

LC Business – Key Definitions



Business

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Is an organisation set up to provide goods or services to potential customers

Commercial Business

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The aim of a commercial business is to generate a profit e.g. Dunnes Stores, Easons

Non-Commercial Business

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Are not profit driven business but are concerned with others and doing good in the society e.g. St. Vincent de Paul

Stakeholders

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Different groups of people who are directly affected by how a business is run

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LC Business – Key Definitions



Entrepreneur

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Is a person who sees an opportunity, has the initiative and takes a risk to set up a business in the hope of being successful and generating a profit

Employee

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Is a person contracted to perform particular tasks in return for payment

Investors

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The people who provide a business with the finance it needs

Managers

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The people responsible for the running of the business and achieving its goals. This is done by planning, organising and controlling all aspects of the business whilst showing leadership, motivation and communication skills

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Service Providers

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Provide a vital range of services that a business needs to operate e.g. Insurance firms provide a business insurance

Suppliers

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Supply the raw materials that are needed by the producers e.g. The Musgrave Group supplying Supervalu

Producers

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Businesses that take raw materials and manufacture them into finished or semi-finished products using the four factors of production, land, labour, capital and enterprise e.g. Tayto take potatoes and manufacturer them into crisps

Consumers

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A person who buys goods or services for their own personal use

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Customers

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Are people who purchase goods from a business for their own use or for resale to others

Employers

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When an entrepreneur hires staff to perform different tasks and pay them money

An Interest Group

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Is an organisation which represents the common view point, objectives and goals of a particular group or people e.g. IBEC – Irish Business and Employers Confederation

Co-operative Relationship

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Where the parties involved are working towards a common goal or objective. The parties are acting in a mutually beneficial manner. It is seen as a win-win situation

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Competitive Relationship

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Where both parties work against each other. It is a win-lose situation as each go after the same thing and only one can get it. It can have a negative impact on the success of the entire business

Contract

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Is a legally binding agreement between two or more parties that can be enforced by a court of law

Offer

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Is a promise by the person making the offer to be bound by the contract if the offer is accepted properly

Acceptance

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When both parties agree to the terms of the contract. It must be identical to the offer without any changes. The offeree must accept within the specified time

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Invitation to Treat

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Is only an offer for someone to make an offer, which can either be accepted or rejected. Goods on display are only inviting customers to make an offer. They can do so by bringing the goods to the checkout and offering to buy them

Consideration

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Each party in a contract must benefit (Quid Pro Quo) E.g. John buys a premises from Mary for €100,000. John gets the premises and Mary gets €100,000

Intention to Contract

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Both parties entering into a contract must be aware that they are creating a legally binding agreement that can be enforced by the law

Legality of Form

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Is the manner in which a contract is drawn up. A contract can be made orally, in writing or by action. Some contracts may need to be in writing to be legally binding e.g. The sale and purchase of property





Legality of Purpose

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A contract can only be made for legal purposes and not for illegal activities e.g. A contract cannot be formed to import illegal substances

Consent to Contract

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Parties entering into a contract do so of their own free will and are not forced into a contract

Capacity to Contract

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A person or business entering into a legally binding agreement has the power and legal ability to do so e.g. A person under the influence of alcohol or drugs do not have capacity to contract

Ultra Vires

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When a company director acts outside the objectives set in the company's Memorandum of Association





Performance

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Both parties in the contract have fully carried out their duties as outlined so the contract is terminated by performance

Agreement (Termination)

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When the parties involved agree to bring the contract to an end e.g. employee giving the employer two weeks' notice that they are leaving the job which will bring the contract of employment to an end by agreement

Frustration

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When an unforeseen event occurs making it impossible to carry out the contract e.g. death of one of the parties to the contract

Breach of Contract

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When one party to the contract fails to honour their side of the contract making the contract terminated



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Sue for Damages

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Is the remedy for a breach of contract by which a sum of money is awarded to the injured party putting them in the same financial position before the contract was broken

Specific Performance

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Is the remedy for a breach of contract by which the party in breach of the contract are ordered by the court to carry out their obligations in the contract

Rescinding the Contract

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Is the remedy for a breach of contract by cancelling the contract and returning both parties back to same position they were in before the contract began

Industrial Relations

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Is the relationship that exists between employers and employees in a business and how they co-operate and communicate with each other

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Trade Union

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Organisations that represent the view of and interest of employees in matters concerning pay and conditions of employment

Shop Steward

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Is the trade union representative in the workplace who acts as a link between the trade union and the workplace.

