

Cambridge International Diploma in Business – Standard Level

Glossary of Terms

| 5161 Business Organisation and Environment | |
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| after-sales service | this is a form of customer service provided by an organisation for its customers: it generally includes maintenance, repairs and advice regarding the product or service purchased |
| break-even point | the point where a business is making neither a profit nor a loss, but where the income or revenue received is exactly equal to the amount being paid out in costs or expenses |
| business | any organisation set up to produce a product or service with the intention of making a profit |
| business cycle | a recurring change in general business conditions which will enable a business to forecast future events |
| business incentive schemes | schemes, often set up by the state, to encourage the start-up of business, or business expansion and growth |
| capital | the funds invested in a business to enable it to buy the assets it needs to carry on trading |
| casual employee | usually paid by the hour or day and taken on only when needed |
| centralised | where a large business decides that all its decisions will be made at head office, therefore centralising all the power |
| chain of command | the route through which instructions are issued by managers |
| charity | an organisation which exists to raise funds for the needy or to carry out socially useful work; it is non-profit making |
| code of conduct | a form of self-regulation designed and implemented by an organisation enabling it to set appropriate standards for all employees or firms within an industry |
| co-operative | a business organisation such as a factory, farm or shop that is collectively owned and operated by a group of people who run it for the benefit of the group |
| customer base | the types of customer that the business's products are aimed at |
| debenture | a certificate issued by a company to acknowledge a long-term loan; these can only be issued by limited companies and are usually taken up by a bank |
| decentralised | where a large business allows all its smaller branches to make decisions for themselves, therefore decentralising the power |
| deregulation | where the government withdraws legislation restricting business practices to enable the industry to develop without restrictions |
| direct costs | a cost that is directly attributable to the production processes; e.g. production line wages and raw materials |
| distribution of income | the use of taxes by a government to distribute the national income to national services such as social security |
| factors of production | the resources used in all business activity: land, labour, capital and entrepreneurship |
| fair trading | the Fair Trading Act of 1973 gives the Director-General the right to take action against any company or group that tries to reduce competition or fix prices |
| financial institutions | businesses that provide financial services to private individuals or firms, such as loan facilities, insurance and mortgages; examples of these include banks, building societies, insurance companies and financial advisers |
| financial services | organisations which manage money, capital or credit |
| fixed capital | the amount of funds invested in a business which has been used to purchase items that will last a long time such as office equipment and buildings |

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| fixed costs | a cost that remains the same regardless of output: if you increase production this cost will not increase, e.g. rent and rates |
| fixed-term contract | an agreement to supply goods or services to a customer for a given period of time |
| flat structure | an organisational structure which has very few tiers within its design |
| flexitime | where organisations allow their employees to work hours which suit them with start and finish times being at the employee's discretion; as long as the correct number of hours are completed in a week, the time in which they are carried out is irrelevant |
| forecasting | the use of last year's figures, such as sales figures, in order to try and predict the next year's figures |
| franchise | a business where the owner has purchased the right to sell another's goods: the owner will purchase the brand name and in return will receive privileges; this enables a small business to run whilst gaining the benefits of belonging to a large organisation, such as group advertising and promotions |
| indirect costs | a cost that is not directly attributable to the production process, e.g. administration wages, stationery and heating |
| job sharing | where two or more people share what is normally considered to be one person's job with each one being paid for the proportion of the job completed |
| lease-back | this is when a business sells one of its assets to a leasing company and then pays a fixed amount over a period of time to use the asset |
| loans | money borrowed from the bank to purchase assets for the business, usually over a fixed number of years |
| marketing mix | these are the measures that a business uses to attract buyers to purchase its products or services; this is commonly known as the 4 Ps - Price, Product, Place and Promotion |
| market share | this is the number of sales made by a company in relation to its competitors |
| mergers | by combination: when the owners of two businesses agree to join their firms together to make one business. By acquisition: when the owners of one firm absorb another so the latter firm ceases to exist. |
| monopoly | a business that has virtually total control of a market and uses this to its advantage either to raise prices or to ensure no competition can enter the market; officially a monopoly is where one firm has a 25% market share |
| multinational | a large business which has production facilities in more than one country |
| mutuality | non-profit making - if a business is mutual it means that the investors own the business and run it in order to benefit its members: profits are used to increase customer service and are not paid out to shareholders, as is the case with limited companies |
| nationalised industry | an industry that is owned and controlled by the state and which is usually under the direction of a board appointed by the state; revenues gained from its trading are paid directly to the government, e.g. air traffic control |
| organisation chart | a diagram showing the structure of a business in terms of its personnel |
| overdraft | an agreement with a bank that allows a customer to draw out more money than is in their current account |
| partnership | a business owned by 2 - 20 people sharing in the control of the business |
| plough-back profits | to reinvest the profit made one year back into the business without taking any of it out |
| population trends | the alteration of the make-up of the total population in terms of its age group, ethnicity or gender |
| primary industry/sector | an industry, which involves extracting materials from nature, e.g. coal mining, quarrying and fishing |
| private company | a limited company which is not allowed to sell its shares on the stock exchange to the general public; these are usually small family businesses |
| profit | the amount of money left when all the costs have been taken away from the income |

