

Glossary

absolute advantage | Condition whereby a country is the only source of a product or is able to make more of a product using the same or fewer resources than other countries.

account payable | Record of cash owed to sellers from whom a business has purchased products on credit.

account payable | Record of cash owed to sellers from whom a business has purchased products on credit.

account receivable | Record of cash that will be received from a customer to whom a business has sold products on credit.

account receivable | Record of cash that will be received from a customer to whom a business has sold products on credit.

Accountants | Financial advisor responsible for measuring, summarizing, and communicating financial and managerial information.

Accountants | Financial advisor responsible for measuring, summarizing, and communicating financial and managerial information.

accounting | System for measuring and summarizing business activities, interpreting financial information, and communicating the results to management and other decision makers.

accounting | System for measuring and summarizing business activities, interpreting financial information, and communicating the results to management and other decision makers.

accounting equation | Accounting tool showing the resources of a business (assets) and the claims on those resources (liabilities and owner's equity).

accounting equation | Accounting tool showing the resources of a business (assets) and the claims on those resources (liabilities and owner's equity).

accrual accounting | Accounting system that records transactions when they occur, regardless of when cash is paid or received.

accrual accounting | Accounting system that records transactions when they occur, regardless of when cash is paid or received.

acquisition | The purchase of one company by another with no new company being formed.

acquisition | The purchase of one company by another with no new company being formed.

adjustable-rate mortgage (ARM) | Mortgage that's pegged to the increase or decrease of certain interest rates that your lender has to pay.

adjustable-rate mortgage (ARM) | Mortgage that's pegged to the increase or decrease of certain interest rates that your lender has to pay.

administrative law | Body of law dealing with statutes and regulations related to the activities of administrative agencies.

Advertising | Paid, nonpersonal communication designed to create an awareness of a product or company.

Advertising | Paid, nonpersonal communication designed to create an awareness of a product or company.

advertising agency | Marketing consulting firm that develops and executes promotional campaigns for clients.

advertising agency | Marketing consulting firm that develops and executes promotional campaigns for clients.

agency | Legal relationship in which one party acts on behalf of, and under the control of, another.

agency | Legal relationship in which one party acts on behalf of, and under the control of, another.

American Stock Exchange (AMEX) | Stock market where shares of smaller companies are traded.

American Stock Exchange (AMEX) | Stock market where shares of smaller companies are traded.

amortization | Schedule by which you'll reduce the balance of your debt.

amortization | Schedule by which you'll reduce the balance of your debt.

application | Document completed by a job applicant that provides factual information on the person's education and work background.

application | Document completed by a job applicant that provides factual information on the person's education and work background.

applications software | Software that performs a specific task, such as word processing or spreadsheet creation.

applications software | Software that performs a specific task, such as word processing or spreadsheet creation.

arbitration | Process of resolving a labor-contract dispute by having a third party study the situation and arrive at a *binding* agreement.

arbitration | Process of resolving a labor-contract dispute by having a third party study the situation and arrive at a *binding* agreement.

Artificial intelligence | Science of developing computer systems that can mimic human behavior.

Artificial intelligence | Science of developing computer systems that can mimic human behavior.

assets | Resource from which a business expects to gain some future benefit.

assets | Resource from which a business expects to gain some future benefit.

audits | Accountant's examination of and report on a company's financial statements.

audits | Accountant's examination of and report on a company's financial statements.

balance of payments | Difference between the total flow of money coming into a country and the total flow of money going out.

balance of payments | Difference between the total flow of money coming into a country and the total flow of money going out.

balance sheet | Report on a company's assets, liabilities, and owner's equity at a specific point in time.

balance sheet | Report on a company's assets, liabilities, and owner's equity at a specific point in time.

bear market | Period of declining or sluggish stock prices.

bear market | Period of declining or sluggish stock prices.

behavioral segmentation | Process of dividing consumers by behavioral variables, such as attitude toward the product, user status, or usage rate.

behavioral segmentation | Process of dividing consumers by behavioral variables, such as attitude toward the product, user status, or usage rate.

benchmarking | Practice of comparing a company's own performance with that of a company that excels in the same activity.

benchmarking | Practice of comparing a company's own performance with that of a company that excels in the same activity.

benefits | Compensation other than salaries, hourly wages, or financial incentives.

benefits | Compensation other than salaries, hourly wages, or financial incentives.

blocking roles | Behavior that inhibits either team performance or that of individual members.

blocking roles | Behavior that inhibits either team performance or that of individual members.

bonds | Debt securities that require annual interest payments to bondholders.

bonds | Debt securities that require annual interest payments to bondholders.

bonuses | Annual income given to employees (in addition to salary) based on company-wide performance.

bonuses | Annual income given to employees (in addition to salary) based on company-wide performance.

boycotting | Method used by union members to voice displeasure with certain organizations by refusing to buy the company's products and encouraging others to follow suit.

boycotting | Method used by union members to voice displeasure with certain organizations by refusing to buy the company's products and encouraging others to follow suit.

brand loyalty | Consumer preference for a particular brand that develops over time based on satisfaction with a company's products.

brand loyalty | Consumer preference for a particular brand that develops over time based on satisfaction with a company's products.

breakeven analysis | Method of determining the level of sales at which the company will break even (have no profit or loss).

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breakeven analysis | Method of determining the level of sales at which the company will break even (have no profit or loss).

breakeven analysis | Method of determining the level of sales at which the company will break even (have no profit or loss).

breakeven point in units | Number of sales units at which net income is zero.

breakeven point in units | Number of sales units at which net income is zero.

breakeven point in units | Number of sales units at which net income is zero.

breakeven point in units | Number of sales units at which net income is zero.

browsers | Software (such as Internet Explorer) that locates and displays Web pages.

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budget | A document that itemizes the sources of income and expenditures for a future period (often a year).

budget | A document that itemizes the sources of income and expenditures for a future period (often a year).

business cycle | Pattern of expansion and contraction in an economy.

business cycle | Pattern of expansion and contraction in an economy.

business ethics | Application of ethical behavior in a business context.

business ethics | Application of ethical behavior in a business context.

business plan | Formal document describing a proposed business concept, description of the proposed business, industry analysis, mission statement and core values, a management plan, a description of goods or services, a description of production processes, and marketing and financial plans.

business plan | Formal document describing a proposed business concept, description of the proposed business, industry analysis, mission statement and core values, a management plan, a description of goods or services, a description of production processes, and marketing and financial plans.

capacity | Maximum number of products that a facility can produce over a given period under normal working conditions.

capacity | Maximum number of products that a facility can produce over a given period under normal working conditions.

capital budget | Budget that shows anticipated expenditures for major equipment.

capital budget | Budget that shows anticipated expenditures for major equipment.

capital structure | Relationship between a company's debt (funds acquired from creditors) and its equity (funds invested by owners).

capital structure | Relationship between a company's debt (funds acquired from creditors) and its equity (funds invested by owners).

capitalism | Economic system featuring the lowest level of government control over allocation and distribution.

capitalism | Economic system featuring the lowest level of government control over allocation and distribution.

Cash-flow management | Process of monitoring cash inflows and outflows to ensure that the company has the right amount of funds on hand.

Cash-flow management | Process of monitoring cash inflows and outflows to ensure that the company has the right amount of funds on hand.

cash-flow or income statement | Shows where your money has come from and where it's slated to go.

cash-flow or income statement | Shows where your money has come from and where it's slated to go.

cellular layout | Layout in which teams of workers perform all the tasks involved in building a component, group of related components, or finished product.

cellular layout | Layout in which teams of workers perform all the tasks involved in building a component, group of related components, or finished product.

certificate authority | Third-party (such as VeriSign) that verifies the identity of a computer site.

certificate authority | Third-party (such as VeriSign) that verifies the identity of a computer site.

chain of command | Authority and reporting relationships among people working at different levels of an organization.

chain of command | Authority and reporting relationships among people working at different levels of an organization.

civil law | Body of law governing disputes between private parties.

civil law | Body of law governing disputes between private parties.

classified balance sheet | Balance sheet that totals assets and liabilities in separate categories.

classified balance sheet | Balance sheet that totals assets and liabilities in separate categories.

client-server systems | System connecting client machines (which are used by employees for data input and retrieval) and a server (that stores shared databases and programs).

client-server systems | System connecting client machines (which are used by employees for data input and retrieval) and a server (that stores shared databases and programs).

cloud computing | Cloud computing means performing computer tasks using services provided over the Internet.

cloud computing | Cloud computing means performing computer tasks using services provided over the Internet.

code of conduct | Statement that defines the principles and guidelines that employees must follow in the course of all job-related activities.

code of conduct | Statement that defines the principles and guidelines that employees must follow in the course of all job-related activities.

collective bargaining | Process by which management and union-represented workers settle differences.

collective bargaining | Process by which management and union-represented workers settle differences.

Commercial banks | Financial institution that generates profits by lending funds and providing customers with services, such as check processing.

