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GLOSSARY

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A

B

Barrier to entry

Barriers to entry are the costs or other obstacles that prevent new competitors from easily entering an industry or area of business.

Branding

Is the process of creating a brand. It refers to all marketing strategies used to build a company's identity.

Budget

Refers to the amount of money needed to meet a certain number of expenses necessary to undertake a project. In this way, it can be defined as an anticipated figure that estimates the cost of achieving the objective.

Budget constraint

A budget constraint is an economic term referring to the combined amount of items you can afford within the amount of income available to you.

Business plan

Is a document that sets out a new commercial project focused on a good, a service or a company as a whole. The following points of analysis can generally be found in the composition of the plan: Overview of the company, Products or services and how they are produced, Description of the business model, Cash flow statements. Detailing all possible revenues and expenses, Financial projections and estimates of the above revenues and expenses, as well as other factors, Identification of executive management and management team.

C

Capital

It is the set of resources, such as money, machines and buildings, that are used to produce other goods and services. It is one of the key elements we need to create new things or improve existing ones. Thus, for example, an oven is part of a baker's capital because he uses it to bake bread (another good) and the services it provides will last for several years.

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Compound interest

Is a way of calculating interest on an investment that accumulates past interest on the principal amount invested.

Consumer Price Index (CPI)

A metric that measures the change in the price level paid by consumers. For the same reason, it can be interpreted that CPI measures the purchasing power of an economy's currency.

Cyclical unemployment

Cyclical unemployment is the component of overall unemployment that results directly from cycles of economic upturn and downturn.

D

Demand

Demand is an economic concept that relates to a consumer's desire to purchase goods and services and willingness to pay a specific price for them.

Discrimination in the workplace

Typically appears as unfair treatment, employment practices, or bias directed at people based on personal characteristics, such as race or national origin, age, gender, sexual orientation, disability, religious belief, marriage and partnership, pregnancy and maternity or others.

Dominant strategy

In Prisoner's Dilemma, dominant strategy is the best strategy for a player regardless of what the other players do. However, not all games have a dominant strategy, and players often need to anticipate the actions of others.

E

Economic growth

The process of increasing a country's real gross domestic product (GDP). Economic growth describes how much an entity, such as a country, is increasing and improving the goods and services it produces.

Economies of scale

Economies of scale refer to the cost advantage experienced by a firm when it increases its level of output. The advantage arises due to the inverse relationship between the per-unit fixed cost and the quantity produced. The greater the quantity of output produced, the lower the per-unit fixed cost.

Employee benefits

All benefits provided or made available to employees by an employer, such as life insurance, and educational benefits, regardless of whether such benefits are provided by a practice or written policy of an employer.

Employment contract

A formal legal activity expressing the intention of two parties - an employer and employee - to establish an employment relationship. A contract is an agreement that sets out an employee's: employment conditions, rights, responsibilities, and duties - these are called the 'terms' of the contract.

Entrepreneurship

Refers to the ability of a person or group of people to generate and develop a business or project, with the aim of generating economic and social value. Ideally, it is characterised by innovation, creativity and the ability to take risks.

Equilibrium price

It refers to the market price where the quantity of goods supplied is equal to the quantity of goods demanded.

Euribor

Is the interest rate at which banks in the euro zone lend money to each other. The name stands for European InterBank Offered Rate.

F

Fixed costs

Fixed costs are expenses that stay the same no matter how much activity a business is doing. They're the opposite of variable costs.

FMCC (acronym)

Fast Moving Consumer Goods refers to products that are sold quickly and at relatively low cost. These goods are typically items of daily or frequent use, characterized by high consumer demand, short shelf lives, and fast turnover in retail stores.

Frictional unemployment

It is a type of unemployment that arises when workers are searching for new jobs or are transitioning from one job to another.

G

Gini coefficient/Gini Index

The Gini index determines a nation's level of income inequality by measuring the income distribution or wealth distribution across its population. The Gini index was developed in 1912 by Italian statistician Corrado Gini.

Gross Domestic Product (GDP)

It is a standard measure of the value added made by producing goods or services in a country during a certain period. GDP also measures the income earned from that production or the total amount spent on final goods and services.

Gross National Product (GNP)

It is the total value of goods and services produced in the country. It estimates the value of the final products and services manufactured by a country's residents, regardless of the production location.

