Glossary

1. **Bureaucracy:** Bureaucracy refers to a specialized system and process of maintaining uniformity or authority within an organization. Bureaucratic processes are most common in large organizations or governments and administer formal rules of internal behavior.
2. **Contractual agreements:** A legal agreement between two parties in which each agrees to do, make, buy, or sell a good or service, or in which one party grants a right or undertakes an obligation, often in exchange for a fee. A contract is less commonly called a binding agreement.
3. **Free rider:** In economics, the free rider problem occurs when those who benefit from resources, goods, or services do not pay for them, which results in an under provision of those goods or services. The free rider problem is common with goods which are non-excludable, including public goods.
4. **Infant industry:** The infant-industry theory is the supposition that emerging domestic industries need protection against international competition until they become mature and stable. In economics, an infant industry is one that is new and in its early stages of development, and not yet capable of competing against established industry competitors.
5. **Life cycle:** It is the life cycle of an organization from its creation to its termination. It also refers to the expected sequence of advancements experienced by an organization, as opposed to a randomized occurrence of events.
6. **Marginal cost or production:** The marginal cost of production is the change in total cost that comes from making or producing one additional item. The purpose of analyzing marginal cost is to determine at what point an organization can achieve economies of scale. The calculation is most

often used among manufacturers as a means of isolating an optimum production level.

7. **Merger:**A merger is a deal to unite two existing companies into one new company. Mergers and acquisitions are commonly done to expand a company's reach, expand into new segments, or gain market share. All of these are done to please shareholders and create value.
8. **Monopsony :** A monopsony, sometimes referred to as a buyer's monopoly, is a market condition similar to a monopoly except that a large buyer, not a seller, controls a large proportion of the market and drives prices down. A monopsony occurs when a single firm has market power in employing its factors of production. It acts as a sole purchaser for multiple sellers, driving down the price of seller inputs through the amount of quantity that it demands.
9. **Specialization:** Specialization is a method of production where a business, area or economy focuses on the production of a limited scope of products or services to gain greater degrees of productive efficiency within an overall system.
10. **Spot market:** The spot is a market for financial instruments such as commodities and securities which are traded immediately or on the spot. In spot markets, spot trades are made with spot prices. Unlike the futures market, orders made in the spot market are settled instantly. Spot markets can be organized markets or exchanges or over-the-counter (OTC) markets.
11. **Tariff:** A tax imposed on imported goods and services. Tariffs are used to restrict trade, as they increase the price of imported goods and services, making them more expensive to consumers.