

Level Playing field

Utopian and oxymoron?

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Abstract— Perfect competition is a dream situation where players compete and try hard to excel in efficient and effective utilization of resources, with the right set of technology, processes, and market conditions. New entrants are not likely to be discriminated against because of their size and scale, but are evaluated purely on their ability to perform and garner market share by introducing innovation, either to offer new features or processes that save costs. Exploitation by flexing the muscle is not supposed to be encouraged or ignored in such situations, and the demonstrative evidence of punitive action, by regulators or even established competing firms, who intervene at the right time to ensure fair play, encourages start-ups and smaller scale operators to try their business model in the hope that they would be dealt with in a fair manner.

Keywords—*resource utilization, first mover advantage, entry barrier, technology supremacy, scale, size, scope and market concentration.*

I. INTRODUCTION

Competition in a market, according to theoretical definition, is expected to create consumer surplus and economic welfare. Are we able to witness and enjoy the so-called benefits of perfect competition in real life? Maybe in certain products' and services' categories, but not in all. Perfect competition appearance is evident in consumer goods sector adopting low technology and widely available resources like common agricultural produce, garments, textiles, and to a limited extent the internet industry¹.

A perfectly competitive market is a hypothetical market where competition is at its greatest possible level. Neo-classical economists argue that perfect competition would produce the best possible outcomes for consumers and society, by exploiting the resources in an efficient and effective manner and increasing productivity through reduction of costs and innovation in processes^{2,3}.

II. AIRPORT SERVICES

While there is a widespread acknowledgement of the unlevel playing field of countries subsidizing and favoring their national carriers by a combination of fuel pricing, loss funding and a slew of cross subsidies, I would like to draw attention to another kettle of fish – the airport services in regard to ground services, catering and cargo handling. National carriers are privileged to obtain and occupy prime space and priority access to ground facilities that may or may not be visible to the untrained public eyes⁴. Competing carriers silently accept such norms and practices either due to the fact that they themselves enjoy similar preferential treatment at their home bases or just accept the challenge to compete having trust in their competence in innovation and meting out above par customer services⁵.

Nevertheless, it is the users (passengers, vendors and sub-contractors) who encounter the consequences of sub-optimal services evidenced in longer than usual check-in times, longer time to receive the baggage on the belt (in an inconvenient place far from the exit) and any invisible services due to their opacity (preferential access to aerobridge in difficult and congestion situations). While the regulators in this industry manage to oversee the implementation of fair-use policies for pricing (transparency and ease of dealing) they shy away from imploding into micromanagement of contracts involving use of ground facilities catering and cargo handling.

The case in point is that a business class passenger of any airline other than the country of origin would feel that she or he is treated on par with the economy passengers of the local airlines. The location and the scale and scope of facilities available at the local airlines lounge would be far superior to other lounge services and their relative locations within the airports.

The first mover advantage is also evident in this sector where prime spaces are garnered by competing entities choosing to contract for higher than required space with an

intent to foreclose competition. Time of entry and scale of operations are two continuing phenomena tilting the scales of level playing now and then.

A panacea for such practices would be to require the airport management companies to transparently publish their various allocation of resources and key performance metrics achieved by their clients (airlines for example). Availability of information on public domain of the metrics is expected to bring the required pressure on the service providers to adjust their business models to ensure adherence to principles of equity and arms-length relations.

III. SPORTS ARENA

Capped and seeded players have a walk through to enter directly into the competition midway (or thereabouts) while new entrants and not-so-lucky players slog it out in the initial rounds and try their attempt to match the competence and skill set of experienced opponents (the particular reference here is that of international tennis). It is not the preference meted out to the experienced and accomplished players that is of concern to test the level playing field paradigm, but the energy levels between the two groups – one refreshed from required practice sessions while the other group draining out in competitive playing environment. The evidence is widespread across all kinds of sports and games and the debate between experience and expertise still goes on as an interesting and continuing performance measure⁶.

