

# Glossary

## A

- absolute advantage** the ability to produce a specific product more efficiently than any other nation (73)
- accessory equipment** standardized equipment used in a firm's production or office activities (364)
- account executive** an individual, sometimes called a *stockbroker* or *registered representative*, who buys and sells securities for clients (605)
- accountability** the obligation of a worker to accomplish an assigned job or task (198)
- accounting** the process of systematically collecting, analyzing, and reporting financial information (499)
- accounting equation** the basis for the accounting process:  $assets = liabilities + owners' equity$  (505)
- accounts receivable turnover** a financial ratio calculated by dividing net sales by accounts receivable (520)
- acid-test ratio** a financial ratio calculated by adding cash, marketable securities, and receivables and dividing the total by current liabilities (519)
- ad hoc committee** a committee created for a specific short-term purpose (207)
- administrative manager** a manager who is not associated with any specific functional area but who provides overall administrative guidance and leadership (177)
- advertising** a paid nonpersonal message communicated to a select audience through a mass medium (432)
- advertising agency** an independent firm that plans, produces, and places advertising for its clients (441)
- advertising media** the various forms of communication through which advertising reaches its audience (435)
- affirmative action program** a plan designed to increase the number of minority employees at all levels within an organization (58)
- agency shop** a workplace in which employees can choose not to join the union but must pay dues to the union anyway (322)
- agent** a middleman that expedites exchanges, represents a buyer or a seller, and often is hired permanently on a commission basis (408)
- alien corporation** a corporation chartered by a foreign government and conducting business in the United States (118)
- analytic skills** the ability to identify problems correctly, generate reasonable alternatives, and select the "best" alternatives to solve problems (177)
- analytical process** a process in operations management in which raw materials are broken into different component parts (218)
- annual report** a report distributed to stockholders and other interested parties that describes a firm's operating activities and its financial condition (506)
- arbitration** the step in a grievance procedure in which a neutral third party hears the two sides of a dispute and renders a binding decision (323)

- asset allocation** the process of spreading your money among several different types of investments to lessen risk (609)
- assets** the resources that a business owns (505)
- audit** an examination of a company's financial statements and the accounting practices that produced them (500)
- authority** the power, within an organization, to accomplish an assigned job or task (198)
- autocratic leadership** task-oriented leadership style in which workers are told what to do and how to accomplish it; workers have no say in the decision-making process (179)
- automatic vending** the use of machines to dispense products (415)
- automation** the total or near-total use of machines to do work (236)

## B

- balance of payments** the total flow of money into a country minus the total flow of money out of that country over some period of time (76)
- balance of trade** the total value of a nation's exports minus the total value of its imports over some period of time (75)
- balance sheet (or statement of financial position)** a summary of the dollar amounts of a firm's assets, liabilities, and owners' equity accounts at the end of a specific accounting period (507)
- banker's acceptance** a written order for a bank to pay a third party a stated amount of money on a specific date (552)
- bargaining unit** the specific group of employees represented by a union (318)
- barter** a system of exchange in which goods or services are traded directly for other goods or services without using money (25)
- barter system** a system of exchange in which goods or services are traded directly for other goods or services (534)
- behavior modification** a systematic program of reinforcement to encourage desirable behavior (292)
- benchmarking** a process used to evaluate the products, processes, or management practices of another organization that is superior in some way in order to improve quality (184)
- bill of lading** document issued by a transport carrier to an exporter to prove that merchandise has been shipped (89)
- blue-chip stock** a safe investment that generally attracts conservative investors (603)
- board of directors** the top governing body of a corporation, the members of which are elected by the stockholders (119)
- bond indenture** a legal document that details all the conditions relating to a bond issue (589)
- boycott** a refusal to do business with a particular firm (324)
- brand** a name, term, symbol, design, or any combination of these that identifies a seller's products as distinct from those of other sellers (373)
- brand equity** marketing and financial value associated with a brand's strength in a market (374)

- brand extension** using an existing brand to brand a new product in a different product category (377)
- brand loyalty** extent to which a customer is favorable toward buying a specific brand (374)
- brand mark** the part of a brand that is a symbol or distinctive design (373)
- brand name** the part of a brand that can be spoken (373)
- breakeven quantity** the number of units that must be sold for the total revenue (from all units sold) to equal the total cost (of all units sold) (383)
- broadband technology** a general term referring to higher speed Internet connections that deliver data, voice, and video material (477)
- broker** a middleman that specializes in a particular commodity, represents either a buyer or a seller, and is likely to be hired on a temporary basis (408)
- budget** a financial statement that projects income, expenditures, or both over a specified future period (574)
- bundle pricing** packaging together two or more complementary products and selling them for a single price (387)
- business** the organized effort of individuals to produce and sell, for a profit, the products and services that satisfy society's needs (10)
- business buying behavior** the purchasing of products by producers, resellers, governmental units, and institutions (352)
- business cycle** the recurrence of periods of growth and recession in a nation's economic activity (20)
- business ethics** the application of moral standards to business situations (39)
- business model** represents a group of common characteristics and methods of doing business to generate sales revenues and reduce expenses (483)
- business plan** a carefully constructed guide for the person starting a business (146)
- business product** a product bought for resale, for making other products, or for use in a firm's operations (363)
- business service** an intangible product that an organization uses in its operations (364)
- business-to-business (or B2B) model** a model used by firms that conduct business with other businesses (484)
- business-to-consumer (or B2C) model** a model used by firms that focus on conducting business with individual consumers (484)
- buying allowance** a temporary price reduction to resellers for purchasing specified quantities of a product (447)
- buying behavior** the decisions and actions of people involved in buying and using products (352)
- buying long** buying stock with the expectation that it will increase in value and then can be sold at a profit (618)
- C**
- capacity** the amount of products or services that an organization can produce in a given time (225)
- capital budget** a financial statement that estimates a firm's expenditures for major assets and its long-term financing needs (575)
- capital gain** the difference between a security's purchase price and its selling price (613)
- capital-intensive technology** a process in which machines and equipment do most of the work (225)
- capitalism** an economic system in which individuals own and operate the majority of businesses that provide goods and services (13)
- captioned photograph** a picture accompanied by a brief explanation (448)
- captive pricing** pricing the basic product in a product line low, but pricing related items at a higher level (388)
- carrier** a firm that offers transportation services (420)
- cash budget** a financial statement that estimates cash receipts and cash expenditures over a specified period (575)
- cash flow** the movement of money into and out of an organization (569)
- catalog marketing** a type of marketing in which an organization provides a catalog from which customers make selections and place orders by mail, telephone, or the Internet (414)
- catalog showroom** a retail outlet that displays well-known brands and sells them at discount prices through catalogs within the store (410)
- category killer** a very large specialty store that concentrates on a single product line and competes on the basis of low prices and product availability (412)
- caveat emptor** a Latin phrase meaning "let the buyer beware" (51)
- centralized organization** an organization that systematically works to concentrate authority at the upper levels of the organization (198)
- certificate of deposit (CD)** a document stating that the bank will pay the depositor a guaranteed interest rate on money left on deposit for a specified period of time (548)
- certified management accountant (CMA)** an accountant who has met the requirements for education and experience, passed a rigorous exam, and is certified by the Institute of Management Accountants (504)
- certified public accountant (CPA)** an individual who has met state requirements for accounting education and experience and has passed a rigorous accounting examination prepared by the AICPA (504)
- chain of command** the line of authority that extends from the highest to the lowest levels of an organization (193)
- chain retailer** a company that operates more than one retail outlet (409)
- channel of distribution (or marketing channel)** a sequence of marketing organizations that directs a product from the producer to the ultimate user (401)
- check** a written order for a bank or other financial institution to pay a stated dollar amount to the business or person indicated on the face of the check (547)
- chief financial officer (CFO)** a high-level corporate executive who manages a firm's finances and reports directly to the company's chief executive officer or president (573)
- closed corporation** a corporation whose stock is owned by relatively few people and is not sold to the general public (117)
- closed shop** a workplace in which workers must join the union before they are hired; outlawed by the Taft-Hartley Act (321)
- cloud computing** a type of computer usage in which services stored on the Internet are provided to users on a temporary basis (488)
- code of ethics** a guide to acceptable and ethical behavior as defined by the organization (44)
- collaborative learning system** a work environment that allows problem solving participation by all team members (473)
- collateral** real estate or property pledged as security for a loan (548)
- collective bargaining** the process of negotiating a labor contract with management (318)
- command economy** an economic system in which the government decides what goods and services will be produced, how they will be produced, for whom available goods and services will be produced, and who owns and controls the major factors of production (16)
- commercial bank** a profit-making organization that accepts deposits, makes loans, and provides related services to its customers (544)

