

## 6. Is highly competitive environment good or bad?

### Outline:

#### 1) Introduction

#### 2) Highly Competitive Environment is Good

2.1) In academia, highly competitive environment boosts research quality and contributes skilled and talented professionals.

- NUST University Research Work

2.2) Highly competitive market averts monopoly and wealth accumulation

- Technology Race

2.3) Individuals and corporations keep exploring new riches in highly competitive environment which subsequently results in raising of living standards.

- Luxurious lifestyle since 18<sup>th</sup> century

2.4) Highly competitive environment translates into economic boost.

- US trillion economy

2.5) Highly competitive environment maintains stable pricing of goods in market.



- Adam Smith's concept of self regulation of market

2.6) Highly competitive environment induces spirit of finding cheaper markets which increases transnational trade

- Prevalence of MNCs

2.7) Low performers who produce below-standard quality goods are automatically sidelined in highly competitive environment

2.8) Highly competitive environment demands continuous efforts to avoid losing place to competitor resulting in maintained quality of work or goods.

- Nokia Mobile decline

2.9) In democratic country, highly competitive environment enhances good governance

2.10) Governmental institutions and organizations which provide competitive environment work efficiently

- Scandinavian countries



2.11) Highly competitive environment helps in social welfare.

### 3) Conclusion



A decade earlier, Netflix (Top online streaming platform) was on verge of bankruptcy. It was saved by \$30 million loan. Currently, Netflix is leading online streaming market and is in process to acquire Warner Bros (WB). This transition from bankruptcy to leading the market highlights the goodness of competitive environment. Adam Smith's concept of "Invisible Hand" which drives competitors to put efforts and remain consistent is evident in Netflix case. A highly competitive environment is based on free choices, free goals, and a driving force which encourages people to lead. According to Charles Darwin, evolution of humans has history of competition: survival of the fittest. So, therefore, leading in competitive environment is human nature. Highly competitive environment is good as it drives humans to do better resulting in skilled professionals. It produces skilled professionals in the fields of science as well as general fields. In business environment, it helps maintain prices stability. Highly competitive environment increases the standards of livelihood by producing goods which make life comfortable. Due to competition and emergence of capitalism, overall trade



and economy ~~has~~ has increased. In governance, highly competitive environment reduces corruption and increases efficiency. Thus, highly competitive environment is good as it produces talented professionals and helps in regulation of market and efficient governance.

Highly competitive environment in academic sphere boosts research work and produces professional academic scholars. In other words, competition drives students and professors to outperform others to gain recognition and rewards. Many universities provide scholarships and stipends based on research works which encourages individuals to put efforts. In 2024, more than fifty scholars from National University of Sciences and Technology (NUST), Pakistan ended in world's top two percent scholars. This success is the result of providing resources and competitive environment on the basis of pure merit. Thus, it is the competitive nature ~~which~~ of people which is shown in the form of success, if provided with highly competitive environment.

Additionally, competitive environment in business market reduces the chances of creation of monopoly and wealth



accumulation in few hands. Adam Smith, who believed in "Laissez Faire" (Free Market), posited that competitive environment with equal access to opportunities will never result in creation of Monopoly. Monopoly is the state in which one company outlays all with significant margin. Absence of monopoly is evident in tech-war between US and China. US led in AI-market by producing best generative AI models, but China remained in competition and produced more competitive models. This competition also resulted in better AI models for all. So, therefore, as long as competitive nature of market remains, the absolute monopoly formation is less likely.

Similarly, highly competitive environment encourages ~~you~~ entrepreneurs to explore new fields which subsequently result in raising of living standards. In simple words, when businessmen try to compete in market, they explore new fields and riches and in doing so they focus on providing comfortable goods to public to outperform <sup>other</sup> competitors. Since Industrial revolution, living standards of consumers have <sup>been</sup> raised. Now, in almost many homes, one can find tech-based luxurious items like



Freezer, washing machine, oven, Air-conditioner, Television, etc. Although these items are part of technological innovation, but it's mass production and price reduction is because of free and competitive market. Hence, the raising of living standards is by-product of highly competitive nature of business markets.