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| profit motive | the aim of a business to gain financial rewards for taking business risks |
| promotional mix | or marketing communications mix: the combination of methods chosen to communicate about their goods and services |
| public corporations | organisations that are controlled by the government such as the Post Office, or the Bank of England |
| public limited company | a limited company which is allowed to sell its shares on the stock exchange to the general public |
| pyramid structure | an organisational structure in which power and responsibility are built up in layers |
| reserves | these are amounts of money which are held within a business in order to ensure that funds are available in the future for a particular project or special event |
| secondary industry/sector | a manufacturing or construction industry which changes raw materials into products, e.g. car manufacturer |
| shareholder | a person or organisation who owns shares in a limited company |
| shares | a unit of investment made in a limited company which allows the holder to receive dividends or benefits in relation to the number of shares held; these can be purchased by a member of the public through the stock exchange |
| sole trader | a business owned by one person |
| span of control | the number of people working directly under a manager |
| stakeholder | a person or organisation who has an interest in a business venture either financially or politically |
| start-up capital | the amount of capital invested by the owner of a business in order to get the business up and running |
| surplus | this is usually used in terms of a non-profit-making organisation to describe where income is greater than expenditure |
| target setting | this is a management function which enables the business to progress and set attainable targets for the future; this process can cover any time period such as weekly, monthly or annual targets |
| taxation | the main method used by central and local governments for raising revenue |
| tertiary industry/sector | industries that do not produce anything, but provide a service, e.g. hotels and management consultants |
| trade credit | credit given to a firm by another firm usually within the same line of business |
| trade union | an organisation that is set up to represent the workers within a particular industry and to lobby their employers for better pay, conditions and working hours |
| variable costs | a cost that alters when output changes, e.g. raw materials |
| venture capital | this is risk capital, usually in the form of a package of loan and share capital, to provide sufficient investment in a small or medium-sized business wishing to produce a new product |
| working capital | the amount of funds available to the business, which can be used for daily trading such as buying stock |

| 5162 Effective Business Communication | |
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| action points | a list of actions that must be undertaken by selected individuals, which has been agreed at a meeting |
| aims | long-term intentions |
| bar chart | a diagram that gives a quick comparison between variables, e.g. the number of people working in each department |
| body language | hidden messages sent from the body, e.g. a nodding head often means agreement |
| clarify information | to check understanding of the facts and/or figures |
| communication | the process of transferring information from one person to another |
| corporate image | the perception of an organisation that is held by employees, customers, government and the public |
| cost-effectiveness | gives a satisfactory return for spending |
| counselling | advice given |
| Data Protection Act | a law set to protect the information kept on consumers |
| disciplinary interview | meeting to discuss an employee's inappropriate actions |
| e-mail | electronic mail sent from one computer to another |
| employment interview | formal interview finding out about a person's suitability for a vacancy within the company |
| external | outside the organisation |
| fax | an exact copy of a document sent from one machine to another through the telephone lines |
| formal channel | information being passed conforms to the official structures set within the organisation |
| functional group | group focusing on activities within an individual department |
| grievance procedure | formal interview discussing an employee's complaint about the way they are treated |
| group culture | the 'unwritten' rules that influence the behaviour, decision-making and management style of employees within a company |
| group hierarchy | position of each individual within an organisation |
| informal channel | information is passed outside the official channels of communication within an organisation |
| interaction | communication between people |
| Internet | the information superhighway, linking millions of computers worldwide |
| leadership | in charge |
| line graph | a diagram that joins the points showing the relationship between two variables |
| market research | the process of gathering data on consumers in relation to the product a business sells |
| memos | an official written internal document for information that is brief or urgent |
| multimedia | computerised method of presenting information by combining audio and video components using text, sound and graphics |
| non-verbal communication | body language, eye contact, hand gestures etc. |
| obtain information | to gather the facts and/or figures |
| one-way communication | sender receives no feedback |
| organisational charts | diagram showing the position of management and employees within an organisation |
| performance appraisal review | assessment of an employee's work during a period of time |
| pie chart | a circle split into parts that represent different items |
| project group | a group focusing on a particular activity |
| receiver | person receiving information |
| report | written business document |

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| research and development interview | meeting focusing on new ideas for a business and how these ideas can be turned into commercially viable products |
| self-managing group | group that is responsible for itself: identifying problems and solving them |
| semi-structured interview | main questions set with follow-up questions decided during the interview |
| sender | individual issuing the information |
| set house styles | strict layouts established by an organisation for its business documents |
| structured interview | all questions formally set prior to interviews taking place |
| table | rows and columns of information (normally figures) |
| two-way communication | sender receives feedback |
| verbal communication | oral or written communication |