Commercial banks | Financial institution that generates profits by lending funds and providing customers with services, such as check processing.

commission | Compensation paid to employees based on the dollar amount of sales that they make.

commission | Compensation paid to employees based on the dollar amount of sales that they make.

common stock | Stock whose owners bear the ultimate rewards and risks of ownership.

common stock | Stock whose owners bear the ultimate rewards and risks of ownership.

communication | Process of transferring information from a sender to a receiver.

communication | Process of transferring information from a sender to a receiver.

communism | Economic system featuring the highest level of government control over allocation and distribution.

communism | Economic system featuring the highest level of government control over allocation and distribution.

comparative advantage | Condition whereby one nation is able to produce a product at a lower opportunity cost compared to another nation.

comparative advantage | Condition whereby one nation is able to produce a product at a lower opportunity cost compared to another nation.

comparative income statement | Financial statement showing income for more than one year.

comparative income statement | Financial statement showing income for more than one year.

compensatory damages | Monetary awards intended to restore tort victims to the conditions that they would have been in had their injuries never taken place.

compensatory damages | Monetary awards intended to restore tort victims to the conditions that they would have been in had their injuries never taken place.

compound interest | Interest earned on your savings is added to the money in your savings account, and the new total (principle plus interest) earns more interest.

compound interest | Interest earned on your savings is added to the money in your savings account, and the new total (principle plus interest) earns more interest.

computer-aided design (CAD) | System using computer technology to create models representing the design of a product.

computer-aided design (CAD) | System using computer technology to create models representing the design of a product.

computer-aided manufacturing (CAM) | System using computer technology to control production processes and equipment.

computer-aided manufacturing (CAM) | System using computer technology to control production processes and equipment.

conceptual skills | Skills used to reason abstractly and analyze complex situations.

conceptual skills | Skills used to reason abstractly and analyze complex situations.

Conflicts of interest | Situation in which an individual must choose between the promotion of personal interests and the interests of others.

Conflicts of interest | Situation in which an individual must choose between the promotion of personal interests and the interests of others.

consumer behavior | Decision process that individuals go through when purchasing or using products.

consumer behavior | Decision process that individuals go through when purchasing or using products.

consumer confidence index | Measure of optimism that consumers express about the economy as they go about their everyday lives.

consumer confidence index | Measure of optimism that consumers express about the economy as they go about their everyday lives.

consumer market | Buyers who want a product for personal use.

consumer market | Buyers who want a product for personal use.

consumer price index (CPI) | Index that measures inflation by measuring the prices of goods purchased by a typical consumer.

consumer price index (CPI) | Index that measures inflation by measuring the prices of goods purchased by a typical consumer.

contingency planning | Process of identifying courses of action to be taken in the event that a business is adversely affected by a change.

contingency planning | Process of identifying courses of action to be taken in the event that a business is adversely affected by a change.

contingent workers | Temporary or part-time worker hired to supplement a company's permanent workforce.

contingent workers | Temporary or part-time worker hired to supplement a company's permanent workforce.

continuous improvement | Company's commitment to making constant improvements in the design, production, and delivery of its products.

continuous improvement | Company's commitment to making constant improvements in the design, production, and delivery of its products.

contract | Exchange of promises or exchange of a promise for an act.

contract | Exchange of promises or exchange of a promise for an act.

contribution margin per unit | Excess of revenue per unit over variable cost per unit.

contribution margin per unit | Excess of revenue per unit over variable cost per unit.

contribution margin per unit | Excess of revenue per unit over variable cost per unit.

contribution margin per unit | Excess of revenue per unit over variable cost per unit.

controlling | Management process of comparing actual to planned performance and taking corrective actions when necessary.

controlling | Management process of comparing actual to planned performance and taking corrective actions when necessary.

convertible preferred stock | Preferred stock that gives its owner the option of exchanging it for common stock.

convertible preferred stock | Preferred stock that gives its owner the option of exchanging it for common stock.

cooperative | A business owned and controlled by those who use its services.

cooperative | A business owned and controlled by those who use its services.

Core values | Statement of fundamental beliefs describing what's appropriate and important in conducting organizational activities and providing a guide for the behavior of organization members.

Core values | Statement of fundamental beliefs describing what's appropriate and important in conducting organizational activities and providing a guide for the behavior of organization members.

Corporate social responsibility | Approach that an organization takes in balancing its responsibilities toward different stakeholders when making legal, economic, ethical, and social decisions.

Corporate social responsibility | Approach that an organization takes in balancing its responsibilities toward different stakeholders when making legal, economic, ethical, and social decisions.

corporation | Legal entity that is entirely separate from the parties who own it and that is responsible for its own debts.

corporation | Legal entity that is entirely separate from the parties who own it and that is responsible for its own debts.

cost-based pricing | Pricing strategy that bases the selling price of a product on its cost plus a reasonable profit.

cost-based pricing | Pricing strategy that bases the selling price of a product on its cost plus a reasonable profit.

cover letter | A document accompanying your résumé that explains why you're sending your résumé and highlights your qualifications.

cover letter | A document accompanying your résumé that explains why you're sending your résumé and highlights your qualifications.

credit union | Financial institution that provides services to only its members (who are associated with a particular organization).

credit union | Financial institution that provides services to only its members (who are associated with a particular organization).

crimes | Violation of statute for which the law imposes punishment.

crimes | Violation of statute for which the law imposes punishment.

crisis management | Action plans that outline steps to be taken by a company in case of a crisis.

crisis management | Action plans that outline steps to be taken by a company in case of a crisis.

cross-functional teams | Team designed to take advantage of the special expertise of members drawn from different functional areas of the organization.

cross-functional teams | Team designed to take advantage of the special expertise of members drawn from different functional areas of the organization.

Cultural barriers | Barriers that result from differences among people of different cultures.

Cultural barriers | Barriers that result from differences among people of different cultures.

culture | System of shared beliefs, values, customs, and behaviors that govern the interactions of members of a society.

culture | System of shared beliefs, values, customs, and behaviors that govern the interactions of members of a society.

current ratio | Financial ratio showing the relationship between a company's current assets and current liabilities.

current ratio | Financial ratio showing the relationship between a company's current assets and current liabilities.

customer division | Organizational structure that groups employees into customer-based business segments.

customer division | Organizational structure that groups employees into customer-based business segments.

customer value triad | Three factors that customers consider in determining the value of a product: quality, service, and price.

customer value triad | Three factors that customers consider in determining the value of a product: quality, service, and price.

customer-relationship management | Strategy for retaining customers by gathering information about them, understanding them, and treating them well.

customer-relationship management | Strategy for retaining customers by gathering information about them, understanding them, and treating them well.

data communication networks | Large network used to transmit digital data from one computer to another using a variety of wired and wireless communication channels.

data communication networks | Large network used to transmit digital data from one computer to another using a variety of wired and wireless communication channels.

data mining | Technique used to search and analyze data to reveal patterns and trends that can be used to predict future behavior.

data mining | Technique used to search and analyze data to reveal patterns and trends that can be used to predict future behavior.

data warehouse | Centralized database that stores data from several databases so they can be easily analyzed.

data warehouse | Centralized database that stores data from several databases so they can be easily analyzed.

databases | Electronic collection of related data accessible to various users.

databases | Electronic collection of related data accessible to various users.

debit card | Pulls money out of your checking account whenever you use the card to buy something or get cash from an ATM.

debit card | Pulls money out of your checking account whenever you use the card to buy something or get cash from an ATM.

Debt financing | Process of raising capital for a company through the sale of bonds.

Debt financing | Process of raising capital for a company through the sale of bonds.

decentralization | Decision-making process in which most decision making is spread throughout the organization.

decentralization | Decision-making process in which most decision making is spread throughout the organization.

decision support system | Interactive system that extracts, integrates, and displays data from multiple sources to help managers make nonroutine decisions.

decision support system | Interactive system that extracts, integrates, and displays data from multiple sources to help managers make nonroutine decisions.

decision-making skills | Skills used in defining a problem, analyzing possible solutions, and selecting the best outcome.

decision-making skills | Skills used in defining a problem, analyzing possible solutions, and selecting the best outcome.

defendant | Party charged in a legal complaint; in criminal law, party against whom a criminal charge is brought; in civil law, party being sued for compensation for wrong allegedly done to plaintiff.

defendant | Party charged in a legal complaint; in criminal law, party against whom a criminal charge is brought; in civil law, party being sued for compensation for wrong allegedly done to plaintiff.

defined contribution retirement plan | A form of retirement savings plan in which both the employee and the employer may contribute.

defined contribution retirement plan | A form of retirement savings plan in which both the employee and the employer may contribute.

deflation | Decrease in overall price level.

deflation | Decrease in overall price level.

delegation | Process of entrusting work to subordinates.

delegation | Process of entrusting work to subordinates.

Demand | Quantity of a product that buyers are willing to purchase at various prices.

Demand | Quantity of a product that buyers are willing to purchase at various prices.

demand curve | Graph showing the quantity of a product that will be bought at certain prices.

demand curve | Graph showing the quantity of a product that will be bought at certain prices.

demand deposits | Checking accounts that pay given sums to "payees" when they demand them.

demand deposits | Checking accounts that pay given sums to "payees" when they demand them.

demand-based pricing | Pricing strategy that bases the price of a product on how much people are willing to pay for it.

demand-based pricing | Pricing strategy that bases the price of a product on how much people are willing to pay for it.

Demographic segmentation | Process of dividing the market into groups based on such variables as age and income.

Demographic segmentation | Process of dividing the market into groups based on such variables as age and income.

departmentalization | Process of grouping specialized jobs into meaningful units.

departmentalization | Process of grouping specialized jobs into meaningful units.

depreciation expense | Costs of a long-term or fixed asset spread over its useful life.

depreciation expense | Costs of a long-term or fixed asset spread over its useful life.

depression | Severe, long-lasting recession.

depression | Severe, long-lasting recession.

directing | Management process that provides focus and direction to others and motivates them to achieve organizational goals.

directing | Management process that provides focus and direction to others and motivates them to achieve organizational goals.

Disability insurance | Pays an income to an insured person when he or she is unable to work for an extended period.

Disability insurance | Pays an income to an insured person when he or she is unable to work for an extended period.

discount rate | Rate of interest the Fed charges member banks when they borrow reserve funds.

discount rate | Rate of interest the Fed charges member banks when they borrow reserve funds.

Distribution | All activities involved in getting the right quantity of a product to the right customer at the right time and at a reasonable cost.

