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Contemporary challenges of global competition In conditions of sustainable development

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Abstract

Competition dates back to the beginning of civilization, and over the centuries, it has established itself as the main defining aspect of market relations. Currently, the market, business, and competition are mutually exclusive events that ensure social progress. Despite many attempts to ignore competition, which was preached by radical fundamentalist and religious concepts, society has not yet achieved and will not achieve life without it, since it is the main motive for development. Humanity has always faced the challenge not of ignoring competition, but of bringing it within civilized limits. The paper aims to determine the main challenges of monopolization criteria, competition policy formulation, and realization stages, to promote the improvement of competition policy, to reveal the measures ensuring the integrity and effectiveness of competition policy, and to carry out coordinated regulatory and competition policy at the state level. The task of the research is to show that competition and a healthy competitive environment are the prerequisites for the development of market relations, so a country that recognizes the principles of a market economy should make every effort to develop progressive antimonopoly legislation and promote healthy competition. During the research, we used general scientific methods, namely: analysis and synthesis, observation, comparison, hypothesis, and analogy. The novelty of scientific research is the indication that the regulatory agency should identify not the monopolistic firm, but the monopolistic price. The existence of a monopoly itself does not reduce public benefits – only the monopoly price creates losses. As a result of the conducted research, we believe that the adoption of antimonopoly legislation is particularly relevant not only for highly developed countries, but also for developing countries, where without the existence of such legislation it is impossible to stimulate the development of production and services within the country and to enter the international market.

Keywords: competition policy, economic welfare, globalization and sustainable development, polarization of markets, global competitiveness index

1 Introduction

Competition is everywhere; it is associated with the struggle for leadership and can be found in nature and the animal world as well as in all areas of public life: politics, economics, sports, and even art. Its main principle is a phenomenon taken from nature - the strongest wins in a rivalry. It is because of the competition that we get great pleasure from football matches, in the fight for the European or World Champions Cups.

The main thing is competition in business, in which so much effort and interest are invested that it is stronger than anything else. The main reason for the wars in the history of mankind and today's conflicts is hidden in

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business interests (Dereli, 2015). It can be said that competition rules the world in business. It was he who gave birth to the first millionaires and billionaires. The same principle applies here - the strong win (Baker and Salop, 2015; Colantone and Stanig, 2018).

The higher the level of competitive struggle, the higher the level of public development. Here, it can be noted that rivalry is necessary not because it is a fair process (it is difficult for a system to be fair where one is oppressed and the other gets prosperity), but because competition brings progress. It contributes to the development of a person's creative thinking, their physical and mental strengthening, the growth of self-awareness, and is a universal means of natural selection.

It is much more difficult to do business in a country with a completely different language, legal system, and culture than in the homeland. Global competition offers many challenges. Companies need to pay attention to many details to be successful. Constant changes are taking place in international business, thanks to competition. The main characteristic of this is "flexibility" to changing environmental conditions and the ability to quickly adapt (Buccirossi et al., 2013; Abuselidze and Zoidze, 2023).

In the past, the traditional "players" of the international market knew their rivals well. High-profile cases of rivalry between popular brands (for example, Burger King and McDonald's, Coca-Cola and Pepsi, UPS and FEDEX, BMW and Mercedes-Benz, Dunkin' Donuts and Starbucks, and others) were visible to consumers every day (Otinashvili et al., 2023a; Peritz, 2000).

Intensification of global processes changes competitive approaches, and new forms of international competition are created, making traditional advantages less effective. Today, the competition is manifested in a new quality, with many more participants and at a faster pace. Markets are being rotated - entry of new competitors and exit of old ones; On the one hand, creation of new types of goods and services, on the other hand, modernization of the existing ones. The process of merger and absorption of business objects is actively underway. Forecasting times are reduced as much as possible (Motta, 2004).

New competitors multiply quickly and are more persistent. The competitive "landscape" is also complex, and the pace of change is dynamic. Using advanced technologies, more and more companies are allowed to operate in international markets. Rivalry has always existed, but nothing like today's changes has been seen in economic history (Masroor and Asim, 2019; Singh, 2002; Zoidze et al., 2023).

Against the background of technological development, companies participating in flexible markets face many challenges in various fields. In such conditions, it is increasingly important to ensure the security of international business in the face of fierce competition.

Among the main directions of the state antimonopoly regulation of the economy, it is necessary to emphasize:

- Creating a competitive environment and providing equal starting conditions for all economic agents. For this, it is necessary to implement such measures as, for example, banning the sale of goods at dumping and discriminatory prices; elimination of smuggling; Preventing the creation of artificial shortage of goods, detecting cases of falsification of goods; Not allowing tax evasion, and so on.
- Administrative, organizational, and legal [legislative] methods can be used to create a competitive environment. The administrative method means control of the monopolized market, detection of violations of the rules of economic competition, and implementation of administrative measures for their liquidation. Regardless of the measures taken, in case of repetition of violations, extreme measures can be used - cancellation of the firm, criminal liability, etc.

2 Literature Review

The study of the complex processes taking place in individual companies, as well as in the entire economy, contributes to the development of the theory of competition and its application in practice, which allows filling the existing gap between them.

M. E. Porter in his work (Porter, 2011) notes that competitive advantage is achieved in the most progressive, dynamic, and challenging industries. Their success is highly dependent on creating a business environment that will not allow companies to relax. It is advantageous for companies to have strong competitors, energetic suppliers, and demanding customers in their countries. Competitive companies strive for constant renewal and development of production, try to introduce innovations in their production as quickly as possible, and thereby achieve a competitive advantage.

In the work of J. B. Baker (Baker, 2005), the author notes that the issue of a global approach to competition is at the center of attention in the country's development strategy. Globalization of competition requires companies to think in a new way, to filter information at all levels. Therefore, competition is not only a developing process, but also a dynamic and changing process. Today, the methods of competitive struggle are increasingly reflected in non-price competition, which is manifested in the supply of high-quality, technologically perfect goods and services to the market.