| 5163 Business Finance | |
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| <i>accounting</i> | |
| financial accounting | the preparation of business accounts from business records |
| management accounting | preparation of financial statements, reports and data for use by managers |
| cost accounting | a subsidiary of management accounting which looks to establish precise information regarding the cost of the business activity |
| <i>assets</i> | physical items or claims held by a business which have a monetary value attached to them |
| tangible assets | physical assets, e.g. land, building, equipment etc. |
| intangible assets | non-physical assets, e.g. patents, trademarks, copyright etc. |
| balance sheet | summary of the financial position of a business at a point in time, including liabilities and assets |
| bank loan | a fixed sum of money lent for a fixed period of time at a set rate of interest from one of the commercial banks |
| bank reconciliation | the agreement of the bank columns of a cash book |
| book value | the current value of an asset - historic cost minus accumulated depreciation |
| break-even | the quantity of sales at which total costs equal total revenue |
| budgetary control | monitoring of financial targets for the future |
| business entity | business identity as 'an artificial legal person' |
| capital | the money invested in a business by its owners |
| capital expenditure | spending on assets which will last for more than one production time period |
| cash book | a ledger which is used for entry of incoming and outgoing payments |
| cash flow | cash inflows and outflows over a period of time |
| copyright | the exclusive legal right to an originator of material to print, publish, perform or film etc. that material |
| <i>cost</i> | expense incurred in operating a business |
| direct costs | costs that a business can link directly with the output of the business, e.g. raw materials |
| indirect costs | costs which cannot be attributed to just one product |
| fixed costs | costs which do not vary with number of output units produced |
| variable costs | costs which vary with the number of output units produced |
| marginal costs | the addition to total costs of producing one extra unit of output |
| unit/average cost | cost of producing a single unit of output: total cost of production divided by total output |
| cost centres | divisions of the costs according to the functions of a business |
| credit | a positive entry in an account book, recording a payment received |
| credit note | a supplier's note agreeing or certifying a rebate, usually issued on goods returned |
| day book | an account book used for the initiation of credit transactions where goods are sold on credit |
| debit | a negative entry in an account book, recording a payment made |
| debt factoring | operated by special agencies that 'buy' debts of firms for cash. This is a short-term source of finance where the risk of collecting the debt becomes the factor's |
| disclosure | assumed compliance with accounting standards |
| double-entry bookkeeping | where entries are made onto books or ledgers as both a credit and a debit |
| forecast | estimate or calculation of budgets for the future |
| going concern | the notion that the business will continue to operate - ensures that closing balances become opening balances |
| historic cost | valuation of assets at original cost |
| incorporated body | a company recognised in law |

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| investment | the production of items that are not for immediate consumption; the purchase by an organisation of equipment and materials that will add to capital stock; to lay out money in an enterprise with the expectation of profit |
| <i>investment appraisal</i> | the analysis of the viability of an investment project |
| average rate of return | measurement of net return per annum expressed as a % of initial investment |
| internal rate of return | the rate of return at which the net present value is equal to zero |
| net present value | the present value of a future income stream minus the initial cost of the investment |
| invoice | lists of goods shipped or sent, or services rendered with prices and charges |
| journal | see day book |
| <i>ledgers</i> | account ruled books used for recording information, in money values, of the day-to-day trading of a business |
| purchase ledger | ledger recording goods and services purchased by a business |
| sales ledger | ledger recording sales made by a business |
| nominal/general ledger | ledger recording sales, purchases, bank receipts and payments, cash receipts and payments, transfer of money from accounts etc. |
| <i>liabilities</i> | items owed by the business that can be long term or current |
| current liabilities | liabilities that are likely to require repayment within one year |
| long-term liabilities | liabilities with a repayment period beyond one year |
| money cycle | or 'circular flow' - refers to the way in which money flows from businesses to households by the exchange of goods and services and factors of production |
| money terms | values of goods and services expressed accurately in terms of currency units |
| overdraft | refers to a situation where withdrawals exceed payments in an account |
| overheads | the sum of all business costs which cannot be traced to specific units of output or are not traced as it is too costly or inconvenient to do so. |
| partnership | an association consisting of 2 - 20 people, who agree to contribute money, labour and skill to a business for the benefit of all, and to share the profits and losses |
| patent | a government authority to an individual or organisation conferring a right or a title |
| <i>profit</i> | total revenue minus total cost |
| gross profit | sales revenue minus cost of sales |
| net profit | gross profit minus trading expenses |
| profit and loss account | an account showing how the net profit of a business and the retained profit of a company are calculated |
| profit centre | calculating profit for a particular product or section of a business |
| profits | excess of revenues over outlays and expenses in a business enterprise over time |
| raw materials | inputs into production that are provided by nature |
| realisation | profits earned when products are legally sold |
| receipt | a record of a payment made |
| retained profit | those profits kept in the business after the owners have taken their share of the profits |
| share capital | funds introduced into the business through the issue of shares; the maximum amount of money that can legally be raised through the sales of shares |
| <i>shares</i> | the division of capital into smaller equal portions |
| cumulative shares | shares which allow for dividends unpaid in one year to be paid in subsequent years |
| ordinary shares | shares which attract variable dividend payments and have strong voting rights; also known as equities |
| preference shares | shares carrying a fixed rate of dividend which is payable from a company's available profits; preference shares have limited voting rights |
| sole trader | a business in which the owner provides the capital and takes all the profits and carries the risk of the business alone |