Non-Legislative

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Parties do not involve the law, an office or an organisation set up under law to resolve their conflict

Legislative

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Parties involve the law, an office or an organisation set up under law to resolve their conflict

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Official Strike

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The employees do not enter their workplace and there is a complete withdrawal of labour. The employees must hold a secret ballot, give their employer 7 days notices and have approval from ICTU before they can go on official strike

Primary Picketing

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Employees form a picket line and march with placards outside their employers business premises peacefully communicating in protest against their employers

Secondary Picketing

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If another business/employer assists the employer of the original dispute, the employees can form a picket line and march peacefully outside the premises of that employers premises

Work-to-rule

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The employees do their work as per their employment contract and will not complete any extra duties outside of those stated in their contract



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Overtime Ban

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Where employees refuse to work overtime. This can result in a drop in production which can lead to a loss of sales and custom for the business

Token Stoppage

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A brief stoppage of work to highlight the employees frustration and threaten to taken more serious action if an agreement is not reached

Arbitration

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Is where the settlement of a dispute is sent before one or a group of independent persons for adjudication. The parties involved agree in advance of the arbitration process and agree if the decision will be binding or not

Conciliation

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Gets the two sides in the dispute to listen to each other's points of view, to discuss the issues and negotiate an agreed settlement before the dispute grows into a serious one. The decision is not legally binding

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Constructive Dismissal

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When working conditions become so intolerable for an employee by the employer he/she has to leave

Redundancy

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Occurs when employees are let go from their job as there is no longer enough work for them to do

Compulsory Redundancy

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Arises when employees are not given the choice to stay in employment, they must leave

Voluntary Redundancy

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Is offered to employees to apply for it and are often offered a financial incentive to take voluntary redundancy

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Harassment

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Any act of conduct which is unwelcome, offensive and intimidating. It can include spoken words, gestures and the display/circulation of written materials or pictures

Discrimination

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Is the treatment of a person in a less favourable way than another person is, has been or would be treated

Conflict

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Occurs when two people are in dispute. The pursuit in their goal may damage the other party they are in conflict with

Ombudsman

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Investigates complaints about government and local authorities after all other routes have been tested



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Competition and Consumer Protection Commission

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Promotes consumer welfare and provides information to business's to encourage and enforce compliance with the Consumer Protection Act 2007

Small Claims Court

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Deals with customer/business complaints about purchased goods/services for private use up to the maximum value of €2,000

Caveat Emptor

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Let the buyer beware : a consumer should use their common sense when buying goods/services

Enterprise

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Is being innovative, creative, flexible and dynamic while taking a personal and financial risk to achieve a goal e.g. diversification into a new market

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Characteristics

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Personal qualities and traits which we are naturally born with and are difficult to be learned e.g. Innovative, hardworking, ambitious

Skills

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Is an ability which can be gained through practise and experience and can be improved through training e.g. communication, organisation

Intrapreneurship

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Involves entrepreneurial activity by employees within the business by coming up with new ideas or ways to improve and grow the business to generate a profit

Management

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Refers to the ability to achieve planned goals and activities through other people. The key activities include planning, organising and controlling



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Leadership

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Is the ability to influence and direct others to achieve a particular goal. It involves directing staff, setting a clear example and delegating work

Motivation

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Is the willingness of people to work hard and contribute their best effort

Communication

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Is the exchange of information between individuals, businesses and organisations. It can be written, oral or visual

Memo

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Is a brief message sent within a business
e.g. :

MEMO

To: All Customer Service Staff

From: Ann Kelly, Customer Service Manager

Date: 12th June 2018

RE : Customer Service training day to be held on the 26th of June 2018 in conference room A at 15:00 pm

Signed: *Ann Kelly*

Title: Customer Service Manager

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Statutory Meeting

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The first meeting the business holds, to inform shareholders about the business

Agenda

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A list of matters to be discussed at a meeting

