Edexcel (B) Economics A-level

Theme 3.2: Economic Factors in Business Expansion

Flashcards

Describe the difference between push and pull factors

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Push factors deter firms from entering new markets, whereas pull factors are those that attract a firm to enter a market

Would a saturated market be a push or pull factor?

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A push factor

Would an emerging economy be a push or pull factor, and why?

Would an emerging economy be a push or pull factor, and why?

A pull factor, as emerging economies have a lot of potential for business growth

Define offshoring

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This is the process of having part/all of a firm's services shifted abroad

How could a firm benefit from offshoring?

How could a firm benefit from offshoring?

They could take advantage of the low labour costs in other countries

PMT
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What is outsourcing?

What is outsourcing?

This occurs when firms get their goods from a supplier abroad

How does political stability affect the potential for a business to grow?

How does political stability affect the potential for a business to grow?

If a country faces a lot of corruption it will be harder for a firm to set up a long-term plan in that country and be able to make a profit

Would red tape be a push or pull factor?

Would red tape be a push or pull factor?

A push factor

If a firm is a net importer of raw materials, how would a depreciation of their currency affect the prices of their goods?

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A depreciation makes imports more expensive, thus raising their costs of production which they would pass on to consumers in the form of higher prices

How would government subsidies benefit a firm?

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It would lower their average costs of production, thus improving their profit margin per unit of output sold

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