Business + Market Structures

How a business is organized, and how much competition it faces, shape everything else.

Name: _____ Date: _____

OBJECTIVE

Compare sole proprietorships, partnerships, and corporations, and identify the four market structures by number of sellers, barriers to entry, price control, and product differentiation.

1. Compare business organizations

	Sole proprietorship	Partnership	Corporation
# of owners	1	2+	many (shareholders)
Liability			
Lifespan			
Taxation			

2. Identify the market structure

____ 1. Monopoly

____ 2. Oligopoly

____ 3. Monopolistic competition

____ 4. Perfect competition

A. Many sellers, nearly identical products, no single seller controls price (e.g., a wheat farmer)

B. One seller, high barriers to entry, controls price (e.g., a local water utility)

C. Few large sellers dominate, each aware of the others' moves (e.g., wireless carriers)

D. Many sellers, similar but differentiated products (e.g., local restaurants)

3. Real-world sort

Label each business with its most likely market structure.

Business	Market structure
Your only local electric company	
A neighborhood coffee shop	
A soybean farm selling into a national market	
The major airlines	

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4. Why might a monopoly charge a higher price than a business in perfect competition?