Minutes of Meeting

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Taken by the secretary, it is a written record of the business that occurred at a meeting

Quorum

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Is the minimum number of people that can be present before a meeting can start

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Data

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Information that is stored about us

Data Subject

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A person who has information stored about them

Data Controller

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The people, organisations and businesses that store and keep data

Data Protection Commissioner

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Is responsible for ensuring people's rights are respected and that organisations that keep data meet their responsibilities

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Data Protection

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Is the way in which individuals personal information is safeguarded by privacy rights

Planning

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Is the setting down of goals and putting in place strategies that allow the business to achieve these goals

Tactical Plan

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Is a short term plan between one to two years, drawn up by middle management. It outlines a set of actions to help the business achieve short term goals/objectives e.g. Coca Cola launch a new advertising campaign

Strategic Plan

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Is a long term plan for 5 years or more, made by top management with emphasis on business growth and improvement e.g. Cadbury's plan to launch a new product globally

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Mission Statement

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Outlines the businesses purpose and objectives, plans for the future and reason for existence

Contingency Plan

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An emergency plan which is designed to protect a business in the event of some unexpected event occurring e.g. Having a second source for raw materials in the event of flooding/fire

Organising

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Involves arranging all the people, resources and finances in the most sustainable form in order to achieve the objectives of the business

Organisational Structure

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Identifies the different departments in an organisation



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Span of Control

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Is the number of employees that report directly to one manager

Management Controlling

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Is the constant monitoring and checking of results to see if they are in line with the goals and targets set out in plans

Stock Control

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Is the monitoring of stock levels to ensure there is enough to meet customer demand while keeping costs to a minimum. The aim is to ensure the business has the correct amount of stock at all times

Buffer Stock

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Is the minimum amount of stock that should be held in a business



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Just in Time

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A stock control system which requires careful planning and a dependable system where goods/raw materials are delivered just when they are needed. The aim is to reduce the cost in storing stock

Debtors

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Are people who owe the business money. They have bought goods on credit and owe for them

Creditors

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A person/business/organisation that owes money to. E.g. a supplier gives products on credit to a business, the business is the creditor

Credit Control

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Is the monitoring of which customers are given goods on credit, the setting of credit limits and a time frame and checking credit worthiness

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Financial Control

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Measures the financial affairs of the business, ensuring it is profitable and can pay bills. E.g. Cash flow Forecast, Break Even Chart, Ratio Analysis

Quality Control

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Checking the efficiency of production and carrying out inspections to ensure the product meets the highest of standards

Cash Flow Forecast

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Is a financial plan for the future. It shows the planned money in and the estimated flow of money out of a business over a certain period of time

Short Term Finance

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Is finance available for a period of up to one year and it should be repaid within 12 months

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Bank Overdraft

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Is offered by a bank to current account holders to withdraw more money than what is in their account. An agreed limit is set on the amount that can be overdrawn and interest is charged. This money can be used to pay short term expenses e.g. wages

Accrued Expenses

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These are expenses which do not have to be paid for until after the service is provided. This allows a business to free up cash to use for short term expenses e.g. paying for supplies

Medium Term Finance

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Finance for one to five years and is usually used to purchase machinery, vehicles and equipment

Hire Purchase

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Is the purchase of an asset and pay instalment for an agreed period of time. The buyer can use the asset immediately but does not become the legal owner until the final instalment is paid. No collateral is needed

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Leasing

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Is the renting of an asset for an agreed period of time. The lessee has possession and use of the asset and pays the owner for this use but does not ever own it. No collateral is needed

Medium Term Loan

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Is a loan from a financial institute for one to five years. It is paid back in agreed instalments over a period of time. Banks usually demand security and interest is paid

Long Term Loan / Mortgage / Debenture

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Is a form of long term finance taken out to buy/build property or for business expansion. It is taken out for more than 5 years. The amount borrowed is paid back in agreed instalment and interest will be charged. Collateral is required

Equity Capital

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A long term source of finance. A company raises money by selling shares. Shareholders receive dividends

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Retained Earnings

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This is when the profit is not paid out in dividends to shareholders but re-invested into the business for expansion. There is no loss of control, no interest and no collateral