Today, the methods of competitive struggle are increasingly reflected in non-price competition, which is manifested in the delivery of high-quality, technologically perfect goods and services to the market. It is significant that in C.K. Prahalad and G. Hamel's study (Prahalad and Hamel, 2003) the theory of competition came to the fore. The theory of core competence deserves special attention. It reflects the new trend that is being formed in the company in the form of collective knowledge. A key competence built on the principle of mutual cooperation helps companies to coordinate and develop existing entrepreneurial qualities, to integrate innovation-oriented, constantly changing technological flows.

In the paper (Jullien and Sand-Zantman, 2021), the authors point out that the positive changes reflected in the development of competition have the greatest impact on both local and global competitiveness. Global competitiveness is the most important indicator of a country, which determines its place and role in the world economy. Therefore, it reflects the goal of every state and its level of development, which, in the final report, is reflected in the level of well-being of the country's population.

Today, against the background of globalization of competition, the basis of the country's competitive advantage has changed. It is no coincidence that the theory of comparative advantage in modern foreign trade gradually gives way to the theory of competitive advantage of the country. In the work (Gilbert, 2022) it is stated that this new theory of determining the competitiveness of the country went beyond the analysis of production costs and focuses on such values as quality, "know-how", a new approach to the market, new design, creation of new types of products, etc.

(Dobbs et al., 2015) conclude that despite the common signs of increasing competitiveness, there is a great difference between countries' competitiveness models. No country can gain a competitive advantage in all areas of the economy, nor in most areas of individual sectors. Countries succeed only in competitive industries. For example, it is known that the US has achieved fairly high rates of growth in competitiveness in energy, telecommunications, aerospace engineering, etc. Japan, as one of the strongest competitive countries in the world, is represented by such fields as electronics, mechanical engineering, etc.

In the work of the authors (Abuselidze and Zoidze, 2023), it is estimated that the revolution in the field of telecommunications has substantially reduced the costs associated with the signing of contracts between firms. Colossal advances in transportation have greatly reduced shipping costs (Abuselidze, 2021). Under the conditions of such a transformation, the effect of the scale of production itself has also changed.

In the research paper (Colantone and Stanig, 2018), the authors show us that, according to the practice of world economic development, the most profitable sectors today are those that produce information technologies, means of communication, and the entire telecommunications system. Their success in the world market is primarily due to the introduction of innovations and not the growth of production capacity, in other words, intensive rather than extensive production. Today, 75% to 100% of the increase in production in developed countries can be achieved through the use of innovations.

In the study (Masroor and Asim, 2019), the authors, based on world practice, analyze that small enterprises play an important role in the success of innovative businesses. This trend began in the 80s of the last century and took a regular character at the beginning of the 21st century. This process was significantly facilitated by the purposeful policy of the governments of the countries for the development of science-based business in the field of small entrepreneurship, which was manifested in the improvement of legal regulation, the granting of preferential loans, the conclusion of contracts, etc.

R. Asatiani in one of her recent monographic studies (Asatiani, 2014) tells us that today the cluster phenomenon occupies a special place in the theory of competitive advantage. A cluster is, first of all, a strategic grouping. It is a group of interdependent companies (manufacturers, suppliers, etc.) and related organizations (state management bodies, educational institutions, infrastructure companies, etc.), which, although operating in different fields, have a symbiotic influence on each other. Clusters are technological parks that have the ability to efficiently use resources, thereby playing a major role in the country's economic development and competitive advantage.

According to the work of (Peritz, 2000), the 50s of the 20th century are recognized as the beginning of clusters, when a science park was created near Stanford University in California, USA, and the foundation for scientific research in the field of high technologies was laid. Currently, there are about 170 clusters in the US, which is more than 30% of the world's clusters. Clusters were created in Europe in the early 70s, and from the 80s in Canada, Japan, Australia, Singapore, Brazil, Malaysia, and China.

In the work of (Tallman et al., 2018), the study of the factors ensuring the competitiveness of regions in the global economy is given special importance. Today, the regions of the country are considered as independent subjects of competition. It is recognized as one of the modern trends. The basis for this is the increasingly high rates of growth of competition between regions in developed countries in the last period. A dynamic competitive market environment contributes to the economic development of regions and increases their competitiveness. This is one of the important factors in the formation of innovative industrial clusters.

From this point of view, the authors (Stucke and Grunes, 2016) in their research claim that the concentration of the infrastructure of several companies in one area in the form of clusters not only strengthens competition between them, attracting investment resources and modernization of production based on this, but also helps to coordinate their activities in the field of innovation and gain a competitive advantage in the markets. That is why it is recognized that the most important success in the era of globalization - obtaining a competitive advantage - is largely determined by the location of clusters.

In the paper (Waterson, 2003), on the other hand, it is noted that regions, as independent entities, differ from each other in competitive markets by natural-climatic, socio-economic, technical, informational, scientific-educational, cultural, and institutional conditions, development strategy, and sometimes economic policy. Therefore, naturally, they are characterized by different competitiveness. Therefore, naturally, they are characterized by different competitiveness.

According to the study (Audretsch et al., 2001), the competitive advantage of regions in key markets is determined by the following factors: correct selection of development priorities; investment potential; level and structure of farm diversification; innovative potential; energy base; industrial potential, especially the development of processing industries; formation of regional clusters; quality of transport infrastructure; development of market infrastructure; Scales of small and medium business development; highly qualified personnel; level and pace of development of information services; High specific weight of science-intensive and high-tech industries in the economy.

In the work (Buccirossi et al., 2013) it is argued that the competitive advantage of the regions is greatly facilitated by the convenient geographical location. Despite the fact that competitive regions are highly sensitive to the market conditions, they, taking into account the factors mentioned above, create opportunities to realize their economic potential, which is the basis for raising the standard of living of the population.