Yet another peculiar issue afflicting the sports world is that of the tendency of fans to indulge in hero worship sometimes transgressing logic, facts, figures and performance⁷. Such expectations might put pressure on selectors in team sports to retain their idolized players⁸. Young players and people with extraordinary capabilities find it rather tough to break such mental barriers to get a foothold and establish themselves. Sports is a field where performance is visible and hard to ignore and it would really be sad to endorse under performance or cling to earlier good performances denying opportunities for real talent and skill.

IV. ACADEMICS

International rankings help Indian institutions to compare themselves to a global standard but may not reflect a level-playing field, says National Assessment and Accreditation Council chairperson V.S. Chauhan⁹. He suggested that other metrics such as the relative cost of education might better reflect Indian priorities and strengths.

It is noted that in the international rankings, Indian Universities have inherent handicap to score high on type and

quality of infrastructure, research facilities, and similar fund related activities. These universities do not have adequate voice in determining the metrics and criteria for assessment of the so-called rankings. The nagging feeling of whether we have reached the scenario of a level-playing field with regard to international rankings, continues to haunt the academia in affected countries.

We associate trust worthiness and credibility as given attributes in the functioning of academic institutions. Is that really so? Leaving aside the processes and procedures adopted in recruiting the teaching and research staff filling the institutions, one would be tempted to assume that students and research scholars are selected and graduated applying equity and excellence in achievement of performance of defined metrics. There are subtle barriers evident in the selection of students who are measured not for their aptitudes, attitudes and inclination to learn and perform (apart from the grades that they carry as their baggage) but on criteria like where they belong to (places of birth and upbringing), color and creed (subterfuge by other popular or jargon terminologies) and ability to fund the courses¹⁰.

Candidates who have physical and mental ailments are not generally favored due to the apprehension of the institution fearing drop in their ranking. Premier institutions (why they are called so may require examination) continue to look for premier students who have less probability of underperforming and thus sure of keeping up the premier image. Society needs to wake up to the reality of the worth of the academic institutions that they seek to associate with and grade their performance differently (societal expectations of honoring equity, diversity and unity)¹⁰.

First mover advantage or long-standing recognition is another attribute that is cherished and recognized in academics. Longer the institution has been in existence need not necessarily enhance the capability and worthiness of the institution. While experience in terms of time is a key metric that should not be unduly weighted while ranking the institutions in order to attract fresh talent.

Within academia, the opportunities and the resource base available for scientific publications is significantly higher for fields such as computer science and life sciences in comparison to realms like business management¹¹. The ubiquitous prevalence of peer-reviewed articles in scientific community is lacking in business research that acts as a deterrent for bringing out right and appropriate talent. It also impedes the advantages that could follow from cross-pollination between academic-oriented fields to the detriment of research advancement.

V. PROCUREMENT OF PUBLIC SERVICES

The constant outcry from EU is that other countries are taking advantage of its relative economic openness in letter and spirit. However, any hurried intervention to level the playing field risks provoking retaliation, and the EU will need to tread carefully in its economic policies and agenda, if it wishes to retain its image of premier and transparent beacon towards liberalization¹².

It is worth noting that while companies outside the EU are able to compete and procure contracts within the EU based on the openly competitive principles of the its framework, the reciprocal arrangement involves barriers like local sponsorship in the home country, or duties and taxes favorable to local companies.

European trade policy debates often revolve around the phrase 'level playing field', whether deliberating issues within or outside its territory in respect of competition¹³. It could be seen while progressing trade talks with the UK, the EU's desire to make free trade conditional on constraints on deregulation and subsidies as part of a broader policy platform. Policy-makers in many countries believe that the EU has been susceptible in its commercial dealings with the rest of the world since reciprocity has not been evident in such trading arrangements. They fear that other countries have benefited from the EU's open markets while failing to offer equivalent levels of access in return, and are actively engaging in anti-competitive practices designed to unfairly undercut European producers. Such practices try to put the clock back for liberalization and a constant challenge to free and fair-trade mechanisms.

One of the largest sources of public expenditure is in procurement of services by governments/public institutions and large corporations acting for the benefit of public at large. Traditionally, this was confined to governments (spending from their budget allocations) and later on diversified to entities either wholly owned by the governments, or where the State has pecuniary influence.

