The Structural Power of Enterprises: Beyond the Notion of Market Power

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The purpose of this paper is the conceptualisation of the notion of enterprises' structural power. It allows to draw the attention to the process of diversification of enterprises and building of complex and multidimensional ownership structures as possible sources of the increase in the companies' power and the possibility of its use and abuse in order to limit the competition and perform better on the market. The concept of structural power is a part of the scientific discussion on the sources and possibilities of using enterprises' market power, and fits into the current research on one of the fundamental problems of economic theory: how to protect competition internationally and, therefore, determine the limit when the natural and desirable behaviour of enterprises aimed at increasing their international competitiveness begins to distort competition and adversely affect economic development. The analysis shows that the potential influence on other market participants may arise not only from the firm's position on the relevant market and other factors related to its specificity, but also from the various types of linkages between firms.

Key Words: competition, strategies of MNES, market power, structural power, diversification
JEL *Classification:* L40, L22, L19, L10

Introduction

Nowadays, no one seems to doubt that a properly functioning mechanism of competition is fundamental for an economic development. It is a factor motivating companies towards efficiency, innovation and growth. There is however also a broad consensus that competition may be distorted, among others, through the actions of the enterprises themselves, and that many industries are not very competitive. It widens the scope for public intervention aiming at protection of competition.[1] It is however of great importance to understand what kind of regulations are adequate in imperfectly competitive markets, what proves the fact that the Nobel Prize in economics 2014 is granted to Jean Tirole for his analysis of market power and regulation.

The importance of the issue of enterprises' power results from the fact that the widely understood company's power may restrict the proper functioning of the market mechanism which is essential for a dynamic and sustainable economic growth, thus also the enterprises themselves. On the other hand, the natural desire of the enterprises is the development of a strong competitive position to win against competitors in the market, and the result of these activities may ultimately be the growth of their market power and competition distortions. Moreover, the intensification of economic globalisation and international competition causes that enterprises have to be extremely creative in finding new ways to improve their competitiveness and increase their market and economic power in order to win the competitive battle.

Analysis of the earlier achievements of theoretical and empirical research in the field of widely understood corporate power draws attention to the fact that the issue of economic power is still not fully recognised by researches and the area of some strategic actions of enterprises, which may contribute to the increase in the enterprises' power is neglected as by economic theory, as by antitrust authorities. Therefore, the purpose of this paper is the conceptualisation of the notion of the enterprises' structural power, focusing attention on the process of diversification of enterprises and developing complex and multidimensional ownership structures as the possible sources of the increase in the companies' power and the possibility of its use and abuse in order to limit the competition and perform better on the market. The attempt at defining the notion of structural power is not about replacing any of the previous definitions of corporate, in particular market power but it is rather to widen the current concept of this phenomenon and join the discussion on its sources and possibilities of abuse. It is vital not only for the economic theory, but also for the competition policy and antitrust authorities aiming at protection of competition. It is also crucial for enterprises themselves, because they need to have clear guidelines which competitive strategies and behaviours are safe for competition mechanism and allowed by antitrust authorities in order not to be penalised for being the best on the market.

The paper is theoretical in nature and the inference is based on the analysis of literature, especially concerning the different concepts of enterprises' power and the Competition policy of the EU. It constitutes a part of a bigger research project on new competitive strategies of the MNES and global competition restrictions.

The first part of the paper constitutes a theoretical base of the analysis and is devoted to the different theoretical approaches to the phenomenon of enterprises' power. The second part of the paper aims at conceptualising the enterprises' structural power, defining the notion of structural power and looking closer at the process of diversification of the enterprises' activities and developing multidimensional ownership structures and networks of capital relations as sources of their power. In this part the reasons for the increase in the enterprises' structural power and the risks of its abuse from the point of view of competition mechanism are also analysed. The last part contains conclusions and discussion.

Theoretical Approaches to the Phenomenon of Enterprises' Power

Social sciences often view the concept of power as an opportunity to influence others. Max Weber described it as the ability of individuals or groups to control or influence the behaviour of others, even in situations where there is an opposition (Thio 1986). Many authors agree with this approach, pointing out that the enterprises' power is a function of the situation and has a relative not the absolute character (Dahl 1957; Etzioni 1968). MacMillan and Jones (1986) also draw attention to the fact that strength is an ability, which means that one does not need to use it, to hold it and the very fact of its possession can affect the behaviour of others.