Based on the research of (Dereli, 2015), the trend of strengthening competition characteristic of the modern world is a guarantee of the development of a democratic society, which, in turn, is the primary value of increasing the prosperity of the country. So far, mankind has not developed a more effective mechanism. That is why competition has a dominant position in the country's development strategy. At the same time, it went beyond the borders of individual states and acquired global dimensions. Today, the issue of a global approach to competition, the globalization of competition, has come to the fore.

In the work (Drexl et al., 2011), the authors claim that globalization does not guarantee development. It only creates opportunities for it. The fact that globalization: accelerates the formation of an open society in individual countries and destroys closed, totalitarian regimes, promotes the efficient use of resources worldwide, the introduction of scientific achievements in a short time, the widespread distribution of resource-saving and low-waste technologies, the rapid development of the Internet network and the information industry, the free movement of capital, increasing mobility of financial capital, all this heralds the arrival of a new era.

According to (Gal, 2003), it is no coincidence that the XXI century offers the world a new model of economic development. This model is based on an innovative economy, in which the main role is played by intellectual capital, information, and telecommunication technologies; therefore, the knowledge-based society in the XXI century radically changes the foundations of the country's competitiveness.

In the study (Gerber, 2010) it is reported that in the recent past the competitiveness of the country was determined by such parameters as: rich natural resources, low interest rate, stability of the currency rate, excess of labor reserves and, therefore, cheap labor force, absence of budget deficit and so on. However, international practice has not confirmed the infallibility of such approaches.

According to (Baker and Salop, 2015), the mentioned values of the country have a significant, but not the main, essential influence on the competitiveness of the country. For example, how can one explain the failure of Russia, which is rich in natural resources, and the success of Japan, South Korea, and some other countries that suffer from acute shortages of natural resources? Or else, Switzerland, Sweden and many other countries developed under conditions of labor shortage and high wages. Also, Italy developed rapidly, despite high interest rates and expensive energy, and Germany, despite an unstable currency exchange rate.

M. Motta in his work (Motta, 2004) analyzes that the model of national competitive advantage as a system affects such components of companies' competitiveness as: availability of resources, acquisition of substantiated latest information, accumulation of skills, based on which companies realize in what direction to run their business and achieve a competitive advantage.

Again, according to M. E. Porter (Porter, 2011), various pressures on companies force them to attract investment and innovate. For example, the famous Japanese statement “We are an island nation with no natural resources” has done their country a good job of overcoming the disadvantage caused by this deficiency by attending to foreign rivals in finding more sustainable market segments through competitive innovation and rapid information acquisition.

From the mentioned point of view, in the work (Singh, 2002) it is presented that the environment of increasing the competitiveness of the companies established in the country will strengthen their competitive advantage over time. When companies find themselves at a disadvantage due to the scarcity of raw materials, high land prices, and labor shortages, in order to withstand competition, they respond adequately to market demands, create new markets, and succeed with non-price competition.

When studying business products, American marketers of new products (Cooper and Kleinschmidt, 1987) found that the primary success factor is a unique and high-quality product. Such products are successful in 98% of cases. For products with medium preference, this figure is 58%, and for products with minimal preference, it is 18%. Also, in the opinion of the mentioned scientists, products intended for the domestic market are characterized by a high risk factor, low market share and less potential for growth. And products that are designed for the world market (or at least for neighboring countries), both inside and outside the country, provide much more profit.

Despite the intense competitive struggle in civilized countries, the "big players of the market competition" often share their experiences with each other. Their common interests are determined by:

- Responsibility for long-term strategies of industry development and relevant market segments on the part of large businesses;
- Strengthening the position of the market leader among competitors, suppliers, intermediaries and other market participants;
- Consolidation of one's leadership and the uniqueness of the trade offer in the eyes of the customer;
- Awareness that the information about the leader's activities will become transparent and the desire to manage the mentioned process and not to "take care" of it at the end;
- Realization that "competitor cooperation" is more productive in the XXI century.

The above-mentioned idea was first expressed by the outstanding English economist Alfred Marshall at the end of the 19th century (Marshall, 2009). He distinguished between "destructive competition", which leads to the expulsion of small players from the market, its monopolization, and, in the medium term, an increase in prices and a decrease in the quality of goods and services provided to society.

"Creative competition" leads to the removal of weak "players" from the market. its distribution between medium and large players. increasing the quality and service level of goods and reducing relative prices. But such competition, according to Marshall, is less productive than "competitor cooperation", which in the long run leads to an increase in public wealth. Obviously, "competitor collusion" has nothing to do with "carter and price deals", which is a legally punishable act.

One of the criteria for evaluating the effectiveness of enforcement is whether or not competition legislation exists in the respective state. However, even if it is enacted by the legislature, it is important to pay attention to whether the legislation regulates and covers the main enforcement tools/directions, such as the prohibition of cartels, the prohibition of dominant position, etc.

Bradford and Chilton (Bradford & Chilton, 2018) in their study, in which they discussed the competition law index, focused on several legislative provisions, in particular, they divided the weight of the index into two parts, the first part (50%) was assigned to the Office of Competition Protection, its institutional arrangement, the second part (50%) was equally allocated to the substantive law, namely the prohibition of cartels, the abuse of dominant position and the control of concentrations.

In Galloway's research, it is noted that in some countries, imprisonment is provided as a punishment for violation of competition laws (Galloway, 2017).

As a rule, criminal prosecution is provided for cartel agreements. Among them, in Georgia, Article 1961 of the Criminal Code provides criminal liability for violation of competition legislation in state procurement. The presence of such a penalty usually leads to even greater deterrence on the part of companies from violations. However, this may not always be effective, as the fear of prison sentences often prevents companies from cooperating with the Office of Competition Protection.

According to (Daujotas, 2011), the economy is affected not only by events occurring within the territorial borders of this economy, but also outside it, therefore, it is important that the jurisdiction of the Office of Competition Protection extends to the actions that public or private persons have carried out outside the country - this ensures comprehensive competition policy.

3. Methodology

For the economic growth and sustainable development of the country, it is important for the state to effectively implement the competition policy. Therefore, the following 2 main research questions (RQ) were identified within the scope of the study, namely:

- RQ1: What can be the criterion of the effectiveness of the competition policy, in particular, in what case and in the presence of which factors, a specific policy can be considered effective?
- RQ2: What factors influence competition policy positively or negatively, other things being equal?

