MANAGEMENT OF THE BENEFIT

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Abstract: In the Victorian period, philosophers and economists argued with satisfaction "goodwill" as an indicator of the general well-being of an individual. The benefit was portrayed as a numerical math of a person's happiness. According to this idea, it was natural to assume that the choices made by consumers were such as to maximize the profit of the try, which means to make itself as happy as possible. The problem was related to the fact that these classical economists never really describe how they can profit. How could the "amount of benefit" be closely related to the choices and different solutions? Is the benefit of a person the double the benefit of an additional carrot? Does the concept make any sense of meaning apart from the meaning of maximizing people? Because of these conceptual problems, economists have neglected the old point of view as a mate of happiness. Instead, the theory of consumer behavior has been completely redesigned in relation to consumer preferences and the benefit is only seen as a way of determining preferences. Gradually, economists began to admit that all the issues about the benefit of choosing a choice had to do with whether a basket had a higher benefit than another, but the higher it was not so important. Finally preferences were defined in terms of profit: to say that a basket was preferred to another basket, meant that the basket had a higher benefit than the other basket. This means that we are so inclined to think in a different way about these issues. Customer preferences are the basics useful to analyze the choice and usefulness is a way of describing preferences.
Keywords: Benefit, Benefit Management, Benefit Function, Benefits Benefit, Indifference Benefit Curb

INTRODUCTION

For favorite baskets are set higher than for the least preferred baskets. This means that a basket (x1, x2) is preferable to another basket (y1, y2) only if the usefulness (x1, x2) is greater than the usefulness (y1, y2), any (x1, x2)> (y1, y2), only if the condition is met:

$$u(x_1, x_2) > u(y_1, y_2) \qquad (1).$$

The only important thing to benefit is how she lists the basket of goods. The magnitude of the benefit function is important only to the extent of ordering the various consumer baskets, and this sort of basket of goods appears as an *ordinarily* advantageous one.

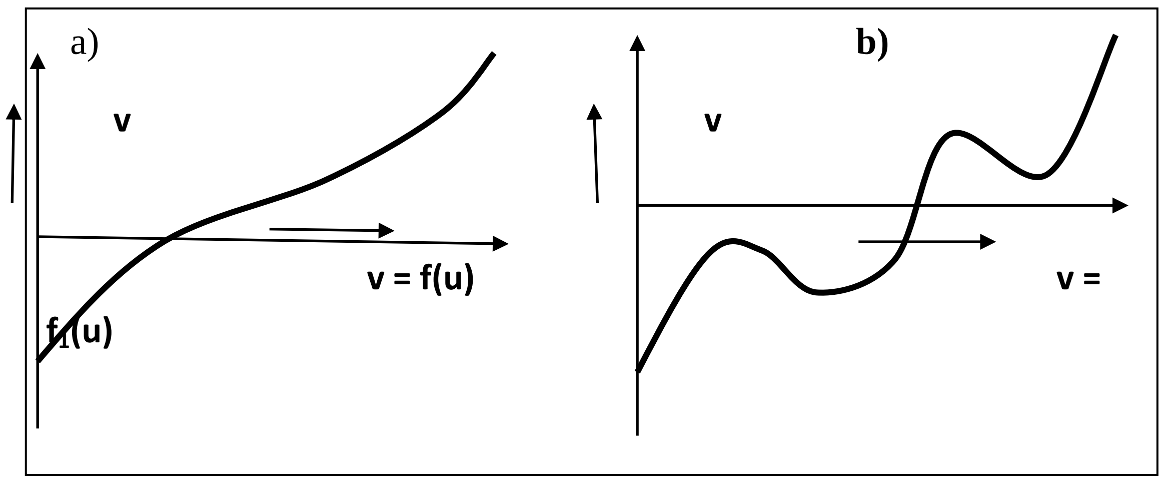

Figure 1: Graphical presentation of benefit function v = f(u).

Figure 1 shows schematically the characteristic features of the benefit function. In the schematic representation 1a) it is noted that the function of benefit, v = f (u), is a monotonous function, because all time the function value is increased in a monotonous manner. Schematic representation 1b) shows a benefit function which is not monotone because at some intervals it increases, while in some other intervals the function in question decreases. This means that in this function we can see trends in growth and decrease in the value of the benefit function.