Mark Granovetter investigating the phenomenon of different types of relations within interpersonal networks shed a new light on the perception of the nature and strength of 'weak ties' (Granovetter 1973). He elaborated the concept of structural and relational embeddedness of economic behaviour (1985, 481–2) and argued that the level of social embeddedness of economic behaviour has always been and continues to be more substantial than is allowed for by formalists and economists. Social structures and social networks can affect not only economic outcomes like hiring, price, productivity and innovation, but also such as choice of alliance partners (Gulati and Gargiulo 1999), decisions to acquire other firms and strategies used to do so (Haunschild 1994) or the persistence of large family and ethnically oriented business groups in advanced economies (Granovetter 2005).

In the economic sciences, which constitute an essential part of the social sciences, the concept of power in relation to companies appears in various forms, but the neoclassical view constitutes still basis for analysis. The most common notions are economic power, market power, monopoly power, financial or corporate power. Often are these terms used interchangeably, or even treated as synonyms. Many researchers, however, are trying to clearly distinguish between the meaning of the above mentioned concepts, which certainly helps to understand better this complex phenomenon, especially because very frequently the enterprise's power is defined by its source of origin, the possibility of its use or by a method of measurement.

The least doubt arises in the case of defining monopoly power because it is automatically associated with the classic monopoly, i.e. exerting complete control over the supply side of the market, the impact on prices and over the potential entry of other companies in the industry. The concepts of market power and economic power are often regarded as synonymous, but many authors believe that the concept of market power has a narrower scope than the concept of economic power, where the market power is associated with a strong position in the market, whereas the economic power – with a strong position in the sector, industry or in overall economy. Market power is usually defined as the ability to control prices and eliminate rivals (Baldwin 1987).

Generally, it is believed that the concept economic power is far broader than those previously mentioned, but it is not easy to clearly define what kind of phenomena it encompasses exactly (Greer 1988). Attention is drawn to the fact that the economic power is not necessarily associated with the market share. It may be a consequence of the unique bargaining position resulting from the product characteristics, conditions of sale, or buyer preferences, allowing imposing certain terms of the transaction on a partner (Peterson 1988, 21), independent of supply and demand in the given market (Dugger 1988, 83).

Regardless of the term researchers use with reference to the power held by the company, the power is usually defined as the ability to affect prices accepted by the market (Raper et al. 2000; Wilson 2000; Surratt 1998; Rogers 2001; Overbye, Weber, and Patten 2001; Roller and Sickles 2000; Barla 2000; Crespo and Herrera 2002; Pereira 2001), although depending on the market's specificity, it may be another variable (Malik 2002). This aim of affecting prices can be achieved by the company in different ways and can constitute a means to achieve similar yet different purposes. Therefore, some authors emphasise only the impact on prices, and others also highlight the desire to control the size of supply, or to eliminate competition from the market, all of which should ultimately lead to the increase in their profits and strengthening their market position.

The most common in the literature is the view that enterprise's power is closely linked with the concentration on the given market. Such thinking is based on the neoclassical concept of monopoly and monopoly power (Begg, Fischer, and Dornbusch 2011). Most economists agree, however, that in fact an enterprise does not need to have a monopoly position to try to influence the behaviour of other market participants. Nevertheless, a significant portion of the current research on the enterprises' market power assumes that it results mainly from a strong market position of the product (or service), and focuses on an identification of the additional factors affecting the strength of the company within a given market or industry (e.g. entry barriers, industry's specificity, size and number of competitors, etc.).

The obvious consequence of the wide variety of definitions of enterprises' power and different views on its origin is the absence of one universal way to measure it. So far, the most widely used measures of enterprises' power are the indicators based on the neoclassical model of the company, and several of them, the Lerner index, Rothchild index and marginal index 'price-cost' – PCM – price-cost margin (Collins and Preston 1969) played a special role. The feature which is common to them is the assumption of maximisation. However, since maximisation is in fact frequently not achieved, and quite often it is not even the aim of companies' activity, the effectiveness of the above mentioned indices in measuring the enterprises' power is limited.

An important role in the definition and understanding of the concept of the market and economic power play concentration factors, especially the four-firm ratio (FF) and Herfindahl Hirschman's index (HH). Their advantage is the simplicity and the possibility of a relatively easy and quick application.

