Business and its environment (A Level)

A-Level Business · Vocabulary in context

Word	Example
external influences /ekˈstɜːnl ˈɪnfluːənsɪz/	**External influences** like the weather are outside the firm's control.
business cycle /ˈbɪznəs ˈsaɪkl/	A **business cycle** includes expansions and contractions in economic activity.
boom /buːm/	A **boom** is a period of strong economic activity.
recession /rɪˈseʃn/	A **recession** is a long fall in economic activity.
slump /slʌmp/	In a **slump**, output falls and many people lose their jobs.
recovery /rɪˈkʌvəri/	A **recovery** brings rising activity after a downturn.
luxury /ˈlʌkʃəri/	Holidays abroad are a **luxury**: people buy many more as they get richer.
necessities /nəˈsesɪtiz/	Food and medicine are **necessities**: people buy them even when money is short.
inferior goods	**Inferior goods** sell more when people have less money.
interest rate /ˈɪntrest reɪt/	When the **interest rate** rises, borrowing money costs more.
exchange rate /eksˈtʃeɪndʒ reɪt/	The **exchange rate** is the price of one currency in another.
appreciation /əˌpriːʃɪˈeɪʃn/	An **appreciation** of the yuan makes Chinese exports dearer abroad.

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depreciation /dɪˌpriːʃɪˈeɪʃn/	A currency **depreciation** makes imports more expensive.
exporter /ekˈspɔːtə/	An **exporter** sells goods to other countries.
importer /ɪmˈpɔːtə/	An **importer** buys goods from other countries.
inflation /ɪnˈfleɪʃn/	**Inflation** means prices in general are rising.
profit margin /ˈprɒfɪt ˈmɑːdʒɪn/	The **profit margin** shows how much of each sale is profit.
competitive /kəmˈpetɪtɪv/	Lower prices make the firm more **competitive**.
deflation /diːˈfleɪʃn/	During **deflation**, prices in general fall.
taxation /tækˈseɪʃn/	**Taxation** is how the government takes money from people and firms.
direct tax /daɪˈrekt tæks/	Income tax is a **direct tax**.
indirect tax /ɪndaɪˈrekt tæks/	VAT is an **indirect tax**. VAT
unemployment /ʌnemˈplɔɪmənt/	**Unemployment** counts people who want a job but do not have one.
political /pəˈlɪtɪkl/	A new government brings **political** change.
legal /ˈliːgl/	Firms must follow the **legal** rules of each country.
legislation /ˌledʒɪˈsleɪʃn/	New **legislation** bans plastic bags.
social /ˈsəʊʃl/	**Social** trends, like healthy eating, change what people buy.

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merger /ˈmɜːdʒə/	A **merger** joins two businesses into one.
demographic change	An older population is a **demographic change**.
technological /ˌteknəˈlɒdʒɪkl/	**Technological** change, like online shopping, creates new markets.
environmental /enˌvaɪrənˈmentl/	The company cut its plastic use for **environmental** reasons.
ethical /ˈeθɪkl/	An **ethical** firm pays fair wages and does not harm the environment.
reputation /ˌrepjuːˈteɪʃn/	A good **reputation** brings more customers.
PESTLE analysis /ˈpesl əˈnæləsɪs/	A **PESTLE analysis** looks at outside factors such as politics, laws and technology.
strategy /ˈstrætədʒi/	The firm's **strategy** is its long-term plan.
strategic management /strəˈtiːdʒɪk ˈmænɪdʒmənt/	**Strategic management** chooses what the business will be and how to get there.
competitive advantage /kəmˈpetɪtɪv ədˈvæntɪdʒ/	Low prices give the firm a **competitive advantage**.
SWOT analysis /swɒt əˈnæləsɪs/	A **SWOT analysis** lists strengths, weaknesses, opportunities and threats.
strengths /streŋθs/	A strong brand is one of the firm's **strengths**.
opportunities /ɒpəˈtjuːnɪtiz/	A growing market creates new **opportunities**.
weaknesses /ˈwiːknəsɪz/	High costs are one of the firm's **weaknesses**.

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Word	Example
threats /θrets/	New competitors are **threats** to the business.
expected value /ekˈspektɪd ˈvæljuː/	The **expected value** of one dice roll is 3.5.

3.5