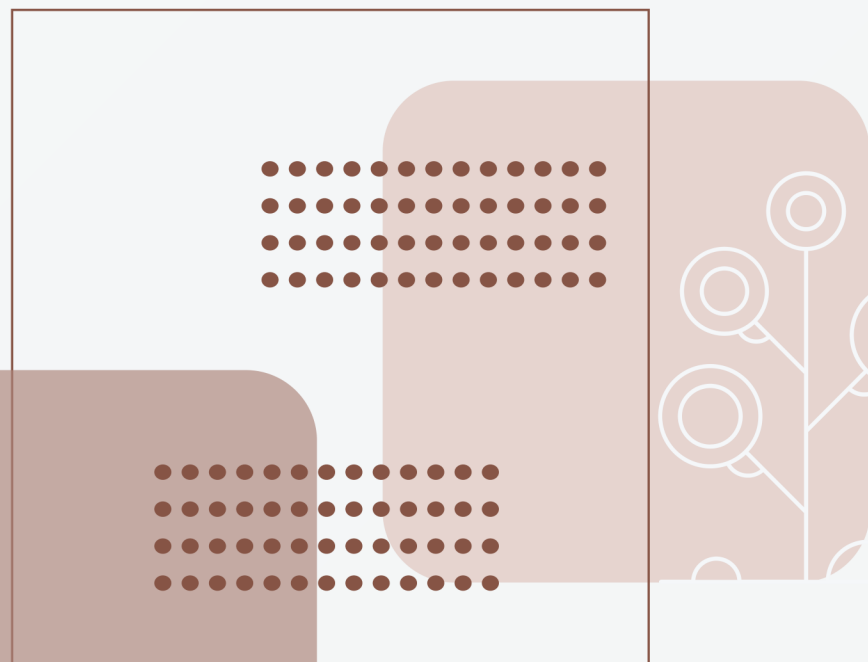


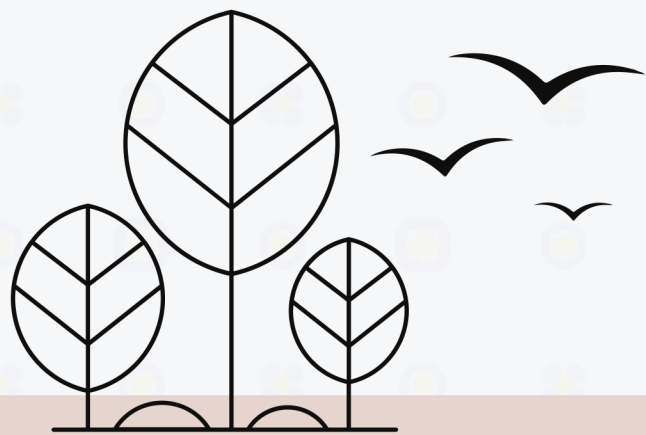
CASE STUDY: CH5.

- **PERFECT COMPETITION**



INTRODUCTION

Chapter five of the book that has been used in this case is titled “Perfect Competition”, the case solutions are analyzed in this chapter. com gives actual information about one of the market structures that include multiple buyers and sellers offer products that are identical for sellers and buyers and entry and exit is relatively easy. To continue with, a theoretical of such a model helps in appreciating the real market and the effect of any change in the economy’s policies.

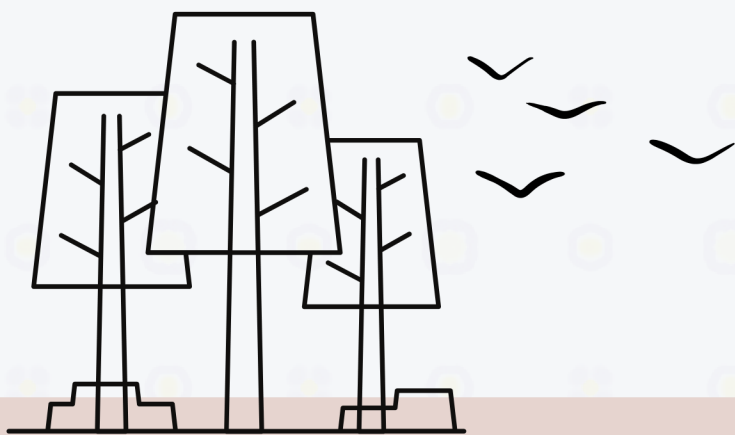


NUMEROUS PARTICIPANTS:

On the buyers' side there are many buyers and on the sellers' side, there are many sellers in this type of market so no single buyer or seller can influence the market price.