The rate of change of the benefit function for a given interval can be set as the ratio between the differences in the change of the function values, by the difference of the argument change of the respective function, namely:

$$\frac{\Delta v}{\Delta u} = \frac{v(u_2) - v(u_1)}{u_2 - u_1} \quad (2).$$

Provided that the integral of dependence (2) is required, for the function v = uexp (-u), then we extends to the expression:

$$v = (1+u_1)\exp(-u_1) - (1+u_2)\exp(-u_2) \quad (3).$$

This means that for this case, the benefit function v = uexp (-u) is not monotonous (figure 2):

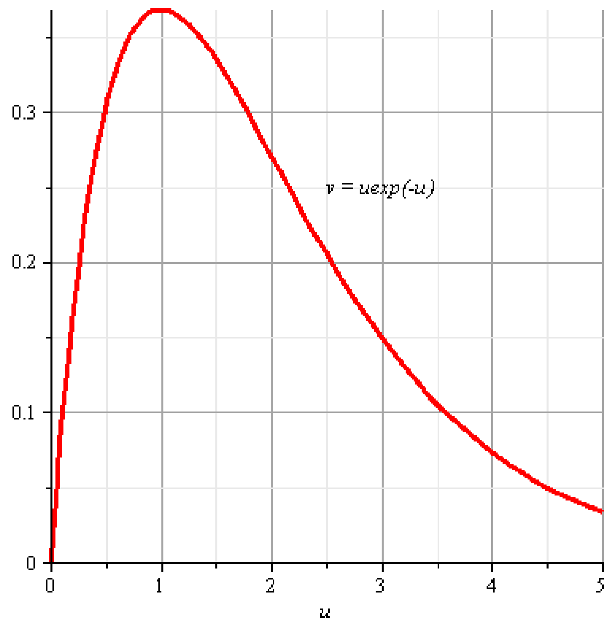

Figure 2: Benefit function v = uexp(-u).

For this function of ease, the maximum value is set, $v_{max} = 1/e$, for u = 1.

Concerning the benefit function, this statement is valid: *a monotonic transformation of a benefit function is a benefit function that presents the same preferences as the initial benefit function.*

The function of benefit in reality is presented as a pertinent indifference clause. Since every basket in an indifference curve should have the same benefit, a benefit function is a way of assigning values to different indifference curves in a way that higher indifference curves are assigned larger numbers. First of all, monotonic resignation is a re-enumeration of indifference curves. As long as the influence curves containing the preferred baskets are set far away from the indifference curves containing the least preferred baskets, the designation will represent the same preference.

CARDINAL BENEFIT

There are some theories that pay attention to the magnitude of benefit. They are known as the cardinal benefit theory. In a cardinal benefit theory it is assumed that the measure of the benefit difference between the two basket of goods is of some importance.

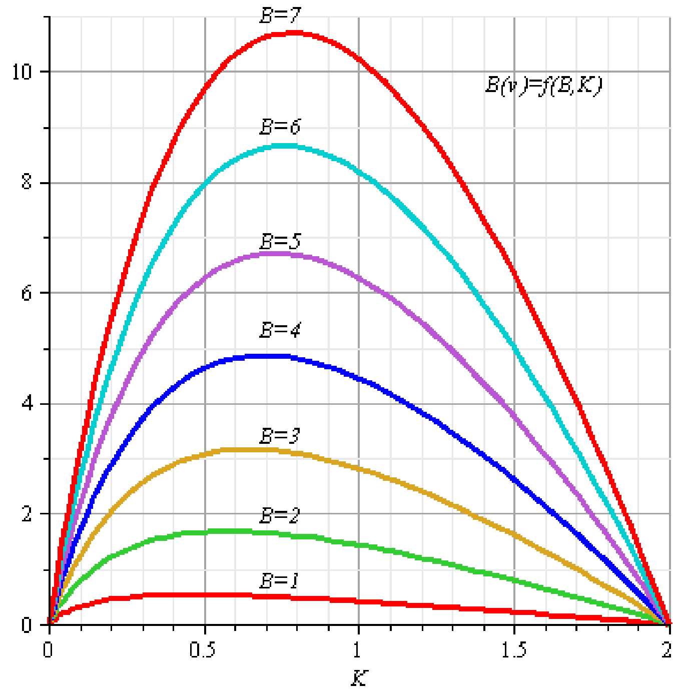

Figure 3: Cardinal benefit (B(v)) between curves (benefit functions) related (4).