- commercial paper** a short-term promissory note issued by a large corporation (539)
- commission** a payment that is a percentage of sales revenue (262)
- commission merchant** a middleman that carries merchandise and negotiates sales for manufacturers (408)
- common stock** stock owned by individuals or firms who may vote on corporate matters but whose claims on profits and assets are subordinate to the claims of others (118, 583)
- communication skills** the ability to speak, listen, and write effectively (179)
- community shopping center** a planned shopping center that includes one or two department stores and some specialty stores, along with convenience stores (416)
- comparable worth** a concept that seeks equal compensation for jobs requiring about the same level of education, training, and skills (261)
- comparative advantage** the ability to produce a specific product more efficiently than any other product (73)
- comparison discounting** setting a price at a specific level and comparing it with a higher price (390)
- compensation** the payment employees receive in return for their labor (260)
- compensation system** the policies and strategies that determine employee compensation (260)
- competition** rivalry among businesses for sales to potential customers (21)
- component part** an item that becomes part of a physical product and is either a finished item ready for assembly or a product that needs little processing before assembly (364)
- computer backup** a process of storing data, information, and computer systems on secondary computer systems that can be accessed if a firm's main computer system fails (476)
- computer network** a group of two or more computers linked together that allows users to share data and information (477)
- computer virus** a software code designed to disrupt normal computer operations (487)
- computer-aided design (CAD)** the use of computers to aid in the development of products (237)
- computer-aided manufacturing (CAM)** the use of computers to plan and control manufacturing processes (237)
- computer-integrated manufacturing (CIM)** a computer system that not only helps to design products but also controls the machinery needed to produce the finished product (237)
- conceptual skills** the ability to think in abstract terms (177)
- consumer buying behavior** the purchasing of products for personal or household use, not for business purposes (352)
- consumer price index (CPI)** a monthly index that measures the changes in prices of a fixed basket of goods purchased by a typical consumer in an urban area (19)
- consumer products** goods and services purchased by individuals for personal consumption; a product purchased to satisfy personal and family needs (15, 363)
- consumer sales promotion method** a sales promotion method designed to attract consumers to particular retail stores and to motivate them to purchase certain new or established products (445)
- consumerism** all activities undertaken to protect the rights of consumers (54)
- contingency plan** a plan that outlines alternative courses of action that may be taken if an organization's other plans are disrupted or become ineffective (173)
- continuous process** a manufacturing process in which a firm produces the same product(s) over a long period of time (237)
- controlling** the process of evaluating and regulating ongoing activities to ensure that goals are achieved (174)
- convenience product** a relatively inexpensive, frequently purchased item for which buyers want to exert only minimal effort (363)
- convenience store** a small food store that sells a limited variety of products but remains open well beyond normal business hours (410)
- convertible bond** a bond that can be exchanged, at the owner's option, for a specified number of shares of the corporation's common stock (588)
- cookie** a small piece of software sent by a Web site that tracks an individual's Internet use (486)
- cooperative** an association of individuals or firms whose purpose is to perform some business function for its members (124)
- cooperative advertising** an arrangement whereby a manufacturer agrees to pay a certain amount of a retailer's media cost for advertising the manufacturer's product (447)
- core competencies** approaches and processes that a company performs well and may give it an advantage over its competitors (170)
- corporate bond** a corporation's written pledge that it will repay a specified amount of money with interest (587)
- corporate culture** the inner rites, rituals, heroes, and values of a firm (205)
- corporate officers** the chairman of the board, president, executive vice presidents, corporate secretary, treasurer, and any other top executive appointed by the board of directors (119)
- corporation** an artificial person created by law with most of the legal rights of a real person, including the rights to start and operate a business, to buy or sell property, to borrow money, to sue or be sued, and to enter into binding contracts (116)
- cost of goods sold** the dollar amount equal to beginning inventory *plus* net purchases *less* ending inventory (512)
- countertrade** an international barter transaction (91)
- coupon** an offer that reduces the retail price of a particular item by a stated amount at the time of purchase (446)
- craft union** an organization of skilled workers in a single craft or trade (309)
- creative selling** selling products to new customers and increasing sales to present customers (442)
- credit** immediate purchasing power that is exchanged for a promise to repay borrowed money, with or without interest, at a later date (553)
- credit union** a financial institution that accepts deposits from, and lends money to, only the people who are its members (545)
- cross-functional team** a team of individuals with varying specialties, expertise, and skills that are brought together to achieve a common task (203, 297)
- cultural (or workplace) diversity** differences among people in a workforce owing to race, ethnicity, and gender (6)
- cultural (workplace) diversity** differences among people in a workforce owing to race, ethnicity, and gender (253)
- currency devaluation** the reduction of the value of a nation's currency relative to the currencies of other countries (77)
- current assets** assets that can be converted quickly into cash or that will be used in one year or less (508)
- current liabilities** debts that will be repaid in one year or less (510)
- current ratio** a financial ratio computed by dividing current assets by current liabilities (519)
- customary pricing** pricing on the basis of tradition (388)
- customer lifetime value** a measure of a customer's worth (sales minus costs) to a business over one's lifetime (337)

**customer relationship management (CRM)** using information about customers to create marketing strategies that develop and sustain desirable customer relationships (337)

## D

**data** numerical or verbal descriptions that usually result from some sort of measurement (465)

**data mining** the practice of searching through data records looking for useful information (487)

**data processing** the transformation of data into a form that is useful for a specific purpose (470)

**database** a single collection of data and information stored in one place that can be used by people throughout an organization to make decisions (466)

**debenture bond** a bond backed only by the reputation of the issuing corporation (588)

**debit card** a card that electronically subtracts the amount of your purchase from your bank account at the moment the purchase is made (549)

**debt capital** borrowed money obtained through loans of various types (576)

**debt-to-owners'-equity ratio** a financial ratio calculated by dividing total liabilities by owners' equity (521)

**decentralized organization** an organization in which management consciously attempts to spread authority widely in the lower levels of the organization (198)

**decision making** the act of choosing one alternative from a set of alternatives (181)

**decision-support system (DSS)** a type of computer program that provides relevant data and information to help a firm's employees make decisions (472)

**deflation** a general decrease in the level of prices (18)

**delegation** assigning part of a manager's work and power to other workers (197)

**demand** the quantity of a product that buyers are willing to purchase at each of various prices (22, 380)

**demand deposit** an amount on deposit in a checking account (537)

**department store** a retail store that (1) employs 25 or more persons and (2) sells at least home furnishings, appliances, family apparel, and household linens and dry goods, each in a different part of the store (409)

**departmentalization** the process of grouping jobs into manageable units (196)

**departmentalization by customer** grouping activities according to the needs of various customer populations (197)

**departmentalization by function** grouping jobs that relate to the same organizational activity (196)

**departmentalization by location** grouping activities according to the defined geographic area in which they are performed (196)

**departmentalization by product** grouping activities related to a particular product or service (196)

**depreciation** the process of apportioning the cost of a fixed asset over the period during which it will be used (508)

