**RWS11: Theory of the Firm**

**Due for: First lesson – w/b 08th July**

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| **GENERAL INSTRUCTIONS:***Please complete a revision worksheet summarizing the work from the last two weeks. The work should be taking you* ***up to 2 hours*** *to complete and should consist of a 1 A4 double paged summary based on the questions below. Please print out a double sided version to be handed in and marked on the date above (emails will not be accepted so make sure you are printing off your sheet before the lesson).**Remember to use all of the space over your two sides of A4 and make sure the ‘margins’ in Word are put as ‘narrow’. Feel free to reduce the size of the font if you are running out of space but nothing less than size 10. A better way to reduce would be to reread what you have written and try to be more succinct; it must fit onto two sides of A4 only!**You should be reading and using all the compulsory resources below (remember you will have already read an awful lot of these for homework and in class but there are a few extras I want you to read.**This revision worksheet should be taking you 2.5 hours…I suggest you spend 45 minutes writing up all your notes from class into a rough draft. Then, spend the next hour reading any extra information or clarifying concepts if you do not understand them. Then use the final 45 minutes to edit the work, make it look pretty and print it off.**REMEMBER THAT IF YOU DO NOT HAVE A PRINTER AT HOME YOU MUST FIND TIME BEFORE THE LESSON TO PRINT IT OFF AT COLLEGE**ALSO MAKE SURE THAT AS WELL AS STORING A COPY ON A MEMORY STICK, YOU ALSO EMAIL YOURSELF SO THERE CAN BE NO COMPUTER ISSUES WHEN IT COMES TO PRINTING OFF YOUR WORK* |
| **SOURCES****Compulsory*** **Course Textbook** for the Second Year (You can download this as an ebook or read it online): pp**55-63 (ignore figure 3.2 and figure 3.3)**
	+ LINK 1: Click on this link - <https://www.dawsonera.com/abstract/9781471829864>
	+ LINK 2: If the link above does not work, goto the ILC page on GOL OR click on <https://online.godalming.ac.uk/course/view.php?id=37> . Click on DAWSONERA box and accept terms and conditions. Write “AQA A-level Economics Book 2 Powell” into the search engine.
* **NOTES:** Class and PREP homework notes (in your bag!) including department worksheets (available on GOL). Remember to include the PREP work as well
* **Powerpoint:** See the powerpoint slides on GOL for access to my notes.

**EXTENSION (IF YOU HAVE TIME, TRY TO READ OR WATCH THESE)**1. Economics Help Website
2. Tutor2U Website

**ALL OF THESE RESOURCES CAN BE FOUND ON GODALMING ONLINE – ANY ISSUES, EMAIL OLLY on** **ods@godalming.ac.uk** |

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| **SPECIFIC INSTRUCTIONS:****TITLE: RWS11 – Theory of the Firm*****(1) Types of Firms (1/2 a side of A4)*** *(can you display the information below by using tables, bullet points etc? Try and move away from huge blocks of writing)** Describe with examples the different types of firm – Sole Trader, Partnership, Private Company (Ltd) and Public Company (plc)
* Explain the significance of limited liability to a company – what are the advantages and disadvantages?
* Choose a firm and explain what type of firm it is and any useful background information

*(****2) Structure and Motivation of the Firm (1 side of A4)**** Describe the main ‘stakeholders’ in a firm (not just the shareholder remember!)
* What are the advantages and disadvantages of firms ‘divorcing ownership and control’? Make sure you explain what this concept means as well.
* What is the role of shareholders today? Explain the difference between the short-termist ‘Anglo-Saxon’ model of companies and the longer term looking ‘European-Japanese” model. What are the advantages and disadvantages of both models?
* Neo-classical theory suggests that the main aim of firms is to maximise short term profits. Explain why this is so but also explain why this might not be true and use examples to illustrate your answer (HINT: think about other objectives of firms and describe them – so managerial, behavioural, ethics or corporate responsibility, sales maximisation. You should have an entry and example for each one maybe in a mini mind map!?!?! OR A TABLE)

***(3) Market Spectrum Introduction (1/2 a side of A4)**** Draw a market spectrum spectrum (similar to the one on the powerpoint) demonstrating the different kinds of market structure we will be studying
* Define perfect competition and ‘pure monopoly’ with assumptions using real life examples (where possible)
* Using Amazon as an example, evaluate the impact the technology has had on competition within a market (remember you have to put both sides of the story)
* Why is a firm in a perfectly competitive market a “price taker” but in a monopoly market they are considered ‘price makers’
* Why might the behaviour of the firm (objectives) differ depending on whether a firm is in a perfectly competitive market or a monopoly market?
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