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| taxation | the act or principle of levying compulsory financial contributions imposed by the state to raise revenue |
| trade credit | an agreement allowing a business to buy goods and services and to pay for them over a fixed period of time |
| trademark | a device or word secured by legal registration |
| trading account | the financial statement that records the trading activities of the business and generates the gross profit figure |
| transnational | an organisation whose operations extend beyond national boundaries |
| true and fair view | testimony that accounts give an honest interpretation of the financial transactions of a business |
| variance analysis | investigating the differences between actual and forecasted figures |

| 5164 Marketing | |
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| advertising | use of paid-for space in a publication, for instance, or time on television, radio or cinema, usually as a means of persuading people to take a particular course of action, or to reach a point of view; may also be taken to include posters and other outdoor advertising |
| bias | statistical term referring to errors in sample survey results which may be due to the use of an unrepresentative sample or to undue influence upon the response by the agency conducting the survey, or a combination of such causes |
| competitive advantage | some benefit or value provided by a product, service or business, often unique to the organisation concerned, that gives it superiority in the marketplace |
| demographic segmentation | the division of the market into groups based on demographic variables such as age, sex, income, occupation, family size, family life cycle, education, race/nationality |
| desk research | obtaining facts and information from sources which are already published (e.g. directories), or which are readily accessible (e.g. sales records) as opposed to field research |
| direct marketing | producer supplying direct to consumer without the use of any retail outlet; includes mail order companies and direct response firms selling through the media or by post |
| field research | that part of a market research survey involving contact with customers, or a representative sample of the population |
| focus group | a small sample group of typical consumers under the direction of a leader who elicits reaction to a stimulus such as an advertisement or new product concept |
| geographic segmentation | the division of a market into different geographical areas such as neighbourhoods, regions, countries, cities |
| marketing culture | a business that has adopted the marketing concept throughout the whole organisation |
| marketing mix | planned mixture of the elements of marketing in a marketing plan: the aim is to combine them in such a way as to achieve the greatest effect at minimum cost; also referred to as the 4Ps or the 7Ps |
| marketing objective | where an organisation aims to be in the marketplace within a specified time; this may be broken down into products and territories coupled with sales turnover figures and market share |
| marketing orientation | used to describe organisations that seek to identify and quantify customer requirements and to plan output and profitability accordingly |
| marketing plan | written plan, usually comprehensive, describing all activities involved in achieving a particular marketing objective, and their relationship to one another in both time and magnitude; will include short- and long-term sales forecasts, production and profit targets, pricing policy, promotional and selling strategy, staffing requirements, as well as the selected marketing mix and expense budgets |
| marketing planning process | the process of analysing marketing opportunities, selecting target markets, developing appropriate marketing mixes and putting in measures to control the process |
| marketing research | any research activity that provides information relating to marketing operations; whilst the term embraces conventional market research, motivation studies, advertisement attention value, packaging effectiveness, logistics, and media research are also included, as well as analysis of internal and external statistics of relevance. |

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| market penetration | a strategy for increasing sales of current products into existing target market segments (by winning competitors' customers, increasing product usage, or taking over a competitor) |
| market research | research into a particular market |
| market share | the share of a particular market held by an organisation |
| market skimming pricing | setting a high price for a new product with the aim of 'skimming' high revenues from segments willing to pay high prices: the business sells less but at a more profitable price |
| personal selling | the process of making oral commercial representations during a buyer/seller interview situation; colloquially referred to as face-to-face selling, sometimes known as buyer/seller interface |
| PEST | Political, Economic, Societal and Technological analysis of an organisation's environment |
| PLC | the product life cycle - a term used to describe the stages in the life cycle of a product. It is said to go through introductory, growth, maturity and decline stages - at each stage a different marketing mix is appropriate. |
| primary research | information gathered for a specific purpose |
| promotions mix | the combination of advertising, public relations, personal selling and sales promotion that a business uses to achieve its promotional objectives |
| public relations | conscious effort to improve and maintain an organisation's relationships with such publics as employees, customers, shareholders, local communities, trade unions with a view to strengthening reputation, i.e. building corporate image; not to be confused with press relations |
| sales promotion | any non face-to-face activity concerned with the promotion of sales, but often taken also to exclude advertising; in consumer marketing, frequently used to denote any below-the-line advertising expenditure and having close connections with in-store merchandising |
| secondary research | information that already exists, having been gathered for another purpose |
| segmentation | breakdown of market into discrete and identifiable elements, each of which may have its own special requirements of a product and each of which is likely to exhibit different habits affecting its exposure to advertising media. Other marketing factors such as optimum price, quality, packaging and distribution are likely to differ between one segment and another; typical breakdowns are based upon age, social standing, income, sex, geographical location, leisure pursuits |
| survey research | the gathering of primary research through either postal, face-to-face or telephone surveys; questions are asked to identify knowledge, attitude, behaviour and preferences |
| SWOT analysis | a mnemonic for Strengths, Weaknesses, Opportunities, Threats: situation assessment used in marketing planning |
| targeting | choosing a medium which will direct an advertising message at a narrowly defined market segment |
| target segment | a set of buyers sharing common needs or characteristics that an organisation decides to target |

