Using illustrative examples, examine why competition authorities might be concern...

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Using illustrative examples, examine why competition ities might be concerned about the way large companies behave? Competition ities bear the responsibility of enforcing Competition law that ensures that businesses do not carry out unfair trade practices or unfair competition (The Competition Authority (a), 2013). Competition law's primary objective is improving the efficiency of the economy, so that consumers benefit from lower prices, better product quality and enhanced product choice made possible through competition. It achieves this goal by preventing businesses from manipulating the process of competition by agreements with other firms and actions taken by the firms unilaterally to exclude potential or actual competitors (Hewitt, Clark and Phillips, 2009).

It has been evident that many large firms indulge in unfair competition to gain advantage over their competitors by unfair means (Hewitt, Clark and Phillips, 2009); therefore competition authorities across the world are concerned about their behaviour. Firms grow so large that unilaterally they harm competition through monopolising the market and take advantage of their size to block threats arising from potential or existing competitors (Hewitt, Clark and Phillips, 2009). For example Microsoft the world's largest software company indulge in similar such practices that denied other software companies an opportunity to build and market products competing with Microsoft's products by building licensing agreements that were restrictive, exclusionary and unreasonable and thus monopolizing the client operating- system market by anti- competitive strategies (Justice, 1994 and Bloomberg, 2012).

Large companies often make vertical or horizontal agreements with other firms called as cartel to fix prices not considering the reaction of either of its rivals or customers. Dominant firms fix higher price knowing that their customers have few alternatives and little choice other than accepting the firm's offered higher price (The Competition authority (a), 2013). For example Automobile giant Daimler Mercedes-Benz found guilty of fixing prices in collaboration with five of its van and truck dealers, also shared sensitive commercial information and to some extent market sharing that negatively affected the competition in UK market however they were fined by UK's antitrust authority of about £2. 6 Million (Reed, 2012 and Binham, 2013).

Apart from fixing prices they also control markets or production or make agreements to share markets or supply sources so that rivals supply sources gets restricted. When doing business with other trading parties they put different conditions for similar transactions or attach additional obligations to a business contract that are irrelevant to the context of the contract (The Competition authority (b), 2013). Large firms also carry out mergers and acquisition that lessen competition, strengthening or creation of dominant position or increase in price or reduce output affect the consumer therefore mergers and acquisitions are notified to competitive authorities over a certain financial limit for review. For example the acquisition of Skype VOIP provider by Microsoft was objected by competing firms claiming that it will have serious ramifications on the European Internet telephony market and complained to the European commission (Scerri, 2011).

Therefore to prevent such unfair practises competition authorities keep a check on large companies' behaviour.

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