Regarding the assignment of cardinal benefits, we will further analyze indifferent curves (benefit functions) according to (4):

$$u = K \cdot u \quad ; \quad u/A + v/B = 1 \qquad (4).$$

The integral utility between these integral curves, namely of these useful functions, is:

$$B(v) = \frac{(2-K)AKB^2}{2(B+KA)} \qquad (5).$$

Maximum value of benefit $B(v)_{max}$ is:

$$B(v)_{max} = \frac{B^2(\sqrt{B(B+2A)}-B-2A)(B-\sqrt{B(B+2A)})}{2A\sqrt{B(B+2A)}}$$

$$u_e = \frac{\sqrt{B^2+2AB}-B}{A} \qquad (6).$$

Figure 3 graphically presents the usefulness of the benefit functions according to (4).

By analyzing the diagram, these important conclusions can be drawn:

- With the increase in parameter K, the benefit B (v) increases to a maximum value, then falls below the value, so that the growth trend is more pronounced than the downward trend.
- For the same value of parameter K, the greatest value of benefit B (v) belongs to the highest value of parameter B.
- The maximum values of the parametric curves are pushed to the right, increasing the value of the parameter K.

For such preliminary analysis, special emphasis is also given on the elasticity coefficient (ε). For any two statistical variables X and Y, the elasticity coefficient ε (Y, X) is determined by the expression:

$$\varepsilon(Y,X)=\frac{\partial Y}{\partial X}\frac{X}{Y} \qquad (7).$$
$$\varepsilon(Y,X)+\varepsilon(X,Y)=1=100\%$$

Further we will require the elasticity coefficient according to the expression (5). In this regard, it is beneficial (A = 5, B = 7):

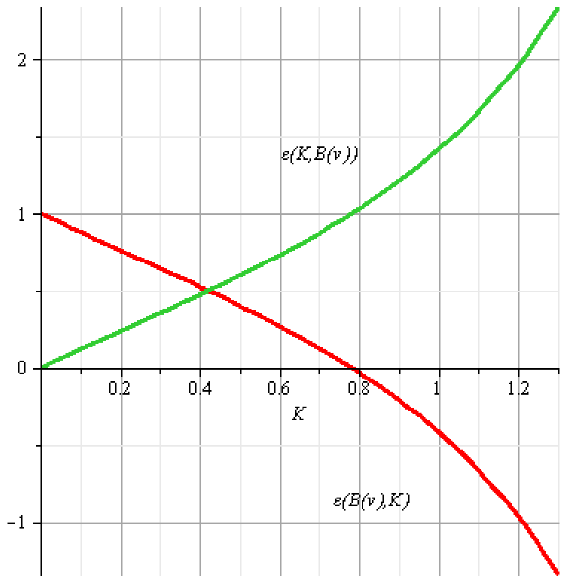

Figure 4: Elasticity coefficient of the benefit B(v)against of parameter K.

On the other hand for elasticity coefficient obtain:

$$\varepsilon(B(v),K)=\frac{2KB+K^2A-2B}{(K-2)(B+KA)} \qquad (8).$$
$$\varepsilon(B(v),K)+\varepsilon(K,B(v))=1=100\%$$

By analyzing the diagram according to Figures 4, these important conclusions can be drawn:

- With the increase in parameter K, the elasticity coefficient $\varepsilon(B(v),K)$ falls below the value, while the elasticity coefficient $\varepsilon(K,B(v))$ increases with the value.
- For the sample value, K = 1.2, the elasticity coefficient $\varepsilon(B(v),K)$ has a value of 2, while the coefficient of elasticity $\varepsilon(K,B(v))$ has a value of -1, which means that when the K parameter increases by 1%, the elasticity coefficient $\varepsilon(B(v),K)$ increases by 2% (plus sign), while the value of the elasticity $\varepsilon(K,B(v))$ coefficient decreases (minus signs) by 1%, and so on.

Obviously, the elasticity coefficient can also be determined for other important dimensions of the problem involved.

CONCLUSION

The paper presents the problems of the function of benefit, the character of its change, and how it can be determined the benefit to the given type of benefit function. It has been emphasized that it is of particular importance to change the function of benefit, from the aspect of whether it is a function of monotonous benefit or non-monotonous Then it has been shown that benefit functions can be graphically represented through indifference curves so that the indefinite curve character is closely related to the performance and behavior of the benefit function. Regarding the cardinal value of the benefit function, several characteristic cases have been discussed, and for these cases it is shown how the usefulness of the benefit function is determined. The analysis of the elasticity coefficient determination for the benefit functions was also given.

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