| 5165 Human Resource Management | |
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| appraisal | the process of assessing the progress and effectiveness of an employee |
| bonus | an additional payment for reaching a sales or production target, or recognition of service, or a share of profits |
| centralisation | all authority to take decisions is held by the senior management |
| consultation | the process of seeking the views of others before coming to a decision |
| contracting out | this involves giving tasks to independent or outside suppliers rather than directly employing the staff to do them, e.g. cleaning, computer servicing, catering |
| CV i.e. curriculum vitae | a document which normally accompanies an application form and contains the details about a candidate that the application form doesn't allow for |
| decentralisation | the authority to take decisions is delegated downwards through the chain of command; it gives more responsibility to those in less senior positions |
| disciplinary procedure | the process by which employees are reprimanded, punished or even dismissed in the event of their failure to work according to their employment contract and/or company code of conduct |
| dismissal | the loss of one's job, being given the 'sack', owing to incompetence or some infringement of conduct or rule |
| employers' association | an organisation representing the interest of employers within either an economic sector or industry; its activities include research, public relations, negotiation, lobbying |
| employment contract | a legal document or agreement which sets out the terms and conditions of either a specific job or a category of job |
| employment protection | the structure of laws, regulations and agreements which safeguard employees from, for example, unfair dismissal, exploitation, inadequate pay |
| equal opportunities | employees and prospective employees have equal chances of advancement and employment regardless of their religion, gender, disability, race |
| fixed rate | rate of pay that is fixed and generally applied to work that is not easily measured |
| fixed-term contract | an employment contract for a specific period of time usually for a particular task |
| flexitime | an arrangement allowing employees to complete their working week at times largely convenient to them but generally a minimum number of hours must be worked in any particular time period, but starting and finishing times are flexible |
| fringe benefits | benefits given to employees in addition to wages or salary, e.g. company car, subsidised meals, medical insurance; they help to motivate staff and maintain loyalty |
| grievance procedure | the means by which employees can seek to resolve complaints of alleged or real breaches of the terms and conditions of their employment |
| health and safety | employers should provide, as far as is practicable, a safe working environment and appropriate safety equipment, clothing and training |
| human resource management | the employment, training and development of an organisation's workforce so that it is effective and efficient |
| induction training | an initial or introductory programme designed to ease new employees into an organisation; the emphasis is on rules and procedures, key personnel, terms and conditions |
| job creation | government and/or business sponsored schemes to create employment in economically depressed areas |
| job description | a detailed statement identifying what a job entails, i.e. the nature of the work, responsibilities, tasks, measurement of performance, accountability |
| job satisfaction | the extent to which employees feel positive about themselves and their work; it can be encouraged by recognition of effort; the lack of job satisfaction will lead to absenteeism and high staff turnover |

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| lifelong learning | the idea that learning (education and training) is an on-going experience |
| line managers | managers operate in a hierarchical structure and are delegated a certain amount of authority and responsibility and they may delegate in turn |
| media | these are the means or channels through which jobs can be advertised; the media include radio, television, magazines and journals, cinema, posters, newspapers |
| negotiation | the process by which opposing interests, e.g. employers and employees, try to come to mutually acceptable decisions |
| payment by results | sometimes referred to as PBR, it is a system of wages designed to achieve specific targets or generally a higher rate of output; commission is an example of PBR |
| person specification | this describes the qualities, attributes and characteristics required in a person to carry out a particular job |
| piecework | a method of wages based on output; the employee receives a payment or rate for each item produced |
| problem-solving mechanism | a process which seeks to resolve problems and conflicts at work through, for example, disciplinary and grievance procedures |
| professional body or association | can be regarded as a form of trade union as it may represent its membership in bargaining with employers but it is also responsible for setting and maintaining professional standards |
| profit-sharing | employees are paid a share of the company's profits usually in the form of an annual cash bonus |
| redundancy | a form of dismissal except that redundancy can only occur if a particular job or function ceases to exist; an organisation cannot declare a person redundant and then appoint someone else to the same or equivalent job |
| references | written statements in support of a candidate's application which will contain comment about the person's character, abilities, and suitability; references are important in the recruitment process |
| resignation | an employee voluntarily ends the employment contract by leaving the business; the period of notice will depend upon the nature of the contract and the status of the employee |
| retirement | this occurs when an employee either reaches the end of a working life or chooses to give up work altogether to live on a pension |
| salary | a method of pay based on a year's work, i.e. a job may carry a salary of \$20,000 and for that the employee is expected to do the job regardless of the hours it takes |
| service contract | an employment contract mostly given to senior management and usually specifying long periods of notice and high compensation payments (in the case of dismissal) |
| share option scheme | an incentive usually offered to management which permits them to buy company shares at a future date, say within 3 - 5 years, at today's price, e.g. if the current share price is 50c and a future purchase is made when the price is \$2 then the executive can sell the shares and make \$1.50 profit on each |
| shift system | work is undertaken during non-standard working hours usually in 3 x 8 hour shifts in every 24-hour cycle; shifts are introduced to maximise use of plant and equipment and to increase output |
| social costs | the costs to the whole community of a business decision, i.e. if a business issues redundancy notices then the resulting unemployment can affect the entire community |
| support costs | costs additional to pay involved in employing staff, e.g. protective clothing, training, company pension contributions |
| Total Quality Management (TQM) | a method of monitoring the production process to prevent errors and poor quality; it attempts to influence the attitudes and actions of the workforce in order to create a quality culture |