The simplest and most general definition of the effectiveness of the enforcement of the competition policy will be the model of the enforcement of the policy, which ensures the pursuit of the respective markets towards perfect competition, in particular, it pushes individual elements of the market structure to approach the elements of the market structure of perfect competition. We can consider such elements:

1. Increase in the number of companies in the market;
2. Insignificant or low entry barriers;
3. Absence of dominant companies in the market;
4. Non-violation of the principle of free functioning of the market by agreements or other means.
5. A market price that approximates marginal cost.

If we take into account that the specific competition policy should ensure the achievement of the mentioned goals, or strive towards them, it becomes clear that appropriate institutional, legal and economic guarantees are needed in order, on the one hand, to avoid the restriction of competition (deterioration of the existing situation), on the other hand, to promote the formation of a better competitive environment (improvement of the existing situation).

In addition, as part of our research, we will consider the latest data on global competitiveness published by the World Economic Forum. World Economic Forum is an independent international organization, which was founded at the first forum held in Davos in 1974 after the collapse of the Bretton Woods system. The organization annually publishes the World Competitiveness Index data for more than 100 countries. The effectiveness of the competition policy is also one of the constituent factors of the mentioned index.

The World Economic Forum examines the effectiveness of competition policy through special surveys. These surveys involve representatives of the private sector from the respective country, who answer questions about the degree of enforcement of competition policy in the state, how it affects the market, whether there are companies with monopoly power in the market, and so on.

The World Economic Forum report is important and interesting in the sense that it is somehow focused on the analysis of the final product of the implementation of competition policy - market participants must have the feeling that they are doing business in a truly competitive market. If such a feeling cannot be formed, it indicates the shortcomings of the system.

On the other hand, the above-mentioned report may be problematic from a qualitative point of view, since, although it manages to present the fact of the existence of gaps in the competition policies of different countries, it fails to identify these gaps and does not delve into the relevant causes. This is natural, since the assessment of competition policy is not the primary goal of this organization; it is only one factor in a rather complex index that includes dozens of indicators. At the same time, the large number of economies to be evaluated reduces the actual possibility of in-depth analysis.

The empirical component of this study employs a comparative, indicator-based analysis to evaluate the effectiveness of competition policy in Georgia. The methodology integrates secondary data collection, cross-country benchmarking, and case-based contextualization to assess institutional capacity, regulatory impact, and market concentration dynamics.

1) Research Approach

The research is based on a qualitative-quantitative hybrid design, applying descriptive comparative analysis. This approach allows for evaluating Georgia's competition policy performance in a broader international context, particularly against transitional and EU member states (e.g., Lithuania), which have undergone successful antitrust reform.

2) Data Sources

The analysis uses secondary data from internationally recognized and publicly accessible sources:

- World Economic Forum (WEF) – Global Competitiveness Report (2023)
- IMD World Competitiveness Yearbook
- OECD Competition Committee Reports
- Global Competition Review (GCR)
- Statista and national economic reports for market concentration insights

• Publicly available data and industry analysis for sector-specific illustrations (e.g., Georgian beer market)

These indicators provide standardized measurements of:
• Effectiveness of antimonopoly policy enforcement
• Market concentration and dominance
• Regulatory burdens on businesses
• Global competitiveness rankings

3) Comparative Framework

Countries selected for comparison include:
• Georgia, as the subject of analysis
• Lithuania, representing a successful post-socialist transition and EU-aligned reform
• EU average, serving as a normative benchmark

Indicators were selected based on their relevance to the research questions (e.g., effectiveness of enforcement, firm dominance, legal framework quality), and normalized on a 1–7 scale where applicable.

4) Case Study Component

To illustrate the real-world implications of competition dynamics, a targeted case snapshot of Georgia's beer market was included. This sector was chosen due to:
• Its high concentration ratio,
• Public availability of market data,
• and its relevance in recent policy and industry discussions.

A simple concentration ratio analysis (CR2) was conducted to show duopoly characteristics and raise potential concerns regarding price coordination or tacit collusion.

5) Analytical Focus

The empirical analysis specifically seeks to:
• Measure Georgia's current competition policy outcomes using global indicators,
• Compare performance relative to regional and EU benchmarks,
• Identify policy gaps and enforcement weaknesses,
• Illustrate potential anti-competitive structures through sector-level analysis.

6) Limitations
• The study relies primarily on secondary sources; lack of access to internal government data or business registries may limit the precision of some claims.
• Survey-based indices (e.g., WEF) incorporate perception-based elements, which may introduce subjectivity.
• Case study analysis is illustrative, not exhaustive, and would benefit from future expansion with interviews or firm-level data.

4. Results and Discussion

4.1.Characteristics of modern competition

The market model of the state's economic policy includes competition as an armed rivalry between economic agents in the process of production and sale of goods or provision of services, which creates better conditions for consumers. A market economy is unthinkable without competition and vice versa.

In economic competition, the winner is guaranteed a strong position and maximum profit, but it is not easy. The market economic model imposes different rules of the game, by which the manufacturer will be able to give economic advantages to his products and interest/attract the consumer (Zoidze, 2023).

For a long time, the phenomenon of competition has become a global phenomenon and acquired global dimensions. At the modern stage, it is the competitiveness indicator that determines the place and role of different states in the international division of labor. The phenomenon of market competition is contradictory (Figure 1), on the one hand, it:

- accelerates scientific and technical progress and increases the socio-economic efficiency of production;
- contributes to raising the well-being of the population;
- expands the range of products and improves the quality of products;
- improves customer service and so on.

On the other hand, it promotes the establishment of monopolies and other monopolistic structures in the market, which forces states to develop anti-monopoly policies. Development and implementation of antimonopoly policy is one of the important functions of the modern state, which characterizes not only those states that already have a socially oriented market economy, but also those that are currently building such an economy (Veshapidze et al., 2022; Waterson, 2003; Stucke and Grunes, 2016).