**depression** a severe recession that lasts longer than a typical recession (20)

**design planning** the development of a plan for converting an idea into an actual product or service (224)

**direct marketing** the use of the telephone, Internet, and nonpersonal media to introduce products to customers, who can then purchase them via mail, telephone, or the Internet (413)

**direct selling** the marketing of products to customers through face-to-face sales presentations at home or in the workplace (413)

**directing** the combined processes of leading and motivating (173)

**direct-mail advertising** promotional material mailed directly to individuals (435)

**direct-response marketing** a type of marketing in which a seller advertises a product and makes it available, usually for a short time period, through mail, telephone, or online orders (414)

**discount** a deduction from the price of an item (391)

**discount rate** the interest rate the Federal Reserve System charges for loans to member banks (541)

**discount store** a self-service general-merchandise outlet that sells products at lower-than-usual prices (409)

**discretionary income** disposable income *less* savings and expenditures on food, clothing, and housing (353)

**disposable income** personal income *less* all additional personal taxes (353)

**dividend** a distribution of earnings to the stockholders of a corporation (118)

**domestic corporation** a corporation in the state in which it is incorporated (118)

**domestic system** a method of manufacturing in which an entrepreneur distributes raw materials to various homes, where families process them into finished goods to be offered for sale by the merchant entrepreneur (25)

**double-entry bookkeeping system** a system in which each financial transaction is recorded as two separate accounting entries to maintain the balance shown in the accounting equation (505)

**draft** issued by the exporter's bank, ordering the importer's bank to pay for the merchandise, thus guaranteeing payment once accepted by the importer's bank (89)

**dumping** exportation of large quantities of a product at a price lower than that of the same product in the home market (77)

## E

**earnings per share** a financial ratio calculated by dividing net income after taxes by the number of shares of common stock outstanding (518)

**e-business (electronic business)** the organized effort of individuals to produce and sell, for a profit, the products and services that satisfy society's needs through the facilities available on the Internet (26, 479)

**economic community** an organization of nations formed to promote the free movement of resources and products among its members and to create common economic policies (84)

**economic model of social responsibility** the view that society will benefit most when business is left alone to produce and market profitable products that society needs (52)

**economics** the study of how wealth is created and distributed (12)

**economy** the way in which people deal with the creation and distribution of wealth (12)

**electronic funds transfer (EFT) system** a means of performing financial transactions through a computer terminal or telephone hookup (551)

**embargo** a complete halt to trading with a particular nation or in a particular product (77)

**employee benefit** a reward in addition to regular compensation that is provided indirectly to employees (262)

**employee ownership** a situation in which employees own the company they work for by virtue of being stockholders (295)

**employee training** the process of teaching operations and technical employees how to do their present jobs more effectively and efficiently (264)

- empowerment** making employees more involved in their jobs by increasing their participation in decision making (295)
- entrepreneur** a person who risks time, effort, and money to start and operate a business (13)
- entrepreneurial leadership** personality-based leadership style in which the manager seeks to inspire workers with a vision of what can be accomplished to benefit all stakeholders (180)
- Equal Employment Opportunity Commission (EEOC)** a government agency with the power to investigate complaints of employment discrimination and the power to sue firms that practice it (59)
- equity capital** money received from the owners or from the sale of shares of ownership in a business (576)
- equity theory** a theory of motivation based on the premise that people are motivated to obtain and preserve equitable treatment for themselves (287)
- esteem needs** our need for respect, recognition, and a sense of our own accomplishment and worth (282)
- ethics** the study of right and wrong and of the morality of the choices individuals make (39)
- everyday low prices (EDLPs)** setting a low price for products on a consistent basis (388)
- exchange-traded fund (ETF)** a fund that generally invests in the stocks or other securities contained in a specific stock or securities index (615)
- exclusive distribution** the use of only a single retail outlet for a product in a large geographic area (404)
- executive information system (EIS)** a computer-based system that facilitates and supports the decision-making needs of top managers and senior executives by providing easy access to both internal and external information (472)
- expectancy theory** a model of motivation based on the assumption that motivation depends on how much we want something and on how likely we think we are to get it (287)
- expense ratio** all the different management fees; 12b-1 fees, if any; and additional operating costs for a specific fund (616)
- expert system** a type of computer program that uses artificial intelligence to imitate a human's ability to think (472)
- Export-Import Bank of the United States** an independent agency of the U.S. government whose function is to assist in financing the exports of American firms (94)
- exporting** selling and shipping raw materials or products to other nations (74)
- express warranty** a written explanation of the producer's responsibilities in the event that a product is found to be defective or otherwise unsatisfactory (379)
- external recruiting** the attempt to attract job applicants from outside an organization (255)
- F**
- factor** a firm that specializes in buying other firms' accounts receivable (580)
- factors of production** resources used to produce goods and services (12)
- factory system** a system of manufacturing in which all the materials, machinery, and workers required to manufacture a product are assembled in one place (26)
- family branding** the strategy in which a firm uses the same brand for all or most of its products (377)
- family of funds** a group of mutual funds managed by one investment company (617)
- feature article** a piece (of up to 3,000 words) prepared by an organization for inclusion in a particular publication (448)
- federal deficit** a shortfall created when the federal government spends more in a fiscal year than it receives (21)
- federal funds rate** the interest rate at which a bank lends immediately available funds on deposit at the Fed to another bank overnight to meet the borrowing bank's reserve requirements (542)
- Federal Reserve System** the central bank of the United States responsible for regulating the banking industry (538)
- financial accounting** generates financial statements and reports for interested people outside an organization (503)
- financial leverage** the use of borrowed funds to increase the return on owners' equity (585)
- financial management** all the activities concerned with obtaining money and using it effectively (569)
- financial manager** a manager who is primarily responsible for an organization's financial resources (176)
- financial plan** a plan for obtaining and using the money needed to implement an organization's goals (573)
- financial planner** an individual who has had at least two years of training in investments, insurance, taxation, retirement planning, and estate planning and has passed a rigorous examination (602)
- financial ratio** a number that shows the relationship between two elements of a firm's financial statements (518)
- first-line manager** a manager who coordinates and supervises the activities of operating employees (176)
- fiscal policy** government influence on the amount of savings and expenditures; accomplished by altering the tax structure and by changing the levels of government spending (21)
- fixed assets** assets that will be held or used for a period longer than one year (508)
- fixed cost** a cost incurred no matter how many units of a product are produced or sold (383)
- flexible benefit plan** compensation plan whereby an employee receives a predetermined amount of benefit dollars to spend on a package of benefits he or she has selected to meet individual needs (263)
- flexible manufacturing system (FMS)** a single production system that combines electronic machines and computer-integrated manufacturing (237)
- flextime** a system in which employees set their own work hours within employer-determined limits (293)
- foreign corporation** a corporation in any state in which it does business except the one in which it is incorporated (118)
- foreign-exchange control** a restriction on the amount of a particular foreign currency that can be purchased or sold (77)
- form utility** utility created by people converting raw materials, finances, and information into finished products (219, 337)
- franchise** a license to operate an individually owned business as though it were part of a chain of outlets or stores (153)
- franchisee** a person or organization purchasing a franchise (153)
- franchising** the actual granting of a franchise (153)
- franchisor** an individual or organization granting a franchise (153)
- free enterprise** the system of business in which individuals are free to decide what to produce, how to produce it, and at what price to sell it (4)
- frequent-user incentive** a program developed to reward customers who engage in repeat (frequent) purchases (447)
- full disclosure** requirement that investors should have access to all important facts about stocks, bonds, and other securities so that they can make informed decisions (608)
- full-service wholesaler** a middleman that performs the entire range of wholesaler functions (407)
- functional middleman** a middleman that helps in the transfer of ownership of products but does not take title to the products (401)

## G

**Gantt chart** a graphic scheduling device that displays the tasks to be performed on the vertical axis and the time required for each task on the horizontal axis (231)

**General Agreement on Tariffs and Trade (GATT)** an international organization of 153 nations dedicated to reducing or eliminating tariffs and other barriers to world trade (82)