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| trade union | an organisation representing employees' interests, e.g. pay, safety, training, conditions |
| training: off-the-job | all forms of training carried out away from the actual workplace, e.g. college, training centre, conference room |
| training: on-the-job | training or instruction carried out at the actual place of work |
| wage | a method of pay based on one hour's work; the pay packed may be issued weekly but it will represent actual hours worked |
| worker director | a representative of the workforce who sits on the board of directors (as an acknowledged director, not as an observer) |
| works council | a meeting or committee comprising representatives from both management and the general workforce which discusses the development and improvement of the business and its processes |

| 5166 Interpersonal Business Skills | |
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| active listening | active listening involves: thinking consciously about what is being said; showing you are listening by maintaining a correct amount of eye contact, using facial expressions such as smiling, nodding and frowning where appropriate; making 'listening noises', such as 'mmm', 'yes', 'I see' |
| aggressive behaviour | when people behave aggressively they try to impose their views and wishes on others, either by using threats and sanctions or through manipulation; they think primarily of themselves and do not respect the views, opinions and rights of others |
| assertive behaviour | when people behave assertively they express what they think and feel clearly and concisely; they listen to other people's points of view; even though they may not agree, they respect other people's rights to, for example, say 'no' to requests they have made; an assertive conversation is an adult-to-adult, two-way exchange. |
| Behaviour | the word 'behaviour' describes what people do, whereas 'personality' refers to what they are. Good communicators focus on behaviour (e.g. 'You lost your temper.') rather than personality (e.g. 'You are a bad-tempered man.') |
| body language | includes facial expression, eye contact, tone of voice, posture and gestures |
| building | describes a positive type of behaviour in which we listen to an idea proposed by another person and then suggest how to add to or modify it to make it better |
| closed questions | closed questions prompt a 'yes' or 'no' answer (e.g. 'Have you done your homework?'); some people also include in the definition questions which have a one-word answer (e.g. 'What time is it?') |
| hypothetical questions | hypothetical questions invite respondents to speculate or describe what they would do in situations which have not arisen (e.g. 'What would you do if the building caught fire?') |
| leading questions | leading questions either try to prompt respondents to give a particular answer (e.g. 'Surely you would agree that it would be best to sell before we lose any more money?') or they are questions which assume something that has not been established (the example. Which lawyers often quote is 'When did you stop beating your wife?') |
| non-verbal communication | includes body language, but also covers factors such as dress, spatial distance and orientation, physical setting and status |
| open questions | open questions begin with 'why', 'what', 'how', 'where', 'when' and 'who'; they encourage the respondent to provide detail, rather than single word answers |
| passive behaviour | people who behave passively either fail to say what they think or feel or they do so in such a roundabout or submissive manner that they are not understood; they defer to the opinions, wishes and rights of others at the expense of their own |
| positive mental attitude | when faced with difficult situations, such as having to criticise a friend, the thoughts which pass through our heads can be aggressive ('I don't care what he thinks, I'm going to give it to him right between the eyes.') or passive ('This is going to be awful. He'll never speak to me again.'); |
| | 'positive mental attitude' means preparing to create an adult discussion by thinking assertive thoughts ('I've checked my facts. I've worked out what I'm going to say. Our friendship's strong enough to survive criticising one another. He may react rather emotionally, but I can handle that.') |

