Glossary

Concentration ratio: In economics, a **concentration ratio** is a measure of the total output produced in an industry by a given number of firms in the industry.

Conglomerate: It is a combination of two or more organisations engaged in entirely different businesses that fall under one corporate group, usually involving a parent company and many subsidiaries. Often, a conglomerate is a multi-industry company. Conglomerates are often large and multinational.

Cross ownership: It is a method of reinforcing business relationships by owning stock in the companies with which a given company does business.

Diversified company: It is a company that has multiple, unrelated businesses. Unrelated businesses are those which (1) require unique management expertise, (2) have different end customers and (3) produce different products or provide different services.

Horizontal merger: It is a merger between competing firms offering similar products or services to the same market. Such a merger results in a larger firm with more market share and power and reduces competition in the market.

Information Asymmetry : In contract theory and economics, **information asymmetry** deals with the study of decisions in transactions where one party has more or better information than the other. This creates an imbalance of power in transactions, which can sometimes cause the transactions to go skewed, a kind of market failure in the worst case.

Opportunity cost: A benefit, profit, or value of something that must be given up to acquire or achieve something else. Since every resource (land, money, time, etc.) can be put to alternative uses, every action, choice, or decision has an associated opportunity cost.

Sustainability: It is the ability of an economy to support a defined level of economic production indefinitely.

Synergy: The interaction of elements that when combined produce a total effect that is greater than the sum of the individual elements, contributions, etc..

Vertical merger: It is a merger between two companies that produce products or offer services that contribute to the same end product.