H

Human resources (HR)

Refers to all the people who work in an organisation. It also refers to the department within a company responsible for how these employees are managed, from hiring to firing.

I

Income effect

The income effect describes how an increase in income can change the quantity of goods that consumers will demand. For so-called normal goods, as income rises so does the demand for them (and vice-versa).

Indifference curve

An indifference curve is a chart showing various combinations of two goods or commodities that consumers can choose. Points along the curve represent combinations that will leave the consumer equally well off.

Inflation

Measures how much more expensive a set of goods and services has become over a certain period, usually a year. Its measured by the consumer price index (CPI) is defined as the change in the prices of a basket of goods and services that are typically purchased by specific groups of households.

Interest rate

It is the amount charged over and above the principal amount by the lender from the borrower. In simpler words - it's the percentage of an amount of money that is paid for its use over a period of time.

J

K

L

Labour supply

The labour supply is the total hours (adjusted for intensity of effort) that workers wish to work at a given real wage rate.

Labour union

An organisation of workers in the same trade that aims to promote their interests, particularly regarding wages, benefits, and working conditions, often through collective bargaining

Leadership

Is the ability to influence a group of people to work together to achieve a common goal. A good leader not only leads, but also inspires and motivates his or her team. This is key to achieving success and exceeding expectations.

M

Marginal analysis

Marginal analysis is an examination of the associated costs and potential benefits of specific business activities or financial decisions. The goal is to determine if the costs associated with the change in activity will result in a benefit that is sufficient enough to offset them.

Marginal cost

Marginal cost is the increase or decrease in the cost of producing one more unit or serving one more customer. It is also known as incremental cost.

Marginal revenue

Marginal revenue is the net revenue a business earns by selling an additional unit of its product, while average revenue refers to revenue earned per output unit.

Marginal utility

Marginal utility is the added satisfaction a consumer gets from having one more unit of a good or service.

Market structure

Market structure refers to the way that various industries are classified and differentiated in accordance with their degree and nature of competition for products and services. It consists of four types: perfect competition, oligopolistic markets, monopolistic markets, and monopolistic competition.

Marketing

Is the set of strategies and actions aimed at creating and communicating the value of a brand, satisfying the needs of consumers in order to improve sales and the perception of a product or service.

Mediation

Mediation is a process by which a neutral third party called a mediator helps people in conflict negotiate a mutually acceptable agreement. The parties to the mediation control the outcome.

Minimum wage

It is defined as the lowest pay for an hour's work that can legally be paid to a worker.

Monopolistic competition

Monopolistic competition exists when many companies offer competitive products or services that are similar, but not exact substitutes

Monopoly

A market structure characterized by a single seller, selling a unique product in the market. In a monopoly market, the seller faces no competition, as he is the sole seller of goods with no close substitute.

N

Nash equilibrium

Nash equilibrium is a concept in game theory where the game reaches an optimal outcome. This is a state that gives individual players no incentive to deviate from their

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initial strategy. The players know their opponent's strategy and still will not deviate from their initial chosen strategies because it remains the optimal strategy for each player.

Networking

Is an activity whose objective is to expand the network of professional contacts. In this way, business and/or employment opportunities are generated. In other words, networking means developing a social circle. This, with people with whom you can start a business or get job opportunities.

Non-zero-sum game

A non-zero-sum game is a situation where there is a net benefit or net loss to the system based on the game's outcome.

O

Oligopoly

An oligopoly is a type of market structure in which a small number of firms control the market. Where oligopolies exists, producers can indirectly or directly restrict output or prices to achieve higher returns.

Overtime pay

Overtime pay is the compensation employees get for working longer than standard hours and it is defined by contract or national laws.

P

Perfect competition

It is the situation prevailing in a market in which buyers and sellers are so numerous and well informed that all elements of monopoly are absent and the market price of a commodity is beyond the control of individual buyers and sellers.

Price controls

Price controls are restrictions set in place and enforced by governments, on the prices that can be charged for goods and services in a market.

Prisoner's dilemma

The prisoner's dilemma presents a situation where two parties, separated and unable to communicate, must each choose between cooperating with the other or not. The highest reward for each party occurs when both parties choose to co-operate.