However, they are often subjected to criticism, as a large concentration of the market may not necessarily result in a situation in which the market leaders are able to restrict competition (Zarnikau and Lam 1998; Crespo and Herrera 2002; Berry et al. 1999; Rogers 2001). The market power is determined by many other factors, among others, it depends on the relationships in the network (Overbye, Weber, and Patten 2001), a market structure understood as the number and size of economic entities (Barla 2000), the elasticity of demand and its characteristics, and the possibility of entering the industry, its growth rate, a brand strength (Wood 1999) or the power of contractors (Raper et al. 2000). According to J. Tirole (1988) not the size of oligopolistic firms, but their market behaviour constitute evidence whether they possess and exercise their monopolistic position on the market.

Focusing on concentration in the local and national markets also constitutes a weakness of traditional methods since the global size of the company may be also crucial for assessing its market power (Wood 1999). It is also noted in the literature that in some industries, particularly in those dominated by innovations and new technologies, market shares can change very rapidly and there is a high probability of overestimation of the companies' power because of the too narrow definition of the relevant markets, which does not take into consideration the substitutes of the products and services (Pleatsikas and Teece 2001). This, among others, is due to an application of a static analysis to phenomena which are extremely dynamic. Qualitative research methods can therefore help in finding answers to the questions of where the power is rooted in the economic process and how the use of this power affects the members of society and the economic development.

Depending on the applied method of measurement the conclusions concerning the growing enterprises' strength may be different (Tullberg 2004) and the failure to construct methods which would be universal does not mean that this phenomenon does not exist, although the myth about the nonexistence of the enterprises' power in the economic reality is deeply rooted (Peterson 1988, 19). Numerous studies provide, however, solid scientific and empirical evidence that the enterprises' force defined and measured in the various, listed above ways, not only exists, but has been increasing over the last few decades.

Significant place in the search on above mentioned issues has the 2014 Nobel Prize winner in economics, Jean Tirole. His work has clearly shown that the complexity of the market power related phenomena caused that their analysis and understanding require combining different theoretical approaches (Tirole 1988). He analysed the behaviour and firms' interactions in imperfectly competitive markets and emphasised the fact that every industry and every case requires distinct analysis and in the end all regulation must be industry-specific (Laffont and Tirole 2000).

There remain, however, still many questions and unresolved problems related with the sources and consequences of market power. Therefore it is very important to continue the research looking for new factors affecting the increase or abuse of enterprises' power and the possibilities of companies to limit competition. The conceptualisation of the enterprises' structural power constitutes an attempt to take up this challenge and widens the current notions of the dominant position (antitrust policy) and market power (theory).

The Conceptualisation of the Enterprises' Structural Power

The Notion of the Enterprises' Structural Power

The concept of the structural power, like other definitions of the enterprises' power, is related to a possibility of an impact on the behaviour of other market participants, so the possibility of the influence on the widely understood competitive conditions and its conceptualisation does not intend to replace any of the previous definitions of economic or market strength, but rather to draw attention to the sources of the economic power of companies, which tend to be underestimated in the literature and in consequence, in the competition policy. These sources of economic power are the diversification of the activities and the development of complex and multidimensional structures of ownership by the multinational corporations. These are two different processes, but the fact that, in practice they occur very often simultaneously and can significantly complement the construction and the subsequent use of the enterprises' power, and both in some way affect the structure of the same companies and their markets, caused that the power of companies resulting from these both processes was called the structural power.

The subject of structural power is complex and it is comprised of a group of companies, understood however more broadly than accounted for in the definitions most commonly cited in the literature, which emphasise the necessity for majority or controlling stakes of one enterprise in another, and a real influence on their functioning (see e.g. Romanowska 2011). The subject of the structural power constitutes in fact a vast and diverse network of direct and indirect capital relations and the associated personal contacts, which is derived from the fact that both of the above processes consist of the acquisition of majority or minority capital stakes in other companies, which results in an emergence of the enterprises' groups related with each other in different ways.

Diversification of Enterprises' Activities in the Context of Structural Power

Regardless of the differing views of scientists on the effectiveness of the different types of diversification strategies, the fact that companies follow the strategy of related but also unrelated diversification (Humes 1993; Niyajima and Inaqaki 2003; Dugger 1988) indicates that it must create enough interesting opportunities to bear the risk of failure. Diversification of activities not related to the core business makes it essential that a group of companies reduces its dependence on the individual markets and industries, and increases the range of possible actions, thus contributes to the increase in its power (Dugger 1988, 90–4). It allows the companies to wait out and survive a crisis in particular industries and the economic declines in the individual economies, facilitates changes in customers and suppliers. It also facilitates the use of various forms of financing, moving operations from one country to another, and the choice of location with the lowest taxes and provides versatile information on many markets.