**general partner** a person who assumes full or shared responsibility for operating a business (112)

**generally accepted accounting principles (GAAPs)** an accepted set of guidelines and practices for companies reporting financial information and for the accounting profession (500)

**general-merchandise wholesaler** a middleman that deals in a wide variety of products (408)

**generic product (or brand)** a product with no brand at all (374)

**goal** an end result that an organization is expected to achieve over a one- to ten-year period (170)

**goal-setting theory** a theory of motivation suggesting that employees are motivated to achieve goals that they and their managers establish together (288)

**grapevine** the informal communications network within an organization (207)

**green IT** a term used to describe all of a firm's activities to support a healthy environment and sustain the planet (488)

**grievance procedure** a formally established course of action for resolving employee complaints against management (322)

**gross domestic product (GDP)** the total dollar value of all goods and services produced by all people within the boundaries of a country during a one-year period (18)

**gross profit** a firm's net sales *less* the cost of goods sold (513)

**gross sales** the total dollar amount of all goods and services sold during the accounting period (511)

**groupware** one of the latest types of software that facilitates the management of large projects among geographically dispersed employees as well as such group activities as problem solving and brainstorming (473)

## H

**hard-core unemployed** workers with little education or vocational training and a long history of unemployment (59)

**high-risk investment** an investment made in the uncertain hope of earning a relatively large profit in a short time (618)

**hostile takeover** a situation in which the management and board of directors of a firm targeted for acquisition disapprove of the merger (126)

**hourly wage** a specific amount of money paid for each hour of work (262)

**human resources management (HRM)** all the activities involved in acquiring, maintaining, and developing an organization's human resources (250)

**human resources manager** a person charged with managing an organization's human resources programs (177)

**human resources planning** the development of strategies to meet a firm's future human resources needs (251)

**hygiene factors** job factors that reduce dissatisfaction when present to an acceptable degree but that do not necessarily result in high levels of motivation (284)

## I

**import duty (tariff)** a tax levied on a particular foreign product entering a country (76)

**import quota** a limit on the amount of a particular good that may be imported into a country during a given period of time (77)

**importing** purchasing raw materials or products in other nations and bringing them into one's own country (75)

**incentive payment** a payment in addition to wages, salary, or commissions (262)

**income statement** a summary of a firm's revenues and expenses during a specified accounting period (510)

**independent retailer** a firm that operates only one retail outlet (409)

**individual branding** the strategy in which a firm uses a different brand for each of its products (376)

**industrial union** an organization of both skilled and unskilled workers in a single industry (311)

**inflation** a general rise in the level of prices (18)

**infomercial** a program-length televised commercial message resembling an entertainment or consumer affairs program (437)

**informal group** a group created by the members themselves to accomplish goals that may or may not be relevant to an organization (207)

**informal organization** the pattern of behavior and interaction that stems from personal rather than official relationships (207)

**information** data presented in a form that is useful for a specific purpose (465)

**information society** a society in which large groups of employees generate or depend on information to perform their jobs (476)

**information technology (IT) officer** a manager at the executive level who is responsible for ensuring that a firm has the equipment necessary to provide the information the firm's employees and managers need to make effective decisions (466)

**initial public offering (IPO)** occurs when a corporation sells common stock to the general public for the first time (581)

**injunction** a court order requiring a person or group either to perform some act or to refrain from performing some act (315)

**insider trading** the practice of board members, corporate managers, and employees buying and selling a corporation's stock (608)

**inspection** the examination of the quality of work-in-process (233)

**institutional advertising** advertising designed to enhance a firm's image or reputation (434)

**intangible assets** assets that do not exist physically but that have a value based on the rights or privileges they confer on a firm (508)

**integrated marketing communications** coordination of promotion efforts to ensure maximal informational and persuasive impact on customers (431)

**intensive distribution** the use of all available outlets for a product (403)

**intermittent process** a manufacturing process in which a firm's manufacturing machines and equipment are changed to produce different products (237)

**internal recruiting** considering present employees as applicants for available positions (256)

**international business** all business activities that involve exchanges across national boundaries (73)

**International Monetary Fund (IMF)** an international bank with 186 member nations that makes short-term loans to developing countries experiencing balance-of-payment deficits (95)

**International Organization for Standardization (ISO)** a network of national standards institutes and similar organizations from 161 different countries that is charged with developing standards for quality products and services that are traded throughout the globe (234)

**Internet** a worldwide network of computers linked through telecommunications (477)

**interpersonal skills** the ability to deal effectively with other people (178)

**intranet** a smaller version of the Internet for use within a firm's computer network (477)

**inventory control** the process of managing inventories in such a way as to minimize inventory costs, including both holding costs and potential stock-out costs (230)

**inventory management** the process of managing inventories in such a way as to minimize inventory costs, including both holding costs and potential stock-out costs (418)

**inventory turnover** a financial ratio calculated by dividing the cost of goods sold in one year by the average value of the inventory (520)

**investment banking firm** an organization that assists corporations in raising funds, usually by helping to sell new issues of stocks, bonds, or other financial securities (581)

**invisible hand** a term created by Adam Smith to describe how an individual's personal gain benefits others and a nation's economy (14)

## J

**job analysis** a systematic procedure for studying jobs to determine their various elements and requirements (254)

**job description** a list of the elements that make up a particular job (254)

**job enlargement** expanding a worker's assignments to include additional but similar tasks (291)

**job enrichment** a motivation technique that provides employees with more variety and responsibility in their jobs (290)

**job evaluation** the process of determining the relative worth of the various jobs within a firm (261)

**job redesign** a type of job enrichment in which work is restructured to cultivate the worker–job match (292)

**job rotation** the systematic shifting of employees from one job to another (196)

**job security** protection against the loss of employment (321)

**job sharing** an arrangement whereby two people share one full-time position (294)

**job specialization** the separation of all organizational activities into distinct tasks and the assignment of different tasks to different people (194)

**job specification** a list of the qualifications required to perform a particular job (254)

**joint venture** an agreement between two or more groups to form a business entity in order to achieve a specific goal or to operate for a specific period of time (125)

**jurisdiction** the right of a particular union to organize particular groups of workers (318)

**just-in-time inventory system** a system designed to ensure that materials or supplies arrive at a facility just when they are needed so that storage and holding costs are minimized (230)

## K

**knowledge management (KM)** a firm's procedures for generating, using, and sharing the data and information (466)

## L

**labeling** the presentation of information on a product or its package (379)

**labor union** an organization of workers acting together to negotiate their wages and working conditions with employers (308)

**labor-intensive technology** a process in which people must do most of the work (225)

**leadership** the ability to influence others (179)

**leading** the process of influencing people to work toward a common goal (173)

**letter of credit** issued by a bank on request of an importer stating that the bank will pay an amount of money to a stated beneficiary; a legal document issued by a bank or other financial institution guaranteeing to pay a seller a stated amount for a specified period of time (88, 552)

**liabilities** a firm's debts and obligations (505)

**licensing** a contractual agreement in which one firm permits another to produce and market its product and use its brand name in return for a royalty or other compensation (87)

**lifestyle shopping center** an open-air-environment shopping center with upscale chain specialty stores (416)

**limit order** a request that a security be bought or sold at a price that is equal to or better than some specified price (606)

**limited liability** a feature of corporate ownership that limits each owner's financial liability to the amount of money that he or she has paid for the corporation's stock (120)

**limited partner** a person who contributes capital to a business but has no management responsibility or liability for losses beyond the amount he or she invested in the partnership (112)

**limited-liability company (LLC)** a form of business ownership that combines the benefits of a corporation and a partnership while avoiding some of the restrictions and disadvantages of those forms of ownership (122)

**limited-line wholesaler** a middleman that stocks only a few product lines but carries numerous product items within each line (408)

**limited-service wholesaler** a middleman that assumes responsibility for a few wholesale services only (408)

**line extension** development of a new product that is closely related to one or more products in the existing product line but designed specifically to meet somewhat different customer needs (369)

