Business and its environment

A-Level Business · Vocabulary in context

Word	Example
needs /niːdz/	Food, water and a home are basic **needs**.
wants /wɒnts/	People's **wants** are endless, but resources are limited.
goods /gʊdz/	Phones and bread are **goods**: things you can touch.
services /ˈsɜːvɪsɪz/	Teaching and transport are **services**.
resources /rɪˈzɔːsɪz/	A business uses **resources** such as money, workers and machines.
factors of production /ˈfæktəz ɒv prəˈdʌkʃn/	Land, workers and machines are **factors of production**.
land /lænd/	Fields, forests and oil are all **land** in economics.
labour /ˈleɪbə/	Factory workers provide **labour**.
capital /ˈkæpɪtl/	Machines and buildings are **capital**.
enterprise /ˈentəpraɪz/	**Enterprise** is the skill of starting a business and taking risks.
risk /rɪsk/	Known probabilities help a manager estimate **risk**.
scarce /skeəs/	Clean water is **scarce** in many dry countries.
adding value /ˈædɪŋ ˈvæljuː/	A cafe is **adding value** when it turns cheap beans into an expensive coffee.

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inputs /ˈɪnpʊts/	Labour and materials are production **inputs**.
branding /ˈbrændɪŋ/	Good **branding** makes people remember your name and logo.
profit /ˈprɒfɪt/	If sales are bigger than costs, the firm makes a **profit**.
entrepreneur /ˌɒntrɪprəˈnjʊə/	An **entrepreneur** takes a risk to start a new business.
intrapreneur /ˌɪntrəprəˈnjʊə/	An **intrapreneur** creates new ideas inside an existing company.
innovative /ˈɪnəveɪtɪv/	The firm is **innovative**: it keeps making new products.
determined /dɪˈtɜːmɪnd/	A good entrepreneur is **determined** and does not give up.
self-confident /self ˈkɒnfɪdənt/	She is **self-confident**: she believes in her own ideas.
business start-ups /ˈbɪznəs stɑːt ʌps/	Many **business start-ups** close in their first year.
unemployment /ʌnemˈplɔɪmənt/	**Unemployment** counts people who want a job but do not have one.
output /ˈaʊtpʊt/	The factory's **output** rose last year.
GDP /ˌdʒiː diː ˈpiː/	**GDP** is the total value of everything a country produces in a year.
competition /ˌkɒmpəˈtɪʃn/	Strong **competition** from other cafés forced the shop to cut its prices.

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export /'ekspɔ:t/	The farm sells half its fruit abroad as an **export**.
economic growth /ˌi:kə'nɒmɪk grəʊθ/	**Economic growth** means the economy makes more each year.
business plan /'bɪznəs plæn/	The **business plan** sets out the firm's aims, resources and money.
cash-flow forecast /kæʃ fləʊ 'fɔ:kæst/	A **cash-flow forecast** shows the money expected to come in and go out each month.
finance /'faɪnæns/	The new shop needs **finance** to pay for the building.
investor /ɪn'vestə/	An **investor** puts money into a business to get more back later.
primary sector /'praɪməri 'sektə/	Fishing belongs to the **primary sector**.
secondary sector /'sekəndəri 'sektə/	Car manufacturing belongs to the **secondary sector**.
tertiary sector /'tɜ:ʃjəri 'sektə/	Banking belongs to the **tertiary sector**.
quaternary sector /kwə'tɜ:nəri 'sektə/	Scientific research belongs to the **quaternary sector**.
raw materials /rɔ: mə'tɪərɪəlz/	Wood and cotton are **raw materials**.
manufacture /ˌmænju:'fæktʃə/	Factories **manufacture** goods from raw materials.
private sector /'praɪvət 'sektə/	A family bakery belongs to the **private sector**.
public sector /'pʌblɪk 'sektə/	State schools belong to the **public sector**.