Risk Management

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Is the planned approach to the handling of the risk that an individual or business is exposed to by identifying key risks, the effects of these risk, minimising the risks and what to do if and when these risks occur

Insurance

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Is protection against something that might happen e.g. house fire, car crash, flooding of premises

Premium

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Is the amount of money paid to the insurance company to cover the risk involved. The higher the risk the higher the premium

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Assurance

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Provides protection for a risk that will happen
e.g. death

Insurable Interest

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A person can only insure an asset that they benefit financially by its existence and suffer financially by its loss e.g. a person can insure their own house but cannot insure their neighbours house

Utmost Good Faith

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All information disclosed to the insurer must be honest. All material facts must be supplied to the insurer which may impact the price of the premium e.g. a provisional driver applying for insurance must disclose that they do not have a full license

Indemnity

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A person cannot make a profit from insurance. Insurance cover can only put you in the same position you were in before the event occurred, not better e.g. A person buys a car worth €10,000 and insures it. 2 years later the car is worth €7,000 and is crashed. The insured can only receive a maximum compensation of €7,000 for the loss





Subrogation

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After the insurance company has paid out compensation to the insured person/business for the loss suffered, the insurance company can then sue a third party responsible for the loss. They can also take possession of the item

Contribution

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If the loss suffered is insured by more than one insurer than the amount claimed is divided proportionally between the insurance company e.g. a premises is insured with company A for €200,000 and company B for €100,000. A fire causes €30,000 damage then A pays €20,000 and B €10,000

Average Clause

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When an item is under insured. Compensation is only paid out in proportion to the value of the item insured.

$$\frac{\text{Amount Insured}}{\text{Total Value}} \times \text{Loss} =$$

Taxation

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Is charged by the government on the income of individuals and businesses and on goods and services. The money is used to finance government spending



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Form P12 A

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Used to apply for a cert of tax credits and a standard cut off point. It must be completed before employment starts

Form P 60

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Issued by an employer to an employee at the end of the financial tax year. It shows gross pay, income tax and PRSI paid. It is needed for claiming over paid tax and proof of income for education grants and medical card

Form P 21

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Is the summary of tax paid for the year and will determine if you over paid or under paid tax

Form P 45

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Issued by an employer to an employee when leaving employment. It shows gross pay, income tax and PRSI paid to the current date. It will be needed when starting a new job, claiming social welfare or a tax refund

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Tax Credits

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Is an allowance from the government which reduces the amount of tax payable and can be determined by personal circumstances e.g. PAYE tax credit, Trade Union tax credit

Capital Gains Tax

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The tax paid on the profit earned by the sale of an asset such as property. The tax is not applied to the sale of a private residence

Corporation Tax

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Is the tax paid on profits made by companies. The current rate in Ireland is 12.5%

VAT (Value Added Tax)

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Is an indirect tax charged on the sale of goods and services. It is charged at different rates depending on the type of goods/service involved

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Deposit Interest Retention Tax (DIRT)

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Is the tax paid on the amount of interest earned on money in a savings account. The bank deducts the tax before the person receives the interest

Self-Assessment Income Tax

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Applies to self-employed people who calculate their own liability for the year and pay on the 31st of October every year. It can be subject to random audits by the Revenue Commissioners to ensure the tax returns are accurate

Human Resource Management

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Recruits, trains and rewards the workforce so that the objectives of the firm are achieved

Recruitment

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Is attracting suitable candidates to apply for vacancies in the business

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LC Business – Key Definitions



Job Description

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A document that describes the job to be filled. Details such as job title, rate of pay, hours, duties and responsibilities

Person Specification

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Is a document that describes the person needed to fill a job vacancy. Details such as qualifications, skills and characteristics required

Training

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Ensures that employees have the up-to-date knowledge and skills to do their job

Development

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Providing employees with additional skills and knowledge that will give them more opportunities

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Induction Training

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The training received by new employees. They are introduced to other employees and management, shown the mission statement and code of ethics and are shown around the workplace

Performance Appraisal

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Is a meeting between the Human Resource Manager and employees to examine the employees performance, discuss their progress and identify training or development needed

Flat Rate

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Employees receive an agreed rate of pay per week or month based on a standard number of hours worked

