

Strategy for Dominance of Multinational Conglomerates

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Abstract :

This paper we understand the significance of multinational companies controlling the market through mergers, acquisitions and investments in various countries this is how it makes dominance in the market. According to OECD in 2018 MNCs control between third of the world's production. The ability to control the market is done by various socioeconomic and political factors which give the MNCs an edge compared to the small corporations competing in the same sector. In this research we deeply scrutinize the special benefits and advantages obtained by MNCs which in turn favors them to dominate the market.

Keywords- Conglomerates, Monopoly, MNCs , Disrupt Monopoly, OECD, Socio-economic

Introduction:

Systematic process of supply in goods and services by large conglomerates is reaching new heights as new industrial revolutions happen the dominance of global MNCs continue to remain. This is a great challenge to world economy as small and new corporations don't thrive end up eventually getting merged or acquired by big MNCs. This is caused due to various issues like economic, political, not profit making, lack of infrastructure, trust, brand image and monopoly. This research will drive deep into all these socioeconomic issues explain their causes and solutions.

Methodology-

Psychological factors:

A brand is an image set in the mind of a customer it has a unique recognizable symbol it carries the personality of a company. Brand has a trust value on the customer as using a product and its services over a long period of time develops trust towards a brand. For this research paper an experiment has been conducted among ten people this is done on regarding their toothpaste brand and their trust on them as consumers. Eight of the consumers reported they would not change their brand of toothpaste no matter how good quality and affordable price the other brands are providing. Whereas the other two consumers had a different approach one among them reported I would shift to the other brands if the quality was better than his current brand. Another consumer reported the price point was a major concern if the other brands provide the same standard of product at a cheaper rate then shifting to new brands won't be a matter. Here brands like Colgate, Pepsodent, Oral-B and Parodontax control the market using the market using psychological trust among consumers as the majority of consumers have a strong psychological bond with their brand which they are using over a long period of time.

Income to Purchase power:

Income plays a vital role in the purchasing power of consumers all around the world there are different levels of income for different people.

1. High income countries like Luxembourg , Norway, Qatar, Singapore, Ireland, United Arab Emirates and United States of America consumers witness different kinds of products and services available mostly which are luxurious and high in cost. Still consumers easily afford these products and services in high income countries in these countries multinational conglomerates .

2. Low income countries for example-Pakistan, Philippines, Nepal, Myanmar and Bhutan. In these low income countries consumers tend to look for local manufactured products which are affordable and also maintain a cultural value. Multinational conglomerates don't usually operate manufacturing units in these countries due to socio-economic factors, lack of infrastructure and political instability hence branded goods and services lack in these countries.

3. Middle income developing countries for example- India, China, Indonesia, Thailand and Bangladesh. There is a huge market in middle income developing countries so has the multinational conglomerates entered these market through setting up manufacturing units. The government of these countries provide them support in setting up as the employment is generated for their population which in turn favors the economy of the country. So in these middle income countries buying branded goods and services is affordable as often multinational conglomerates operate manufacturing domestically. Some conglomerates in these categories for example are Unilever India, KFC China and nestle India.

Cash power:

Multinational companies try to acquire small competitors who are trying to gain the market using merger and acquisitions due to their cash pile which is a great advantage. This phenomenon is mostly visible in tech companies for Example META, Google and Microsoft

From can	MEDIUM	PARENT COMPANY
	THREADS	META
	INSTAGRAM	META
	WATSAPP	META
	YOUTUBE	GOOGLE
	LINKEDIN	MICROSOFT
	GMAIL	GOOGLE
	FACEBOOK	META

the above example chart we classify that big tech multinational companies control the social media using capital as cash for acquiring or merging with emerging tech companies.

Political preference and geopolitics :

Big conglomerates get benefit from various political parties and their

respective countries this makes it easier to operate business through easy paperwork, law enforcement checking and land acquisition. Especially India and China are becoming a global hub of manufacturing for western conglomerates for their cheap labour, business infrastructure and skilled work population. In recent policy move from the United States of America it is trying to reduce dependency on China due to political changes and worsening foreign relation between the two countries. Apple inc shifting its production from China to India is a great sign of reduced dependency on China. In terms of skilled workforce ASEAN countries have a huge advantage in terms of the western countries. In south asian cities like Mumbai, India which ranks as the 3rd city in the world with most billionaires has been benefiting from policies made by the pro business government in India

Conclusion:

As per this research it has categorized various factors contributing to the market dominance of global multinational companies it represents how the small companies and growing startups get acquired or become out of market share by the dominance of global giants. As per the research conducted for this paper we get a lot of information and knowledge regarding the domination strategies of global multinational conglomerates this is indeed helpful for further research on how small enterprises and company's can compete with them what are the areas they are lacking advantage in growth trajectory.

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