

Economies and Diseconomies of Scale

The scale or size of (1)_____ is usually measured by the number of (2)_____ produced over a period of time. If the scale of production increases, (3)_____ unit costs over most production ranges are likely to fall because the company will benefit from (4)_____ of scale. Beyond a point a company will start to find that inefficiencies push average costs up, and (5)_____ of scale set in.

(6)_____ economies are cost savings that arise from the way in which large firms raise money.

(7)_____ economies is cost savings resulting from the way in which firms sell their products

(8)_____ economies are cost savings caused by the methods of production used.

(9)_____ economies is cost savings that result from the way in which firms tries to reduce the risk of a fall in demand for some of their products.

Diseconomies of Scale can be classified as:

(10)_____ diseconomies results due to coordination problems among various departments within a firm.

(11)_____ diseconomies may result from too much (12)_____. Workers may become very bored with their repetitive and often monotonous jobs.

average diseconomies economies Financial Labour Management
Marketing production Risk bearing specialization Technical units

Key

Economies and Diseconomies of Scale

The scale or size of production is usually measured by the number of units produced over a period of time. If the scale of production increases, average unit costs over most production ranges are likely to fall because the company will benefit from economies of scale. Beyond a point a company will start to find that inefficiencies push average costs up, and diseconomies of scale set in.

Financial economies are cost savings that arise from the way in which large firms raise money.

Marketing economies is cost savings resulting from the way in which firms sell their products

Technical economies are cost savings caused by the methods of production used.

Risk bearing economies is cost savings that result from the way in which firms tries to reduce the risk of a fall in demand for some of their products.

Diseconomies of Scale can be classified as:

Management diseconomies results due to coordination problems among various departments within a firm.

Labour diseconomies may result from too much specialization. Workers may become very bored with their repetitive and often monotonous jobs.