Time Rate

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Employees are paid per hour at a fixed rate. If they work overtime the pay per hour increases

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Piece Rate

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Is being paid for each item produced, subject to quality. The staff who work quickly and diligently will receive the greatest pay

Commission

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Is an extra payment based on the percent of sales achieved e.g. a sales rep may receive 10% of the value of the goods they sell. This will increase their motivation to sell more for a bigger reward

Benefit-in-kind

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These are extra benefits given to employees along with their wages. They are usually goods or services rather than money and increase staff motivation e.g. Company car, free health insurance

Flexi -Time

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Allowing employees to pick their own start and finish time as long as the minimum hours are worked e.g. Employees must be in work between 10:00-14:00 but can choose their start and finish time as long as they work a 38 hour week



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Job Sharing

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When two people share one job
e.g. employee A works one week on and one week off and the employee B works the week when employee A is off

Teamwork

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Is a group of employees co-operating and working together towards a common goal

Forming

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When the team is brought together to meet and discuss the task at hand

Storming

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Team members test relationships as conflicts begin to arise. Members try to establish their positions on a team and differences arise

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Norming

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The team begin to work well as ground rules and procedures are agreed. Trust has developed amongst the team

Performing

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Team members are all working towards a common goal, a sense of unity develops. They are working well to get the task completed effectively

Controller Manager

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Is the boss, critic and expert. They give orders, constantly supervise staff and give employees no input in decision making as they feel they know everything

Facilitator Manager

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Is the leader, provider and trainer. They give direction, encourage employees to learn new skills, provide necessary resources, give advice and support and encourage employees to voice their opinions

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Total Quality Management (TQM)

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Ensures quality throughout the business so that it can produce the best products/services for customers

Empowerment

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Placing decision making, control and responsibility in the hands of employees in the business

Job Enlargement

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Is the increase in the number of tasks that employees have to complete. This prevents boredom and gives the employees a more varied work load

Job Enrichment

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Giving employees more difficult and varied tasks with more responsibility and authority

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Job Rotation

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Is the switching of employees between a number of different jobs. This can lead to higher job satisfaction

Gross Profit Percentage/Margin

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$$\frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1}$$

Net Profit Percentage/Margin

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$$\frac{\text{Net Profit}}{\text{Sales}} \times \frac{100}{1}$$

Return on Investment/Capital Employed

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$$\frac{\text{Net Profit}}{\text{Capital Employed}} \times \frac{100}{1}$$

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Liquidity

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Is the ability of the business to pay its short term debt as they fall due e.g. wage bill, electricity bill

Working Capital/ Current Ratio

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Ideal is 2:1

Current Assets : Current Liabilities

Acid/Asset Test Ratio

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Ideal is 1:1

Current Assets – Closing Stock :
Current Liabilities

Debt Equity Ratio

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If the debt capital in a business is lower than equity capital there is low risk so it is said to be low gearing. If debt capital is higher than equity capital there is high risk so it is said to be high gearing

Debt Capital : Equity Capital

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Field/Primary Research

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This is where information is gathered, recorded and analysed by ourselves or for the first time

Desk/Secondary Research

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Analysing data that has already been gathered and recorded by someone else

Market Research

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Is the gathering, recording and analysing of all the data concerned with the transfer of goods or services from the producer to the consumer

Import Substitution

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Where a product that is currently being imported is substituted by a home produced product of a similar price and quality e.g. Fiacła Toothpaste

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LC Business – Key Definitions



Idea Generation

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A business comes up with ideas for a new product or service from internal or external resources. Internal ideas can be from staff suggestions and brain storming sessions. External ideas can be from customer feedback or from observing competitors

Product Screening

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All ideas are examined by conducting a SWOT analysis on each idea. The business picks the greatest one for development

Concept Development

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Involves turning the idea into an actual product or service by identifying its Unique Selling Point (UPS). The product/services appearance and function are also assessed

Feasibility Study

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Is an investigation whether the product/service is possible to make at a reasonable cost, will it sell and generate a profit

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LC Business – Key Definitions



Prototype Development

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Involves developing the first working model of the product. It tests out the product to identify areas of improvement before full production