Distribution | All activities involved in getting the right quantity of a product to the right customer at the right time and at a reasonable cost.

distribution center | Location where products are received from multiple suppliers, stored temporarily, and then shipped to their final destinations.

distribution center | Location where products are received from multiple suppliers, stored temporarily, and then shipped to their final destinations.

dividends | Earnings distributed to stockholders.

dividends | Earnings distributed to stockholders.

dividends | Earnings distributed to stockholders.

dividends | Earnings distributed to stockholders.

divisional organizations | Form of organization that groups people into several smaller, self-contained units, or divisions, which are accountable for their own performance.

divisional organizations | Form of organization that groups people into several smaller, self-contained units, or divisions, which are accountable for their own performance.

Dow Jones Industrial Average (DJIA) | Market index that reflects the total value of a "market basket" of thirty large U.S. companies.

Dow Jones Industrial Average (DJIA) | Market index that reflects the total value of a "market basket" of thirty large U.S. companies.

downsizing | Practice of eliminating jobs to cut costs.

downsizing | Practice of eliminating jobs to cut costs.

downward communication | Communication flow from higher to lower organizational levels.

downward communication | Communication flow from higher to lower organizational levels.

dumping | Practice of selling exported goods below the price that producers would normally charge home markets.

dumping | Practice of selling exported goods below the price that producers would normally charge home markets.

Duty of care | Basic obligation that one person owes another; duty not to cause harm or unreasonable risk of harm.

Duty of care | Basic obligation that one person owes another; duty not to cause harm or unreasonable risk of harm.

e-commerce | Business conducted over the Internet.

e-commerce | Business conducted over the Internet.

economic indicator | Statistic that provides information about trends in the economy.

economic indicator | Statistic that provides information about trends in the economy.

economic system | Means by which a society makes decisions about allocating resources to produce and distribute products.

economic system | Means by which a society makes decisions about allocating resources to produce and distribute products.

electronic data interchange | Computerized exchange of business transaction documents.

electronic data interchange | Computerized exchange of business transaction documents.

electronic data interchange (EDI) | Computerized exchange of business transaction documents.

electronic data interchange (EDI) | Computerized exchange of business transaction documents.

embargo | Extreme form of quota that bans the import or export of certain goods to a country for economic or political reasons.

embargo | Extreme form of quota that bans the import or export of certain goods to a country for economic or political reasons.

employment-at-will | Legal doctrine that allows an employer to fire an employee at will.

employment-at-will | Legal doctrine that allows an employer to fire an employee at will.

encryption | Process of encoding data so that only individuals or computers armed with a secret code (or key) can decode it.

encryption | Process of encoding data so that only individuals or computers armed with a secret code (or key) can decode it.

enterprise resource planning (ERP) system | Integrated computer system used to channel information to multiple users.

enterprise resource planning (ERP) system | Integrated computer system used to channel information to multiple users.

entrepreneur | Individual who identifies a business opportunity and assumes the risk of creating and running a business to take advantage of it.

entrepreneur | Individual who identifies a business opportunity and assumes the risk of creating and running a business to take advantage of it.

Equal Employment Opportunity Commission (EEOC) | Federal agency in charge of enforcing federal laws on employment discrimination.

Equal Employment Opportunity Commission (EEOC) | Federal agency in charge of enforcing federal laws on employment discrimination.

equilibrium price | Price at which buyers are willing to buy exactly the amount that sellers are willing to sell.

equilibrium price | Price at which buyers are willing to buy exactly the amount that sellers are willing to sell.

equity theory | Theory of motivation that focuses on our perceptions of how fairly we're treated relative to others.

equity theory | Theory of motivation that focuses on our perceptions of how fairly we're treated relative to others.

ethical dilemma | Morally problematic situation.

ethical dilemma | Morally problematic situation.

ethical lapse | Situation in which an individual makes a decision that's unmistakably unethical or illegal.

ethical lapse | Situation in which an individual makes a decision that's unmistakably unethical or illegal.

European Union (EU) | Association of European countries that joined together to eliminate trade barriers among themselves.

European Union (EU) | Association of European countries that joined together to eliminate trade barriers among themselves.

exchange rate | Value of one currency relative to another.

exchange rate | Value of one currency relative to another.

executive information system | System that provides senior managers with strategic information customized to meet their needs and presented in a convenient format.

executive information system | System that provides senior managers with strategic information customized to meet their needs and presented in a convenient format.

executive summary | Overview emphasizing the key points of a business plan to get the reader excited about the business's prospects.

executive summary | Overview emphasizing the key points of a business plan to get the reader excited about the business's prospects.

expectancy theory | Theory of motivation that proposes that employees will work hard to earn rewards they value and consider obtainable.

expectancy theory | Theory of motivation that proposes that employees will work hard to earn rewards they value and consider obtainable.

expenses | Costs incurred by selling products to customers.

expenses | Costs incurred by selling products to customers.

Expert systems | Program that mimics the judgment of experts.

Expert systems | Program that mimics the judgment of experts.

exporting | Practice of selling domestic products to foreign customers.

exporting | Practice of selling domestic products to foreign customers.

express warranty | Warranty created when a seller affirms that a product meets certain standards of quality, description, performance, or condition.

express warranty | Warranty created when a seller affirms that a product meets certain standards of quality, description, performance, or condition.

External communication | Channel through which communication occurs between parties inside a company and parties outside it.

External communication | Channel through which communication occurs between parties inside a company and parties outside it.

external marketing environment | Factors external to the firm that present threats and opportunities and that require shifts in marketing plans.

external marketing environment | Factors external to the firm that present threats and opportunities and that require shifts in marketing plans.

externalities | Cost that doesn't show up as part of the market price for a product.

externalities | Cost that doesn't show up as part of the market price for a product.

extranet | Intranet that's partially available to certain parties outside the organization.

extranet | Intranet that's partially available to certain parties outside the organization.

factors of production | Resources consisting of land, labor, capital (money, buildings, equipment), and entrepreneurial skills combined to produce goods and services.

factors of production | Resources consisting of land, labor, capital (money, buildings, equipment), and entrepreneurial skills combined to produce goods and services.

fair market value | The price you could get by selling assets at their present price.

fair market value | The price you could get by selling assets at their present price.

Federal Depository Insurance Corporation (FDIC) | Government agency that regulates banks and insures deposits in its member banks up to \$250,000.

Federal Depository Insurance Corporation (FDIC) | Government agency that regulates banks and insures deposits in its member banks up to \$250,000.

federal funds rate | The interest rate that a Federal Reserve member bank pays when it borrows from other member banks to meet reserve requirements.

federal funds rate | The interest rate that a Federal Reserve member bank pays when it borrows from other member banks to meet reserve requirements.

Federal Reserve System | U.S. central banking system, which has three goals: price stability, sustainable economic growth, and full employment.

Federal Reserve System | U.S. central banking system, which has three goals: price stability, sustainable economic growth, and full employment.

fiduciary responsibility | Duty of management to safeguard a company's assets and handle its funds in a trustworthy manner.

fiduciary responsibility | Duty of management to safeguard a company's assets and handle its funds in a trustworthy manner.

Finance | Activities involved in planning for, obtaining, and managing a company's funds.

Finance | Activities involved in planning for, obtaining, and managing a company's funds.

Finance companies | Nondeposit financial institution that makes loans from funds acquired by selling securities or borrowing from commercial banks.

Finance companies | Nondeposit financial institution that makes loans from funds acquired by selling securities or borrowing from commercial banks.

Financial condition ratios | Financial ratio that helps to assess a firm's financial strength.

Financial condition ratios | Financial ratio that helps to assess a firm's financial strength.

financial plan | Planning document that shows the amount of funds a company needs and details a strategy for getting those funds.

financial plan | Planning document that shows the amount of funds a company needs and details a strategy for getting those funds.

financial planning | The process of managing your personal finances to meet goals that you've set for yourself or your family.

financial planning | The process of managing your personal finances to meet goals that you've set for yourself or your family.

financing activities | Activity that creates cash inflows or outflows through the obtaining or repaying of borrowed or invested funds.

financing activities | Activity that creates cash inflows or outflows through the obtaining or repaying of borrowed or invested funds.

firewall | Software program that controls access to a company's intranet.

firewall | Software program that controls access to a company's intranet.

First-line managers | Those at the bottom of the management hierarchy who supervise employees and coordinate their activities.

First-line managers | Those at the bottom of the management hierarchy who supervise employees and coordinate their activities.

fiscal policy | Governmental use of taxation and spending to influence economic conditions.

fiscal policy | Governmental use of taxation and spending to influence economic conditions.

fiscal year | Company's designated business year.

fiscal year | Company's designated business year.

fixed costs | Costs that don't change when the amount of goods sold changes.

fixed costs | Costs that don't change when the amount of goods sold changes.

fixed costs | Costs that don't change when the amount of goods sold changes.

fixed costs | Costs that don't change when the amount of goods sold changes.

fixed-position layout | Layout in which workers are moved to the product, which stays in one place.

fixed-position layout | Layout in which workers are moved to the product, which stays in one place.

fixed-rate mortgage | A mortgage on which the interest rate remains the same regardless of changes in market interest rates.

fixed-rate mortgage | A mortgage on which the interest rate remains the same regardless of changes in market interest rates.

flexible manufacturing system | System in which computer-controlled equipment is programmed to handle materials used in manufacturing.

flexible manufacturing system | System in which computer-controlled equipment is programmed to handle materials used in manufacturing.

flexible manufacturing systems (FMS) | System in which computer-controlled equipment is programmed to handle materials used in manufacturing.

flexible manufacturing systems (FMS) | System in which computer-controlled equipment is programmed to handle materials used in manufacturing.

flexible spending account | Allows a specified amount of pretax dollars to be used to pay for qualified expenses, including health care and child care.

flexible spending account | Allows a specified amount of pretax dollars to be used to pay for qualified expenses, including health care and child care.

flextime | Alternative work arrangement that allows employees to designate starting and quitting times.

flextime | Alternative work arrangement that allows employees to designate starting and quitting times.

focus group | Group of individuals brought together for the purpose of asking them questions about a product or marketing strategy.

focus group | Group of individuals brought together for the purpose of asking them questions about a product or marketing strategy.

foreign subsidiary | Independent company owned by a foreign firm (called its parent).

foreign subsidiary | Independent company owned by a foreign firm (called its parent).

formal communication network | Network consisting of all communications that flow along an organization's official lines of authority.

formal communication network | Network consisting of all communications that flow along an organization's official lines of authority.

franchise | Form of business ownership in which a *franchiser* (a seller) grants a *franchisee* (a buyer) the right to use a brand name and to sell its products or services.

franchise | Form of business ownership in which a *franchiser* (a seller) grants a *franchisee* (a buyer) the right to use a brand name and to sell its products or services.

full employment | Condition under which about 95 percent of those who want to work are employed.

full employment | Condition under which about 95 percent of those who want to work are employed.

functional organization | Form of business organization that groups together people who have comparable skills and perform similar tasks.

functional organization | Form of business organization that groups together people who have comparable skills and perform similar tasks.