**line manager** a position in which a person makes decisions and gives orders to subordinates to achieve the organization's goals (201)

**line of credit** a loan that is approved before the money is actually needed (548)

**line structure** an organizational structure in which the chain of command goes directly from person to person throughout the organization (201)

**line-and-staff structure** an organizational structure that utilizes the chain of command from a line structure in combination with the assistance of staff managers (202)

**liquidity** the ease with which an asset or investment can be converted into cash (508, 604)

**local-area network (LAN)** a network that connects computers that are in close proximity to each other, such as an office building or a college campus (477)

**lockout** a firm's refusal to allow employees to enter the workplace (324)

**log-file records** files that store a record of the Web sites visited (486)

**long-term financing** money that will be used for longer than one year (570)

**long-term liabilities** debts that need not be repaid for at least one year (510)

**lump-sum salary increase** an entire pay raise taken in one lump sum (262)

## M

- macroeconomics** the study of the national economy and the global economy (12)
- maintenance shop** a workplace in which an employee who joins the union must remain a union member as long as he or she is employed by the firm (322)
- major equipment** large tools and machines used for production purposes (364)
- Malcolm Baldrige National Quality Award** an award given by the U.S. president to organizations that apply and are judged to be outstanding in specific managerial tasks that lead to improved quality for both products and services (232)
- malware** a general term that describes software designed to infiltrate a computer system without the user's consent (487)
- management** the process of coordinating people and other resources to achieve the goals of an organization (168)
- management by objectives (MBO)** a motivation technique in which managers and employees collaborate in setting goals (290)
- management development** the process of preparing managers and other professionals to assume increased responsibility in both present and future positions (264)
- management information system (MIS)** a system that provides managers and employees with the information they need to perform their jobs as effectively as possible (466)
- managerial accounting** provides managers and employees with the information needed to make decisions about a firm's financing, investing, marketing, and operating activities (503)
- manufacturer (or producer) brand** a brand that is owned by a manufacturer (373)
- manufacturer's sales branch** essentially a merchant wholesaler that is owned by a manufacturer (408)
- manufacturer's sales office** essentially a sales agent owned by a manufacturer (408)
- margin requirement** the portion of the price of a stock that cannot be borrowed (619)
- market** a group of individuals or organizations, or both, that need products in a given category and that have the ability, willingness, and authority to purchase such products (340)
- market economy** an economic system in which businesses and individuals decide what to produce and buy, and the market determines quantities sold and prices (14)
- market order** a request that a security be purchased or sold at the current market price (606)
- market price** the price at which the quantity demanded is exactly equal to the quantity supplied (22)
- market segment** a group of individuals or organizations within a market that share one or more common characteristics (343)
- market segmentation** the process of dividing a market into segments and directing a marketing mix at a particular segment or segments rather than at the total market (343)
- market value** the price of one share of a stock at a particular time (613)
- marketing** 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 (335)
- marketing concept** a business philosophy that a firm should provide goods and services that satisfy customers' needs through a coordinated set of activities that allow the firm to achieve its objectives (338)
- marketing information system** a system for managing marketing information that is gathered continually from internal and external sources (348)
- marketing manager** a manager who is responsible for facilitating the exchange of products between an organization and its customers or clients (177)
- marketing mix** a combination of product, price, distribution, and promotion developed to satisfy a particular target market (341)
- marketing plan** a written document that specifies an organization's resources, objectives, strategy, and implementation and control efforts to be used in marketing a specific product or product group (346)
- marketing research** the process of systematically gathering, recording, and analyzing data concerning a particular marketing problem (349)
- marketing strategy** a plan that will enable an organization to make the best use of its resources and advantages to meet its objectives (341)
- markup** the amount a seller adds to the cost of a product to determine its basic selling price (383)
- Maslow's hierarchy of needs** a sequence of human needs in the order of their importance (281)
- mass production** a manufacturing process that lowers the cost required to produce a large number of identical or similar products over a long period of time (218)
- master limited partnership (MLP)** a business partnership that is owned and managed like a corporation but often taxed like a partnership (112)
- materials handling** the actual physical handling of goods, in warehouses as well as during transportation (420)
- materials requirements planning (MRP)** a computerized system that integrates production planning and inventory control (230)
- matrix structure** an organizational structure that combines vertical and horizontal lines of authority, usually by superimposing product departmentalization on a functionally departmentalized organization (203)
- maturity date** the date on which a corporation is to repay borrowed money (588)
- measure of value** a single standard or "yardstick" used to assign values to, and compare the values of, products, services, and resources (535)
- mediation** the use of a neutral third party to assist management and the union during their negotiations (325)
- medium of exchange** anything accepted as payment for products, services, and resources (535)
- merchant middleman** a middleman that actually takes title to products by buying them (401)
- merchant wholesaler** a middleman that purchases goods in large quantities and then sells them to other wholesalers or retailers and to institutional, farm, government, professional, or industrial users (407)
- merger** the purchase of one corporation by another (126)
- microeconomics** the study of the decisions made by individuals and businesses (12)
- middle manager** a manager who implements the strategy and major policies developed by top management (176)
- middleman (or marketing intermediary)** a marketing organization that links a producer and user within a marketing channel (401)
- minority** a racial, religious, political, national, or other group regarded as different from the larger group of which it is a part and that is often singled out for unfavorable treatment (56)
- mission** a statement of the basic purpose that makes an organization different from others (169)
- missionary salesperson** a salesperson—generally employed by a manufacturer—who visits retailers to persuade them to buy the manufacturer's products (442)

**mixed economy** an economy that exhibits elements of both capitalism and socialism (15)

**monetary policies** Federal Reserve decisions that determine the size of the supply of money in the nation and the level of interest rates (21)

**money** anything a society uses to purchase products, services, or resources (534)

**monopolistic competition** a market situation in which there are many buyers along with a relatively large number of sellers who differentiate their products from the products of competitors (23)

**monopoly** a market (or industry) with only one seller, and there are barriers to keep other firms from entering the industry (24)

**morale** an employee's feelings about his or her job and superiors and about the firm itself (279)

**mortgage bond** a corporate bond secured by various assets of the issuing firm (588)

**motivating** the process of providing reasons for people to work in the best interests of an organization (173)

**motivation** the individual internal process that energizes, directs, and sustains behavior; the personal "force" that causes you or me to behave in a particular way (278)

**motivation factors** job factors that increase motivation although their absence does not necessarily result in dissatisfaction (284)

**motivation-hygiene theory** the idea that satisfaction and dissatisfaction are separate and distinct dimensions (283)

**multilateral development bank (MDB)** an internationally supported bank that provides loans to developing countries to help them grow (94)

**multinational enterprise** a firm that operates on a worldwide scale without ties to any specific nation or region (91)

**multiple-unit pricing** the strategy of setting a single price for two or more units (387)

**municipal bond** sometimes called a *muni*, a debt security issued by a state or local government (612)

**mutual fund** pools the money of many investors—its shareholders—to invest in a variety of different securities (615)

## N

**National Alliance of Business (NAB)** a joint business-government program to train the hard-core unemployed (59)

**national bank** a commercial bank chartered by the U.S. Comptroller of the Currency (544)

**national debt** the total of all federal deficits (21)

**National Labor Relations Board (NLRB)** the federal agency that enforces the provisions of the Wagner Act (314)

**natural monopoly** an industry requiring huge investments in capital and within which any duplication of facilities would be wasteful and thus not in the public interest (24)

**need** a personal requirement (281)

**negotiated pricing** establishing a final price through bargaining (386)

**neighborhood shopping center** a planned shopping center consisting of several small convenience and specialty stores (416)

**net asset value (NAV)** current market value of a mutual fund's portfolio minus the mutual fund's liabilities divided by the number of outstanding shares (615)

