Theme 2 – Key Terms

Key term	Definition
Aesthetics	The visual attractiveness of something.
Application form	A document completed by a potential employee when they apply for a job.
Autonomy	Independence or the freedom to make your own decisions.
Average rate of return	Average annual profit as a percentage of the cost of the investment. This shows profitability and can be compared with the interest rates available on bank deposit accounts.
Bar gate stock graph	A diagram which shows changes in the stock level of a business over a period of time.
Barrier to communication	Anything which prevents the flow of accurate information within a business.
Batch production	Producing a limited number of identical products.
Buffer stock	The minimum level of stock held by a business.
Centralised organisational structure	An organisation in which most decisions are made at head office.
Commission	Being paid a percentage of the value of a sale.
Communication	The passing of information form one person or organisation to another.
Competing Internationally	Finding a way to succeed against rival businesses located overseas.
Competitive advantage	An advantage a business has over its rivals that is unique and sustainable.
Customer engagement	The attempt to make a customer feel part of something rather than the outsider.
Customer feedback	Comments, praise, or criticism given to the business by its customers.
CV	A document created by an individual which sets out a person's qualifications, experience, and any other relevant facts that a potential employer may want to know.
Decentralised organisational structure	An organisation that allows staff to make decisions at a local or branch level.
Demographic	Relating to the population, such as average age, average income, and so on.
Differentiate	Show that something (in this case, a product) is different from similar things.
Distribution	The process by which goods and services move from the producer to the consumer.
e-commerce	Using the internet to carry out business transactions.
e-Newsletter	Regular updates on the activities of a business sent electronically to actual or potential customers.
Environmental considerations	Factors relating to green issues, such as sustainability and pollution.
e-tailer	An electronic retailer, in other words purchasing electronically, either by e-commerce or, more likely these days, mobile commerce (m-commerce).

Ethics	Moral principles or standards that guide the behaviour of a person or business.
Excessive communication	The passing on of too much irrelevant information within a business.
Extension strategy	Any strategy used to extend the product life cycle and prevent the product from entering the decline stage.
External growth (Inorganic growth)	Where a business increases its market share by taking over or merging with another business.
External recruitment	Appointing new employees from outside the business.
Flat organisational structure	An organisational structure with very few layers of hierarchy, resulting in managers being responsible for many employees.
Flexibility	The ability to switch quickly and easily from one task to another.
Flexible hours	A contract between a company and an employee that doesn't specify how many hours of work will be provided.
Flow production	Continuous production of an identical product in a factory.
Formal training	The official programme of teaching employees new skills in a business.
Freelance contract	An agreement over one job between a company and self-employed worker.
Fringe benefits	A non-financial method of motivating employees such as company cars and discounted products.
Function	How well a good or service fulfils its purpose.
Globalisation	When businesses operate on an international scale and gain international influence or power.
Gross profit margin	Gross profit as a percentage of sales revenue.
Hierarchical organisational structure	An organisation with many layers of management, therefore creating a tall organisational pyramid.
Imports	A good or service that is made overseas and sold in another country.
Informal training	Unofficial teaching of new skills to employees by colleagues or through use of the internet.
Insufficient communication	Too little communication, which might leave some staff under informed and demotivated.
Integrated marketing mix	A marketing mix that has a theme, with the elements all supporting each other.
Internal Growth (Organic growth)	Where a business increases its market share through the use of its resources (such as improvements to the marketing mix).
Internal recruitment	Appointing staff from within the business to a new role.
Job description	a short account of the main features of the job.
Job enrichment	Being given a range of activities and responsibilities that enable the worker to learn and to grow.
Job Production	Production of a single product which is customised to the consumer's exact requirements.
Job responsibilities	These are the things that someone is required to do in order to fulfil their role in a business.
Job roles	These are different positions within a business, where each position requires different levels of skills and training.

Job rotation	Having several tasks to do at work to relieve the boredom of doing the same thing all the time.
Just in Time (JIT)	Running the business with so little stock that new supplies have to arrive just in time before they run out.
Logistics	The process of ensuring the right supplies will be ordered and delivered on time.
Making human resource decisions	A department within a business that is focussed on managing employees.
Marketing mix	The four P's of marketing, which are product, price, promotion and place.
Merger	When two or more businesses join together to operate as one business.
Motivation	The desire to want to complete a task.
Multinational	These are businesses that produce goods and services in more than one country.
Net profit margin	Net profit as a percentage of sales revenue.
Ongoing training	Regular, scheduled teaching of new skills to employees within a business.
Organisational structure	The way in which the workforce is organised, usually a hierarchy with people reporting to managers all the way up to the chief executive officer (CEO).
Permanent contract	An agreement between an employer and an employee that work and income will be provided constantly into the long term future.
Person specification	A description of the type of person who would best fit the job, their character, their experience, and skills.
Post-sales service	Service received after the purchase is completed, perhaps because something has gone wrong or as a way of promoting customer engagement.
Pressure group	An organisation that aims to make a government or business change its decision making.
Procurement	The process of ordering the right supplies from the right supplier.
Product differentiation	The extent to which consumers see your product as being distinct from its rivals.
Product knowledge	How well staff know all the features of the products and the service issues surrounding the products, such as the precise terms of Kia's seven-year warranty on its new cars.
Product life cycle	How the sales of a product vary over time.
Productivity	Output per person per period of time.
Promotional strategy	A medium to long term plan for communicating with our target customers.
Quality Assurance	The checking of a product to make sure that it is fault free and of an acceptable standard throughout each stage of the production process.
Quality control	The checking of a product to make sure that it is fault free and of an acceptable standard at the end of the production process.
Remote working	Working away from a business office, usually using the internet.

Renumeration	The financial rewards from work in the form of a wage or salary.
Research and development	The investigation of new products and processes and turning this into saleable products.
Retailer	A shop or chain of shops, usually selling from a building in a high street or shopping centre.
Retention	The ability of a business to keep its existing employees, rather than leave to take a position with another employer.
Self-learning	Teaching yourself, perhaps by thinking why a problem occurred and making sure you learn from your mistakes.
Sponsorship	When companies pay to have a brand associated with an iconic individual or event (usually connected with sports or the arts).
Stock	The amount of raw materials, work in progress and finished goods held by a business
Stock market flotation	Listing company shares on the stock market, allowing anyone to buy the shares. This means the price can float freely (up and down).
Sustainability	Acting to ensure that natural resources are used responsibly, to protect the environment for future generations.
Takeover	Where one business acquires more than 50% of the shares in another business, allowing it to gain overall control.
Target setting	When you are set goals by a manager and your job is to achieve them.
Tariffs	Taxes charged on imported goods and services.
Temporary contract	An agreement between a company and an employee that work and income will be provided for a short period of time.
Trade blocs	A group of countries that have agreed to have free trade within external tariff walls.
Trade-offs	How having more of one thing may force you to have less of another, for example higher ethical standards may mean less profit.
Trust	Building a business relationship in which both sides know that the other won't let them down.
Unique Selling Point (USP)	Something that makes a product stand out from its competitors.
Viral advertising	Advertising using social networking to increase sales or boost brand awareness.