

# Economics

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## Discussion

**Name**

**[Pick the date]**

1. long-run average cost (LRAC) is basically depend on a set of short-run average cost (SRAC) curves, each of which shows one particular degree of fixed costs. To be specific, long-run average cost (LRAC) is derived from this group of set of short-run average cost (SRAC) curves by defining the lowest average total cost, which is related to each level of output.
2. **Economies of Scale:** these are the cost advantages enjoyed by the organization when production becomes proficient.

**Diseconomies of Scale:** diseconomies of scale occur when an organization's long run average cost increases. It happens when economies of scale no longer perform for a company.

### 3. **Determinants of Economies Of Scale:**

The determinant of internal economies of scale is the expansion and growth of an organization. On the other hand, the determinants of external economies of scales include availability of transportation facilities, better credit and skilled labor and specialized machinery (David Trainer, 2018).

### **Determinants of Diseconomies of Scale:**

Diseconomies of scale occur when the long run average costs of the organization increases, it determinants are lack of motivation, poor communication and loss of control.

4. Wal-Mart is an impeccable example of economies of scale. The causes of economies of scales for Wal-Mart include manufacturing experts, availability of smart and stronger labor, tax incentives provided by different states, better product line efficiencies, discount on purchases of bulk raw material, and investments in technology

5. Economies of scale help the Wal-Mart competing in retail industry by providing cost advantages because Wal-Mart is able to grow further and can increase its production to the large extent. Economies of scale in Wal-Mart have brought down the unit cost of production and provide a cost advantage by lowering down prices for its consumers.

### **Bibliography**

David Trainer. (2018, January 29). *Sysco Feasts On Economies Of Scale For Strong Competitive Advantage*. Retrieved May 18, 2020, from Forbes.com: <https://www.forbes.com/sites/greatspeculations/2018/01/29/sysco-feasts-on-economies-of-scale-for-strong-competitive-advantage/#5108c61f245e>