Gantt chart | Graphical tool for determining the status of projects.

Gantt chart | Graphical tool for determining the status of projects.

General Agreement on Tariffs and Trade (GATT) | International trade agreement that encourages free trade by regulating and reducing tariffs and provides a forum for resolving trade disputes.

General Agreement on Tariffs and Trade (GATT) | International trade agreement that encourages free trade by regulating and reducing tariffs and provides a forum for resolving trade disputes.

generally accepted accounting principles (GAAP) | Uniform set of rules for financial reporting issued by an independent agency called the Financial Accounting Standards Board (FASB).

generally accepted accounting principles (GAAP) | Uniform set of rules for financial reporting issued by an independent agency called the Financial Accounting Standards Board (FASB).

generic branding | Product with no branding information attached to it except a description of its contents.

generic branding | Product with no branding information attached to it except a description of its contents.

Geographic segmentation | Process of dividing a market according to such variables as climate, region, and population density.

Geographic segmentation | Process of dividing a market according to such variables as climate, region, and population density.

Geographical division | Organizational structure that groups people into divisions based on location.

Geographical division | Organizational structure that groups people into divisions based on location.

goods-producing sector | All businesses whose primary purpose is to produce tangible goods.

goods-producing sector | All businesses whose primary purpose is to produce tangible goods.

grievances | Union worker complaints on contract-related matters.

grievances | Union worker complaints on contract-related matters.

gross domestic product (GDP) | Measure of the market value of all goods and services produced by a nation's economy in a given year.

gross domestic product (GDP) | Measure of the market value of all goods and services produced by a nation's economy in a given year.

gross profit or gross margin | Positive difference between revenues and cost of goods sold.

gross profit or gross margin | Positive difference between revenues and cost of goods sold.

group cohesiveness | Principle that groups are most effective when members like being members.

group cohesiveness | Principle that groups are most effective when members like being members.

groupthink | Tendency to conform to group pressure in making decisions while failing to think critically or to consider outside influences.

groupthink | Tendency to conform to group pressure in making decisions while failing to think critically or to consider outside influences.

hierarchy-of-needs theory | Theory of motivation that holds that people are motivated by a hierarchical series of unmet needs.

hierarchy-of-needs theory | Theory of motivation that holds that people are motivated by a hierarchical series of unmet needs.

high-context cultures | Cultures in which personal and family connections have an effect on most interactions, including those in business.

high-context cultures | Cultures in which personal and family connections have an effect on most interactions, including those in business.

human resource management (HRM) | All actions that an organization takes to attract, develop, and retain quality employees.

human resource management (HRM) | All actions that an organization takes to attract, develop, and retain quality employees.

implied warranties | Warranty arising automatically out of a transaction.

implied warranties | Warranty arising automatically out of a transaction.

incentive programs | Program designed to financially reward employees for good performance.

incentive programs | Program designed to financially reward employees for good performance.

individual retirement account (IRA) | Personal retirement account set up by an individual to save money tax free until retirement.

individual retirement account (IRA) | Personal retirement account set up by an individual to save money tax free until retirement.

industrial market | Buyers who want a product for use in making other products.

industrial market | Buyers who want a product for use in making other products.

industrial robots | Computer-controlled machine used to perform repetitive tasks that are also hard or dangerous for human workers.

industrial robots | Computer-controlled machine used to perform repetitive tasks that are also hard or dangerous for human workers.

industry | Group of businesses that compete with one another to market products that are the same or similar.

industry | Group of businesses that compete with one another to market products that are the same or similar.

informal communication network (or grapevine) | Network that carries information whenever two or more employees get together and start talking about the company and their jobs.

informal communication network (or grapevine) | Network that carries information whenever two or more employees get together and start talking about the company and their jobs.

information | Data that have been processed or turned into some useful form.

information | Data that have been processed or turned into some useful form.

information managers | Manager with responsibility for determining the information needs of members of the organization and meeting those needs.

information managers | Manager with responsibility for determining the information needs of members of the organization and meeting those needs.

insider trading | Practice of buying or selling of securities using important information about the company before it's made public.

insider trading | Practice of buying or selling of securities using important information about the company before it's made public.

insider trading | Practice of buying or selling of securities using important information about the company before it's made public.

insider trading | Practice of buying or selling of securities using important information about the company before it's made public.

Insurance companies | Nondeposit institution that collects premiums from policyholders for protection against losses and invests these funds.

Insurance companies | Nondeposit institution that collects premiums from policyholders for protection against losses and invests these funds.

intentional tort | Intentional act that poses harm to another person or another person's property.

intentional tort | Intentional act that poses harm to another person or another person's property.

Interest | Cost charged to use someone else's money.

Interest | Cost charged to use someone else's money.

interest coverage ratio | Financial ratio showing a company's ability to pay interest on its debts from its operating income.

interest coverage ratio | Financial ratio showing a company's ability to pay interest on its debts from its operating income.

intermediary | Wholesaler or retailer who helps move products from their original source to the end user.

intermediary | Wholesaler or retailer who helps move products from their original source to the end user.

International Financial Reporting Standards (IFRS) | A set of worldwide accounting rules and guidelines used by companies to prepare financial statements that can be compared with those of other countries.

International Financial Reporting Standards (IFRS) | A set of worldwide accounting rules and guidelines used by companies to prepare financial statements that can be compared with those of other countries.

international franchise | Agreement in which a domestic company (franchiser) gives a foreign company (franchisee) the right to use its brand and sell its products.

international franchise | Agreement in which a domestic company (franchiser) gives a foreign company (franchisee) the right to use its brand and sell its products.

international licensing agreement | Agreement that allows a foreign company to sell a domestic company's products or use its intellectual property in exchange for royalty fees.

international licensing agreement | Agreement that allows a foreign company to sell a domestic company's products or use its intellectual property in exchange for royalty fees.

International Monetary Fund (IMF) | International organization set up to lend money to countries with troubled economies.

International Monetary Fund (IMF) | International organization set up to lend money to countries with troubled economies.

Internet service providers | Company, such as America Online, that links into the Internet infrastructure to connect paying subscribers.

Internet service providers | Company, such as America Online, that links into the Internet infrastructure to connect paying subscribers.

interpersonal skills | Skills used to get along with and motivate other people.

interpersonal skills | Skills used to get along with and motivate other people.

interruption marketing | Marketing that interrupts people to get their attention (with the hope they will listen to the ad), such as TV advertising.

interruption marketing | Marketing that interrupts people to get their attention (with the hope they will listen to the ad), such as TV advertising.

interview | Formal meeting during which the employer learns more about an applicant and the applicant learns more about the prospective employer.

interview | Formal meeting during which the employer learns more about an applicant and the applicant learns more about the prospective employer.

inventory | Goods that a business has made or bought and expects to sell in the process of normal operations.

inventory | Goods that a business has made or bought and expects to sell in the process of normal operations.

inventory control | Management of inventory to ensure that a company has enough inventory to keep operations flowing smoothly but not so much that money is being wasted in holding it.

inventory control | Management of inventory to ensure that a company has enough inventory to keep operations flowing smoothly but not so much that money is being wasted in holding it.

inventory turnover ratio | Financial ratio that shows how efficiently a company turns over its inventory.

inventory turnover ratio | Financial ratio that shows how efficiently a company turns over its inventory.

investing activities | Activity that creates cash inflows or outflows through the selling or buying of long-term assets.

investing activities | Activity that creates cash inflows or outflows through the selling or buying of long-term assets.

investment banking firm | Financial institution that specializes in issuing securities.

investment banking firm | Financial institution that specializes in issuing securities.

ISO 14000 | Set of international standards for environmental management established by the International Organization for Standardization.

ISO 14000 | Set of international standards for environmental management established by the International Organization for Standardization.

job analysis | Identification of the tasks, responsibilities, and skills of a job, as well as the knowledge and abilities needed to perform it.

job analysis | Identification of the tasks, responsibilities, and skills of a job, as well as the knowledge and abilities needed to perform it.

job description | Outline of the duties and responsibilities of a position.

job description | Outline of the duties and responsibilities of a position.

job enlargement | Job redesign strategy in which management enhances a job by adding tasks at similar skill levels.

job enlargement | Job redesign strategy in which management enhances a job by adding tasks at similar skill levels.

Job enrichment | Job redesign strategy in which management enriches a job by adding tasks that increase both responsibility and opportunity for growth.

