



Glossary

age pension

regular payments made to elderly people to support them in retirement

agent

a person acting for another in a business transaction

balance of trade

the difference between the value of a country's exports and the value of its imports over a specific period of time

bankruptcy

a legal process that declares that a person cannot pay their debts and allows them to make a fresh start

blended marketing

a mix of internet and traditional marketing methods

capital growth

an increase in the value of an asset

chief executive officer (CEO)

the most senior position in an organisation

competitive advantage

occurs when a business is able to produce and sell goods or services better than its competitors

competitive market

a market where a large number of businesses compete with each other to satisfy the demands of a large number of customers

consumers

a person or group that is the final user of goods and services produced in an economy

corporate social responsibility

a duty for management to take into consideration the broader social welfare of the community, including its people and the environment, when making business decisions

debt

a financial obligation to repay money owed

demand

the amount of a particular good or service that a customer will want to purchase at a given price

deregulation

the process of removing or reducing government regulatory controls

differentiation

making a product stand out by providing unique or superior value to customers in comparison with competitors' products

dividends

company profits paid to shareholders, in cash or in additional shares, in proportion to the number of shares they already own

duty of care

the legal obligation of employers for the health and wellbeing of their employees

economic entities

any person or organisation engaged in economic activity. It could be an individual, a household, a business, a government or a country.

economic system

the system that coordinates the production and distribution of goods and services

economy

all activities undertaken for the purpose of producing, distributing and consuming goods and services in a region or country

enterprising behaviours

behaviours which an enterprising individual will possess, including being creative, inquisitive, innovative, imaginative and good at problem solving

entrepreneurs

people who have an innovative idea, and from this start their own business

exports

goods and services sold by local businesses to overseas consumers

financial intermediaries

any organisation that takes deposits from those with surplus funds and makes those funds available to borrowers

financial risk

the chance that a financial decision may result in a loss or inadequate return

fraud

a criminal offence where one person deliberately tricks another to gain personal advantage

gross domestic product (GDP)

the total value of all goods and services produced in a country in a given period of time (usually a year)

gross wage

a person's wage or salary before it is taxed by the government

imports

goods and services purchased by local consumers from overseas businesses

industrial action

official protest activities (such as strikes and go-slows) undertaken by members of trade unions, usually with the aim of improving or protecting the working conditions of their members

innovation

adding a new product (which can be a good or service) to an existing product line, or significantly improving an existing product or process

insurance

an arrangement where an insurer promises to compensate the insured person for specific potential losses in the future in exchange for a periodic payment called a premium

intrapreneur

an employee of a business who demonstrates the qualities and skills of an entrepreneur

interest

an amount that is paid regularly for the use of borrowed money, usually expressed as an annual percentage of the sum of money lent (the interest rate)

invention

the development of something new

investment

the use of money to purchase equipment or premises for the establishment of a new business or the expansion of an existing business

labour

the human skills and effort required to produce goods and services

market

any organised exchange of goods, services or resources between buyers and sellers

marketing

the process of planning and executing the development of the product as well as its pricing, promotion and distribution

mortgages

money advanced by a bank, credit union or building society to a person for the purchase of a house or other property. The property itself is used as security for the loan, allowing the lender to seize the property if the borrower fails to make the regular repayments.

mortgage loan

money advanced to a person for the purchase of a house or other property, where the property itself is used as security for the loan. This means the bank or other lender can take possession of the property if the borrower fails to make the regular repayments.

multinational company

an organisation with interests and offices in several countries

offshoring

the practice of relocating a business's processes from one country to another, to take advantage of lower costs

open innovation

the use of internal and external ideas by a business to improve its processes or products

operations

the area of a business that consists of all the activities engaged in producing goods and services

opportunity cost

what you have to give up if you choose to do A rather than B; the value of the next best alternative that is given up whenever a choice is made

outsourcing

reducing costs by transferring tasks normally completed by the business to outside suppliers

position description

a document that explains the duties and responsibilities of an employee

producers

individuals and businesses involved in the production of goods and services

profit

what remains after all business expenses have been deducted from the money that has been collected from selling goods and services

profit margin

an indicator of the financial health of a business, expressed as a percentage, that measures the amount of profit that a business earns from the sales of its product

quality

the degree of excellence of goods or services and their fitness for a stated purpose

recession

a period of decline in economic growth when GDP decreases

relative scarcity

the economic problem of having unlimited needs and wants with only limited means to satisfy them

repossessed

a legal process by which an item can be reclaimed to cover the cost of a debt

research and development (R&D)

refers to activities undertaken to improve existing products or create new products

resources

the land, labour, capital and enterprise used to produce goods and services that satisfy needs and wants. Production usually requires a combination of these resources.

restructure

to significantly modify the management or ownership structure of a company

retrench

to remove a person from their job, usually because of the employer's cost cutting or difficult economic circumstances

sharemarket

a market for trading shares in listed companies; also called a stockmarket

shares

units of ownership in a company that entitle the possessor of the shares (the shareholder) to a proportion of any profits that the company makes

social media

the websites, platforms and applications that enable users to interact in virtual networks and communities and create, share or exchange information and ideas

social report

a report outlining what a business has done, and is doing, to meet its corporate social responsibilities

superannuation

a retirement fund mandated by the government

superannuation fund

an account that accepts, holds, invests, accumulates and eventually distributes superannuation contributions made by employees, their employers or the government

superannuation funds

organisations that receive a combination of employer and employee contributions so that money can be accumulated for the employees' retirement

transfer pricing

when one subsidiary of a transnational corporation charges another subsidiary for providing goods or services, often resulting in profits being moved between different countries to avoid the payment of tax on those profits

transnational corporations (TNCs)

large business organisations that have a home base in one country and operate partially or wholly owned businesses in other countries