Free Newsletters | Free Annual Reports | Re

Search Investopedia Symbol

DICTIONARY INVESTING TRADING MARKETS PERSONAL FINANCE WEALTH MANAGEMENT FINANCIAL ADVISORS EXAM PREP TUTORIALS VIDEO

A B C D E F G H I J K L M N O P Q R S T U V W X

Explorar Twitter

Acompanhe tudo que é importante para você. Somente no Twitter.

X-Efficiency

A

You may also like: Five Chart Patterns you need to know...

DEFINITION OF 'X-EFFICIENCY'

The degree of efficiency maintained by individuals and firms under conditions of imperfect competition. According to the neoclassical theory of economics, under perfect competition individuals and firms must maximize efficiency in order to succeed and make a profit; those who do not will fail and be forced to exit the market. However, x-efficiency theory asserts that under conditions of less-than-perfect competition, inefficiency may persist.

INVESTOPEDIA EXPLAINS 'X-EFFICIENCY'

The concept of x-efficiency was proposed by economist Harvey Leibenstein in a 1966 paper. The theory of x-efficiency is controversial because it conflicts with the assumption of utility-maximizing behavior, a well-accepted axiom in economic theory. Instead, some economists argue that the concept of x-efficiency is merely the observance of workers' utility-maximizing tradeoff between effort and leisure. Empirical evidence for the theory of x-efficiency is mixed.

Refine Your Financial Vocabulary

Gain the Financial Knowledge You Need to Succeed. Investopedia's FREE Term of the Day helps you gain a better understanding of all things financial with technical and easy-to-understand explanations. Click here to begin developing your financial language with this daily newsletter.

RELATED TERMS

Pareto Efficiency
An economic state where resources are allocated in the most efficient ...

Efficiency
A level of performance that describes a process that uses the ...

Production Efficiency
1. An economic level at which the economy can no longer produce ...

Allocational Efficiency
A characteristic of an efficient market in which capital is allocated ...

Economic Efficiency
A broad term that implies an economic state in which every resource ...

Black Money
Money earned through any illegal activity controlled by country ...

RELATED ARTICLES

INSURANCE

Working Capital Works

A company's efficiency, financial strength and cash-flow health show in its management of working capital.

FUNDAMENTAL ANALYSIS

Subscribe to our Free Newslett

Enter e-mail address S

Lea

Marketplace

Complimentary Futures Trading Kit

FREE Award-Winning Software - Ninja Trade

Are you interested in generating income?

HOT DEFINITIONS

Marlboro Friday
Technical Analysis
Too Big To Fail
Heatmap
EGP

Trading Center

IN DEPTH CHARTING COVERAGE - FREE!

Professio Free Subscrip

Measuring Company Efficiency

Three useful indicators for measuring a retail company's efficiency are its inventory turnaround times, its receivables and its collection period.

ACTIVE TRADING

What Is Market Efficiency?

The efficient market hypothesis (EMH) suggests that stock prices fully reflect all available information in the market. Is this possible?

OPTIONS & FUTURES

Arbitrage Squeezes Profit From Market Inefficiency

This influential strategy capitalizes on the relationship between price and liquidity.

ECONOMICS

A Practical Look At Microeconomics

Learn how individual decision-making turns the gears of our economy.

OPTIONS & FUTURES

An Introduction To Value at Risk (VAR)

Volatility is not the only way to measure risk. Learn about the "new science of risk management".

STOCK ANALYSIS

Startup Analysis: How Much Is Dropbox Worth?

Learn about the private company Dropbox and how it operates. Understand the company's current valuation, how it was derived, and if it deserves it.

STOCK ANALYSIS

Startup Analysis: How Much Is Lyft Worth?

Learn about the private company Lyft and how it has become a successful rideshare company. Understand its most recent valuation and if it is deserved.

STOCK ANALYSIS

Startup Analysis: How Much Is Spotify Worth?

Learn about the private company Spotify and how it has achieved success. Understand the company's most recent valuation and if it is warranted.

INVESTING

What Rising Volatility Means for Momentum

After remaining torpid for most of the year, equity market volatility is once again rising.

FREE STOCK TRADING

FREE CURRENCY MARKET NE

ARE YOU READY FOR INTELLIGENT INVESTING?

HedgeCoVest

INVEST N

RELATED FAQS

Q: What is the utility function and how is it calculated?

A: In economics, utility function is an important concept that measures preferences over a set of goods and services. Utility ... Read Full Answer >>

Q: What does marginal utility tell us about consumer choice?

A: In microeconomics, utility represents a way to relate the amount of goods consumed to the amount of happiness or satisfaction ... Read Full Answer >>

Q: What is the difference between JIT (just in time) and CMI (customer managed inventory)?

A: Just-in-time (JIT) inventory management focuses solely on the need to replenish inventory only when it is required, reducing ... Read Full Answer >>

Q: What are some examples of Apple and Google's best-selling product lines?

A: There are many good examples of product lines in the technology sector from some of the largest companies in the world, such ... Read Full Answer >>

Q: What is a negative write-off?

A: A negative write-off is a write-off conducted by a company or accountant after deciding not to pay back an individual or ... Read Full Answer >>

Q: How can tariffs cause inefficiencies in domestic industries?

A: Any government regulation naturally creates inefficiencies in a pure supply and demand marketplace. When it comes to the ... Read Full Answer >>

BROWSE BY TOPIC:

Financial Theory Microeconomics

Ads

Dólar a R$ 4,00?
empiricus.com.br/Dólar_Futuro
A Tendência de Alta do Dólar Vai Durar Até Quando? Saiba Agora, Aqui

Economic
economyincrisis.org
Daily Political & Economic News Visit & Voice Your Opinion Today.

University of Granada
studyingranada.ugr.es
Master's Degree in European Constitutional Law

YOU MAY ALSO LIKE

Consumers Are Spending More on Premium Spirits as...
NASDAQ

20 of the Most Shocking Physical Mutations
LOLWOT LISTS

20 Crazy Indian Rituals You Won't Believe
Trending Topics | Top 10 Lists, News and Video | LOLWOT

10 Celebrities Who Were Almost Unrecognisable After...
Trending Topics | Top 10 Lists, News and Video | LOLWOT

Breakout Stock of the Year? ASCC Is Set to Make Huge Strides.
Yahoo!

NIKKEI ASIAN REVIEW
Coal India: Miner's profit misses expectations amid...
Nikkei Asian Review

NIKKEI ASIAN REVIEW
Tokyo stocks end lower as China fears heighten
Nikkei Asian Review

NIKKEI ASIAN REVIEW
Bharti Airtel: India's leading mobile phone operator suffers from...
Nikkei Asian Review

Recommended by

Search Investopedia Symbol

DICTIONARY: # A B C D E F G H I J K L M N O P Q R S T U V W X

CONTENT LIBRARY

Articles Terms Videos Tutorials Slideshows FAQs Calculators Chart Advisor Stock Analysis
Free Annual Reports Stock Simulator FXtrader Exam Prep Quizzer Net Worth Calculator

WORK WITH INVESTOPEDIA

License Content Advertise With Us Write For Us Email Deployment Contact Us Careers

CONNECT WITH INV

Sign Up for Our Free Newsletters!

© 2015, Investopedia, LLC. All Rights Reserved | Terms Of Use | Privacy Policy