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### Question: A certain village, in anticipation of possible losses due to flu-rela...



A certain village, in anticipation of possible losses due to flu-related sickness among its residents, is faced with three possible options: (1) stock 2000 units of type A flu vaccine only, (2) stock 2000 units of type B flu only, or (3) stock 1000 units of each type of flu vaccine. Based on the three possible events—light epidemic, moderate epidemic, and heavy epidemic outbreaks. With this anticipation, the village has determined conditional losses in worker-days due to sickness which is shown below:

Alternative	Level of the epidemic		
	Light	Moderate	Heavy
Stock A only	100	300	800
Stock B only	80	250	350
Stock both A & B	20	200	550

Determine the best alternative using each of the criteria discussed in this lesson. Provide a brief discussion of your answer/solution.

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### Expert Answer

**Namratha** answered this  
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	A	B	C	D	E
1	<b>a)Pessimistic</b>				
2	Level				
3		Light	Moderate	Heavy	Minimum
4	A	100	300	800	=MIN(B4:D4)
5	B	80	250	350	=MIN(B5:D5)
6	A&B	20	200	550	=MIN(B6:D6)
7	Among the minimums, A has the maximum. Therefore, choose A				
8	<b>b)Maximax</b>				
9	Level				
10		Light	Moderate	Heavy	Maximum
11	A	100	300	800	=MAX(B11:D11)
12	B	80	250	350	=MAX(B12:D12)
13	A&B	20	200	550	=MAX(B13:D13)
14	Among the maximums, A has the maximum. Therefore, choose A				

P13

	A	B	C	D	E	F	G
1	<b>a)Pessimistic</b>						
2	Level						
3		Light	Moderate	Heavy	Minimum		
4	A	100	300	800	100		
5	B	80	250	350	80		
6	A&B	20	200	550	20		
7	Among the minimums, A has the maximum. Therefore, choose A						
8	<b>b)Maximax</b>						
9	Level						
10		Light	Moderate	Heavy	Maximum		
11	A	100	300	800	800		
12	B	80	250	350	350		
13	A&B	20	200	550	550		
14	Among the maximums, A has the maximum. Therefore, choose A						

	A	B	C	D	E
15	<b>c)Minimax regret</b>				
16	Regret Table				
17	States of Nature				
18		Bad	Good	Very Good	Max Regret
19	A	=MAX(B511:B513)-B11	=MAX(C511:C513)-C11	=MAX(D511:D513)-D11	=MAX(B19:D19)
20	B	=MAX(B511:B513)-B12	=MAX(C511:C513)-C12	=MAX(D511:D513)-D12	=MAX(B20:D20)
21	C	=MAX(B511:B513)-B13	=MAX(C511:C513)-C13	=MAX(D511:D513)-D13	=MAX(B21:D21)
22	Among the maximum regrets, A has the minimum value. Choose A				

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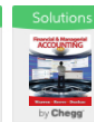
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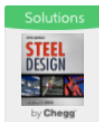
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23	d) Laplace				
24		Level			
25		Light	Moderate	Heavy	Expected value
26	A	100	300	800	=AVERAGE(B26:D26)
27	B	80	250	350	=AVERAGE(B27:D27)
28	A&B	20	200	550	=AVERAGE(B28:D28)
29	A has the highest expected value. Choose A.				

	A	B	C	D	E	F
15	c) Minimax regret					
16	Regret Table					
17		States of Nature				
18		Bad	Good	Very Good	Max Regret	
19	A	0	0	0	0	
20	B	20	50	450	450	
21	C	80	100	250	250	
22	Among the maximum regrets, A has the minimum value. Choose A					
23	d) Laplace					
24		Level				
25		Light	Moderate	Heavy	Expected value	
26	A	100	300	800	400	
27	B	80	250	350	226.67	
28	A&B	20	200	550	256.67	
29	A has the highest expected value. Choose A.					

END

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### Up next for you in Operations Management

Analyze each problem and show your solutions in an orderly manner. 1. Mutual funds for ABC Company have Php500,000 available for one of the ...

Analyze each problem and show your solutions in an orderly manner.

1. Mutual funds for ABC Company have Php500,000 available for one of the three investment alternatives in the stock market: a black-chip stock offering, a growth-stock offering, and a venture-stock offering. The environment of the investment can assume any of the three future events, and ABC has no information about the response of the market. The payoff table of ABC Company is presented below:

The trend in the market	Stock type		
...	...	...	...

[See answer](#)

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A: [See answer](#)

Q: Analyze each problem and show your solutions in an orderly manner. 1. Mutual funds for ABC Company have Php500,000 available for one of the three investment alternatives in the stock market: a black-chip stock offering, a growth-stock offering, and a venture-stock offering. The environment of the investment can assume any of the three future events, and ABC has no information about...

A: [See answer](#)

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