**net income** occurs when revenues exceed expenses (513)

**net loss** occurs when expenses exceed revenues (513)

**net sales** the actual dollar amounts received by a firm for the goods and services it has sold after adjustment for returns, allowances, and discounts (512)

**net worth** the difference between the value of your total assets and your total liabilities (599)

**network structure** an organizational structure in which administration is the primary function, and most other functions are contracted out to other firms (205)

**news release** a typed page of about 300 words provided by an organization to the media as a form of publicity (448)

**non-price competition** competition based on factors other than price (381)

**nonstore retailing** a type of retailing whereby consumers purchase products without visiting a store (413)

**nontariff barrier** a nontax measure imposed by a government to favor domestic over foreign suppliers (77)

**not-for-profit corporation** a corporation organized to provide a social, educational, religious, or other service rather than to earn a profit (123)

**NOW account** an interest-bearing checking account; *NOW* stands for *negotiable order of withdrawal* (547)

## O

**objective** a specific statement detailing what an organization intends to accomplish over a shorter period of time (170)

**odd-number pricing** the strategy of setting prices using odd numbers that are slightly below whole-dollar amounts (387)

**off-price retailer** a store that buys manufacturers' seconds, overruns, returns, and off-season merchandise for resale to consumers at deep discounts (412)

**oligopoly** a market (or industry) in which there are few sellers (23)

**online retailing** retailing that makes products available to buyers through computer connections (415)

**open corporation** a corporation whose stock can be bought and sold by any individual (117)

**open-market operations** the buying and selling of U.S. government securities by the Federal Reserve System for the purpose of controlling the supply of money (541)

**operating expenses** all business costs other than the cost of goods sold (513)

**operational plan** a type of plan designed to implement tactical plans (172)

**operations management** all activities managers engage in to produce goods and services (217)

**operations manager** a manager who manages the systems that convert resources into goods and services (176)

**order-getter** a salesperson who is responsible for selling a firm's products to new customers and increasing sales to present customers (442)

**order processing** activities involved in receiving and filling customers' purchase orders (419)

**order-taker** a salesperson who handles repeat sales in ways that maintain positive relationships with customers (442)

**organization** a group of two or more people working together to achieve a common set of goals (193)

**organization chart** a diagram that represents the positions and relationships within an organization (193)

**organizational height** the number of layers, or levels, of management in a firm (200)

**organizing** the grouping of resources and activities to accomplish some end result in an efficient and effective manner (173)

**orientation** the process of acquainting new employees with an organization (260)

**out-of-home advertising** short promotional messages on billboards, posters, signs, and transportation vehicles (436)

**outsourcing** the process of finding outside vendors and suppliers that provide professional help, parts, or materials at a lower cost (480)

**over-the-counter (OTC) market** a network of dealers who buy and sell the stocks of corporations that are not listed on a securities exchange (583)

**overtime** time worked in excess of 40 hours in one week (under some union contracts, time worked in excess of eight hours in a single day) (320)

**owners' equity** the difference between a firm's assets and its liabilities (505)

## P

**packaging** all the activities involved in developing and providing a container with graphics for a product (377)

**par value** an assigned (and often arbitrary) dollar value printed on a stock certificate (584)

**participative leadership** leadership style in which all members of a team are involved in identifying essential goals and developing strategies to reach those goals (180)

**partnership** a voluntary association of two or more persons to act as co-owners of a business for profit (111)

**part-time work** permanent employment in which individuals work less than a standard work week (293)

**penetration pricing** the strategy of setting a low price for a new product (386)

**perfect (or pure) competition** the market situation in which there are many buyers and sellers of a product, and no single buyer or seller is powerful enough to affect the price of that product (22)

**performance appraisal** the evaluation of employees' current and potential levels of performance to allow managers to make objective human resources decisions (265)

**periodic discounting** temporary reduction of prices on a patterned or systematic basis (386)

**personal budget** a specific plan for spending your income (600)

**personal income** the income an individual receives from all sources less the Social Security taxes the individual must pay (353)

**personal investment** the use of your personal funds to earn a financial return (601)

**personal selling** personal communication aimed at informing customers and persuading them to buy a firm's products (432)

**PERT (Program Evaluation and Review Technique)** a scheduling technique that identifies the major activities necessary to complete a project and sequences them based on the time required to perform each one (231)

**physical distribution** all the activities concerned with the efficient movement of products from the producer to the ultimate user (417)

**physiological needs** the things we require for survival (282)

**picketing** marching back and forth in front of a place of employment with signs informing the public that a strike is in progress (323)

**piece-rate system** a compensation system under which employees are paid a certain amount for each unit of output they produce (280)

**place utility** utility created by making a product available at a location where customers wish to purchase it (337)

**plan** an outline of the actions by which an organization intends to accomplish its goals and objectives (171)

**planning** establishing organizational goals and deciding how to accomplish them (169)

**planning horizon** the period during which an operational plan will be in effect (227)

**plant layout** the arrangement of machinery, equipment, and personnel within a production facility (226)

**point-of-purchase display** promotional material placed within a retail store (447)

**pollution** the contamination of water, air, or land through the actions of people in an industrialized society (60)

**positioning** the development of a product image in buyers' minds relative to the images they have of competing products (450)

**possession utility** utility created by transferring title (or ownership) of a product to a buyer (337)

**preferred stock** stock owned by individuals or firms who usually do not have voting rights but whose claims on dividends and assets are paid before those of common-stock owners (118, 583)

**premium** a gift that a producer offers a customer in return for buying its product (446)

**premium pricing** pricing the highest-quality or most-versatile products higher than other models in the product line (388)

**press conference** a meeting at which invited media personnel hear important news announcements and receive supplementary textual materials and photographs (448)

**price** the amount of money a seller is willing to accept in exchange for a product at a given time and under given circumstances (379)

**price competition** an emphasis on setting a price equal to or lower than competitors' prices to gain sales or market share (381)

**price leaders** products priced below the usual markup, near cost, or below cost (389)

**price lining** the strategy of selling goods only at certain predetermined prices that reflect definite price breaks (389)

**price skimming** the strategy of charging the highest possible price for a product during the introduction stage of its life-cycle (386)

**primary market** a market in which an investor purchases financial securities (via an investment bank) directly from the issuer of those securities (581)

**primary-demand advertising** advertising aimed at increasing the demand for all brands of a product within a specific industry (433)

**prime interest rate** the lowest rate charged by a bank for a short-term loan (578)

**private placement** occurs when stock and other corporate securities are sold directly to insurance companies, pension funds, or large institutional investors (585)

**problem** the discrepancy between an actual condition and a desired condition (181)

**problem-solving team** a team of knowledgeable employees brought together to tackle a specific problem (296)

**process material** a material that is used directly in the production of another product but is not readily identifiable in the finished product (364)

**producer price index (PPI)** an index that measures prices that producers receive for their finished goods (19)

**product** everything one receives in an exchange, including all tangible and intangible attributes and expected benefits; it may be a good, a service, or an idea (362)

**product deletion** the elimination of one or more products from a product line (369)

**product design** the process of creating a set of specifications from which a product can be produced (225)

**product differentiation** the process of developing and promoting differences between one's products and all similar products (23, 381)

**product life-cycle** a series of stages in which a product's sales revenue and profit increase, reach a peak, and then decline (364)

**product line** a group of similar products that differ only in relatively minor characteristics (224, 367)

**product mix** all the products a firm offers for sale (367)

**product modification** the process of changing one or more of a product's characteristics (368)

**productivity** the average level of output per worker per hour (17, 235)

**profit** what remains after all business expenses have been deducted from sales revenue (11)

**profit-sharing** the distribution of a percentage of a firm's profit among its employees (262)

**promissory note** a written pledge by a borrower to pay a certain sum of money to a creditor at a specified future date (578)

**promotion** communication about an organization and its products that is intended to inform, persuade, or remind target-market members (430)

