Theme 4 Key terms

Key term	Definition	Theme	Sub Theme
BRICS	Economies are considered to be: Brazil, Russia, India, China and South Africa.	4	4.1.1
Economic growth	An increase in the GDP - value of output of goods and services produced in an economy over time	4	4.1.1
Economy	An area/country where goods and services are produced, sold and bought	4	4.1.1
Emerging economy	The economies of developing countries where there is rapid growth, but also significant risk	4	4.1.1
Employment patterns	A key indicator of growth looking at unemployment rates, trends, labour costs and productivity as well as education qualifications and potential employees	4	4.1.1
GDP	Gross Domestic Product. Measures the output of goods and services in an economy over a period of time	4	4.1.1
HDI	Is a composite index focusing on three basic measures of human development: Life expectancy at birth, mean years of schooling and expected years of schooling and standard of living, measured by gross national income per capita	4	4.1.1
Health	A key indicator of the level of development and may include, life expectancy at birth, mortality, pollution exposure and clean access to water	4	4.1.1
Literacy	A key indicator of growth. The literacy rate looks at the percentage of adults that can read and write	4	4.1.1
MINTS	Economies are considered to be Mexico, Indonesia, Nigeria and Turkey	4	4.1.1
Exports	Goods or services that a firm produces in its home market, but sells in a foreign market	4	4.1.2
FDI	Foreign Direct Investment, when a business invests by setting up operations or buying assets in businesses in another country	4	4.1.2
Imports	Goods and service that are bought into one country from another	4	4.1.2
Specialisation	When an economy or a business concentrate on a specific range of products or services.	4	4.1.2
Foreign Direct Investment (FDI)	When a business with head office in one country, sets up factories, offices etc in another country	4	4.1.3
Globalisation	A process by which economies and cultures have been drawn deeper together and have become more interconnected through networks of trade and the rapid spread of technology	4	4.1.3
International trade barriers	A regulation or policy that restricts international trade, for example: tariffs, quotas, customs duties, rules and regulations	4	4.1.3
Migration	The movement of people from one country to another to seek employment or a better life	4	4.1.3
Structural change	Where some businesses grow while others will shrink or close down e.g. those in primary, secondary and tertiary sectors	4	4.1.3
Trade liberalisation	The reduction, and sometimes removal, of trade barriers between countries	4	4.1.3
Transnational companies	Companies that own or control production or service facilities outside the country in which they are based	4	4.1.3
Domestic subsidies	Financial support given to a domestic producer to help compete with overseas firms	4	4.1.4
Import quotas	A physical limit on the quantity of imports allowed into a country	4	4.1.4