The proper aggregation of possessed information gives unique market knowledge and the ability to use emerging opportunities and to take appropriate decisions when it comes to investing in new areas. This gives a substantial advantage over smaller companies, or those not having the possibility to achieve synergy, allowing them to create completely new products and services, resulting from being present in many sectors of the economy. At the same time increasing the share in the global economy due to activities in the different economic sectors grants the power resulting from the size and scale of operations and the impression of being present everywhere, which can have significant effects on the behaviour of other market participants. Unrelated diversification also allows for reinvestment of profits in the business and continuation of the building the economic strength of the entire corporation in a situation where the development of activities in the main area would mean an infringement of competition law.

MULTIDIMENSIONAL OWNERSHIP STRUCTURES AND NETWORKS OF CAPITAL RELATIONS IN THE CONTEXT OF THE ENTERPRISES' POWER

Building more and more complex and multidimensional structures of ownership and legal-organisational form by multinational companies may also contribute to the increase in their economic power. Capital networks within and between large multinational companies become difficult to decipher, among others, due to their large number, length of chain links and the fact that they can take various forms, possessing a minority, the majority or hundred percent of shares in other companies. The overlap of these links further blurs the image of the existing relationships, causing increasing difficulties in identifying specific owners of individual companies, hence establishing which of the competing companies on the market are linked financially.

Meanwhile, businesses in many ways related through the capital links are less likely to work against themselves, and it will be in their mutual interests to promote and safeguard the common interests, strengthen the competitive position of their markets and creating a strong group of companies, which will be discussed further in this paper.

THE REASONS FOR THE INCREASE IN THE ENTERPRISES' STRUCTURAL POWER

The increase in the above-defined enterprises' structural power can result from a number of factors, and some of them seem to be particularly vital. Firstly, a natural goal of enterprises is to strive for a business development, strengthening their position against competitors and generating ever larger profits. The sharpening of competition conditions due to the globalisation of economy makes firms which want to survive on the market forced to intensify their actions and innovation processes in the exploration of ways to increase their competitiveness and economic strength, needed to win the competitive battle. Both the process of diversification, as well as building the complex and multidimensional ownership structures therefore constitute in a sense, a business practice response to changing economic conditions.

Secondly, the factor influencing the growth of the structural power of enterprises, which becomes especially important in view of the above conclusions, is the current shape of the competition law of the EU and other developed countries, and in particular their two aspects (Śliwińska 2007, 150–1):

- the emphasis on the analysis of individual markets and the market shares of companies operating on those markets, and
- defining the group of enterprises as companies closely related with the bunch of control shares, or certain contracts that allow an effective control over another company.

Building the structural power may represent the response of practice for the actual shape of antitrust legislation in the EU and in the most highly developed countries.

It should be noted that structural power has not been defined yet as a threat to the proper functioning of the mechanism of competition. Both the market participants and the supervising institutions can be often unaware of the structural links connecting the entire groups of companies, which can provide them with multiple opportunities for an underestimated impact on the competitive process. The fact that structural power of companies is as if invisible and intangible is certainly also influenced by the fact that international law does not create an appropriate control basis of operations for the large international corporations (Saari 1999), and due to the legal and tax havens the enterprises can obtain an international legal anonymity, safeguarding of assets and secret operations (Saari 1999, 163–4; Lipowski 2002).

THE POSSIBILITIES OF ABUSE OF THE ENTERPRISES' STRUCTURAL POWER

There are many reasons to claim that the possession of structural power by enterprises can offer opportunities to reduce existing competition. Large networks of ownership, created by the above mentioned processes, render possibilities of influencing other market participants and creating entry barriers for new competitors. A rare bunch of research dealing with this topic until nowadays seems to confirm this view to a great extent.

According to OECD (2008) minority shareholdings and interlocking directorates can have negative effects on competition, either by reducing the minority shareholder's incentives to compete – unilateral effects, or by facilitating collusion – coordinated effects. Competition may be limited by the selection of the suppliers and customers within the group of companies or by the application of dissimilar conditions to a corporate transaction with 'stranger' and 'friendly' enterprises. When this phenomenon concerns the entire group of related companies, forming a closed circle with significant joint market shares, it can gradually rise, in an imperceptible way, an invisible at first glance restriction of competition. In addition, there can also be a problem that due to the multidimensional ownership structures and the functioning of the legal and tax havens, the apparent competitors may be strongly tied by equity, which may cause that instead of engaging in a strong competitive fight, which will not be in their interests, they will, in a more or less hidden way, co-operate. In this context, an important view gives the more and more developed theory of multimarket competition and the concept of mutual forbearance, which draw attention to the fact, that the more markets on which two companies compete, the lower the intensity of the competition between them (Stephan and Peters 2013).