Moreover, Highly competitive environment of business markets has boosted world's economy. "When there is competition", as Karl Marx said, there is problem of surplus goods. This surplus goods when consumed by buyers increased financial flow as well. ~~The~~ United States America's GDP ~~budget~~ is trillion dollars. Overall world's GDP is \$300 trillion. If we take into account the arbitrage market, then weekly transactions of arbitrage markets exceeds overall GDP of US. US would never have achieved this status, if it was not on the goal of establishing competitive environment. Therefore, it is the competitive nature of market which boosts the economy of the state.

Additionally, the highly competitive environment of market helps main-



fair prices in a stable manner. Adam Smith believed that when there is free market, competitors will try to lower the prices of goods to attract customers leading to stable and appropriate prices. Self-regulation of markets and "invisible hand" which drives competition automatically translates into stable pricing. We observe that shops on motorways are <sup>more</sup> expensive than normal shops in market. Reason is the lack of competition and monopoly <sup>issue</sup> which competitive environment solves.

Moreover, highly competitive environment provides spirit to outperform rivals by finding new markets which increases transnational trade. Cheaper markets in other countries inspire the competitors to set-up production there to reduce production cost. This process increases world's overall trade. Since world war II, International trade has increased continuously, except 2009 & 2010 dip. Another way to measure trade increment is the prevalence of Multinational Corporations everywhere. For instance, dell produces single laptop from raw materials which come from more than 5 countries. This goods movement increases trade and reduces production



cost which is essential in competitive market. Mere nature of market (competitive) has boosted world trade.

In addition to trade, highly competitive environment of market helps maintain quality of goods by sidelining those who compromise on quality.

This process of sidelining is automatic, as consumers will buy the goods with good quality in same price rather than worst quality goods. For instance, company A produces milk (packed) for \$5 and meets the basic standard of quality of milk. On the other hand, company B produces milk for \$5 and milk has smell. Consumers will, automatically, buy from company A. Company B on the other hand will be sidelined in competitive environment.

Similarly, highly competitive environment demands consistent efforts to lead on the pace, failing to do so, one will be outperformed.

In business market, all are in competition, lack of effort will lead to decline of the corporate. For instance, Nokia mobiles led the world and they were unchallenged. Few mistakes related to its failure to integrate



software would lead Nokia to downfall. Those companies who remained integrated and updated their policies outplayed Nokia. So, therefore, one must be consistent and remain updated to survive in highly competitive environment.

Moreover, governmental organizations and institutions of democratic countries, where there is competitive environment work efficiently and enhance governance. Scandinavian countries, for instance, has very low rate of corruption and high rate of justice. They also have highest literacy rates. Competitive environment in democracy enables voters to decide the best candidates. Candidates in return work hard to promote good governance in the country. On the other hand, countries like Sudan, where corruption is ubiquitous, perform very low and are in state of constant civil war. Their economies, even though rich in natural resources, are crippled. Thus, it is competitive nature which makes governance better and efficient.

Lastly, Highly competitive environment helps in social welfare. UN has sought to make earth sustainable,



So many companies MNCs try to help governments in social welfare to maintain their image. Additionally, by helping the population, poverty ratio decreases which results in increment of purchasing power of people. This helps companies to remain in competition.

In conclusion, highly competitive environment is good as it helps in the production of skilled and talented workforce. It also helps in regulating the business market. Humans are competitive in nature, according to Darwin's evolutionary concept, so humans ~~do~~ try to outperform when provided with equal opportunities. Thus, highly competitive environment where all try to outperform result in regulation of market, efficiency of governance, and raising of living standards. Competitive nature helps in overruling monopoly of single company, system, or individual by providing all with ~~an~~ equal opportunities. Although ~~the~~ highly competitive environment has disadvantages like lack of resources for new individuals, but its overall goodness make it a promising environment.