The definition of anti-monopoly policy is necessary because, as a result of limiting competition by monopolies, society experiences economic and social losses, and the development process of the market economy is hindered. These losses are expressed by:

- paying high (monopolistic) prices for the goods consumed by the consumer;
- limiting or stopping the release of some types of products by monopolists in order to maintain high prices for goods, by stopping or limiting the import of some types of goods for the same purposes;
- Artificial bankruptcy of small enterprises, which leads to a reduction in jobs and a deterioration of the social strata of society.

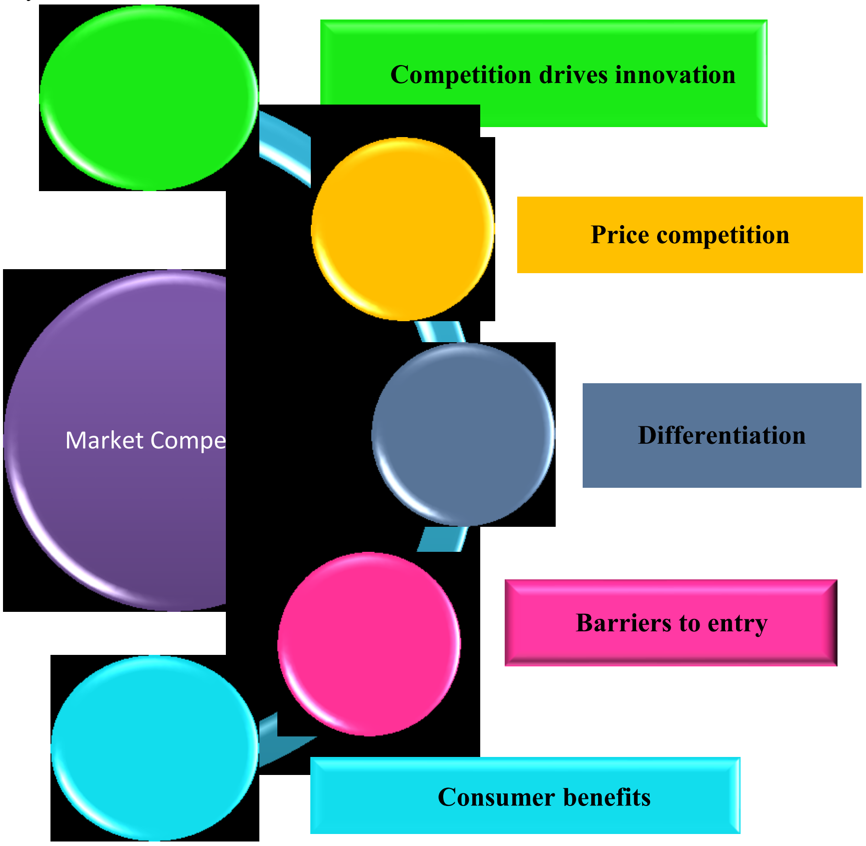

Fig. 1. Understanding market competition
Source: FasterCapital, 2024.

In the evolution of management, we can distinguish several stages of challenges. In the 50s of the 20th century, production problems prevailed, in the 60s - the key, in the 70s, the issue of markets became acute, in the 80s, the challenges of competitive advantages were relevant, in the 90s, environmental conditions - political influence, ecological factor, social partnership, etc. (Gerber, 2010).

In the XXI century, business companies found themselves in a new competitive environment. The multifacetedness, aggressiveness, and dynamism of the interests of the competing parties were defined and highlighted. As a result, new challenges appear in modern management, which can be solved only by using modern management methods (Otinashvili et al., 2023b; Jullien and Sand-Zantman, 2021).

Areas of modern multi-factor competition are: innovation, costs, timelines, financial sustainability, market barriers, etc. The mentioned directions were also strategic in the earlier period (Drexl et al, 2011). But for safe management today, stability of any competitive parameters is not enough, complex consideration of all of them is required.

On the other hand, the multifaceted nature of competition is manifested in the fact that different business objects, under equal conditions, react differently to the same markets. As a result, the company in different strategic areas can show the opposite behavior - offensive, defensive, waiting, etc.

A characteristic feature of modern competition is the increasing aggressiveness of market participants. The behavior of the "players" becomes less and less friendly and honest (Dobbs et al., 2015). Direct "attacks" are underway to weaken competitors, including by violating legal aspects. Aggressive pricing policy is often used as the main weapon (Tallman et al., 2018; Veshapidze and Zoidze, 2022).

A sign of competition is the polarization of markets, which is manifested in the fact that consumers prefer expensive and high-quality products or cheap and low-quality products. This makes the growth of goods and services of average quality and price less relevant. If in 1973 The share of products of the corresponding categories in the world demand was: high quality and price - 28%, low quality and price - 23%; The average was 49%. In 2023, the mentioned figure was: high quality - 40%, low quality - 50% and medium quality - 10%. This indirectly indicates the polarization of the world population.

Another characteristic of competition can be considered the "weakening" of industry boundaries, which manifests itself in two directions. It is difficult to draw boundaries between industries and market segments, while at the same time, their integration is going on. For example, integration between insurance and banking or construction and banking businesses is becoming increasingly active.

On the other hand, the internal sectoral boundaries are collapsing. This is clearly seen in the automotive business, where well-known companies are trying to increase the number of car modifications. The popularity of hybrid and electric cars and their modifications is expanding.

The so-called price war is known in economic history since the 70s of the last century between America and Japan. Today, there are sanctions on Russia. Recently, the confrontation between Chinese and US business companies is particularly noticeable. Businesses should put more effort into information security to prevent competitors from learning about their strategies, product specifications, formulas, and other commercial secrets (Otinashvili and Ushveridze, 2018).