Studies on the influence on competition of partial, not related to the acquisition of control, shares in another enterprise has shown that the increase in the level of ownership linkages between competing firms reduces the size of their production and can facilitate tacit or open cartel between related by ownership enterprises (Reynolds and Snapp 1986). According to Reitman (1994) the negative influence on competition resulting from the possession and acquisition of the minority stakes may be even larger than under full merger of the typical fusion and may lead to a lower overall welfare, especially when the owner of the minority shares is a large enterprise and if the acquiring company reveals an even low degree of market power. A good example could constitute the cross shareholdings in Japanese keiretsu, where the minority shares of relatively large companies lead to the creation of substantial structural power and limit to a certain degree the competition.

Research on the motives of companies' possessing the minority stakes, in turn, have shown that many times they constitute a substitute for anticompetitive agreements, illegal according to the antitrust law (Meadowcroft and Thompson 1986; Milanesi and Winterstein 2001). Studies on the effects of the mutual minority shareholdings in the horizontal arrangements revealed (Reynolds and Snapp 1986; Meadowcroft and Thompson 1986) that this type of cross-shareholdings on the concentrated markets with high entry barriers may have an impact on reducing the temptation of cheating a partner in the cartel. Meadowcroft and Thompson moved a step further by examining the minority shareholdings in the vertical arrangements and showed that the vertical integration with the dealer may be a suitable means to induce the recipient to exclusive trading with products, which are associated with minority shares of suppliers. Not all researchers agree on this point by stating that, in a situation of oligopoly, possessing the minority shares in a distributor company can provide an incentive to increase the production (Flath 1989). There are also arguments that such a restriction of competition may occur, but mostly in case when the recipient also has a minority shares of the vendor (Struilaart 2002, 181). However, researchers agree that integration marching in the opposite direction, e.g. the acquisition of minority shares of a manufacturer by the distributor, can adversely affect the conditions of competition and lead to increased prices and reduced choice for consumers, due to the fact that the distributor will in such a situation achieve measurable gains from reducing competition (Meadowcroft and Thompson 1986; Flath 1989). Another view on vertical relationships gives Tirole (2014). According to his analysis vertical relationships only require regulation if they impose costs on outsiders that are greater than the benefits to insiders. Thus, a vital element of the analysis is a precise understanding of mutually beneficial contracts between sellers and buyers in a vertical chain.

The capital ties are closely linked with the issue of various types of personal relationships, including the system of so called interlocking directors (Murray 2000; Mintz and Schwartz 1985). For example, companies linked by capital and personal ties may even know the secrets of each other's business and plans for the future and render to each other different types of anticompetitive favours. It is difficult to assume that this type of relationship between companies would favour mutual intensification of competition, especially in the face of better and better recognised by the researchers phenomenon of the growing influence of managers, which exceeds far beyond the area connected with the management of the company (Rodrigues and António 2011) and more and more recognised phenomenon of influences of enterprises' networks on governments, thanks to the concept of the power bloc (Hayden, Wood, and Kaya 2002).

It may be of high interest for potential contractors to have good relations with the company belonging to a group of enterprises possessing a structural power. Because of fear of a possible elimination from the market, they will be willing to agree to the terms of cooperation that they would never agree to under more competitive conditions. In this way, the structural power can negatively affect the conditions of competition, even without its direct abuse by enterprises possessing this power, which directly refers to what MacMillan and Jones (1986) said – that one does not need to use the power to hold it and the very fact of its possession can affect the behaviour of others.

Conclusions and Discussion

Studies on the structure and possibilities of abuse of enterprises' power belong to the difficult field of research, both from the theoretical and practical point of view. On the one hand, they deal with one of the fundamental economic problems – interference into the market mechanism, which is certainly necessary, but as recent history of economy has taught – very dangerous. On the other hand, they deal with the very complex issues of economic globalisation and developmental strategies of multinational corporations, where winning the necessary sensitive data for analysis is difficult and in many cases impossible. However, due to the awareness of the high importance of the problem for the protection of competition, the research on the widely understood enterprises' power and its economic implications is evolving within different economic theories.

