commission requires the organizations to provide continuing information about their financial positions. The organization is required to be provided on a quarterly, half yearly and annual basis in order to ensure that, the results for the shareholders are better, and the shareholders get to know the true and the correct financial position of the organization in the future.