Public procurement is an area where offers are invited openly for either establishing the infrastructure (commonly referred to as capital expenditure) or provision of services (referred to as operational expenditure). Here the issues of transparency and level playing field assume great importance. The stakes in this domain are pretty high given the scale and recurring nature of expenditure involved. Any wrong selection could have long term effect on the type of infrastructure being established, and later the maintenance of the same.

Contractors or agencies proficient in supply of such services are generally graded based on their financial capabilities and

track records, a process commonly accepted. However, it is the preparation of the specifications or the requirements itself, that merits scrutiny. Proprietary designs, products and processes incorporated as part of supply requirements would preclude many potential competing players who could provide the services by alternative means. Bundling of complex components of the projects could also deter agencies specialized in some of the sub systems from offering the entirety as a solution.

The discrimination in the selection process may not be done with any harmful intention; the procuring agency would like to play it safe to engage with entities with whom they already have relationships and are satisfied with the services. The real harm is that such practices hinders promotion of new entrants and equally capable entities, depriving end users from the possible benefit of lower prices and/or improved quality. When a prequalification process is undertaken not only for shortlisting the select list of suppliers, but also for drawing the requirements and specifications of supply, then it could enthuse confidence in the resulting procurement process.

VI. CLOUD SERVICES

It is imperative that Government policy-makers need to be proactive to create a level playing field for cloud services procurement. With the fast-emerging numbers of data centers around the globe, cloud services policies are being developed and iterated in all jurisdictions. However, policy-makers need to work harder to create a level playing field for cloud services, minimizing type I and type II procurement errors, says global analyst firm Ovum¹⁵.

The type I error refers to a situation wherein the procurer ends up in obtaining a bad cloud services and would reflect that it could have retained its status quo (having its own servers that could have been inefficient or expensive to maintain). The type II errors refer to the opposite of the type I decision; i.e. to stay on with the existing arrangement of own hosting, or outsourced or shared infrastructure, perpetuating the diminishing quality in a niche where other procurers are thriving.

Crafting a level playing field in technology intensive services like cloud hosting is really challenging, and any policy on procurement of such services needs to factor in the risk assessment on a long-term basis. However, the complexities involved in the services do not merit restricting the sources of supply and thus resulting in non-level playing field. Policies aided by big data and artificial intelligence are helpful in designing wider procurement processes affording opportunities to innovative service providers to bid and qualify.

The typical challenge in moving data from one cloud to the other is that of policy on ‘porting’. Service providers who try to ‘lock-in’ their clients by contractual terms would need to be dissuaded by the respective policy and regulatory frameworks. Only when the clients have the sense of security in respect of porting their data in the event of not being satisfied with the service provider will the levelling the field in cloud services improve.

VII. PUBLIC HEALTH SERVICES

Aspirations to seek and get high quality public services is a legitimate expectation of public at large and need not become a pipe dream. Access to quality health services should not be the privileged domain of those who could afford or command those by virtue of their positions in the society. Private health sector is becoming increasingly notorious for according special status and priority treatment to celebrities, politicians, rich and famous ignoring sometimes the genuine requirements of the needy and deserving sections of the societies. For the general public seeking a level equivalence in public health services is becoming a challenging situation which is turning out to be more and more opaque in terms of protocols administered for admission, diagnostics and treatment¹⁶. Helplessness is a mild expression to depict the public's position vis-a-vis public health

services especially in developing countries where economics plays a vital role in sustaining the establishments. Covid-19 is a wakeup call for governments and institutions who are serious to consider equity as a prime guiding principle for administering public health services. The situation indeed should be converted into an opportunity to sort out the non-level playing policies and regulations. If governments could only provide a robust policy framework with predictability and fairness as principles investors and researchers would pour in to revamp the public health services including decentralization, sharing of infrastructure and pooling of resources.

VIII. CONCLUSIONS

One size fits all paradigm is an anathema in attempting to have a universal level playing mechanism for enhancing and sustaining competition. Factors such as maturity of the market, characteristics of the market drivers, prices sensitivities, and scale & scope of services determine the extent of leveraging the non-level towards level playing situations. It is adequate to state that transparent exchange of data and metrics related to the services would in normal circumstances propel the wheels of competition by raising interests among existing and new entrants.

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