An overwhelming part of research done so far associates enterprises' power with the concentration on the market and the market share of enterprises and, looking from this point of view, it analyses additional factors influencing the market power like entry barriers, the size and number of competitors or technological changes in the industry. The conceptualisation of structural power goes beyond the analysis of the concentration on the relevant market and aims at drawing the attention to the fact that both, the unrelated diversification and the minority shareholdings, can constitute important sources of enterprises' power and contribute to the restrictions of competition also in the international dimension. The concept of structural power extends the subject of economic power to the group of tied companies with unrelated diversification and the minority shareholdings. It allows to draw the attention to the fact that the potential influence on the other market participants may arise not only from the firm's position on the relevant market and the factors related to its specificity, but also from the various types of linkages between firms. There appears the need for a broader approach, going beyond the analysis of narrowly defined relevant geographic or product market, in order to have a closer look at the issue of restricting the competitive process in the globalised economy.

The attempt to define structural power of companies had an aim to join the discussion in this field and to present the problem from a different perspective. The intention was not to replace any of the previous definitions of enterprises' power, but rather to complement the existing ones, in order to draw attention to both above mentioned processes as the possible sources of the power of international business. It constitutes also a response to already noticed by the literature problem (McNutt 2001) that, in contrast to the widely discussed concept and many attempts to formulate a precise definition of the 'relevant market,' relatively little attention is attached to the term of 'relevant firm,' whereas further inference about the position occupied by companies on the market or in the industry and the possibilities of limiting competition depends on the definition of the enterprise. The conceptualisation of enterprises' structural power and basing its sources on the unrelated diversification and the minority equity relations could therefore be a part of the discussion on the contemporary definition of the company (see e.g. Cyfert 2012) and the group of companies (see e.g. Romanowska 2011).

Fornalczyk (2007) identifies many areas where business and strategic and operational management encounter competition law and explains which strategic behaviours of enterprises are forbidden by antitrust regulations, presenting economic argumentation. The concept of structural power takes one step back and joins the discussion on one of the fundamental problems of economic theory and – as a consequence – competition policy, which relies on the difficulty in defining the limit to which point the natural and desired increase in enterprise's power contributes to the increase in its competitiveness and economic development, and when it begins to jeopardise the proper functioning of the competitive process in the international dimension and consequently, dynamic and sustainable economic development.

Present studies' results confirm the possibility of limiting competition through the developing the structural power, and they constitute a sufficient argument that the increase in the structural power of enterprises should be the subject of thorough interest of antitrust authorities pursuing the policy of competition protection. Meanwhile, structural power of enterprises can be built in accordance with the EU competition law, although some elements affecting its growth are taken under control. This situation has three possible causes. The first one is linking the concept of dominance and power of companies with so called relevant market and not with the presence in many sectors of the economy. The second reason constitutes the applied by antitrust authorities definition of the group of companies, where the main criterion is the differently understood control of another company, which excludes qualifying to one group the companies related only with minority shareholdings. The third reason is the non-recognition in many cases by EU competition law of the vertically related diversification, and the more unrelated, as having influence on the growth of possibilities for reducing competition by enterprises implementing such strategies. It is vital in this context that European Commission, in November 2011, announced its intention to conduct a study on the economic importance of minority shareholdings in the EC economy and on the need for the Commission to have the power to review the purchase of minority shareholdings (Ignjatovic and Ridyard 2012).

For the above mentioned reasons, there is a need for further research on the problem of growth of the structural power, and on the possibilities it provides to reduce competition. In particular, the multiple case study should be applied in order to get a better insight into the mechanism of developing and using structural power by international operating enterprises. It also seems to be important to develop the concept of 'relevant firm' trying to determine the type of relations between enterprises, contributing to the growth of their potential to restrict competition. Of fundamental importance is the theoretical and empirical research around the question of determining the limit to which point the natural and desired increase in the enterprise's power contributes to the increase in its competitiveness and economic development, and from which point it begins to jeopardise the proper functioning of the competitive process and the economic development. This includes e.g. finding answers to the question to what degree the negative effects of limiting competition (cartel, strategic alliance) are lesser than the positive effects of technological or economic progress obtained as a result of these restrictions.

Notes

1 Within the confines of the competition policy/antitrust policy the phenomenon of 'market power' is known as a problem of domination or dominant position.

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