| 5167 Business Start-Up | |
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| accountant | a person who advises businesses on financial matters and produces their accounts |
| accounting system | method of recording all the business transactions carried out on a daily basis |
| advertising agent | a person or business who specialises in advertising, helping businesses design advertising campaigns and to advertise in the best possible place to maximise sales |
| banker | a person who deals with the money deposited in the bank by a business or individual |
| brand name | a distinctive name identifying a product or manufacturer |
| break-even | the level of output where total revenue is equal to total costs resulting in neither a profit nor a loss |
| budgeting | the act of forecasting costs and revenues for the forthcoming period and adjusting future expenditure to ensure that revenues will cover costs |
| business consultant | a person who advises businesses on business strategies and procedures |
| capital | the money invested in a business by its owner or owners |
| capital items | items which are purchased in order to set up the business such as premises, machinery and vehicles |
| cash flow | the flow of cash in and out of the business, e.g. a cash inflow is money received from sales and cash outflow money paid out to suppliers for paying bills |
| cash-flow forecast | this is a document which lists all cash inflows and outflows over a given period, clearly showing the balance of cash held at the end of each week or month |
| chamber of commerce | a group of local business people who get together to promote their industrial area and to assist other businesses starting up |
| cheque signatories | the people within the business who are allowed to sign and authorise the cheques |
| customer finance | financial deals given to customers to encourage them to purchase items from a business, such as interest-free credit |
| debenture | a certificate issued by a company to acknowledge a long-term loan; these can only be issued by limited companies and are usually taken up by a bank |
| deposits | positive monetary entries in a company bank account |
| direct cost | a cost that is directly attributable to the production process, e.g. raw materials and production line worker's wages |
| estate agent | a person or organisation that specialises in the buying and selling of properties, either commercial or private |
| franchise | a business with regard to which the owner has purchased the right to call their product by another's name; the owner will purchase the brand name and in return will receive privileges; this enables a small business to run whilst gaining the benefits of belonging to a large organisation, allowing them to carry out group advertising and promotions |
| gross profit | the profit calculated when the direct costs of production are taken away from sales |
| hire purchase | the purchase of goods by paying a monthly amount; the goods do not belong to the purchaser until the last monthly payment is made |
| indirect cost | a cost that is not directly related to production, such as insurance |
| insurance | the payment of a sum of money to an insurance business that will guarantee to cover any losses should the event insured for occur, e.g. fire insurance |
| intangibles | items owned by a business, which have no physical presence, e.g. the purchase of a brand name or goodwill |
| investors | people who put money into a company or business venture |

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| lawyer | a qualified legal person who advises businesses and individuals on legal matters |
| leasing | the hire of premises or equipment for a monthly or annual sum |
| limited company | a business which raises its capital by selling shares to shareholders |
| loan | money borrowed from a bank or building society to purchase assets for a business, usually over a fixed number of years |
| local government | government departments set up locally to deal with regional problems and local issues such as refuse collection, housing and education |
| marketing mix | these are the measures that a business uses to attract buyers to its products or services, commonly known as the 4Ps |
| mission statement | a general statement issued by a business stating its core values and providing a focus for action |
| net profit | the profit calculated when all business expenses have been taken out |
| overdraft | where the bank account holder takes out more money than is held in the account |
| partnership | an association consisting of 2 - 20 people, who agree to contribute money, labour and skill to a business for the benefit of all, and share in the profit |
| payment in advance | payment before receipt of goods or services |
| ploughed back profits | annual profits that are not taken out by the owner but left in the business to help it expand |
| PR advisor | public relations expert, used by a company to raise its public profile |
| production plan | the structuring and planning of the production line to maximise the utilisation of labour, raw materials and machinery |
| share capital | all companies issue share capital which is the sale of a portion of the business; this is usually sold in standard amounts such as £1 shares |
| shareholder | any person who owns the company's shares |
| sole trader | a business in which the owner provides the capital and takes all the profits and carries the risk of the business alone |
| start-up capital | the amount put into the business by the owner when the business is first started |
| tangibles | items owned by a business, which are solid and can be touched, e.g. vehicles, premises and machinery |
| tax authority | the local/national tax office that is responsible for collecting the company's tax liabilities, such as corporation tax and PAYE |
| trade association | a group of similar businesses that link together to ensure that standards are maintained, promotional activities are carried out, and knowledge of innovations is shared |
| trade credit | an agreement between a buyer and a seller to allow a business to buy goods or services now and pay for them at a later date |
| unlimited company | company not limited by guarantee where the owner's personal possessions are at risk in the case of bankruptcy |
| working capital | the capital used for everyday trading; the amount left when current liabilities are taken away from current assets |

| 5168 Customer Care | |
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| administration systems | the different structures which support business organisations such as finance, human resources and the post room. Since such systems do not contribute directly to profits, it is vital that they are efficient. The increasing use of IT in accounting packages has had a profound impact upon administration systems in recent years |
| body language | is the conscious or unconscious use of the body to convey unspoken messages: a shrug of the shoulders may convey indifference, while an aggressive stance may undermine a manager's attempt to apologise to a subordinate |
| business organisation | any organisation in the private or public sector whose activities involve providing goods or services |
| closed question | a question to which a limited number of pre-determined answers are offered, e.g. Do you buy a newspaper? |
| colleague | a fellow official or worker in a profession or business |
| commodity | any good, as opposed to a service, which can be bought or sold; the term is usually applied to markets in which there is almost no product differentiation, which include commodities traded in commodity markets such as unprocessed tea, sugar, rubber, wool |
| compensation | usually money or a gift given to a person as recompense, to make amends |
| complaints procedure | the process whereby a customer complaint is resolved to his or her satisfaction and the problem communicated to management to prevent its repetition. Some organisations have a special department for dealing with complaints. This is likely to be efficient, but may insulate other staff from hearing the causes of customer dissatisfaction. The ideal method is to ensure that all staff are trained to deal with, and resolve, complaints immediately. This is likely to achieve the desired effect: a contented customer who will return in future |
| consumer | any person who uses the goods or services of business organisations |
| credit | exists as soon as someone has acquired goods or services without paying for them at once or by paying for them with someone else's money |
| culture | the culture of an organisation is the code that affects the attitudes, decision-making and management style of its staff. The culture will affect resistance to change within the business and therefore the ability of a new boss to impose his or her style or decisions upon subordinates |
| customer | a person who receives the goods or services of a particular business organisation. A potential customer is somebody who, in certain circumstances, may become a customer for a particular product or of a particular organisation |
| customer care | all customers expect, and are entitled to be treated with, care and consideration |
| customer feedback | a system that is organised and a deliberate way of finding out what the customers think about the job you are doing; it is not left to chance or fate, not collected haphazardly and is proactive rather than reactive |
| customer focused | a concentration on the customer as a person, the focal point in caring and providing a service that answers the need of the individual |
| customer satisfaction | measures how well an organisation has lived up to the expectations of its customers; monitoring satisfaction requires a survey of the factors customers are looking for, then regular (perhaps monthly) research to track trends in customer satisfaction |