There are countless cases of failure due to product names, logos, and missions that are unacceptable to a certain culture. For these and other reasons, it is important for the company to focus on all possible details, because every unsuccessful step means a victory for its competitors. Dove launched a new product that catered to different body shapes, leading to accusations of discrimination. Also, Pepsi's 2018 ad campaign was one of the most unsuccessful when the company was accused of racism.

As an example of improper market research, we can cite Tesco, which invested 100 million pounds since 2003 to enter the Japanese market, but did not consider that the format of its markets and products would not be so acceptable to Japanese consumers. As a result, in 2012, at great expense, they left the said market (Otinashvili and Vanishvili, 2020; Marginson, 2006; Sichinava et al., 2013).

Besides, cooperation of competitors can be expressed in the field, for example, in the collective financing of training of personnel. Providing reliable information to the public and interested persons, conducting researches of common interest, publishing papers and field magazines, joint financing of current projects, etc. (Gal, 2003; Budzinski, 2008; Audretsch et al., 2001).

The mentioned cooperation should lead to the development of the business in the given field, to the improvement of the quality of goods and services of all companies that strive for this (Abella, 2006). As a result, the full satisfaction of customers' requirements. Competitors' cooperation is especially important in emerging, fast-growing areas of business that are highly affected by external factors (Zoidze and Veshapidze, 2022).

Often the alignment and positions of competing forces change suddenly. An example of such a drastic change can be considered the agreement on cooperation and integration between the well-known brands Microsoft and Apple.

In Georgia, 90% of the beer market is divided among several large companies: Zedazen, Natakhtari, Kazbegi. They should think not only about how to divide the remaining 10% and how to take away 1-1.5% of the market, but also about how to reduce excise duty, fight counterfeiting, relax legal restrictions on advertising, protect the industry from black PR, optimize logistics and distribution, and so on. This is the "common interest" of the beer companies, not the private business of any individual beer company.

In the competitive struggle, the fact that it is not enough to be a pioneer in various fields is essentially revealed. The most important thing is the perspective of the development of foreseeable technologies. US firms were the first to start producing electric watches. However, the calculations were made on bright indicator hours. The mentioned technology was lower in the cost of the models than the liquid crystal indicators and the traditional arrow quartz mechanism watches in more expensive and prestigious models. As a result, innovations by US companies have had little market success. Due to less efficient management, they could not gain a competitive advantage in the market segment of the said business.

4.2.Formation of the perfect legal base of the competitive environment

The mechanism used in the antimonopoly regulation by the organizational method does not directly affect the monopoly, but creates an environment for it that makes it economically unfavorable for its monopolistic behavior in the market. This means manipulation of customs duties, revision of quantitative quotas, support for small businesses, improvement of the licensing system, support for the operation of enterprises whose products can compete with the products of monopoly companies, and so on.

The formation of a perfect legal base is of great importance for creating a competitive environment. We have in mind, first of all, such a legal document as "The Law of Georgia on the Development of Economic Competition and Antimonopoly Regulation". Along with the rights, duties, and functions of the antimonopoly service, it describes in detail what is considered a restrictive action of competition and what sanctions can be applied to economic entities that violate the law. Relatively light violations are subject to mutual separation; the judgment and punishment of the perpetrators is the prerogative of the judicial authorities. It is the duty of the Antimonopoly Service to substantiate the content of the violation confirmed by the facts and submit it to the court for judgment. It is incumbent on him to consider the issue and protect the interests of the state (Gvelesiani and Veshapidze, 2016).

One of the indicators of monopolization criteria is the regulation of advertising activities. Advertising free from monopoly barriers has many positive aspects. Among them, it is worth noting that it:

- provides the user with information on the consumer properties of the goods [services], usefulness, storage and maintenance rules, prices [tariffs], territorial location, and makes it easier for him to make a decision on the purchase;
- contributes to the organization of production and sale of products in large batches, which leads to the reduction of costs per unit and economy of funds;
- increases the demand for goods and services and promotes the development of the economy;
- accelerates scientific and technical progress, as it is an important condition for winning in economic competition.

One of the most important tasks of the Competition Protection Service is to establish competitive analysis tools and implement effective measures in order to avoid barriers distorting free, correct advertising (Figure 2).

Determining the existence of unfair competition is a difficult procedure. This is even evidenced by the fact that more than 400 such types are listed by the US Federal Trade Commission, where the protection of consumer rights means protecting them not only from monopolistically high and discriminatory prices [tariffs], (which significantly leads to the deterioration of the living conditions of the population) , but also from the creation and consumption of falsified and low-quality food products and harmful and expired medicines, which significantly increases the number of sick and dead people.

Fig. 2. Competitive Analysis Tool
Source: Digitalschoolofmarketing. (2024).

4.3.Competition: the best way to achieve economic prosperity

The global competitiveness rating is based on the Global Competitiveness Index prepared by the World Economic Forum. The World Economic Forum is a Swiss non-governmental organization that promotes the development of the business and economic environment in the world. Every year, it manages the famous Davos forum, in which political leaders of countries and representatives of big business participate.

The Economic Forum has published the Competitiveness Index every year since 2004. The exception was 2020, when the rating was not updated due to the pandemic. According to the definition of the Economic Forum, economic competitiveness is manifested in the development of institutions, government policies, and natural factors that determine the level of productivity of the country. Each country included in the ranking is evaluated by 114 criteria. Part of the criteria is based on official government statistics. For criteria such as judicial independence, level of crime, education, and others (85 out of 114 criteria in total), the source of information is the survey of small, medium, and large enterprises.

Denmark's top ranking is based on consistent performance across all four competitiveness indicators examined. It stays first in corporate efficiency and second in infrastructure, with slightly improved results in government efficiency, moving up to fifth from sixth. Economic success is another element taken into account while ranking. Ireland's rapid ascent is partly due to its outstanding performance in this aspect, where it jumped from seventh to first. Switzerland maintains third place due to its good performance across all competitiveness variables assessed. It stays first in government efficiency and infrastructure, seventh in corporate efficiency (down from fourth), and advances in economic performance (to 18th from 30th).