Job enrichment | Job redesign strategy in which management enriches a job by adding tasks that increase both responsibility and opportunity for growth.

job redesign | Management strategy used to increase job satisfaction by making jobs more interesting and challenging.

job redesign | Management strategy used to increase job satisfaction by making jobs more interesting and challenging.

job rotation | Job redesign strategy that allows employees to rotate from one job to another on a systematic basis.

job rotation | Job redesign strategy that allows employees to rotate from one job to another on a systematic basis.

job sharing | Work arrangement in which two people share one full-time position.

job sharing | Work arrangement in which two people share one full-time position.

job specification | Detailed list of the qualifications needed to perform a job, including required skills, knowledge, and abilities.

job specification | Detailed list of the qualifications needed to perform a job, including required skills, knowledge, and abilities.

joint ventures | Alliances in which the partners fund a separate entity (partnership or corporation) to manage their joint operations.

joint ventures | Alliances in which the partners fund a separate entity (partnership or corporation) to manage their joint operations.

just-in-time (JIT) production | System for reducing inventories and costs by requiring suppliers to deliver materials *just in time* to go into the production process.

just-in-time (JIT) production | System for reducing inventories and costs by requiring suppliers to deliver materials *just in time* to go into the production process.

just-in-time production | System for reducing inventories and costs by requiring suppliers to deliver materials *just in time* to go into the production process.

just-in-time production | System for reducing inventories and costs by requiring suppliers to deliver materials *just in time* to go into the production process.

Labeling | Information on the package of a product that identifies the product and provides details of the package contents.

Labeling | Information on the package of a product that identifies the product and provides details of the package contents.

labor union | Organized group of workers that bargains with employers to improve its members' pay, job security, and working conditions.

labor union | Organized group of workers that bargains with employers to improve its members' pay, job security, and working conditions.

laissez-faire leadership style | Management style used by those who follow a "hands-off" approach and provide relatively little direction to subordinates.

laissez-faire leadership style | Management style used by those who follow a "hands-off" approach and provide relatively little direction to subordinates.

Lateral (or horizontal) communication | Communication flow across the organization, among personnel on the same level.

Lateral (or horizontal) communication | Communication flow across the organization, among personnel on the same level.

law | Body of enforceable rules and principles of conduct.

law | Body of enforceable rules and principles of conduct.

layout | Arrangement in a facility of equipment, machinery, and people to make a production process as efficient as possible.

layout | Arrangement in a facility of equipment, machinery, and people to make a production process as efficient as possible.

leadership style | Particular approach used by a manager to interact with and influence others.

leadership style | Particular approach used by a manager to interact with and influence others.

leading economic indicators | Statistical data that predict the status of the economy three to twelve months in the future.

leading economic indicators | Statistical data that predict the status of the economy three to twelve months in the future.

legal monopoly | Monopoly in which one seller supplies a product or technology to which it holds a patent.

legal monopoly | Monopoly in which one seller supplies a product or technology to which it holds a patent.

legal system | Institutions and processes that enforce laws.

legal system | Institutions and processes that enforce laws.

liabilities | Debt owed by a business to an outside individual or organization.

liabilities | Debt owed by a business to an outside individual or organization.

limited liability | Legal condition under which an owner or investor can't lose more than the amount invested.

limited liability | Legal condition under which an owner or investor can't lose more than the amount invested.

limited partnership | Partnership made up of a single general partner (who runs the business and is responsible for its liabilities) and any number of limited partners.

limited partnership | Partnership made up of a single general partner (who runs the business and is responsible for its liabilities) and any number of limited partners.

limited-liability company | Corporation whose members are not personally liable for company debts and whose earnings are taxed only once, when they are paid out as dividends. It has fewer rules and restrictions than does an S-corporation.

limited-liability company | Corporation whose members are not personally liable for company debts and whose earnings are taxed only once, when they are paid out as dividends. It has fewer rules and restrictions than does an S-corporation.

lines of credit | Commitment by a bank that allows a company to borrow up to a specified amount of money as the need arises.

lines of credit | Commitment by a bank that allows a company to borrow up to a specified amount of money as the need arises.

liquidity | Speed with which an asset can be converted into cash.

liquidity | Speed with which an asset can be converted into cash.

local area network (LAN) | Network that links computers that are in close proximity.

local area network (LAN) | Network that links computers that are in close proximity.

Long-term liabilities | Liability that a business need not pay off within the following year.

Long-term liabilities | Liability that a business need not pay off within the following year.

low-context cultures | Cultures in which personal and work relationships are compartmentalized.

low-context cultures | Cultures in which personal and work relationships are compartmentalized.

M-1 | Measure of the money supply that includes only the most liquid forms of money, such as cash and checking-account funds.

M-1 | Measure of the money supply that includes only the most liquid forms of money, such as cash and checking-account funds.

M-2 | Measure of the money supply that includes everything in M-1 plus near-cash.

M-2 | Measure of the money supply that includes everything in M-1 plus near-cash.

make-to-order strategy | Production method in which products are made to customer specification.

make-to-order strategy | Production method in which products are made to customer specification.

management | Process of planning for, organizing, directing, and controlling a company's resources so that it can achieve its goals.

management | Process of planning for, organizing, directing, and controlling a company's resources so that it can achieve its goals.

Management | Process of planning for, organizing, directing, and controlling a company's resources so that it can achieve its goals.

Management | Process of planning for, organizing, directing, and controlling a company's resources so that it can achieve its goals.

Management accounting | Branch of accounting that provides information and analysis to decision makers inside the organization to help them operate the business.

Management accounting | Branch of accounting that provides information and analysis to decision makers inside the organization to help them operate the business.

management information system | System used to extract data from a database and compile reports that help managers make routine decisions.

management information system | System used to extract data from a database and compile reports that help managers make routine decisions.

manager | Individual in an organization who is responsible for making a group of people more effective and efficient.

manager | Individual in an organization who is responsible for making a group of people more effective and efficient.

manager-led team | Team on which a manager defines goals and methods and is solely responsible for interactions with higher-level management.

manager-led team | Team on which a manager defines goals and methods and is solely responsible for interactions with higher-level management.

manufacturer branding | Branding strategy in which a manufacturer sells one or more products under its own brand names.

manufacturer branding | Branding strategy in which a manufacturer sells one or more products under its own brand names.

manufacturing resource planning (MRP II) | System for coordinating a firm's material requirements planning activities with the activities of its other functional areas.

manufacturing resource planning (MRP II) | System for coordinating a firm's material requirements planning activities with the activities of its other functional areas.

market indexes | Measure for tracking stock prices.

market indexes | Measure for tracking stock prices.

market segments | Group of potential customers with common characteristics that influence their buying decisions.

market segments | Group of potential customers with common characteristics that influence their buying decisions.

market share | Company's portion of the market that it has targeted.

market share | Company's portion of the market that it has targeted.

Marketing | Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Marketing | Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Marketing | Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Marketing | Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

marketing concept | Basic philosophy of satisfying customer needs while meeting organizational goals.

marketing concept | Basic philosophy of satisfying customer needs while meeting organizational goals.

marketing mix | Combination of product, price, place, and promotion (often called the four Ps) used to market products.

marketing mix | Combination of product, price, place, and promotion (often called the four Ps) used to market products.

marketing research | Process of collecting and analyzing data that's relevant to a specific marketing situation.

marketing research | Process of collecting and analyzing data that's relevant to a specific marketing situation.

marketing strategy | Plan for selecting a target market and creating, pricing, promoting, and distributing products that satisfy customers.

marketing strategy | Plan for selecting a target market and creating, pricing, promoting, and distributing products that satisfy customers.

mass customization | Production method in which fairly high volumes of customized products are made at fairly low prices.

mass customization | Production method in which fairly high volumes of customized products are made at fairly low prices.

mass production (or make-to-stock strategy) | Production method in which high volumes of products are made at low cost and held in inventory in anticipation of future demand.

mass production (or make-to-stock strategy) | Production method in which high volumes of products are made at low cost and held in inventory in anticipation of future demand.

master production schedule (MPS) | Timetable that specifies which and how many products will be produced and when.

master production schedule (MPS) | Timetable that specifies which and how many products will be produced and when.

material requirements planning (MRP) | Technique of using a computerized program to calculate the quantity of materials needed for production and to reschedule inventory ordering.

material requirements planning (MRP) | Technique of using a computerized program to calculate the quantity of materials needed for production and to reschedule inventory ordering.

materials handling | Process of physically moving or carrying goods during production, warehousing, and distribution.

materials handling | Process of physically moving or carrying goods during production, warehousing, and distribution.

materials management | All decisions pertaining to the purchase of inputs, the inventory of components and finished products, and the scheduling of production processes.

materials management | All decisions pertaining to the purchase of inputs, the inventory of components and finished products, and the scheduling of production processes.

matrix structure | Structure in which employees from various functional areas form teams to combine their skills in working on a specific project.

matrix structure | Structure in which employees from various functional areas form teams to combine their skills in working on a specific project.

middle managers | Those in the middle of the management hierarchy who report to top management and oversee the activities of first-line managers.

middle managers | Those in the middle of the management hierarchy who report to top management and oversee the activities of first-line managers.

misdemeanor | Crime that's not "inherently evil" but that's nevertheless prohibited by society.

misdemeanor | Crime that's not "inherently evil" but that's nevertheless prohibited by society.

mission statement | Statement describing an organization's purpose or *mission*—its reason for existence—and telling stakeholders what the organization is committed to doing.

mission statement | Statement describing an organization's purpose or *mission*—its reason for existence—and telling stakeholders what the organization is committed to doing.

Money | Anything commonly accepted as a medium of exchange, measure of value, and store of value.