**promotion mix** the particular combination of promotion methods a firm uses to reach a target market (430)

**promotional campaign** a plan for combining and using the four promotional methods—advertising, personal selling, sales promotion, and publicity—in a particular promotion mix to achieve one or more marketing goals (449)

**prospectus** a detailed, written description of a new security, the issuing corporation, and the corporation's top management (608)

**proxy** a legal form listing issues to be decided at a stockholders' meeting and enabling stockholders to transfer their voting rights to some other individual or individuals (118)

**proxy fight** a technique used to gather enough stockholder votes to control a targeted company (126)

**public relations** communication activities used to create and maintain favorable relations between an organization and various public groups, both internal and external (433)

**publicity** communication in news-story form about an organization, its products, or both (448)

**purchasing** all the activities involved in obtaining required materials, supplies, components, and parts from other firms (229)

**relationship marketing** establishing long-term, mutually satisfying buyer-seller relationships (337)

**replacement chart** a list of key personnel and their possible replacements within a firm (251)

**research and development (R&D)** a set of activities intended to identify new ideas that have the potential to result in new goods and services (222)

**reserve requirement** the percentage of its deposits a bank *must* retain, either in its own vault or on deposit with its Federal Reserve district bank (540)

**responsibility** the duty to do a job or perform a task (198)

**retailer** a middleman that buys from producers or other middlemen and sells to consumers (402)

**retained earnings** the portion of a corporation's profits not distributed to stockholders (510, 584)

**return on owners' equity** a financial ratio calculated by dividing net income after taxes by owners' equity (518)

**return on sales (or profit margin)** a financial ratio calculated by dividing net income after taxes by net sales (518)

**revenue stream** a source of revenue flowing into a firm (481)

**revenues** the dollar amounts earned by a firm from selling goods, providing services, or performing business activities (511)

**revolving credit agreement** a guaranteed line of credit (548)

**risk-return ratio** a ratio based on the principle that a high-risk decision should generate higher financial returns for a business and more conservative decisions often generate lower returns (573)

**robotics** the use of programmable machines to perform a variety of tasks by manipulating materials and tools (236)

## Q

**quality circle** a team of employees who meet on company time to solve problems of product quality (233)

**quality control** the process of ensuring that goods and services are produced in accordance with design specifications (233)

## R

**random discounting** temporary reduction of prices on an unsystematic basis (387)

**rate of return** the total dollar amount of return you receive on an investment over a specific period of time divided by the amount invested (603)

**ratification** approval of a labor contract by a vote of the union membership (319)

**raw material** a basic material that actually becomes part of a physical product; usually comes from mines, forests, oceans, or recycled solid wastes (364)

**rebate** a return of part of the product's purchase price (445)

**recession** two or more consecutive three-month periods of decline in a country's GDP (20)

**recruiting** the process of attracting qualified job applicants (255)

**reference pricing** pricing a product at a moderate level and positioning it next to a more expensive model or brand (387)

**regional shopping center** a planned shopping center containing large department stores, numerous specialty stores, restaurants, movie theaters, and sometimes even hotels (417)

**registered bond** a bond registered in the owner's name by the issuing company (588)

**reinforcement theory** a theory of motivation based on the premise that rewarded behavior is likely to be repeated, whereas punished behavior is less likely to recur (286)

## S

**safety needs** the things we require for physical and emotional security (282)

**salary** a specific amount of money paid for an employee's work during a set calendar period, regardless of the actual number of hours worked (262)

**sales forecast** an estimate of the amount of a product that an organization expects to sell during a certain period of time based on a specified level of marketing effort (347)

**sales promotion** the use of activities or materials as direct inducements to customers or salespersons (433)

**sales support personnel** employees who aid in selling but are more involved in locating prospects, educating customers, building goodwill for the firm, and providing follow-up service (442)

**sample** a free product given to customers to encourage trial and purchase (446)

**Sarbanes-Oxley Act of 2002** provides sweeping new legal protection for employees who report corporate misconduct (43)

**savings and loan association (S&L)** a financial institution that offers checking and savings accounts and CDs and that invests most of its assets in home mortgage loans and other consumer loans (545)

**scheduling** the process of ensuring that materials and other resources are at the right place at the right time (230)

**scientific management** the application of scientific principles to management of work and workers (279)

**S-corporation** a corporation that is taxed as though it were a partnership (122)

**secondary market** a market for existing financial securities that are traded between investors (582)

**secondary-market pricing** setting one price for the primary target market and a different price for another market (386)

- securities exchange** a marketplace where member brokers meet to buy and sell securities (583)
- security average (or security index)** an average of the current market prices of selected securities (625)
- selection** the process of gathering information about applicants for a position and then using that information to choose the most appropriate applicant (257)
- selective distribution** the use of only a portion of the available outlets for a product in each geographic area (403)
- selective-demand (or brand) advertising** advertising that is used to sell a particular brand of product (434)
- self-actualization needs** the need to grow and develop and to become all that we are capable of being (282)
- self-managed teams** groups of employees with the authority and skills to manage themselves (296)
- selling short** the process of selling stock that an investor does not actually own but has borrowed from a brokerage firm and will repay at a later date (618)
- seniority** the length of time an employee has worked for an organization (320)
- serial bonds** bonds of a single issue that mature on different dates (589)
- Service Corps of Retired Executives (SCORE)** a group of businesspeople who volunteer their services to small businesses through the SBA (149)
- service economy** an economy in which more effort is devoted to the production of services than to the production of goods (27, 221)
- shop steward** an employee elected by union members to serve as their representative (322)
- shopping product** an item for which buyers are willing to expend considerable effort on planning and making the purchase (363)
- short-term financing** money that will be used for one year or less (569)
- sinking fund** a sum of money to which deposits are made each year for the purpose of redeeming a bond issue (589)
- Six Sigma** a disciplined approach that relies on statistical data and improved methods to eliminate defects for a firm's products and services (234)
- skills inventory** a computerized data bank containing information on the skills and experience of all present employees (252)
- slowdown** a technique whereby workers report to their jobs but work at a slower pace than normal (324)
- small business** one that is independently owned and operated for profit and is not dominant in its field (137)
- Small Business Administration (SBA)** a governmental agency that assists, counsels, and protects the interests of small businesses in the United States (148)
- small-business development centers (SBDCs)** university-based groups that provide individual counseling and practical training to owners of small businesses (151)
- small-business institutes (SBIs)** groups of senior and graduate students in business administration who provide management counseling to small businesses (151)
- small-business investment companies (SBICs)** privately owned firms that provide venture capital to small enterprises that meet their investment standards (152)
- social audit** a comprehensive report of what an organization has done and is doing with regard to social issues that affect it (65)
- social needs** the human requirements for love and affection and a sense of belonging (282)
- social network site** a Web site (often called a social site) that functions like an online community of Internet users where you can share your profile, messages, and photographs with family and friends (486)
- social responsibility** the recognition that business activities have an impact on society and the consideration of that impact in business decision making (47)
- socioeconomic model of social responsibility** the concept that business should emphasize not only profits but also the impact of its decisions on society (52)
- sole proprietorship** a business that is owned (and usually operated) by one person (108)
- spamming** the sending of massive amounts of unsolicited e-mails (486)
- span of management (or span of control)** the number of workers who report directly to one manager (199)
- special-event pricing** advertised sales or price cutting linked to a holiday, season, or event (389)
- specialization** the separation of a manufacturing process into distinct tasks and the assignment of the different tasks to different individuals (26)
- specialty product** an item that possesses one or more unique characteristics for which a significant group of buyers is willing to expend considerable purchasing effort (363)
- specialty-line wholesaler** a middleman that carries a select group of products within a single line (408)
- speculative production** the time lag between the actual production of goods and when the goods are sold (570)
- staff manager** a position created to provide support, advice, and expertise within an organization (202)
- stakeholders** all the different people or groups of people who are affected by the policies and decisions made by an organization (11)
- standard of living** a loose, subjective measure of how well off an individual or a society is, mainly in terms of want satisfaction through goods and services (24)
- standing committee** a relatively permanent committee charged with performing some recurring task (207)
- state bank** a commercial bank chartered by the banking authorities in the state in which it operates (544)
- statement of cash flows** a statement that illustrates how the company's operating, investing, and financing activities affect cash during an accounting period (514)
- statistic** a measure that summarizes a particular characteristic of an entire group of numbers (470)
- statistical process control (SPC)** a system that uses sampling to obtain data that are plotted on control charts and graphs to see if the production process is operating as it should and to pinpoint problem areas (233)
- statistical quality control (SQC)** a set of specific statistical techniques used to monitor all aspects of the production process to ensure that both work-in-process and finished products meet the firm's quality standards (233)
- stock** the shares of ownership of a corporation (116)
- stock dividend** a dividend in the form of additional stock (613)
- stock split** the division of each outstanding share of a corporation's stock into a greater number of shares (613)
- stockholder** a person who owns a corporation's stock (116)
- store (or private) brand** a brand that is owned by an individual wholesaler or retailer (373)
- store of value** a means of retaining and accumulating wealth (535)
- strategic alliance** a partnership formed to create competitive advantage on a worldwide basis (90)
- strategic plan** an organization's broadest plan, developed as a guide for major policy setting and decision making (171)