Test Marketing

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Involves launching the product/service to a small segment of the market and evaluating the customers response to it. Consumers thoughts are used to refine the product to reduce the risk of failure at launch

Launch

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Production begins and the product is made available for sale in the entire market. A marketing campaign begins to promote the product

Marketing

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makes exams easier

Is the management process responsible for identifying, anticipating and satisfying the needs of customers profitably

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LC Business – Key Definitions



Target Market

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Is a particular group of people or segment of the market that a particular product is aimed at
e.g. Studyclix.ie is aimed at Second level students and teachers

Niche Market

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Is a small segment of a larger market which is the marketing of a particular product or service. It is identified through market segmentation. Customers are willing to pay a higher price for the product/service that meets their needs e.g. bridal shoes

Market Segmentation

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Is dividing up a market into clearly identifiable sections which have common characteristics such as age, gender, income and location

Marketing Concept

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Involves identifying and satisfying customer needs profitably. The business puts the customers first and tries to have the right products in the right place at the right price

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LC Business – Key Definitions



Cost Plus Pricing

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When a profit margin is added on to the direct cost of production of goods to set a final selling price

Premium Pricing

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makes exams easier

Charging a higher price for goods/services to create an impression of high quality e.g. Coco Chanel perfume

Penetration Pricing

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Selling a good/service at a low price initially to capture market share. High sales will compensate for low profit margins e.g. Lidl, Penneys

Discriminatory Pricing

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Is charging different prices to different customers e.g. train tickets are cheaper for children and students than adults and free for people 66 and over



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LC Business – Key Definitions



Price Skimming

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Involves charging as high a price as possible when demand is high in order to maximise profits e.g.

The price of sun holidays in Summer months versus the price in Winter months

Price

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Is what is charged for goods or services once factors such as competitors prices, cost of production, demand, target market have been considered

Promotion

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Is all the efforts used by a business to let potential customers know about their products and to encourage them to buy the products e.g. Advertising, Sales Promotions, Public Relations and Personal Selling

Advertising

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Is the communication of information to persuade customers to buy a particular product or service e.g. TV advert

Cut dotted horizontal lines. Fold vertical line.



LC Business – Key Definitions



Sales Promotion

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Is the use of short term incentives to attract customers to a product or service and to encourage them to purchase the product/service e.g. Special offers, free samples, collecting tokens for a prize

Public Relations

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Refers to all the activities related to creating a good public image for the product/service. It aims to achieve favourable publicity and build a good corporate image for the business e.g. Lidl sponsoring Ladies G.A.A

Place

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This is the process of getting the product to the consumer. A distribution system is essential to move products from the manufacture to the consumer

Channel of Distribution

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Describes the various paths that products take to get from the manufacturer to the consumer



Cut dotted horizontal lines. Fold vertical line.

LC Business – Key Definitions



Job Production

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Is the production of a specific customer order. It is once-off unique production that is not held in stock. Highly skilled labour is required making it expensive e.g. A wedding dress

Batch Production

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Is the production of certain quantities of identical products in one production run and then production switches to a different batch. Products are average price as they require semi-skilled labour and are held in stock in anticipation for customer demand e.g. clothes in different sizes and colours

Mass Production

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Is the production of a large number of identical products. It requires low labour costs as company can benefit from economies of scale so products are of a low price range e.g. Chocolate bars

Economies of Scale

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Benefits that arise in a business as it becomes more efficient and larger. The more products that are produced the unit cost of producing each product will decrease. A business can benefit from bulk buying and negotiate a higher rate of discount.

Cut dotted horizontal lines. Fold vertical line.



LC Business – Key Definitions



Diversification

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This means spreading the risk and moving away from the core area of the business activity. A business may introduce new products/services and enter a new market to reduce the risk of falling sales in one area. The business does not have all "their eggs in the one basket" e.g. Tesco selling clothes

Strategic Alliance

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This is where two or more businesses come together on one single/particular project. Combining their resources, skills and knowledge. This business will continue to operate separately in all other activities

Merger

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This is where two or more companies voluntarily agree to come together and operate as one business. It is a friendly amalgamation of firms for their mutual benefit. A single new entity is formed once shareholder of both firms agree to the merger e.g. Irish Permeant and Trustee Savings Bank merged to Permanent TSB