Money | Anything commonly accepted as a medium of exchange, measure of value, and store of value.

money market funds | Fund invested in safe, highly liquid securities.

money market funds | Fund invested in safe, highly liquid securities.

money market mutual funds | Accounts that pay interest to investors who pool funds to make short-term loans to businesses and the government.

money market mutual funds | Accounts that pay interest to investors who pool funds to make short-term loans to businesses and the government.

money multiplier | The amount by which an initial bank deposit will expand the money supply.

money multiplier | The amount by which an initial bank deposit will expand the money supply.

monopolistic competition | Market in which many sellers supply differentiated products.

monopolistic competition | Market in which many sellers supply differentiated products.

monopoly | Market in which there is only one seller supplying products at regulated prices.

monopoly | Market in which there is only one seller supplying products at regulated prices.

Motivation | Internally generated drive to achieve a goal or follow a particular course of action.

Motivation | Internally generated drive to achieve a goal or follow a particular course of action.

multinational corporation (MNC) | Large corporation that operates in many countries.

multinational corporation (MNC) | Large corporation that operates in many countries.

NASDAQ | Best-known over-the-counter, electronic exchange system.

NASDAQ | Best-known over-the-counter, electronic exchange system.

national debt | Total amount of money owed by the federal government.

national debt | Total amount of money owed by the federal government.

Natural monopolies | Monopoly in which, because of the industry's importance to society, one seller is permitted to supply products without competition.

Natural monopolies | Monopoly in which, because of the industry's importance to society, one seller is permitted to supply products without competition.

negligence tort | Tort resulting from carelessness.

negligence tort | Tort resulting from carelessness.

net income | Positive difference between gross profit and total expenses.

net income | Positive difference between gross profit and total expenses.

net worth | The difference between an individual's assets and liabilities.

net worth | The difference between an individual's assets and liabilities.

net worth statement | A personal balance sheet that lists the value of the things you own, the amounts owed to others, and the difference, called "net worth."

net worth statement | A personal balance sheet that lists the value of the things you own, the amounts owed to others, and the difference, called "net worth."

niche | Narrowly defined group of potential customers with a fairly specific set of needs.

niche | Narrowly defined group of potential customers with a fairly specific set of needs.

nonverbal communication | "Nonword" messages communicated through facial expressions, posture, gestures, and tone of voice.

nonverbal communication | "Nonword" messages communicated through facial expressions, posture, gestures, and tone of voice.

North American Free Trade Association (NAFTA) | Agreement among the governments of the United States, Canada, and Mexico to open their borders to unrestricted trade.

North American Free Trade Association (NAFTA) | Agreement among the governments of the United States, Canada, and Mexico to open their borders to unrestricted trade.

not-for-profit (or nonprofit) organizations | Organization that has a purpose other than returning profits to owners.

not-for-profit (or nonprofit) organizations | Organization that has a purpose other than returning profits to owners.

not-for-profit corporation | An organization formed to serve some public purpose rather than for financial gain.

not-for-profit corporation | An organization formed to serve some public purpose rather than for financial gain.

Objectives | Intermediate-term performance targets that direct the activities of an organization toward the attainment of a goal.

Objectives | Intermediate-term performance targets that direct the activities of an organization toward the attainment of a goal.

Occupational Health and Safety Administration (OSHA) | Federal administrative agency empowered to set workplace safety and health standards and to ensure that employers take appropriate steps to meet them.

Occupational Health and Safety Administration (OSHA) | Federal administrative agency empowered to set workplace safety and health standards and to ensure that employers take appropriate steps to meet them.

odd-even pricing | Practice of pricing products a few cents (or dollars) under an even number.

odd-even pricing | Practice of pricing products a few cents (or dollars) under an even number.

offshoring | Setting up facilities in a foreign country that replace U.S. manufacturing facilities to produce goods that will be sent back to the United States for sale.

offshoring | Setting up facilities in a foreign country that replace U.S. manufacturing facilities to produce goods that will be sent back to the United States for sale.

Oligopoly | Market in which a few sellers supply a large portion of all the products sold in the marketplace.

Oligopoly | Market in which a few sellers supply a large portion of all the products sold in the marketplace.

on-the-job training | Employee training (often informal) that occurs while the employee is on the job.

on-the-job training | Employee training (often informal) that occurs while the employee is on the job.

open market operations | The sale and purchase of U.S. government bonds by the Fed in the open market.

open market operations | The sale and purchase of U.S. government bonds by the Fed in the open market.

operating activities | Activity that creates cash inflows or outflows through day-to-day operations.

operating activities | Activity that creates cash inflows or outflows through day-to-day operations.

Operating expenses | Costs of selling products to customers, not including cost of goods sold.

Operating expenses | Costs of selling products to customers, not including cost of goods sold.

operational plans | Detailed action steps to be taken by individuals or groups to implement tactical plans.

operational plans | Detailed action steps to be taken by individuals or groups to implement tactical plans.

operations management (OM) | Management of the process that transforms resources into products.

operations management (OM) | Management of the process that transforms resources into products.

operations manager | Person who designs and oversees the process that converts resources into goods or services.

operations manager | Person who designs and oversees the process that converts resources into goods or services.

Operations support systems | Information system used by lower-level managers to assist them in running day-to-day operations and making routine decisions.

Operations support systems | Information system used by lower-level managers to assist them in running day-to-day operations and making routine decisions.

organization chart | Diagram representing the interrelationships of positions within an organization.

organization chart | Diagram representing the interrelationships of positions within an organization.

organizing | Management process of allocating resources to achieve a company's plans.

organizing | Management process of allocating resources to achieve a company's plans.

orientation | Activities involved in introducing new employees to the organization and their jobs.

orientation | Activities involved in introducing new employees to the organization and their jobs.

outsourcing | Practice of using outside vendors to manufacture all or part of a company's actual products.

outsourcing | Practice of using outside vendors to manufacture all or part of a company's actual products.

outsourcing | Practice of using outside vendors to manufacture all or part of a company's actual products.

outsourcing | Practice of using outside vendors to manufacture all or part of a company's actual products.

owner's equity | Amount which is invested in a business by its owners and which owners can claim from its assets.

owner's equity | Amount which is invested in a business by its owners and which owners can claim from its assets.

partnership (or general partnership) | Business owned jointly by two or more people.

partnership (or general partnership) | Business owned jointly by two or more people.

patent | Grant of the exclusive right to produce or sell a product, process, or invention.

patent | Grant of the exclusive right to produce or sell a product, process, or invention.

penetration pricing | Pricing strategy in which the seller charges a low price on a new product to discourage competition and gain market share.

penetration pricing | Pricing strategy in which the seller charges a low price on a new product to discourage competition and gain market share.

pension funds | Fund set up to collect contributions from participating companies for the purpose of providing its members with retirement income.

pension funds | Fund set up to collect contributions from participating companies for the purpose of providing its members with retirement income.

Perfect competition | Market in which many consumers buy standardized products from numerous small businesses.

Perfect competition | Market in which many consumers buy standardized products from numerous small businesses.

performance appraisals | Formal process in which a manager evaluates an employee's work performance.

performance appraisals | Formal process in which a manager evaluates an employee's work performance.

personal finance | The application of financial principles to the monetary decisions of an individual or a family.

personal finance | The application of financial principles to the monetary decisions of an individual or a family.

Personal selling | One-on-one communication with customers or potential customers.

Personal selling | One-on-one communication with customers or potential customers.

PERT charts | Tool for diagramming the activities required to produce a product, specifying the time required to perform each activity in the process, and organizing activities in the most efficient sequence.

PERT charts | Tool for diagramming the activities required to produce a product, specifying the time required to perform each activity in the process, and organizing activities in the most efficient sequence.

physical distribution | Activities needed to get a product from where it was manufactured to the customer.

physical distribution | Activities needed to get a product from where it was manufactured to the customer.

picketing | Union tactic of parading with signs outside a factory or other facility to publicize a strike.

picketing | Union tactic of parading with signs outside a factory or other facility to publicize a strike.

planning | Process of setting goals and determining the best way to achieve them.

planning | Process of setting goals and determining the best way to achieve them.

platform as a service (PaaS) | Those offering the platform as a service category of cloud computing provide services that enable users to develop customized web applications.

platform as a service (PaaS) | Those offering the platform as a service category of cloud computing provide services that enable users to develop customized web applications.

precedent | Rule of case law that must be used by lower courts in deciding future cases.

precedent | Rule of case law that must be used by lower courts in deciding future cases.

Preferred stock | Stock that pays owners a fixed dividend annually.

Preferred stock | Stock that pays owners a fixed dividend annually.

premises liability | The duty of innkeepers to take reasonable care in preventing customers and third parties from being injured on their property.

prestige-pricing | Practice of setting a price artificially high to foster the impression that it is a product of high quality.

prestige-pricing | Practice of setting a price artificially high to foster the impression that it is a product of high quality.

primary data | Newly collected marketing information that addresses specific questions about the target market.

primary data | Newly collected marketing information that addresses specific questions about the target market.

primary market | Market that deals in the sale of newly issued securities.

primary market | Market that deals in the sale of newly issued securities.

prime rate | Rate that banks charge their best customers.

prime rate | Rate that banks charge their best customers.

private accountants | Accountant who works for a private organization or government agency.

private accountants | Accountant who works for a private organization or government agency.

private branding | Product made by a manufacturer and sold to a retailer who in turn resells it under its own name.

private branding | Product made by a manufacturer and sold to a retailer who in turn resells it under its own name.

privatization | Process of converting government-owned businesses to private ownership.

privatization | Process of converting government-owned businesses to private ownership.

Process control | Application of technology to monitor and control physical processes.

Process control | Application of technology to monitor and control physical processes.

process division | Organizational structure that groups people into operating units based on various stages in the production process.

process division | Organizational structure that groups people into operating units based on various stages in the production process.

process layout | Layout that groups together workers or departments that perform similar tasks.

process layout | Layout that groups together workers or departments that perform similar tasks.

product | Something that can be marketed to customers because it provides a benefit and satisfies a need.

product | Something that can be marketed to customers because it provides a benefit and satisfies a need.

product concept | Description of what a new product will look like and how it will work.

product concept | Description of what a new product will look like and how it will work.

product development process | Series of activities by which a product idea is transformed into a final product.

product development process | Series of activities by which a product idea is transformed into a final product.