**strategic planning process** the establishment of an organization's major goals and objectives and the allocation of resources to achieve them (170)

**strike** a temporary work stoppage by employees, calculated to add force to their demands (310)

**strikebreaker** a non-union employee who performs the job of a striking union member (325)

**supermarket** a large self-service store that sells primarily food and household products (410)

**superstore** a large retail store that carries not only food and nonfood products ordinarily found in supermarkets but also additional product lines (410)

**supply** the quantity of a product that producers are willing to sell at each of various prices; an item that facilitates production and operations but does not become part of a finished product (22, 364, 380)

**supply-chain management** long-term partnership among channel members working together to create a distribution system that reduces inefficiencies, costs, and redundancies while creating a competitive advantage and satisfying customers (404)

**sustainability** meeting the needs of the present without compromising the ability of future generations to meet their own needs (28)

**SWOT analysis** the identification and evaluation of a firm's strengths, weaknesses, opportunities, and threats (170)

**syndicate** a temporary association of individuals or firms organized to perform a specific task that requires a large amount of capital (125)

**synthetic process** a process in operations management in which raw materials or components are combined to create a finished product (218)

**T**

**tactical plan** a smaller scale plan developed to implement a strategy (172)

**target market** a group of individuals or organizations, or both, for which a firm develops and maintains a marketing mix suitable for the specific needs and preferences of that group (341)

**task force** a committee established to investigate a major problem or pending decision (207)

**team** two or more workers operating as a coordinated unit to accomplish a specific task or goal (296)

**technical salesperson** a salesperson who assists a company's current customers in technical matters (442)

**technical skills** specific skills needed to accomplish a specialized activity (178)

**telecommuting** working at home all the time or for a portion of the work week (294)

**telemarketing** the performance of marketing-related activities by telephone (414)

**television home shopping** a form of selling in which products are presented to television viewers, who can buy them by calling a toll-free number and paying with a credit card (415)

**tender offer** an offer to purchase the stock of a firm targeted for acquisition at a price just high enough to tempt stockholders to sell their shares (126)

**term-loan agreement** a promissory note that requires a borrower to repay a loan in monthly, quarterly, semiannual, or annual installments (586)

**Theory X** a concept of employee motivation generally consistent with Taylor's scientific management; assumes that employees dislike work and will function only in a highly controlled work environment (284)

**Theory Y** a concept of employee motivation generally consistent with the ideas of the human relations movement; assumes that employees accept responsibility and work toward organizational goals, and by doing so they also achieve personal rewards (284)

**Theory Z** the belief that some middle ground between type A and type J practices is best for American business (285)

**time deposit** an amount on deposit in an interest-bearing savings account or certificate of deposit (537)

**time utility** utility created by making a product available when customers wish to purchase it (337)

**top manager** an upper-level executive who guides and controls the overall fortunes of an organization (175)

**total cost** the sum of the fixed costs and the variable costs attributed to a product (383)

**total quality management (TQM)** the coordination of efforts directed at improving customer satisfaction, increasing employee participation, strengthening supplier partnerships, and facilitating an organizational atmosphere of continuous quality improvement (184)

**total revenue** the total amount received from sales of a product (383)

**trade credit** a type of short-term financing extended by a seller who does not require immediate payment after delivery of merchandise (577)

**trade deficit** a negative balance of trade (75)

**trade name** the complete and legal name of an organization (373)

**trade sales promotion method** a sales promotion method designed to encourage wholesalers and retailers to stock and actively promote a manufacturer's product (445)

**trade salesperson** a salesperson—generally employed by a food producer or processor—who assists customers in promoting products, especially in retail stores (442)

**trade show** an industry-wide exhibit at which many sellers display their products (447)

**trademark** a brand name or brand mark that is registered with the U.S. Patent and Trademark Office and thus is legally protected from use by anyone except its owner (373)

**trading company** provides a link between buyers and sellers in different countries (90)

**traditional specialty store** a store that carries a narrow product mix with deep product lines (411)

**transfer pricing** prices charged in sales between an organization's units (390)

**transportation** the shipment of products to customers (420)

**trial balance** a summary of the balances of all general ledger accounts at the end of the accounting period (506)

**trustee** an individual or an independent firm that acts as a bond owner's representative (589)

**U**

**undifferentiated approach** directing a single marketing mix at the entire market for a particular product (341)

**unemployment rate** the percentage of a nation's labor force unemployed at any time (18)

**union security** protection of the union's position as the employees' bargaining agent (321)

**union shop** a workplace in which new employees must join the union after a specified probationary period (322)

**union-management (labor) relations** the dealings between labor unions and business management both in the bargaining process and beyond it (308)

**unlimited liability** a legal concept that holds a business owner personally responsible for all the debts of the business (110)

**unsecured financing** financing that is not backed by collateral (577)

**utility** the ability of a good or service to satisfy a human need (219, 337)

## V

**variable cost** a cost that depends on the number of units produced (383)

**venture capital** money that is invested in small (and sometimes struggling) firms that have the potential to become very successful (152)

**vertical channel integration** the combining of two or more stages of a distribution channel under a single firm's management (404)

**vertical marketing system (VMS)** a centrally managed distribution channel resulting from vertical channel integration (404)

**virtual office** allows employees to work at any place where they have access to computers, software, and other technology that enables them to perform their normal work activities (475)

**virtual team** a team consisting of members who are geographically dispersed but communicate electronically (297)

**virtuoso team** a team of exceptionally highly skilled and talented individuals brought together to produce significant change (296)

## W

**wage survey** a collection of data on prevailing wage rates within an industry or a geographic area (261)

**warehouse club** a large-scale members-only establishment that combines features of cash-and-carry wholesaling with discount retailing (411)

**warehouse showroom** a retail facility in a large, low-cost building with a large on-premises inventory and minimal service (410)

**warehousing** the set of activities involved in receiving and storing goods and preparing them for reshipment (419)

**whistle-blowing** informing the press or government officials about unethical practices within one's organization (44)

**wholesaler** a middleman that sells products to other firms (402)

**wide-area network (WAN)** a network that connects computers over a large geographic area, such as a city, a state, or even the world (477)

**wildcat strike** a strike not approved by the strikers' union (324)

**working capital** the difference between current assets and current liabilities (519)

**World Trade Organization (WTO)** powerful successor to GATT that incorporates trade in goods, services, and ideas (84)

**World Wide Web (the Web)** the Internet's multimedia environment of audio, visual, and text data (477)

## Y

**Yellow Pages advertising** simple listings or display advertisements presented under specific product categories appearing in print and online telephone directories (435)

## Z

**zero-base budgeting** a budgeting approach in which every expense in every budget must be justified (575)