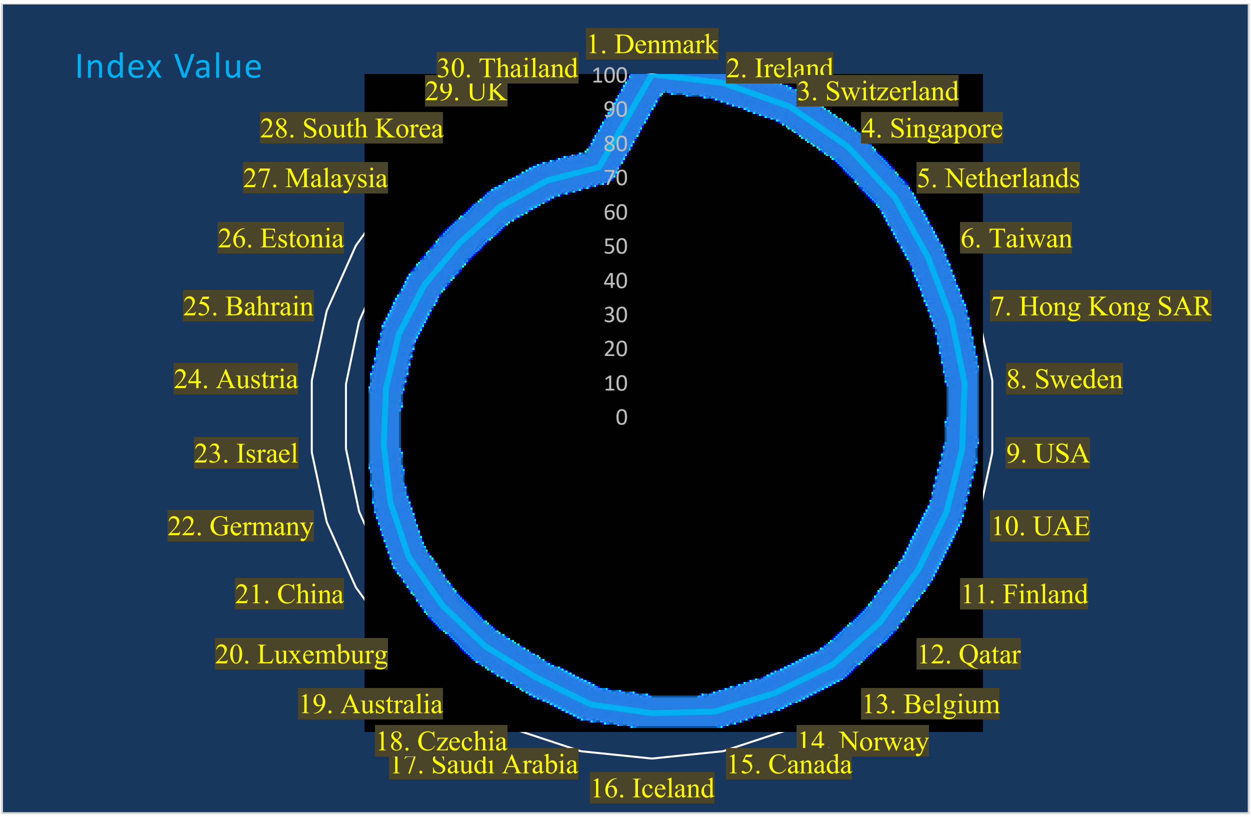

Fig. 3. Index of the 30 most competitive states, 2023.
Source: Statista.com; Imd.org.

Competition is considered the best way to achieve economic prosperity and the key element that contributes to much faster economic growth, poverty reduction, and a highly competitive, consumer-oriented economy. Accordingly, in this direction, it is important to pursue such a state policy through which an attractive and competitive business environment will be created in the country (Baker, 2005). This means establishing fair and uniform rules of the game and ensuring a non-discriminatory approach for all entities operating in the market, reducing as much as possible formal and informal barriers to entering the market, preventing informal transactions between entities participating in secret (cartel) deals that wish to divide the market, and ensuring free and fair competition in the market (Peeperkorn, 2021).

Competition policy, on the other hand, aims to ensure the existence of such conditions when competition in the market is not restricted in such a way as to harm the economic well-being of society. The ultimate goal of competition policy is to satisfy the needs of consumers. It seeks to distinguish between the protection of competition and the protection of competing economic agents.

Human rights as a consumer should be taken into account as much as possible, as well as the incentive not to lose the development of large businesses, the economic interests of the country should be taken into account in the process of globalization. Protection of competition does not mean stopping the process of monopolization (Gilbert, 2022). Legislation created in this direction aims to protect welfare and increase it; therefore, the government should be able to determine the social benefit of the process of merging enterprises and compare it with the social costs caused by competition, and find the golden mean in the coexistence of competition and monopoly.

Furthermore, free trade is the best form of trade policy. Free trade was also considered the best tool to protect competition. Despite the measures taken by the World Trade Organization, governments still have quite powerful levers to limit competition. Such instruments are: quantitative restriction of imports; anti-dumping policy; state subsidies; Preferential procurement systems; and standard setting. At the same time, political decision-making remains a very important tool.

Almost all countries of the world are trying to limit the activities of monopolies by introducing anti-monopoly legislation. This law is part of the unified state economic policy and implies complex measures, namely:

- development and adoption of special anti-monopoly legislation;
- Formation of the bodies that will implement antimonopoly regulation and control the observance of antimonopoly legislation.

4.4. Empirical Analysis: Effectiveness of Competition Policy in Georgia

4.4.1. Context and Objective

In transitional economies like Georgia, effective competition policy is essential for promoting market efficiency, reducing monopolistic practices, and integrating into global markets. This empirical analysis evaluates the effectiveness of Georgia's competition policy using secondary data from the World Economic Forum's Global Competitiveness Index (GCI) and Global Competition Review (GCR), supplemented by country-specific market observations (Table 1).