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| customer service | this covers all the activities that affect the customer's experience of dealing with an organisation; these will include the impressions created by the manner, appearance and training of staff, plus the reality of how well the customer's needs or wants can be satisfied; businesses offering a high level of customer service will add value to their products, enabling them to charge a higher price, while ensuring customer loyalty |
| demand | the demand, or consumer demand, for a product is the level of pressure from consumers for goods or services to be supplied by business organisations, and for which the consumer is willing to pay |
| disability | a physical or mental incapacity that prevents a person from doing something |
| empathy | the ability to project one's personality into the situation facing the individual and so fully comprehending, how they feel |
| goods | products manufactured or supplied by business organisations; goods are tangible and are used by consumers |
| health and safety | imposes on employers the duty to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all staff; health and safety issues also relate to members of the public, e.g. customers and potential customers |
| hierarchy | in a business context, this refers to the way that most organisations are structured. The layers of the hierarchy are usually arranged in a pyramid structure |
| manager | an employee with authority over a number of subordinates and the responsibility for planning and monitoring short- and medium-term strategies |
| market | the term used to describe the meeting place between customers and suppliers |
| market research | the process of gathering primary and secondary data on the buying habits, lifestyle, usage and attitudes of actual and potential customers |
| marketing | the all-embracing function that links a business with customer tastes to get the right product to the right place at the right time |
| needs | the requirements of consumers for goods and services essential to sustain life and an acceptable level of comfort |
| non-profit-making organisations | may be run in a businesslike way but their objective is not the conventional one of the profit motive, e.g. charities, clubs and societies |
| observation | a survey technique that requires the researcher only to watch and record behaviour rather than ask questions. For example, to help decide where to locate a new shop on a high street, it would be helpful to measure the number of passers-by at the sites of the available shop premises; unless the rental is too high, the retailer should choose the shop where customer traffic flow is highest |
| open question | is one that invites a wide-ranging, reflective or imaginative response; on a questionnaire, they are questions that do not have specific answers to be ticked; in an interview, they are the (harder) questions that demand more than just a factual answer; an example of an open question would be 'Tell me a bit more about yourself' |
| organisation | an organised body, system or society; in business terms it is a generic term for any properly formed company or service made up of different parts that operate together to achieve a desired objective |
| product | a term used by manufacturing and service businesses to indicate the goods or services they provide |
| professionalism | qualities or typical features associated with a profession such as law, medicine, teaching or management |
| promotion | the activities involved in marketing an organisation or its goods and services; organisations frequently have special promotions on particular goods and services in order to attract customers and generate sales |

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| public relations | a company's efforts to establish a good reputation and image in the eyes of consumers |
| qualitative | concerned with or depending on aspects of quality in an analytical sense |
| quantitative | concerned with measurement: such as size, extension, weight, amount or number |
| questionnaire | a document containing a series of questions designed to discover the information required to meet a firm's research objectives |
| record systems | the methods used in organisations to store information about business functions including goods, services, staffing, finance etc. Most organisations now use computerised storage systems |
| refund | a repayment to a customer for goods or services that are faulty, unsatisfactory or no longer required |
| replacement | an exchange of goods usually for an identical item, because of poor quality workmanship, wrong size or colour etc. |
| respondent | an individual who responds to a market research exercise and is therefore part of the actual sample |
| sales force | the team of sales representatives employed to achieve high distribution in wholesale and retail outlets, or to sell direct to consumers |
| services | activities which business organisations provide for consumers |
| signs | communication between two people using a gesture |
| special needs | customers who are disabled mentally and/or physically, who are suffering from poor health, or who are lacking the skills of communication and basic education |
| status | how highly a person is rated by other members of a group or workforce; this might derive from the individual's own abilities and achievements or from institutional factors such as job title or remuneration |
| stock | materials and goods required in order to produce, and supply goods or services to the customer |
| stock control | covers the procedures needed to ensure that stock is ordered, delivered and handled with efficiency so that customer demand can be met cost effectively |
| survey | another term for quantitative market research; in other words, research among a large enough sample of consumers to provide valid data |
| systems | organisations as groups of interrelating elements that require coordination and information to turn a wide range of input into a variety of outputs |
| wants | the requirements of consumers for goods and services to enhance their lives and lifestyles |