

X

X-efficiency. A situation in which a firm's total costs are not minimized because the actual output from given inputs is less than the maximum feasible level. This outcome is also termed a situation of 'technical inefficiency'. X-efficiency is a direct function of monopoly or market power in which competitive pressures are weakened. The term was originally applied to the manager-worker relationship but can be extended to deal with the manager-owner relationship. (See *Separation of Ownership and Control*.)