Understanding business activity

IGCSE Business Studies · Vocabulary in context

Word	Example
business /ˈbɪznəs/	The family runs a **business** selling handmade furniture.
goods /ɡʊdz/	Phones and bread are **goods**: things you can touch.
services /ˈsɜːvɪsɪz/	Teaching and transport are **services**.
customers /ˈkʌstəməz/	Happy **customers** come back and buy again.
resources /rɪˈzɔːsɪz/	Animals compete for **resources** such as food and water.
needs /niːdz/	Food, water and a home are basic **needs**.
wants /wɒnts/	People's **wants** are endless, but resources are limited.
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** means taking a risk to start a business.
scarce /skeəs/	Clean water is **scarce** in many dry countries.

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economic problem /ˌiːkəˈnɒmɪk ˈprɒbləm/	The **economic problem** is that resources are limited but wants are not.
opportunity cost /ɒpəˈtjuːnɪti kɒst/	The **opportunity cost** of a holiday is what else you could have bought.
added value /ˈædɪd ˈvæljuː/	**Added value** is selling price minus the cost of bought-in materials.
raw materials /rɔː məˈtɪərɪəlz/	Wood and cotton are **raw materials**.
brand /brænd/	Nike is a famous **brand**. Nike
management /ˈmænɪdʒmənt/	**Management** plans and organises work to meet objectives.
finance /ˈfaɪnæns/	The firm needs **finance** to buy new machines.
competition /ˌkɒmpəˈtɪʃn/	Two plants are in **competition** for light.
primary sector /ˈpraɪməri ˈsektə/	Fishing belongs to the **primary sector**.
manufacturing /ˌmænjuːˈfæktʃərɪŋ/	**Manufacturing** jobs moved overseas.
secondary sector /ˈsekəndəri ˈsektə/	Car manufacturing belongs to the **secondary sector**.
tertiary sector /ˈtɜːʃjəri ˈsektə/	Banking belongs to the **tertiary sector**.
developing economy /dɪˈveləpɪŋ ɪˈkɒnəmi/	A **developing economy** often has lower income per person.
developed economy /dɪˈveləpt ɪˈkɒnəmi/	Japan is a **developed economy**.

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Word	Example
de-industrialisation /də ɪnˌdʌstrɪəlaɪˈzeɪʃn/	**De-industrialisation** closed many factories in the city.
private sector /ˈpraɪvət ˈsektə/	A family bakery belongs to the **private sector**.
profit /ˈprɒfɪt/	If sales are bigger than costs, the firm makes a **profit**.
public sector /ˈpʌblɪk ˈsektə/	State schools belong to the **public sector**.
entrepreneur /ˌɒntrɪprəˈnjʊə/	An **entrepreneur** takes a risk to start a new business.
risk /rɪsk/	Known probabilities help a manager estimate **risk**.
innovative /ˈɪnəveɪtɪv/	An **innovative** firm finds new ways to do things.
business plan /ˈbɪznəs plæn/	The **business plan** sets out the firm's aims, resources and money.
market /ˈmɑːkɪt/	The **market** for phones in China is huge.
raise finance /reɪz ˈfaɪnæns/	The firm sold shares to **raise finance**.
start-up /stɑːt ʌp/	The **start-up** has only three staff.
grants /grænts/	The government gives **grants** to small firms.
loans /ləʊnz/	Banks give **loans** that must be paid back with interest.
employees /emˈplɔɪiːz/	The firm has 50 **employees**.
output /ˈaʊtpʊt/	The factory's **output** rose by 10%.