Protectionism	Policies used by a government to protect domestic businesses by making foreign owned products less attractive. Examples include tariffs, quotas, subsidies and regulation	4	4.1.4
Tariffs	A tax on imports to make them more expensive	4	4.1.4
Trade barriers	Measures designed to restrict trade	4	4.1.4
ASEAN	The Association of Southeast Asian Nations	4	4.1.5
EU	The European Union, the most powerful trading bloc in the world. A single market that guarantees the free movement of people, goods, services and capital through member states	4	4.1.5
NAFTA	The North American Free Trade Area. Replaced by the USMCA.	4	4.1.5
Single market	A market where almost all trade barriers between member have been removed and common laws or policies aim to make the movement of goods, services, capital and labour between countries easy	4	4.1.5
Trading bloc	A group of countries that trade freely with reduced or no tariffs and quotas on trade between businesses in these countries	4	4.1.5
Outsourcing	Moving a business function or department to a specialist external provider which may or may not be overseas	4	4.2.1
Pull factors	The conditions that exist elsewhere that appear to be more advantageous and may cause a business to move to those areas to take advantage of them	4	4.2.1
Push factors	The conditions that make a business' current location less desirable and may cause it to leave and move elsewhere	4	4.2.1
Relocating	When a business moves to a new location. This can improve the use of premises and can lead to lower costs, such as lower rent	4	4.2.1
Risk spreading	Limit the various risk that a business faces eg avoiding over dependence upon one market	4	4.2.1
Saturated market	Where most of the customers who would buy a product already have it, or there is limited opportunity for growth	4	4.2.1
Disposable income	The amount of money that households have available for spending and saving after taxes have been paid	4	4.2.2
Ease of doing business	The number and severity of barriers a business faces when entering a new market/country. A high ranking means a business faces fewer barriers. Such barriers include dealing with/amount of government regulations, access to energy sources, tax regimes, employment law and enforcing contracts	4	4.2.2
Infrastructure	The systems and services that an economy needs to function effectively, these include transport links and communications	4	4.2.2
Natural resources	Materials or substances occurring in nature which can be exploited for economic gain e.g. raw materials like iron ore, coal or large forests or lakes	4	4.2.3
Subsidy	A payment to a producer to offset/lower the costs of production	4	4.2.3
Global merger	When companies from different countries combine assets and operations	4	4.2.4
Intellectual property	A produce that is a creation of the mind, such as invention, that the law protects from unauthorised use by others. It includes patents, copyrights and trademarks	4	4.2.4
Joint venture	When two or more businesses come together for a specific project. It is not a formal takeover or merger, and the businesses remain independent of each other	4	4.2.4
Patent	Legal rights to a monopoly on a new product or process. The innovator applies to the patent office. Businesses cannot legally copy the patented product without permission	4	4.2.4
Global competitiveness	The extent to which a business or a geographical area such as a country, can compete successfully against rivals	4	4.2.5
Skills shortages	When employers cannot find enough workers with a particular skill	4	4.2.5

Ethnocentric/ domestic approach	Where a business approaches the world primarily from the perspective of its own culture. Products and marketing are not adapted	4	4.3.1
Geocentric/mixed approach	A combination of both Ethnocentric and Polycentric marketing. Maintain and promote the global brand name, but tailor its products to local markets	4	4.3.1
Global localisation or glocalisation	A marketing strategy that adapts a global product or service to suit differing tastes and preferences in different regions e.g. 'think global, act local'	4	4.3.1
Polycentric/International approaches	Where a business considers each host country to be unique. Businesses adapts their marketing mix to these individual markets to maximise sales	4	4.3.1
Cultural diversity	Recognition that people across the globe have different interests and values	4	4.3.2
Global niche market	Smaller, specialised parts of a global market where there are specific customer needs in more than one country are not met by the global mass market.	4	4.3.2
Balance of payments	A record of all transactions associated with imports and exports and all international capital movements	4	4.4.1
FDI flows	The transfer of funds by an MNC to purchase and acquire physical assets such as factories or machines	4	4.4.1
MNC	A multi national company i.e. a business that operates in more than one country	4	4.4.1
Transfer pricing	A system operated by MNC's. It is an attempt to avoid relatively high tax rates through the prices which one subsidiary charges another for components and finished goods	4	4.4.1
Child labour	The employment of children to undertake business activity	4	4.4.2
Emissions	A substance that is produced and sent out into the air that harms the environment	4	4.4.2
Exploitation of labour	When an agent takes advantage of another agent e.g.an employer abusing an employee	4	4.4.2
Supply chain considerations	The way a business treats and monitors the labour involved in the production of raw materials, components and services	4	4.4.2
Sustainability	When a business is able to meet present needs without damaging or compromising the needs of the future	4	4.4.2
Waste disposal	The process of getting rid of unwanted materials	4	4.4.2
Competition policy	Government policy that exists to promote competition and ensure that firms don't abuse their market power, do not attempt to fix prices or use pricing strategies to drive out competition	4	4.4.3
Tax avoidance	Using legal methods to reduce the amount of tax that a company pays	4	4.4.3
Tax evasion	Using illegal methods to avoid paying taxes that are owed	4	4.4.3
WTO	The World Trade Organisation that supervises world trading arrangements and trade negotiations and promotes the benefits of free trade	4	