

Key Words for A292 Revision	
<u>Key Words</u>	<u>Explanation - examples</u>
Stakeholders	A person or a group of people/ business that have an interest in a business, for example employees or customers or the Government
Public Sector	Businesses owned by the Government for example schools
Private Sector	Business owned by private individuals or shareholders
Public Corporation	This is a business in the public sector owned by the Government
Main aims of private sector	To make a profit, to grow, to survive (Usually more specific for example to increase sales by 10%, to grow by expanding into a different country or market)
Main aims of public sector	To provide a service, To survive and to breakeven. (Specific to make sure that students achieve excellent grades, 65% achieve 5 A-Cs or to decrease crime numbers by 25% over the next 5 years)
Privatisation	Selling businesses to the private sector from the public sector. This is because public sector organisations waste money and are slow at making decisions, however are they needed for people's survival
Nationalisation	Government buys back organisations from the private sector because they may be in trouble and their collapse would be bad for the people in the country. These businesses become public again.
Aims of Owner/ Shareholder	To get a share of the profits - otherwise what's the point!
Aims of a Customer	To get the best possible quality product at the lowest possible price. They would also want a good service that suits their needs, (24hours shopping , delivery, helpful advice)
Aims of Government	To make sure everyone in the country is working and earning so that they do not have to pay out income support and also to make sure that they are healthy and not costing the country money. HEALTHY AND WEALTHY
Aims of the local community	To have nearby shops/services that supply the goods/ services they want to buy. To have a healthy living environment - no pollution, traffic congestion etc. - To have good services - parks, libraries, schools, hospitals
Aims of Suppliers	To make as much profit as possible either from selling lots at a low price or fewer at a high price
Aims of Employees	To earn as much as possible by doing the least possible work! Some will be self-motivated!
Market Share	This is the amount of regular/ repeat customers that a business has in the whole market - usually expressed as a %
Social Enterprise	These are businesses that try to do some good for certain groups of people e.g. disadvantage children, disabled people or they try to help the environment. They are profit making and usually the profit is put back into the business.
Primary Sector	Businesses that extract/ get raw materials from the land or sea
Secondary Sector	Businesses that manufacture/ make things
Tertiary Sector	Businesses that sell things or service businesses
Interdependence	This is when businesses RELY on one another. What one business does either good or bad will have a good/ bad effect on others, for example if a new business starts up it will provide opportunities perhaps they can buy off other businesses, or they may draw customers in that might buy off the others, or they might steal customers away.
Sole Trader	Owned by one person :) Easy to set up and run, get to keep all the profits, Keep accounts private :(Long hours, no cover, unlimited Liability, Lack of capital, lack of specialisation
Partnership	Owned by between and 20 people :) More capital, ideas, skills, specialisation, cover for illness :(still have unlimited Liability, arguments, have to share profits

Limited Company	Have Limited Liability and are Incorporated. They take a while to set up, business will have to send forms off to Companies House and then they receive a certificate of Incorporation. They sell shares and are owned by these shareholders who are rewarded with a share of the profits each year.
Public Limited Company	Owned by shareholders These companies sell their shares on the stock exchange where everyone can buy shares. :) Limited Liability Can raise lots of capital :(Danger of hostile takeovers
Private Limited Company	Owned by private shareholders. These companies can only sell shares to friends and family :) Limited Liability Can raise money by selling shares Company safe from hostile takeover :(Can't raise as much as public companies Have to publish accounts each year
Limited Liability	If the business goes bankrupt the shareholders (owners) will only lose the money that they have invested (paid out for their shares) their personal possessions are safe. They have a separate legal identity to the business.
Unlimited Liability	If the business goes bankrupt the owners will have to pay back all of the debts even if that means selling their personal possessions
Incorporated Company	This has a separate legal identity to its owners
Multi National Company	A company that sells or manufactures in more than one country
Cooperative	This is an organisation that is owned/ controlled by its workers :) Workers are motivated as they own the business and they want it do well :(Too many bosses/ arguments/ slow decisions
Business Growth	Selling more, getting more outlets, selling in more countries
Horizontal/ Lateral Growth	Buying up or creating more shops/ factories in the same sector as they are already working in, for example a farm buying another farm or Selfridges opening a new branch
Vertical Growth	Buying up or creating more shops/ factories in a different sector that they are already working in for example an oil drilling business might buy an oil refinery and then the garages that sell the oil.
Takeover	A company or group of people buy up the majority of shares in a business so they take control
Merger	Two companies will come together so they share ownership - this is usually done happily
Location	Where a business chooses to sell to its customers - either on the high-street or in a remote area of Scotland or India - Why? Costs of land/ rent/ rates/ Do they need to be close to customers/ Close to rail/ road links/ Skilled Staff?
Organisation Chart	This shows everyone's status in the organisation - who is in charge of who etc.
Department	A group of people all doing the same sort of thing so they specialise in this area
Specialisation	When a person(s) concentrate on doing one thing (Finance for example) and they become really skilled at it
Chain of Command	The flow of orders/ instructions through a chart - could be long or short - long is bad as messaged get muddled and decisions take time
Delegation	Giving instructions out to others - but making sure they do them
Span of Control	The number of people one person is DIRECTLY in charge of - a big number is bad as they can't manage them all, a small number costs the business too much
Levels of Hierarchy	Count up the layers - a high number is a tall structure a low number is a flat structure (Low is better)
Part Time Work	Working less than 39 hours - Can manage childcare, but get paid less, have less rights than full time and feel less included. Good for business flexible but less motivated staff