Takeover

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This occurs when one company buys 51% or more of the shares in another company in either a hostile or friendly manner. The acquiring company obtains control of the other company, which loses its identity. Takeovers are very expensive e.g. Google paid \$12.5 billion to takeover Motorola

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LC Business – Key Definitions



Business Plan

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Sets out how a business is going to achieve its aims and objectives. It outlines the business description, organisation, management, marketing, production and financial plan. A business will need a business plan when seeking finance such as a loan or grant

Fixed Costs

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Are all the costs that stay the same regardless of the number of units produced e.g. mortgage on premises, insurance on delivery van

Variable Costs

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Are all the costs that will change depending on the number of units produced e.g. cost of raw materials, electricity bill

Break Even Point

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Is the point at which a business is just covering its costs. They are neither making a profit or a loss, they are just breaking even

$$\text{BEP} \rightarrow \frac{\text{Fixed Costs}}{\text{Contribution}}$$

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LC Business – Key Definitions



Margin of Safety

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Is how far the estimated sales levels can decrease before the business will start to make a loss

$MS \rightarrow \text{Forecast Sales} - \text{Break Even Point}$

Land

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Refers to the natural resources which give us the raw resources for raw materials and energy needed for all business activities e.g. land, water, rivers, seas

Labour

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Is the human work and effort needed for a business to operate effectively and efficiently

Capital

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Refers to anything man-made used in the running of a business. It includes equipment and money

Cut dotted horizontal lines. Fold vertical line.



LC Business – Key Definitions



Agribusiness

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Manufacturing firms that use agriculture produce such as milk, fruit, meat as their main source of raw materials e.g.
The Kerry Group

Indigenous Firms

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Businesses set up, owned and managed by Irish people with their principal place of business in Ireland.
Enterprise Ireland has the responsibility for developing indigenous firms in Ireland

Transnational Firms

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A company with its headquarters usually in their home country and branches in several other countries

Sole Trader

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Is a business owned and controlled by one person. The owner keeps all the profits and has complete control. A sole trader has unlimited liability and is not seen as a single legal entity in the eyes of the law

Cut dotted horizontal lines. Fold vertical line.



LC Business – Key Definitions



Private Limited Company (Ltd)

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Is a company owned from 1 up to 99 shareholders. The shareholders contribute money in return for shares and dividends.

The shareholders appoint a board of directors who run the company on their behalf. Shareholders have limited liability and the company is a separate legal entity

Public Limited Company

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Is a business owned by at least 7 shareholders with no maximum required. Shares are quoted on the stock exchange and can be bought and sold by members of the public

Partnership

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Is an agreement between 2-20 people to operate a business to make a profit. A deed of Partnership is draw up which is a legal agreement setting out the rights and responsibilities of each partner e.g. Doctors Practice

Franchise

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Is a business agreement where the franchisor grants a license to the franchisee to trade using the business name, logo and products. The franchisee can benefit from economies of scale and using a well-established logo but they have little freedom and must pay the franchise royalties

Cut dotted horizontal lines. Fold vertical line.



LC Business – Key Definitions



State-Owned Enterprise

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Is a business set up, owned, financed and controlled by the government e.g. An Póst

Community Development

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A voluntary or professional effort to support and develop the social and economic activity of a local community for the benefit of the community e.g. Leader Programmes

Economic Variable

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Are factors that have an impact on the economy e.g. Inflation and interest rates

Inflation

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Is in the increase in the price of goods and services from one year to the next. It is measured by the Consumer Price Index

Cut dotted horizontal lines. Fold vertical line.



LC Business – Key Definitions



Interest Rate

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Is the price that has to be paid by the borrower for the use of the money from a loan and also the reward for money saved. It is expressed as a percentage

Exchange Rate

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Is the price at which a currency can be exchanged for another. It is the value of the currency in one country in terms of the currency of another country

Grants

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Are non-repayable amounts of finance provided by the Government and the EU to promote enterprise and employment. They can also be given to businesses to locate in areas of greater need e.g. Boston Scientific received a grant from the IDA to locate in Clonmel to encourage employment in that region

Subsidies

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Is a price support given to businesses from the government to allow the business to sell the product/service below the market price. The aim is to increase production and reduce the price of goods/services which are socially essential e.g. CIE are given a subsidy to provide public transport at an affordable price

Cut dotted horizontal lines. Fold vertical line.



