**Market Power**

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An individual requires lots of struggle to enter into a market as an existing firm always have a strong place in the market with excellent strategies. To enhance the productivity of the company, the producer acquires a number of strategies and policies which help them to compete with other companies. In case of monopolistic companies it is easy to gain more profit as they do not face threats from other companies (“Why Do the Biggest Companies Keep Getting Bigger? It’s How They Spend on Tech,” n.d.). They acquire power over the price and quantity fluctuation and consumer lacks any sort of market power. Besides monopolies, various companies in a competitive market also access to the monopolistic profit. For instance, Apple, Facebook, Google, and Amazon are among the most successful companies. The secret behind their success is advanced technology or spending on IT. Spending on IT helps in created exclusive featured software which is unusual than the standard understanding of R&D. Large companies are investing in their own hardware and software instead of using outside developer's ideas. This is the biggest reason for the success of these companies.

The productivity and spread of innovation are essential for the companies as it enables them to acquire monopoly profit even existing in the competitive market. Companies are unable to create a monopoly and minimize the government regulation therefore; they try to increase their productivity by investing in IT. These companies show IT intensity and through profit, they acquire shares in the market as much as they can. The increase in share through productivity and investing in IT enable them to get the monopoly profit. It means, other companies in the market gain small share, therefore, their market power gets limited (“Monopoly,” n.d.). These gaps between the productivity and profit of the companies resulted in inequality in salaries of workers. Inequality between companies is like wage inequality between individuals. Companies with high profit offer high salary while smaller companies gain limited revenue and spending thus offer fewer wages. Therefore, workers in bigger companies get more income and opportunities than the worker with the same skill in smaller companies.

The smaller companies find it difficult to compete with bigger companies due to the productivity gap. This gap continues to widen because high productive companies invest almost seven percent of their profit on proprietary IT which is almost two hundred and fifty dollars a year. It equivalents to their outlay for capital spending and R&D (Frick, 2017). As the wage gap get increases with an increase in productivity, therefore, smaller companies to find it difficult to compete with bigger companies. For instance, companies could copy the technology or software of Microsoft office to disrupt bigger companies. Besides these, a natural monopoly is a reason for the smaller companies to compete with bigger companies. Bigger companies introduce their advanced technology and exclusive hardware and software like Apple and Google companies. The smaller companies cannot reach to the top by copying their ideas; they need to develop their own exclusive ideas ("Monopolistic Competition – definition, diagram, and examples - Economics Help," n.d.).

The situation of monopolistic competitive companies can be problematic for workers and consumers. For instance, the iPhone from Apple brand is available at a high price. In a competitive market, companies are unable to get power over the price. However, Apple successfully offers high prices because no other companies have introduced the software and technology that Apple is providing. Therefore, consumers have to pay more than the normal price and worker get low wages as compared to the productivity level. In this way, both workers and consumers face disadvantage (“Monopolistic Competition | Boundless Economics,” n.d.). The situation of larger companies should be controlled through proper channel. Companies can identify their power by reducing their control over the prices on the product even it is exclusive. Price should be set according to the total cost of the product rather than its popularity and exclusiveness. It can give a chance to smaller companies to move forward and to compete with the larger companies.

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