



# INTER-FIRM COMPARISON

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## MEANING

In a competitive market, it is mandatory to have a comparison with the other similar organisation. When the profit of one organisation is compared with another organisation, it is known as inter-firm comparison.

## PRE-REQUISITES

- a. The less efficient firms will get the opportunity for comparing the achievements.
- b. Technical Knowledge of the large-scale units will be made available to small scale units.
- c. It improves productivity of labour, material, and utilisation capacity.
- d. Interfirm comparison is essential for promoting cost consciousness among member units.

# ADVANTAGES

- a. Inter-firm comparison is the best method to identify weak spots which may exist in the member units and improve operating efficiency.
- b. Interfirm comparison give initiative for research and development.
- c. Unfair competition in the market is avoided due to interfirm comparison.
- d. Interfirm comparison makes it possible to fully utilize resources of the organization.
- e. It assists government in framing and developing appropriate industrial policy.

## DISADVANTAGES

- a. The information supplied by all the member units may not be reliable.
- b. All firm may not disclose information relating to production cost, marketing strategy and other cost structure.
- c. Establishment of central organization is quite difficult.
- d. If proper information is not available, then comparison among the member units is of no use.
- e. Suitable basis for comparison may not be available.



**Thank You**