Product division | Organizational structure made up of divisions based on product lines.

Product division | Organizational structure made up of divisions based on product lines.

product layout | Layout in which products are produced by people, equipment, or departments arranged in an assembly line.

product layout | Layout in which products are produced by people, equipment, or departments arranged in an assembly line.

product liability | Claim of injury suffered because of a defective product.

product liability | Claim of injury suffered because of a defective product.

product life cycle | Four stages that a product goes through over its life: introduction, growth, maturity, and decline.

product life cycle | Four stages that a product goes through over its life: introduction, growth, maturity, and decline.

profit | Difference between the revenue that a company brings in from selling goods and services and the costs of generating this revenue.

profit | Difference between the revenue that a company brings in from selling goods and services and the costs of generating this revenue.

profit margin | Amount that a company earns on each unit sold.

profit margin | Amount that a company earns on each unit sold.

profit-sharing plan | Incentive program that uses a predetermined formula to distribute a share of company profits to eligible employees.

profit-sharing plan | Incentive program that uses a predetermined formula to distribute a share of company profits to eligible employees.

project team | Individuals from different functional areas assigned to work together throughout the product development process.

project team | Individuals from different functional areas assigned to work together throughout the product development process.

promotion mix | Various ways to communicate with customers, including advertising, personal selling, sales promotion, and publicity.

promotion mix | Various ways to communicate with customers, including advertising, personal selling, sales promotion, and publicity.

prospectus | Written offer to sell securities that provides useful information to prospective buyers.

prospectus | Written offer to sell securities that provides useful information to prospective buyers.

protectionism | Use of trade controls to reduce foreign competition in order to protect domestic industries.

protectionism | Use of trade controls to reduce foreign competition in order to protect domestic industries.

prototype | Physical model of a new product.

prototype | Physical model of a new product.

Psychographic segmentation | Process of classifying consumers on the basis of individual lifestyles as reflected in people's interests, activities, attitudes, and values.

Psychographic segmentation | Process of classifying consumers on the basis of individual lifestyles as reflected in people's interests, activities, attitudes, and values.

public corporations | Corporation whose stock is available to the general public.

public corporations | Corporation whose stock is available to the general public.

public law | Body of law dealing with the relationship of government to private individuals and other private entities.

public law | Body of law dealing with the relationship of government to private individuals and other private entities.

public relations | Communication activities undertaken by companies to garner favorable publicity for themselves and their products.

public relations | Communication activities undertaken by companies to garner favorable publicity for themselves and their products.

publicity | Form of promotion that focuses on getting a company or product mentioned in a newspaper, on TV, or in some other news media.

publicity | Form of promotion that focuses on getting a company or product mentioned in a newspaper, on TV, or in some other news media.

punitive damages | Monetary awards to tort victims intended to deter similar injurious conduct in the future.

punitive damages | Monetary awards to tort victims intended to deter similar injurious conduct in the future.

purchasing | Process of acquiring materials and services to be used in production.

purchasing | Process of acquiring materials and services to be used in production.

quality | Ability of a product to satisfy customer needs.

quality | Ability of a product to satisfy customer needs.

quality circles | Employees who perform similar jobs and work as teams to identify quality, efficiency, and other work-related problems; to propose solutions; and to work with management in implementing their recommendations.

quality circles | Employees who perform similar jobs and work as teams to identify quality, efficiency, and other work-related problems; to propose solutions; and to work with management in implementing their recommendations.

quota | Government-imposed restrictions on the quantity of a good that can be imported over a period of time.

quota | Government-imposed restrictions on the quantity of a good that can be imported over a period of time.

ramp-up stage | Stage in the product development process during which employees are trained in necessary production processes and new products are tested.

ramp-up stage | Stage in the product development process during which employees are trained in necessary production processes and new products are tested.

ratio analysis | Technique for financial analysis that shows the relationship between two numbers.

ratio analysis | Technique for financial analysis that shows the relationship between two numbers.

recession | Economic slowdown measured by a decline in gross domestic productivity.

recession | Economic slowdown measured by a decline in gross domestic productivity.

Recruiting | Process of identifying suitable candidates and encouraging them to apply for openings in the organization.

Recruiting | Process of identifying suitable candidates and encouraging them to apply for openings in the organization.

relationship-building role | Member role that helps a team maintain or improve group cohesiveness.

relationship-building role | Member role that helps a team maintain or improve group cohesiveness.

reporting relationships | Patterns of formal communication among members of an organization.

reporting relationships | Patterns of formal communication among members of an organization.

Resources | Inputs used to produce outputs.

Resources | Inputs used to produce outputs.

restructuring | Process of altering an existing organizational structure to become more competitive under changing conditions.

restructuring | Process of altering an existing organizational structure to become more competitive under changing conditions.

Retailers | Intermediaries who buy goods from producers and sell them to consumers.

Retailers | Intermediaries who buy goods from producers and sell them to consumers.

rule of law | Principle by which government legitimately exercises its authority only in accordance with publicly declared laws that are adopted and enforced according to established procedure.

rule of law | Principle by which government legitimately exercises its authority only in accordance with publicly declared laws that are adopted and enforced according to established procedure.

salary | Compensation paid for fulfilling the responsibilities of a position regardless of the number of hours required to do it.

salary | Compensation paid for fulfilling the responsibilities of a position regardless of the number of hours required to do it.

sales promotion | Sales approach in which a company provides an incentive for potential customers to buy something.

sales promotion | Sales approach in which a company provides an incentive for potential customers to buy something.

Sarbanes-Oxley Act (SOX) | A federal law enacted to encourage ethical corporate behavior and discourage fraud and other wrongdoing.

Sarbanes-Oxley Act (SOX) | A federal law enacted to encourage ethical corporate behavior and discourage fraud and other wrongdoing.

Savings banks | Financial institution originally set up to provide mortgages and encourage saving, which now offers services similar to those of commercial banks.

Savings banks | Financial institution originally set up to provide mortgages and encourage saving, which now offers services similar to those of commercial banks.

search engine | Software program that scans Web pages for specified keywords and provides a list of documents containing them.

search engine | Software program that scans Web pages for specified keywords and provides a list of documents containing them.

secondary data | Information used in marketing decisions that has already been collected for other purposes.

secondary data | Information used in marketing decisions that has already been collected for other purposes.

Securities and Exchange Commission (SEC) | Government agency that enforces securities laws.

Securities and Exchange Commission (SEC) | Government agency that enforces securities laws.

selection | Process of gathering information on candidates, evaluating their qualifications, and choosing the right one.

selection | Process of gathering information on candidates, evaluating their qualifications, and choosing the right one.

Self-managing teams | Team on which employees control the activities needed to meet overall goals.

Self-managing teams | Team on which employees control the activities needed to meet overall goals.

Service Corps of Retired Executives (SCORE) | SBA program in which a businessperson needing advice is matched with a member of a team of retired executives working as volunteers.

Service Corps of Retired Executives (SCORE) | SBA program in which a businessperson needing advice is matched with a member of a team of retired executives working as volunteers.

service-producing sector | All businesses whose primary purpose is to provide a service rather than make tangible goods.

service-producing sector | All businesses whose primary purpose is to provide a service rather than make tangible goods.

skimming pricing | Pricing strategy in which a seller generates early profits by starting off charging the highest price that customers will pay.

skimming pricing | Pricing strategy in which a seller generates early profits by starting off charging the highest price that customers will pay.

small business | According to the SBA, a business that is independently operated, exerts little influence in its industry, and employs fewer than five hundred people.

small business | According to the SBA, a business that is independently operated, exerts little influence in its industry, and employs fewer than five hundred people.

Small Business Administration (SBA) | Government agency that helps prospective owners set up small businesses, obtain financing, and manage ongoing operations.

Small Business Administration (SBA) | Government agency that helps prospective owners set up small businesses, obtain financing, and manage ongoing operations.

Small Business Development Center (SBDC) | SBA program in which centers housed at colleges and other locations provide free training and technical information to current and prospective small business owners.

Small Business Development Center (SBDC) | SBA program in which centers housed at colleges and other locations provide free training and technical information to current and prospective small business owners.

social media marketing | The practice of including social media as part of a company's marketing program.

social media marketing | The practice of including social media as part of a company's marketing program.

socialism | Economic system falling between communism and capitalism in terms of government control over allocation and distribution.

socialism | Economic system falling between communism and capitalism in terms of government control over allocation and distribution.

sole proprietorship | Business owned by only one person.

sole proprietorship | Business owned by only one person.

span of control | Number of people reporting to a particular manager.

span of control | Number of people reporting to a particular manager.

specialization | Process of organizing activities into clusters of related tasks that can be handled by specific individuals or groups.

specialization | Process of organizing activities into clusters of related tasks that can be handled by specific individuals or groups.

stakeholders | Parties who are interested in the activities of a business because they're affected by them.

stakeholders | Parties who are interested in the activities of a business because they're affected by them.

Standard & Poor's Composite Index (S&P 500) | Market index of the stocks of five hundred large U.S. companies.