LC Business – Key Definitions



Privatisation

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Is the sale of shares in a State-owned business to the private sector

Business Ethics

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Is a set of moral rules and standards that provide guidelines for right and truthful behaviour in business situations with various stakeholders. It helps businesses to make the right, fair and honest decision regardless of profit

Code of Ethics

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Is a formal written statement drawn up by a business which sets out the expected moral behaviours for a business in its dealing with customers, employees, suppliers and the community in which it operates

Whistle-blowers

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Are employees who's ethical concerns are ignored in the business so they have the courage to report the wrong doing to the authorities or media

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LC Business – Key Definitions



EU Regulation

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Is a legislative act of the EU which becomes immediately enforced in all EU member states. It takes precedence over national laws e.g. regulation of a one person private limited company

EU Directive

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makes exams easier

Is an outline of an EU law to be implemented in member states by a certain date. National laws may need to be changed to comply with this law e.g. Nitrates directive

EU Decision

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Only applies to a specifically named country, organisation or company within the EU. The decision must be carried out by the named party

Open Economy

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Is an economy which engages in international trade, buying and selling goods and services with other countries. Nearly 80% of what is produced in Ireland is exported

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LC Business – Key Definitions



Imports

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Is physical goods or services coming in to Ireland and money going out to pay for these goods or services

Exports

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makes exams easier

Is physical goods or services going out of Ireland and money coming in to pay for these goods or services

Invisible Imports

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makes exams easier

Is services coming in to Ireland and money going out to pay for these services
e.g. Foreign band playing in Ireland

Visible Imports

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makes exams easier

Is physical goods coming in to Ireland and money going out to pay for these goods
e.g. bananas, oil, cars



Cut dotted horizontal lines. Fold vertical line.

LC Business – Key Definitions



Invisible Exports

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makes exams easier

Is services going out of Ireland and money coming in to pay for these services
e.g. Irish band play a concert abroad

Visible Exports

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makes exams easier

Is physical goods going out of Ireland and money coming in to pay for these goods e.g. Irish beef and milk

Balance of Trade

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Is the difference between visible exports and visible imports

Visible Exports – Visible Imports

Balance of Payments

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makes exams easier

Is the difference between the total exports and the total imports

Total Exports – Total Imports

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LC Business – Key Definitions



Protectionism

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Is the trade barriers imposed by governments to prevent free trade. It may be done for economic reasons to protect native businesses and jobs from foreign competition or for political or health reasons

Free Trade

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Is when trade between countries is not restricted in any way

Tariffs

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Is a tax on imported goods which will make these goods more expensive and less competitive on the domestic market e.g. tariff on New Zealand beef

Embargos

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When there is a total ban on the importing of goods from one particular country. It is often done for political reasons e.g. EU countries placed an embargo on UK beef when there were high levels of BSE in the UK

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LC Business – Key Definitions



Trading Bloc

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Is a group of countries who agree to form a free trade area or common market by removing trade barriers on the goods and services being imported and exported amongst them e.g. The European Union

Global Business

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Is a business who sells its products worldwide and sees the whole world as its market place. It sells a standard product worldwide with minor variations to the product for some markets e.g. Coca Cola, Apple, Nike

Global Product

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Is a product that is designed to appeal to consumers all over the world. It may have to be adapted to suit different markets e.g. Nike runners, Toyota cars

Global Marketing

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Involves marketing a firm's product and identity throughout the world and treating it as one market. A global business must develop a global marketing mix and use either a standard marketing mix or an adapted marketing mix

Cut dotted horizontal lines. Fold vertical line.



LC Business – Key Definitions



Standardised Marketing Mix

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Is when a global businesses product is promoted, priced, distributed and sold in the exact same way in different markets around the world

Adapted Marketing Mix

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Is when a global business slightly adapts the product, its promotion, price and distribution around the world due to different cultures, legal issues and the economy e.g. A car sold in Ireland is adapted to drive on the left side of the road with the steering wheel on the right side of the car

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