

Monopoly research papers examples

[Business](#), [Company](#)



This article is about how two of the world's largest parcel delivery and shipping companies are, in fact, owned by the same owners. The article talks about UPS and FedEx, two companies having a chunk of the market share offering the above-mentioned services. Based on the illustration shown herewith, UPS has a 25.9% share of the deferred market while FedEx is closely following at 21.8% share. In terms of overnight packages, FedEx leads all market players with a 42.2% share while UPS follows at 33.8%.

Figure 1 Market Share of FedEx and UPS

Taken together, these two companies command a dominating position in the parcel delivery and shipping business. While the market for this service is by definition competitive, the fact is that according to this article written by Dave Schneider and Dustin Ponder in April 2014, the owners of the two competing companies are, in fact, almost the same! According to the article, about 12 of the top 20 owners of both UPS and FedEx are the same banks and financial groups .

Does this count as a monopoly? A monopoly is as a market situation wherein there is only one company servicing the needs of the entire market. In this situation, there is a clear absence of competition. The absence of competition leads to high prices and poor product quality. In the classical definition of a monopoly, the lone firm is assumed to have a single set of owners. In the current case of FedEx and UPS, the presence of almost identical owners almost makes this a case of two entities that may potentially be acting like one, given that the interest of these companies are identical because the same set of owners own these two companies. Do the fact that these two companies are controlled by the same set of investors

indicate a pricing policy that would enable both companies to arrest a larger market share?

According to the article, the commonality of ownership does not constitute any resemblance of a monopolistic tendency of the owners to motivate both companies to behave like a single entity. As a matter of fact, UPS and FedEx have been competing with each other the same way they have been competing with other players in their industry as DHL. The article adds that UPS' collective bargaining agreement (CBA) recognizes the fact that the company is in competition with other companies that offer the same service. Thus, the labor situation in UPS makes it disadvantageous for FedEx workers to avoid employing a different strategy thus creating a cut-throat level of competitiveness and dedication. This labor reaction is happening despite the fact that the same set of owners owns both companies.

This management strategy is criticized as a way of exploiting workers.

However, that criticism can easily be dispelled by the fact that the owners of these companies have passive management responsibilities. This means that they do not have any direct control over what managers of these companies do to become competitive. However, managers of both companies utilize certain tactics that would ensure that their respective companies are made competitive through the use of contractual work arrangements. In the recent years, this approach has led to the use of weak employment contracts, fewer benefits and part-time work arrangements from both companies to remain competitive with the market.

Needless to say, the price theory that is applicable in this situation is the perfect competition market. In a perfectly competitive market, no single firm

has the power to control the market, the prevailing prices, and the supply of goods or the demand for goods. In this situation, even if the same investors own the same companies, each firm will have an elastic demand curve.

Neither UPS nor FedEx can influence prices and, therefore, are called “ price takers”. A price-taker is a position wherein the firm’s revenue per additional product or service sold is similar to the revenue received by everyone else.

Therefore, no one enjoys undue competitive advantage over the other players in the market. UPS and FedEx, regardless of the volume of services they sell will always have a similar margin per additional unit sold. The price theory for this situation is that all the prices are the same for all the firms in the market. Thus, the only way for UPS or FedEx to become more profitable, is if it tries to reduce its costs. This reduction in cost is evident with the companies push for lower wages.

In the classroom, the quote that comes to my mind is (insert quote here). I think that this quote is applicable because (insert why the quote is applicable). This was mentioned in (insert date when quote was mentioned) during the discussion regarding the topic (insert the topic that was discussed in that date here). I remember this quote because it relates to (insert the example that the professor used to illustrate that quote here). That quote is related to this news article about UPS and FedEx because this article is a real-world application of the theory on how companies maximize their profit in different types of market conditions.

This is similar to the statements found in the book “ Microeconomics: Theory & Applications” by Browning and Zupan (. In this book by Browning and Zupan, there is extensive discussion on the different types of market

conditions and the price theories that are applicable therein. The topics that are related to the UPS and FedEx article include the topics and discussions on the competitive model in the book written by Browning and Zupan. The topics can also relate to the chapter on monopoly and the chapter's discussions about the characteristics of monopolies such as the demand and marginal revenue curves for monopolies, the profit-maximizing output in a monopolistic market condition, the efficiency effects of monopoly and the public policies that are geared towards the control of monopolies.

This is also related to the topics of pricing in a monopolistic market as well as the topics related to the competitive market model. With regards to the competitive market model, the case of UPS and FedEx can be examined through an understanding of the demand and supply curves for perfectly competitive markets. It is also understood through an understanding of the topics related to short-run profit maximization, the short-run industry supply curve situation, the long-run competitive equilibrium levels, the long-run industry supply curves, and the mathematical formulations that describe a perfectly competitive market model. These lessons and other significant bits of information are helpful in developing a practical understanding of business, especially issues that are as confounding as the UPS and FedEx article.

Bibliography

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