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Word	Example
revenue /ˈrevənjuː/	Selling 30 loaves at $5 brings $150 of **revenue**. $5 30 $150
capital employed /ˈkæpɪtl emˈplɔɪd/	**Capital employed** is the total money invested in the business.
growth /grəʊθ/	Opening another shop can support the firm's **growth**.
internal growth /ɪnˈtɜːnl grəʊθ/	Opening another company-owned shop is **internal growth**.
external growth /ekˈstɜːnl grəʊθ/	Buying another company is **external growth**.
merger /ˈmɜːdʒə/	A **merger** joins two businesses into one.
takeover /ˈteɪkəʊvə/	In a **takeover**, one firm buys control of another.
horizontal integration /ˌhɒrɪˈzɒntl ˌɪntɪˈgreɪʃn/	When two banks join, this is **horizontal integration**.
vertical integration /ˈvɜːtɪkl ˌɪntɪˈgreɪʃn/	When a car maker buys a tyre maker, this is **vertical integration**.
conglomerate integration /kənˈglɒməreɪt ˌɪntɪˈgreɪʃn/	When a food firm buys a bank, this is **conglomerate integration**.
economies of scale /ɪˈkɒnəmiz ɒv skeɪl/	Large firms gain **economies of scale**, so each unit costs less.
marketing /ˈmɑːkɪtɪŋ/	**Marketing** identifies customer needs and helps meet them.
advertising /ˈædvətaɪzɪŋ/	The firm spends a lot on **advertising** on social media.

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Word	Example
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.
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.
unlimited liability /ʌnˈlɪmɪtɪd ˌlaɪəˈbɪlɪti/	With **unlimited liability**, an owner may lose their house to pay business debts.
limited liability /ˈlɪmɪtɪd ˌlaɪəˈbɪlɪti/	With **limited liability**, owners can only lose the money they put in.
incorporated /ɪnˈkɔːpəreɪtɪd/	An **incorporated** business is separate from its owners in law.
unincorporated /ˌʌnɪnˈkɔːpəreɪtɪd/	A sole trader is **unincorporated**: the owner and the business are the same in law.
sole trader /səʊl ˈtreɪdə/	A **sole trader** runs the business alone.
partnership /ˈpɑːtnəʃɪp/	Two friends own the café as a **partnership**.
private limited company /ˈpraɪvət ˈlɪmɪtɪd ˈkʌmpəni/	A **private limited company** cannot sell its shares to the public.
shareholders /ˈʃeəhəʊldəz/	The **shareholders** own the company and vote at its meetings.

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Word	Example
public limited company /ˈpʌblɪk ˈlɪmɪtɪd ˈkʌmpəni/	A **public limited company** can sell shares to anyone.
shares /ʃeəz/	She owns **shares** in the company, so she owns a small part of it.
stock exchange /stɒk eksˈtʃeɪndʒ/	Shares in big companies are bought and sold on the **stock exchange**.
dividend /ˈdɪvɪdend/	Shareholders receive a **dividend** from the profit.
franchise /ˈfræntʃaɪz/	He opened a **franchise** of a famous coffee chain.
franchisee /ˈfræntʃiːsi:/	The **franchisee** pays to use the brand.
franchisor /ˈfræntʃaɪzə/	McDonald's is the **franchisor**. McDonald's
joint venture /dʒɔɪnt ˈventʃə/	Two firms form a **joint venture** to build a factory together.
social enterprise /ˈsəʊʃl ˈentəpraɪz/	A **social enterprise** makes money to help society.
public corporation /ˈpʌblɪk ˌkɔːpəˈreɪʃn/	The national railway is a **public corporation**.
objective /ɒbˈdʒektɪv/	The firm's main **objective** is to grow.
survival /səˈvaɪvl/	In a crisis, a small firm's main aim is **survival**.
market share /ˈmɑːkɪt ʃeə/	The shop's **market share** is its proportion of total market sales.
customer service /ˈkʌstəmə ˈsɜːvɪs/	Good **customer service** brings people back.

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Word	Example
environment /enˈvaɪrənmənt/	A fish lives in a water **environment**.
stakeholder /ˈsteɪkhəʊldə/	People living near the factory are a **stakeholder** group.
suppliers /səˈplaɪəz/	Our **suppliers** sell us the raw materials we need.
tax /tæks/	Businesses pay **tax** on their profits.
local community /ˈləʊkl kəˈmjuːnɪti/	The new factory brought jobs to the **local community**.
conflict /ˈkɒnflɪkt/	There can be **conflict** between two aims, such as low inflation and low unemployment.
pollution /pəˈluːʃn/	Smoke from factories causes **pollution**.

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