

# The economic environment of business

Business



**ASSIGN  
BUSTER**

Principles of the Global Business Standards (x al Affiliation) Key words:

Principles, Competitors Introduction Competition is an important ingredient in the thriving of a successful business enterprise. On that note, competition in this sector of the economy has contributed to massive growth and diversity in the economy. For instance, through competition companies have been able to come with new innovation in a bid to satisfy the rapidly changing and dynamic market that exist currently in the United Kingdom. However, in this paper we are limited to the oil industry and consequently the oil market in the United Kingdom. On that note, we are going to delve into highlighting the significance of the competition policy in the industrial and business world in the United Kingdom. First and foremost, in order to understand the significance of competition in this sector of the economy, we must first delve to establish some of the characteristics of a perfectly competitive market and consequently, appreciate its significance in the oil business and also in the business sector of the economy. On a similar theme, a perfectly competitive is one in which competition is the core of the principle. In addition to that, it is evident that in a competitive market setting the interest of the consumer is paramount in order to promote the particular service or product being offered which in this case is petroleum based products. Although, it is hectic in nature on the part of the companies and industries, competitive market has numerous advantages on the consumer. In fact, through competition new products have been innovated which have benefited the consumer. Moreover, competitive market has served to decrease the cost of commodities and services since they are being offered by a number of companies and this has served to greatly benefit the consumers. Secondly, the fact that there is no hindrance in the entrance and <https://assignbuster.com/the-economic-environment-of-business/>

the exit of the market has also facilitated the growth of the business enterprise. On the contrary, competitive market is characterized by a number of principles. For instance, risks are minimal and the entrepreneurship role is greatly reduced since information is readily available to those who wish to participate in this line business. In fact this is one of the reasons behind the championing of the competitive market which has in turn contributed to the growth of the economy. In addition to that, the competitive market is marked by huge profits in the in the immediate future as compared to the long run. However, competition is divided into categories, for instance, the existence of monopolistic kind of competition in the market. On that note, monopolistic completion in the markets entails a market structure in which companies compete but they venture in the production and selling of different products. Apparently, this form of competition in the market is mandated with the task of ensuring the diversity of the market through the ensuring of the uniqueness of the products they produce. On a similar theme, in this case, the prices of the individual commodities produced by each company are determined by that company as opposed to the market. Notably, in this form of competitive market structure, the consumers are often exploited by the high prices of the products offered. In fact, this form of competitive market structure is characterized by: independent determination of the prices of commodities, the role of entrepreneurs is evident, due to the diversity of the products produced. Therefore, it was mandatory to formulate competition policy in the United Kingdom in a bid to safeguard consumers from the exploitative nature of the highly monopolistic market. In addition to that, the policy was also formulated to control the price of basic petroleum products in order to avert

<https://assignbuster.com/the-economic-environment-of-business/>

exploitation of oil cartels. Apparently, the office of fair trading that is mandated with the task of evaluating the business and marketing environment with the aim of ensuring that the consumer is not exploited by the business firm as a result of harmful competitive strategies while on the other hand consumers are getting quality products and services from this rapidly developing and diverse sector on the economy. On the same note, the office of fair trading in the year 2012 conducted a survey in the oil market in a bid to ascertain whether it was in compliance with the various laws regarding the business activities. In fact it was able to determine the oil industry in the United Kingdom is highly monopolized thus subjecting the consumers to high cost of petroleum products. Furthermore, it was able to attribute the high prices of fuel commodities as a result of harmful competitive strategies in the market. In addition to that it was able to come up with mechanisms to avert this looming crisis. For instance, it was able to suggest the formation of a regulatory body mandated with the task of managing the oil prices in a bid to reduce the oil prices. However, it is evident that the oil market in the United Kingdom has been monopolized by cartels that have been able to draw huge profits as a result of exploitation of the consumers through the high fuel prices. Furthermore, its recommendations are very viable and in case they are implemented they can help to mainstream this sector of the economy that is the most essential. To this end, it is essential to monitor the industrial market through the formation of such organisations such as the office of fair trading in the United Kingdom which help in the safeguarding of consumers from exploitation. Reference ?

Barker, T., & Brailovsky, V. (1981). *Oil or industry?: energy, industrialization and economic policy in Canada, Mexico, the Netherlands, Norway and the*

<https://assignbuster.com/the-economic-environment-of-business/>

United Kingdom. London: Academic Press. ? Lee, C. H. (1995). Scotland and the United Kingdom: the economy and the Union in the twentieth century. Manchester: Manchester University Press;. ? Scobie, H., & Strange, R. (1983). Macroeconomics of North Sea oil in the United Kingdom. London: Heinemann Educational Books.