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sole trader /səʊl ˈtreɪdə/	A gardener who works alone is a **sole trader**.
partnership /ˈpɑːtnəʃɪp/	Two friends own the café as a **partnership**.
deed of partnership /diːd ɒv ˈpɑːtnəʃɪp/	A **deed of partnership** is a written agreement between business partners.
private limited company /ˈpraɪvət ˈlɪmɪtɪd ˈkʌmpəni/	A **private limited company** cannot sell its shares to the public.
shares /ʃeəz/	She owns **shares** in the company, so she owns a small part of it.
shareholders /ˈʃeəhəʊldəz/	The **shareholders** own the company and vote at its meetings.
public limited company /ˈpʌblɪk ˈlɪmɪtɪd ˈkʌmpəni/	A **public limited company** can sell shares to anyone.
stock exchange /stɒk eksˈtʃeɪndʒ/	Shares in big companies are bought and sold on the **stock exchange**.
takeover /ˈteɪkəʊvə/	In a **takeover**, one firm buys control of another.
franchise /ˈfræntʃaɪz/	He opened a **franchise** of a famous coffee chain.
franchisor /ˈfræntʃaɪzə/	The **franchisor** owns the brand and lets others use it.
franchisee /ˈfræntʃiːsi/	The **franchisee** pays to use the brand name.
royalty /ˈrɔɪəlti/	The franchisee pays a **royalty**: a share of sales to the owner of the brand.
joint venture /dʒɔɪnt ˈventʃə/	Two firms form a **joint venture** to build a factory together.

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Word	Example
social enterprise /ˈsəʊʃl ˈentəpraɪz/	A **social enterprise** makes money to help society.
environmental /enˌvaɪrənˈmentl/	The company cut its plastic use for **environmental** reasons.
liability /ˌlaɪəˈbɪlɪti/	An owner's **liability** is how much of the debts they must pay.
debts /dets/	The owner had to pay the business's **debts** from her own money.
limited liability /ˈlɪmɪtɪd ˌlaɪəˈbɪlɪti/	With **limited liability**, owners can only lose the money they put in.
unlimited liability /ʌnˈlɪmɪtɪd ˌlaɪəˈbɪlɪti/	With **unlimited liability**, an owner may lose their house to pay business debts.
separate legal identity /ˈseprət ˈliːgl aɪˈdentɪti/	A company has a **separate legal identity**: it can be sued apart from its owners.
employees /emˈplɔɪiːz/	The firm has 50 **employees**.
revenue /ˈrevənjuː/	Sales **revenue** is the money from selling goods.
capital employed /ˈkæpɪtl emˈplɔɪd/	**Capital employed** is the total money invested in the business.
market share /ˈmɑːkɪt ʃeə/	The shop's **market share** is its proportion of total market sales.
market capitalisation /ˈmɑːkɪt ˌkæpɪtəlaɪˈzeɪʃn/	**Market capitalisation** is the share price times the number of shares.

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communities /kə'mju:nɪtiz/	The new factory brought jobs to local **communities**.
internal growth /ɪn'tɜ:nl grəʊθ/	Opening another company-owned shop is **internal growth**.
external growth /ek'stɜ:nl grəʊθ/	Buying another company is **external growth**.
integration /ˌɪntɪ'greɪʃn/	**Integration** happens when two firms join together.
merger /'mɜ:dʒə/	A **merger** joins two businesses into one.
horizontal integration /ˌhɒrɪ'zɒntl ˌɪntɪ'greɪʃn/	When two car makers join, this is **horizontal integration**.
vertical integration /'vɜ:tɪkl ˌɪntɪ'greɪʃn/	When a car maker buys a parts maker, this is **vertical integration**.
forward integration /'fɔ:wəd ˌɪntɪ'greɪʃn/	When a factory buys shops that sell its goods, this is **forward integration**.
backward integration /'bækwəd ˌɪntɪ'greɪʃn/	When a cafe buys a coffee farm, this is **backward integration**.
conglomerate integration /kən'glɒməreɪt ˌɪntɪ'greɪʃn/	When a phone maker buys a hotel chain, this is **conglomerate integration**.
diversification /daɪˌvɜ:sɪfɪ'keɪʃn/	Selling several export products improves **diversification**.
market power /'mɑ:kɪt 'paʊə/	A big firm with **market power** can set its own prices.
company culture /'kʌmpəni 'kʌltʃə/	The **company culture** is the way people usually work and behave there.