Standard & Poor's Composite Index (S&P 500) | Market index of the stocks of five hundred large U.S. companies.

statement of cash flows | Financial statement reporting on cash inflows and outflows resulting from operating, investing, and financing activities.

statement of cash flows | Financial statement reporting on cash inflows and outflows resulting from operating, investing, and financing activities.

statement of owner's equity | A financial statement that details changes in owner's equity for a specified period of time.

statement of owner's equity | A financial statement that details changes in owner's equity for a specified period of time.

statistical process control | Technique for monitoring production quality by testing sample outputs to ensure that they meet specifications.

statistical process control | Technique for monitoring production quality by testing sample outputs to ensure that they meet specifications.

stock-option plans | Incentive program that allows eligible employees to buy a specific number of shares of company stock at a set price on a specified date.

stock-option plans | Incentive program that allows eligible employees to buy a specific number of shares of company stock at a set price on a specified date.

stockholders' equity | Amount invested in a corporation by its shareholders.

stockholders' equity | Amount invested in a corporation by its shareholders.

strategic alliance | Agreement between two companies (or a company and a nation) to pool resources in order to achieve business goals that benefit both partners.

strategic alliance | Agreement between two companies (or a company and a nation) to pool resources in order to achieve business goals that benefit both partners.

strategic human resource planning | Process of developing a plan for satisfying an organization's human resource needs.

strategic human resource planning | Process of developing a plan for satisfying an organization's human resource needs.

strategic planning | Process of establishing an overall plan or course of action for an organization.

strategic planning | Process of establishing an overall plan or course of action for an organization.

strict liability torts | Tort resulting from actions that are inherently dangerous and for which a party may be liable no matter how carefully he or she performs them.

strict liability torts | Tort resulting from actions that are inherently dangerous and for which a party may be liable no matter how carefully he or she performs them.

strike | Union tactic by which workers walk away from their jobs and refuse to return until a labor-management dispute has been resolved.

strike | Union tactic by which workers walk away from their jobs and refuse to return until a labor-management dispute has been resolved.

strikebreakers | Nonunion workers who are willing to cross picket lines to replace strikers.

strikebreakers | Nonunion workers who are willing to cross picket lines to replace strikers.

subprime mortgage loan | Mortgage loans made to borrowers who don't qualify for market-set interest rates because of one or more risk factors.

subprime mortgage loan | Mortgage loans made to borrowers who don't qualify for market-set interest rates because of one or more risk factors.

subsidies | Government payments given to certain industries to help offset some of their costs of production.

subsidies | Government payments given to certain industries to help offset some of their costs of production.

Supply | Quantity of a product that sellers are willing to sell at various prices.

Supply | Quantity of a product that sellers are willing to sell at various prices.

supply chain management (SCM) | Process of integrating all the activities in the supply chain.

supply chain management (SCM) | Process of integrating all the activities in the supply chain.

supply curve | Graph showing the quantity of a product that will be offered for sale at certain prices.

supply curve | Graph showing the quantity of a product that will be offered for sale at certain prices.

sustainability | The principle of providing products today that don't compromise the ability of future generations to meet their needs.

sustainability | The principle of providing products today that don't compromise the ability of future generations to meet their needs.

SWOT analysis | Approach used to assess a company's fit with its environment by analyzing its strengths, weaknesses, opportunities, and threats.

SWOT analysis | Approach used to assess a company's fit with its environment by analyzing its strengths, weaknesses, opportunities, and threats.

tactical plans | Short-term plans that specify the activities and resources needed to implement a company's strategic plan.

tactical plans | Short-term plans that specify the activities and resources needed to implement a company's strategic plan.

target costing | Pricing strategy that determines how much to invest in a product by figuring out how much customers will pay and subtracting an amount for profit.

target costing | Pricing strategy that determines how much to invest in a product by figuring out how much customers will pay and subtracting an amount for profit.

target market | Specific group of customers who should be interested in your product, have access to it, and have the means to buy it.

target market | Specific group of customers who should be interested in your product, have access to it, and have the means to buy it.

Tariffs | Government taxes on imports that raise the price of foreign goods and make them less competitive with domestic goods.

Tariffs | Government taxes on imports that raise the price of foreign goods and make them less competitive with domestic goods.

Task-facilitating roles | Member role that helps a team accomplish its goals.

Task-facilitating roles | Member role that helps a team accomplish its goals.

team | Group of people with complementary skills who work together to achieve a specific goal.

team | Group of people with complementary skills who work together to achieve a specific goal.

technical skills | Skills needed to perform specific tasks.

technical skills | Skills needed to perform specific tasks.

Telecommuting | Work arrangement in which the employee regularly works from home.

Telecommuting | Work arrangement in which the employee regularly works from home.

time value of money | The principle whereby a dollar received in the present is worth more than a dollar received in the future.

time value of money | The principle whereby a dollar received in the present is worth more than a dollar received in the future.

time-management skills | Skills used to manage time effectively.

time-management skills | Skills used to manage time effectively.

Top managers | Those at the top of the management hierarchy who are responsible for the health and performance of the organization.

Top managers | Those at the top of the management hierarchy who are responsible for the health and performance of the organization.

tort | Civil wrong; injury done to someone's person or property.

tort | Civil wrong; injury done to someone's person or property.

tort reform | A movement to stem the swelling tide of personal-injury litigation in the United States.

Total quality management (TQM) | All the steps taken by a company to ensure that its products satisfy customer needs.

Total quality management (TQM) | All the steps taken by a company to ensure that its products satisfy customer needs.

trade credit | Credit given to a company by its suppliers.

trade credit | Credit given to a company by its suppliers.

trade deficit | Condition whereby a country buys more products than it sells, resulting in an unfavorable trade balance.

trade deficit | Condition whereby a country buys more products than it sells, resulting in an unfavorable trade balance.

trademark | Word, symbol, or other mark used to identify and legally protect a product from being copied.

trademark | Word, symbol, or other mark used to identify and legally protect a product from being copied.

trading blocs | Groups of countries that have joined together to allow goods and services to flow without restrictions across their mutual borders.

trading blocs | Groups of countries that have joined together to allow goods and services to flow without restrictions across their mutual borders.

transactions | Financial and nonfinancial events that affect a business.

transactions | Financial and nonfinancial events that affect a business.

transformational leaders | Managers who mentor and develop subordinates and stimulate them to look beyond personal interests to those of the group.

transformational leaders | Managers who mentor and develop subordinates and stimulate them to look beyond personal interests to those of the group.

turnover | Permanent separation of an employee from a company.

turnover | Permanent separation of an employee from a company.

two-factor theory | Theory that holds that motivation involves both motivation factors (which contribute to job satisfaction) and hygiene factors (which help to prevent job dissatisfaction).

two-factor theory | Theory that holds that motivation involves both motivation factors (which contribute to job satisfaction) and hygiene factors (which help to prevent job dissatisfaction).

unemployment rate | Percentage of the total labor force that's currently unemployed and actively seeking work.

unemployment rate | Percentage of the total labor force that's currently unemployed and actively seeking work.

Uniform Commercial Code (UCC) | U.S. system of statutes designed to make commercial transactions consistent in all fifty states.

Uniform Commercial Code (UCC) | U.S. system of statutes designed to make commercial transactions consistent in all fifty states.

unlimited liability | Legal condition under which an owner or investor is personally liable for all debts of a business.

unlimited liability | Legal condition under which an owner or investor is personally liable for all debts of a business.

unsecured loan | Loan given by a bank that doesn't require the borrower to put up collateral.

unsecured loan | Loan given by a bank that doesn't require the borrower to put up collateral.

value chain | Entire range of activities involved in delivering value to customers.

value chain | Entire range of activities involved in delivering value to customers.

variable costs | Costs that vary, in total, as the quantity of goods sold changes but stay constant on a per-unit basis.

variable costs | Costs that vary, in total, as the quantity of goods sold changes but stay constant on a per-unit basis.

variable costs | Costs that vary, in total, as the quantity of goods sold changes but stay constant on a per-unit basis.

variable costs | Costs that vary, in total, as the quantity of goods sold changes but stay constant on a per-unit basis.

variance | Difference between the actual amount and the budgeted amount.

variance | Difference between the actual amount and the budgeted amount.

Venture capitalists | Individual who pools funds from private and institutional sources and invests them in businesses with strong growth potential.

Venture capitalists | Individual who pools funds from private and institutional sources and invests them in businesses with strong growth potential.

vertical percentage analysis | Analysis of an income statement treating the relationship of each item as a percentage of a base (usually sales).

vertical percentage analysis | Analysis of an income statement treating the relationship of each item as a percentage of a base (usually sales).

virtual company | Company without a significant physical presence that relies on third parties to produce, warehouse, price, and deliver the products it sells over the Internet.

virtual company | Company without a significant physical presence that relies on third parties to produce, warehouse, price, and deliver the products it sells over the Internet.

virtual teams | Teams whose geographically dispersed members interact electronically in the process of pursuing a common goal.

virtual teams | Teams whose geographically dispersed members interact electronically in the process of pursuing a common goal.

whistle-blower | Individual who exposes illegal or unethical behavior in an organization.

whistle-blower | Individual who exposes illegal or unethical behavior in an organization.

wholesalers | Intermediaries who buy goods from suppliers and sell them to businesses that will either resell or use them.

wholesalers | Intermediaries who buy goods from suppliers and sell them to businesses that will either resell or use them.

wide area network (WAN) | Network that links computers that are spread over a relatively large geographical area.

wide area network (WAN) | Network that links computers that are spread over a relatively large geographical area.

Work-study | Federally sponsored program that provides students with paid, part-time jobs on campus.

Work-study | Federally sponsored program that provides students with paid, part-time jobs on campus.

World Bank | International financial institution that provides economic assistance to poor and developing countries.

World Bank | International financial institution that provides economic assistance to poor and developing countries.

World Trade Organization (WTO) | International organization that monitors trade policies and whose members work together to enforce rules of trade and resolve trade disputes.

World Trade Organization (WTO) | International organization that monitors trade policies and whose members work together to enforce rules of trade and resolve trade disputes.

World Wide Web | Subsystem of computers on the Internet that communicate with each other using a special language called HTTP.

World Wide Web | Subsystem of computers on the Internet that communicate with each other using a special language called HTTP.

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