Table 1. Key Indicators and Comparative Data

Indicator	Georgia	Lithuania	EU Average
Effectiveness of Anti-Monopoly Policy[1]	3.5 / 7	4.8 / 7	5.2 / 7
Market Dominance by Large Firms[2]	5.1 / 7	4.3 / 7	4.5 / 7
Burden of Government Regulation[3]	3.7 /7	4.6 / 7	4.8 / 7
Global Competitiveness Rank (2023)[4]	69th	31st	-
Cartel Enforcement Cases (2022)[5]	3	11	-

Sources:

1. WEF. (2023). Global Competitiveness Report.
2. IMD. (2024). World Competitiveness Yearbook.
3. GCR. (2023). Rating Enforcement Score.
4. Statista. (2023). Competitiveness Index.
5. OECD. (2022). Competition Committee Reports.

4.4.2 Interpretation and Findings

a) Policy Enforcement Weaknesses

- Georgia scores below the EU average on the "Effectiveness of Anti-Monopoly Policy" (3.5 vs. 5.2), reflecting low trust in enforcement and a weak institutional mandate.
- The number of cartel investigations is low, which may indicate either:
  - Underenforcement (limited resources or political constraints), or
  - Underreporting due to poor detection and whistleblower protections.

b) Market Dominance

- Paradoxically, Georgia scores relatively higher in market competitiveness (5.1/7), which could imply:
  - Low barriers to entry in certain sectors (e.g., retail, agriculture).
  - But significant dominance persists in sectors like energy, telecommunications, and beer production, where a few firms control >80% of market share.

c) Regulatory Barriers

- The Burden of Government Regulation score (3.7) suggests businesses perceive regulation as inconsistent or bureaucratic, possibly reducing compliance with competition norms.
- Comparison with Lithuania (a successful EU accession example) shows that targeted reforms (e.g., capacity building for regulators, legal harmonization with EU law) improve scores by 20–30% over 5–10 years.

Below, Table 2 presents one of the situational examples of a possible cartel in the Georgian beer market.

Table 2. Case Snapshot: Beer Market in Georgia

Company	Estimated Market Share (%)	Notes
Natakhtari	45%	Foreign investment, nationwide distribution
Zedazeni	40%	Local capital, strong rural presence
Others	15% combined	Small and regional producers

Source: Compiled by the authors.

Observation: This duopoly structure may stifle price competition and innovation. Regulatory bodies have not actively intervened, and price trends follow parallel movement, suggesting potential tacit collusion.

d) Policy Implications

- Institutional strengthening: Georgia's Competition Agency needs greater independence, funding, and investigative powers.
- Legal reform: Harmonizing legislation with EU competition norms, especially around cartel detection, merger control, and market abuse.
- Public transparency: Publishing more enforcement data, introducing leniency programs, and raising awareness of anti-competitive practices.

5. Conclusion

International business is managed by international management, its main goal is to use the competitive advantages that serve to enter companies in different countries and to create sustainable conditions for the use of their socio-economic or demographic-cultural features.

In the second decade of the XXI century, the processes of world integration and globalization are getting stronger. Business companies found themselves in a new, contradictory situation. The multifacetedness, aggressiveness, and dynamism of the interests of the competing parties were highlighted. In such conditions, new challenges appear, which can be solved only by collective efforts, adequate economic policy, and the use of modern approaches to business management. Those who better ensure the sustainability of their business in the international arena will withstand the challenges.

Based on the results of the research, Georgia's strategic task is integration into the structures of the European Union, and the country has joined the World Trade Organization, participating in many other international organizations as a full member or observer. Everything puts on the agenda the necessity of strengthening the competition policy in Georgia and accordingly takes care of the development of its elements, such as the existence of clear and predictable competition rules; effective state supervision of their protection; and trusted and rigorous enforcement practices.

Almost all international experts agree on the opinion that the competition legislation of Georgia needs to be seriously revised and perfected, taking into account the competition law norms of the European Union and the latest experience of its new members and our actively supporting countries (Lithuania, Latvia, Estonia, Poland and others) on the path of integration into European structures. To ensure the integrity and effectiveness of the competition policy, it is necessary to take appropriate measures at the state level, including coordinated regulatory and competition policies. Strengthening competition policy requires strong political will.

The study of the issue allowed us to draw the following conclusions:

- Competition and a healthy competitive environment are prerequisites for the development of market relations, so a country that recognizes the principles of a market economy should make every effort to develop progressive antimonopoly legislation and promote healthy competition.
- Thus, it is possible to argue that the adoption of antimonopoly legislation is particularly relevant not only for highly developed countries, but also for developing countries, where without the existence of such legislation it is impossible to stimulate the development of production and services within the country and to enter the international market.
- Today, the prospects of a new approach to the problem and its effective solution are reflected in a completely new political reality.
- The fact is that much of the public is not familiar with the activities of regulatory agencies, although the firms whose behavior is to be regulated are well aware of how the regulations will affect them. Therefore, such firms try to engage in the political process in order to adjust the regulations to their advantage.
- Unlike a competitive market, a monopolist (or cartel) reduces the supply of output to the amount where its marginal cost equals its marginal revenue. As a result, the monopolist price corresponds to the demand price that arises for the reduced quantity. In all other possible situations, this combination of price and quantity gives the monopolist maximum revenue.
- The regulatory agency should identify not the monopolistic firm, but the monopolistic price. The existence of a monopoly itself does not reduce public benefits – only the monopoly price creates losses.
- Sanctions, fines, price restrictions. Is it possible to eliminate public losses using these tools? For this, a) the amount of the fine should be exactly the size of the public loss, and b) the agency should return

the income received by the fine to the part of society that saw the loss. No matter how "smart" the agency is, it will not be able to fulfill this task.

- As policymakers find it difficult to detect monopolistic pricing, it is common practice around the world for regulatory agencies to fight cartels, since collusion detection is an easier task than monopolistic pricing. In fact, the agency is engaged in investigative activities and less in combating public losses.
- Taking all of the above into account, at best, we get public losses + additional public losses generated by agency activity (which exceed monopoly losses) + agency maintenance costs and legalized monopolies.

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