Flexi Time Work	Working full time hours - have to come in for core hours for example 10 - 2 and make up the rest of the hours when they want - good for childcare. More motivated staff but might not have anyone in!
Seasonal Work	Come in at harvest or Christmas - good to cover busy times, demotivated untrained workers
Home working	Working at home - using telephone or internet. Good as don't have to pay electricity etc. for office, but can't keep track of staff and staff may feel isolated. Good for staff because of childcare but stressful because never away
Job Sharing	When two employees work part time and do the job of one person. They can look after children when they are not at work, but they get paid less and they may argue
Recruitment	Getting new staff for a job because someone has left or more demand - start off with Job Description and Personnel Specification - could use an agency or do it yourself.
Recruitment Agency	A Business that charges another business to do the recruitment process (get them new staff)
Job description	All the main duties, pay, holidays, responsibilities
Personnel Specification	All of the Qualities, Qualifications, Experience that you want the person to have
Methods of advertising for jobs	Job Centre (suitable for unskilled workers, free) Local newspapers (Targets people in the local area, quite high coverage, not as expensive as national) Local Radio (People listen on way to work, reasonable/ affordable, local people listen, quite high coverage) Specialist newspaper (Get the right sort of person so no wasted advertising)
Test at Interview	Might test Maths, English, Personality, make them do a presentation - all of these are scary for the interviewees but will show their skills and how they react in stressful situations
Short listing	Going through all the applications, getting rid of the ones you don't want and selecting a manageable amount for interview
References	Ask previous employees/ schools for comments on attendance, punctuality, honesty and personality
Interview	Ask questions on previous experience, qualities, how they would react in different scenarios
Human Resource Department	Personnel department
Advantages of more staff	Specialisation into different areas which will improve quality, more ideas and skills. Not they can produce more stock – because they might not sell it
Retention	Keeping employees in a job. It costs a lot of time and money to recruit a new member of staff and train them up to be as good as an experienced member of staff
On the Job Training	Training staff while they are actually doing the job e.g. serving on till/ stacking shelves watching other people (shadowing) or doing the job with someone watching. This is cheap for the business, and they learn skills specific to that business.
Off the job training	Sending employees off on training courses away from the business. Taught by professionals motivate staff but costs a lot and need to cover for staff as well. Got to be worth it!
Motivation	Making staff work harder, doing more work in the same amount of time, producing higher quality work with less mistakes, making them care!
Time rate	Paid for how many hours you work. The more you work the more you get paid
Overtime	Paid for extra hours than your contract at extra money. Useful to hit deadlines.
Commission	Paid for how much you sell as a % - will sell more but may pressure customers and it's stressful
Piece Rate	Paid for how many you make, may rush and make mistakes
Profit Sharing	Paid a % of total profit - so will sell more and look at reducing costs

Job Enrichment	Taking on extra responsibility - makes them feel valued/ special and give them opportunities for promotion
Job Empowerment	Same as above
Job Rotation	Doing different jobs throughout the working week - stops boredom and also provides skilled cover for illnesses
Team Working	Learning to work as a team - to communicate, to make decisions, to understand others feelings/ needs
Laissez Faire Leadership	As long as you get the jobs done that I have told you - do it however you want
Autocratic Leadership	Do as I tell you - exactly!
Democratic Leadership	This is where we need to go and do - how do you think we should do it - share ideas and move forward
Appraisal	Employees and their line managers (boss) meet to discuss how well they have met their targets and set new targets for next year often as part of performance management
Performance Management	Employees are judged on how they are achieving their targets – they might have a pay rise if they do well or the reverse
Performance Pay	If employees hit targets their pay is increased
Gross Pay	Pay before deductions
Deductions	Things taken off Net pay
Net Pay	Pay after deductions – your take home pay
Continuous Professional development/ Life-long Learning	Employees should never stop learning and developing. Each member of staff should have a training plan so they can work well for the business and are motivated
Total Quality Management	A method of all employees involved in the continuous improvement of the production of goods and services. It is aimed at reducing losses due to wasteful practices.
Equal Pay Act	Men and Women with the same responsibility should be paid the same
Discrimination Acts/ Equal Opportunities	Sex/ Race/ Disability/ Age Equal opportunities – every person must have the same chance of getting a job or being promoted – you cannot ask for a male/ or young person, or able bodied person. That person must meet the personnel specification to have a chance of getting the job
Health and Safety Act	Employees must make sure they obey the rules and act with reasonable care, Employers should have a policy, train staff how to use machinery/ lift things and put posters up, provide safety equipment. When staff I happy and healthy they will work hard and not take time off work.
Minimum Wage Act	There is a the lowest limit you should pay staff per hour
Trade Union	This is an organisation that protects the rights of employees. It provides help and advice to its members, expert legal advice; it negotiates with employees for better conditions and pay. Members have to pay
Industrial Action	Things done by employees to protest to employers by striking, work to rule and overtime ban
ACAS	An organisation that aims to improve relations between employees and employers by doing the things below
Conciliation and Arbitration	When another organisation/ person tries to solve a dispute/ argument between workers and employers by listening to both sides, negotiating and persuading both