

BUSINESS STUDIES

EDEXCEL - A LEVEL



THEME 4

KNOWLEDGE ORGANISER

BUSINESS: *Creating informed, discerning employees, consumers and future leaders*

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Key Vocabulary

Emerging Economies – Countries experiencing rapid industrialisation and economic growth, such as Brazil, Russia, India, China, and South Africa.

Gross Domestic Product (GDP) – The total value of all goods and services produced in a country over a year, indicating economic health.

Exports – Goods or services produced in one country and sold to another.

Imports – Goods or services purchased from another country.

Foreign Direct Investment – Investment from one country into business operations in another, such as setting up a subsidiary.

Trade Barriers – Government-imposed restrictions on international trade, like tariffs and quotas, to protect domestic industries.

Globalisation – The increasing interconnectedness of economies, businesses, and cultures through trade, investment, and communication.

Protectionism – Policies to restrict imports and protect domestic industries using tools like tariffs and quotas.

Tariffs – Taxes on imported goods to make them more expensive and protect domestic products.

Quotas – Limits on the amount of a specific good that can be imported or exported to control trade volume.

Topic – Globalisation

DO I UNDERSTAND THIS TOPIC?



Topic 4.1 Globalisation

4.1.1 Growing Economies - Revision

- Growth rate of the UK economy compared to emerging economies
- Growing economic power of countries within Asia, Africa and other parts of the world
- Implications of economic growth for individuals and businesses: - trade opportunities for businesses / employment patterns
- Indicators of growth: - Gross Domestic Product (GDP) per capita
- Literacy, Health, Human Development Index (HDI)

4.1.2 International trade and business growth - Revision

- Exports and imports
- The link between business specialisation and competitive advantage
- Foreign direct investment (FDI) and link to business growth

4.1.3 Factors contributing to increased globalisation - Revision

- Reduction of international trade barriers/trade liberalisation -
- Political change
- Reduced cost of transport and communication / structural change
- Increased significance of global (transnational) companies
- Increased investment flows (FDI)
- Migration (within and between economies)
- Growth of the global labour force

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UK Economic Growth

EXTRA KEY WORDS

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Topic 4.1 Globalisation

4.1.4 Protectionism - Revision

- Tariffs
- Import quotas
- Other trade barriers: - government legislation / domestic subsidies

4.1.5 Trading Blocs - Revision

- Expansion of trading blocs: o EU and the single market - ASEAN / NAFTA
- Impact on businesses of trading bloc

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UK Canada Tariffs

EXTRA KEY WORDS

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Key Vocabulary

Global Markets – Markets that encompass the buying and selling of goods and services worldwide, involving international trade and investment.

Push Factors – Conditions in a home country that drive businesses to seek opportunities abroad, such as high competition or saturated markets.

Pull Factors – Attractive conditions in a foreign market that draw businesses to expand there, like potential for growth or favourable regulations.

Outsourcing – The practice of contracting out certain business processes or services to external companies, often in different countries, to reduce costs.

Disposable Income - The amount of money individuals have available to spend or save after paying taxes and essential living expenses.

Infrastructure – The basic physical and organisational structures and facilities needed for the operation of a society or enterprise, such as transportation systems, communication networks, and utilities.

Topic – Globalisation

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Topic 4.2 Global markets and business expansion

4.2.1 Conditions that prompt trade - Revision

- Push factors: - saturated markets / competition
- Pull factors: - economies of scale / risk spreading
- Possibility of off-shoring and outsourcing
- Extending the product life cycle by selling in multiple markets

4.2.2 Assessment of a country as a market - Revision

- Factors to consider: -
- Levels and growth of disposable income
- Ease of doing business
- Infrastructure
- Political stability
- Exchange rate

4.2.3 Assessment of a country as a production location - Revision

- Factors to consider: -
- costs of production/ skills and availability of labour force
 - Infrastructure / location in trade bloc
 - Government incentives
 - Ease of doing business
 - Political stability
 - Natural resources and likely return on investment

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John Deere Move
Production to
Mexico

EXTRA KEY WORDS

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Topic 4.2 Global markets and business expansion

4.2.4 Reasons for global mergers or joint ventures - Revision

- Spreading risk over different countries/regions
- Entering new markets/trade blocs
- Acquiring national/international brand names/patents
- Securing resources/supplies
- Maintaining/increasing global competitiveness

4.2.5 Global Competitiveness - Revision

- The impact of movements in exchange rates.
- Competitive advantage through: - cost competitiveness / differentiation
- Skill shortages and their impact on international competitiveness.

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UBS Credit Swiss
Merger

EXTRA KEY WORDS

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Key Vocabulary

Mission Statement - A brief declaration of a company's purpose and core values, outlining its goals and guiding principles.

Corporate Objectives - Specific, strategic goals that a business aims to achieve, guiding its overall direction and decision-making processes.

Functional Objectives - Targets set for individual departments or functions within a business, aligned with corporate objectives to ensure coordinated efforts.

SMART- An acronym for setting effective objectives, meaning Specific, Measurable, Achievable, Relevant, and Time-bound.

Topic – Globalisation

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Topic 4.3 Global Marketing

4.3.1 Marketing - Revision

- Global marketing strategy and global localisation (glocalisation)
- Different marketing approaches: domestic/ethnocentric mixed/geocentric international/polycentric
- Application and adaptation of the marketing mix (4Ps) and Ansoff's Matrix to global markets

4.3.2 Niche Markets - Revision

- Cultural diversity: recognition that groups of people across the globe have different interests and values
- Features of global niche markets
- Application and adaptation of the marketing mix (4Ps) to suit global niches

4.3.3 Cultural / Social Factors - Revision

- Considerations for businesses:
 - cultural differences
 - different tastes
 - language
 - unintended meanings
 - inappropriate/inaccurate translations
 - inappropriate branding and promotion

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KFC China Fail

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Key Vocabulary

MNC's – Large companies that operate in multiple countries, managing production or delivering services across national borders.

FDI flows – Movements of foreign direct investment into and out of a country, indicating how much investment is being received from or sent to other nations.

Balance of Payments – A financial statement that summarises a country's transactions with the rest of the world, including trade, investment, and transfers.

Stakeholders – Individuals or groups that have an interest in or are affected by the activities of a business, such as employees, customers, suppliers, and shareholders.

Emissions – The release of pollutants into the atmosphere, typically from industrial processes, vehicles, or other sources.

Exploitation – The act of taking unfair advantage of workers, resources, or markets, often for profit, without providing fair compensation or benefits.

Pressure Groups - Organisations that seek to influence public policy and business practices, typically advocating for social, environmental, or economic changes.

Topic – Globalisation

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Topic 4.4 Global Industries and Companies (Multinational Corporations)

4.4.1 The Impact of MNCs - Revision

- Be aware of the impact of MNCs on the local economy: local labour, wages, working conditions and job creation,
- local businesses
- the local community and environment
- Be aware if the impact of MNCs on the national economy: FDI flows, balance of payments, technology and skills transfer, consumers, business culture, tax revenues and transfer pricing

4.4.2 Ethics - Revision

- Be aware of stakeholder conflicts such as:
- Pay and working conditions
- Environmental considerations: - emissions, waste disposal
- Supply chain considerations: - exploitation of labour, child labour
- Marketing considerations: - misleading product labelling, inappropriate promotional activities

4.4.3 Controlling MNCs - Revision

- Factors to consider:
- Political influence
- Legal control
- Pressure groups
- Social Media

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MNC's Lobbying
Climate change
policies