Procrastination

Means postponing and leaving matters and tasks pending even though it is possible to carry them out. This can affect the subject, as on an emotional level they may feel guilty and anxious about the idea that they have something pending. However, he does not get down to it, letting time go by and increasing his own discomfort.

Producer Price Index (PPI)

Also called output price index, is a business-cycle indicator showing the development of transaction prices for the monthly industrial output of economic activities. It measures the change in prices of goods bought and sold by manufacturers. In simpler words - measures the average change over time in the prices domestic producers receive for their output.

Production costs

Production costs refer to the costs a company incurs from manufacturing a product or providing a service that generates revenue for the company. Production costs can include a variety of expenses, such as labor, raw materials, consumable manufacturing supplies, and general overhead.

Q

R

Real GDP

Real gross domestic product (GDP) is the standard measure of the value added created through the production of goods and services in a country during a certain period of time.

Recruitment

Is a set of tests divided into different stages in order to select the right candidates for each job. The selection process is divided into several stages in order to filter out the candidates who best meet the technical, personal, attitudinal and interest requirements. In each test, fewer and fewer candidates are selected until the final job interview is held.

Repeated games

In Prisoner’s dilemma, repeated games are scenarios where players interact multiple times, allowing for strategies like cooperation and punishment.

Return

Or profitability refers to the benefits that have been or can be obtained from an investment. In other words, profitability is basically what you earn from an investment.

S

Savings

Is the amount of money that a family or individual decides not to spend today for consumption.

Shares

Are a portion of the ownership of a company. If you own shares, you are a partner in the company in proportion to the number of shares you own.

Simple interest

Is a way of calculating interest on a loan that only takes into account the principal amount. It remains constant over time and is not added to successive periods as in compound interest.

Startup

Is a small, recently created company with high innovative and technological potential, where its model is scalable and its growth can be exponential. In other words, a startup is a new company that stands out for its focus on innovation and technology, designed to grow rapidly in the market.

Stock market

Is a physical or virtual market where buyers and sellers of shares or other financial products come into contact and carry out transactions through authorized intermediaries.

Strike

It is an action taken by a group of employees who stop working or intentionally slow work down in an attempt to pressure their employer into meeting their demands. Workers strike over a wide array of issues, but the most common demands include higher wages, safer working conditions and better benefits.

Structural unemployment

Structural unemployment is a longer-lasting form of unemployment caused by fundamental shifts in an economy and exacerbated by extraneous factors such as technology, competition, and government policy.

Substitution effect

The substitution effect considers the change in the relative price, with a sufficient change in income to keep the consumer on the same utility isoquant.

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Supply

Supply is a fundamental economic concept that describes the total amount of a specific good or service that is available to consumers.

T

Total cost

Total cost refers to the overall cost of production, which includes both fixed and variable components of the cost. In economics, the total cost is described as the cost that is required to produce a product.

Total utility

Total utility refers to the overall level of happiness or satisfaction that a consumer experiences by consuming a certain amount of a good or service.

Treasure bills

Are public debt securities, i.e., a way for the government to borrow money to cover its expenses. They are like a loan you make to the government, and in return, the government promises to pay you back what you borrowed with a small amount of interest after a short period of time, usually between 3 to 18 months.

U

Unemployment Rate

Is the share of the labour force without work. Unemployed people are those of working age who do not have a job, are available for work and have taken specific steps to find a job in the previous four weeks.

V

Value added tax (VAT)

Or value added tax is an indirect tax on consumption, which is levied on the supply of goods and services.

Variable costs

A variable cost is an expense that changes in proportion to how much a company produces or sells. Variable costs increase or decrease depending on a company's production or sales volume—they rise as production increases and fall as production decreases.

W

Wage

The amount of money paid for work or services, typically calculated on an hourly, daily, or piecework basis, and generally agreed upon in a contract

Workplace bullying and harassment

Behaviour that makes someone feel intimidated or offended. Examples of bullying and harassing behavior include: spreading malicious rumors, unfair treatment, picking on or regularly undermining someone, and denying someone's training or promotion opportunities. Bullying and harassment can happen face-to-face, by letter, by email or by phone.

X

Y

Z

Zero-sum game

A zero-sum game is one in which no wealth is created or destroyed. So, in a two-player zero-sum game, whatever one player wins, the other loses. Therefore, the player share no common interests. There are two general types of zero-sum games: those with perfect information and those without.

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