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Word	Example
economies of scale /ɪˈkɒnəmiz ɒv skeɪl/	Large firms gain **economies of scale**, so each unit costs less.
average cost /ˈævrɪdʒ kɒst/	**Average cost** is total cost divided by the number of units.
bulk /bʌlk/	Buying in **bulk** means buying large amounts at a lower price.
interest /ˈɪntrest/	Banks pay **interest** on savings.
diseconomies of scale /ˌdɪsɪˈkɒnəmiz ɒv skeɪl/	A very large firm can face **diseconomies of scale**, such as slow decisions.
communication /kəˌmjuːnɪˈkeɪʃn/	Clear **communication** helps the two shifts work together.
coordination /kəʊˈɔːdɪneɪʃn/	Good **coordination** means all departments work together.
motivation /ˌməʊtɪˈveɪʃn/	Praise can raise workers' **motivation**.
mission statement /ˈmɪʃn ˈsteɪtmənt/	The **mission statement** explains whom the business serves and why.
aims /eɪmz/	The business's **aims** are its long-term goals.
objectives /ɒbˈdʒektɪvz/	The **objectives** are clear targets that help the firm reach its aims.
specific /spəˈsɪfɪk/	A good objective is **specific**: it says exactly what the firm wants.
measurable /ˈmeʒərəbl/	A **measurable** target uses numbers, such as "sell 500 units".

"sell 500 units"

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achievable /əˈtʃiːvəbl/	An **achievable** target is possible to reach.
realistic /rɪəˈlɪstɪk/	A **realistic** target fits the time and money you have.
time-bound /taɪm baʊnd/	A **time-bound** target has a deadline, such as "by June".
	"by June"
strategy /ˈstrætədʒi/	The firm's **strategy** is its long-term plan.
tactics /ˈtæktɪks/	**Tactics** are short-term actions, such as a one-week sale.
profit maximisation /ˈprɒfɪt ˌmæksɪmaɪˈzeɪʃn/	**Profit maximisation** means making the gap between revenue and cost as large as possible.
survival /səˈvaɪvl/	In a crisis, a small firm's main aim is **survival**.
ethical /ˈeθɪkl/	An **ethical** firm pays fair wages and does not harm the environment.
corporate social responsibility /ˈkɔːpərət ˈsəʊʃl rɪˌspɒnsəˈbɪlɪti/	Cutting pollution shows **corporate social responsibility**.
pollution /pəˈluːʃn/	Smoke from factories causes **pollution**.
stakeholder /ˈsteɪkhəʊldə/	People living near the factory are a **stakeholder** group.
internal stakeholders /ɪnˈtɜːnl ˈsteɪkhəʊldəz/	Employees and owners are **internal stakeholders**.
managers /ˈmænɪdʒəz/	The **managers** plan the work and lead the staff.

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Word	Example
external stakeholders /ekˈstɜːnl ˈsteɪkhəʊldəz/	Customers and suppliers are **external stakeholders**.
customers /ˈkʌstəməz/	Happy **customers** come back and buy again.
suppliers /səˈplaɪəz/	Our **suppliers** sell us the raw materials we need.
lenders /ˈlendəz/	Banks are **lenders**: they lend money to the business.
pressure groups /ˈpreʃə gruːps/	**Pressure groups** campaign to change what firms do.
conflict /ˈkɒnflɪkt/	There can be **conflict** between two aims, such as low inflation and low unemployment.
compromise /ˈkɒmprəmaɪz/	Both sides gave up something to reach a **compromise**.
negotiation /nɪˌgəʊʃiˈeɪʃn/	After a long **negotiation**, the workers got a pay rise.
retraining	**Retraining** teaches workers the new skills their jobs need.

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