Homogenous Products: Being substitute goods, the product range is the same; hence, there is a close substitution of items.

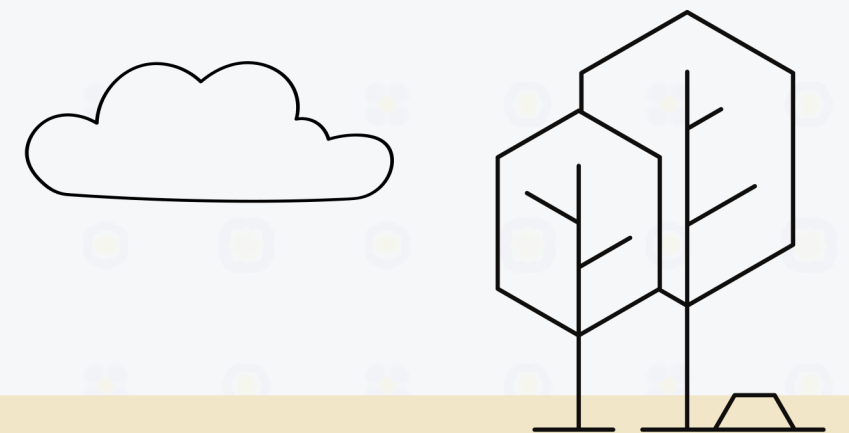
Free Entry and Exit: There are low entry and exit barriers within a market; an organization might invest in a certain market and eventually pull out.





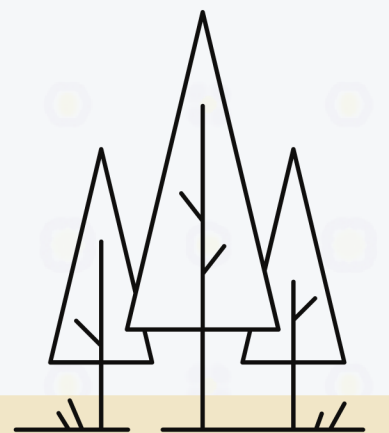
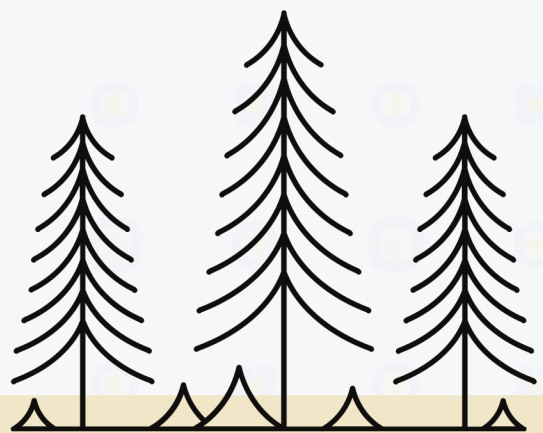
LONG-RUN EQUILIBRIUM

Based on this perspective, the process of entry and exit of firms in the long run guarantees that only normal profit is being realised. This is because any supernormal profit is competed again by new comers and losses result in firms pulling out of the industry. In the long run, the price is equal to the minimum average total cost similar to the situation that occurs in short-run least productivity making firms assume the most appropriate size.



CONCLUSION

The “Perfect Competition” case comes from the free source thecasesolutions.com gives a clear understanding of what perfect competition is and its assumption when it comes to efficiency of the market. Even the real world markets do not fully match all the requirements of a perfect competition, but the model provide benchmarks for analyzing the reality markets’ performance and efficiency. The understanding of this concept enables the policymakers and business players to make the right decisions that will allow efficiency in the industries.



RESOURCE

This is just a sample partial case solution. Please place the order on the website to order your own originally done case solution.

Resource: Visit thecasesolutions.com for detailed analysis and more case studies.