

Glossary

A

Ability the quality of being able to perform a mental or physical task.

Absolute advantage a situation where a country can produce a good or service at a lower cost than other countries.

Accountability taking responsibility for the results achieved.

Accounts payable record a financial document that identifies the companies from which credit purchases were made and the amount purchased, paid, and owed.

Accounts receivable record a financial document that identifies customers that made purchases using credit and the status of each account.

Adjustable-rate mortgage (ARM) a mortgage in which the interest rate is raised or lowered from time to time depending on the current interest rate being charged by lenders.

Advertising any paid form of communication through mass media directed at identified consumers to provide information and influence their actions.

Agricultural products crops and animals raised by farmers.

AI See **Artificial intelligence**

Allowance the amount of money you plan to use for a certain budget category.

All-risk policy See **Special form**

Annual percentage rate (APR) the percentage cost of credit on a yearly basis.

Annual percentage yield (APY) the percentage rate equal to the total amount of interest that a \$100 deposit would earn based on a 365-day period.

Annuity an amount of money an insurance company pays (usually monthly) to a person who has previously deposited money with the company.

Antitrust laws laws that prevent monopolies and promote competition and fairness.

Application form a document used by employers that asks for information related to employment. It gives the employer standard information about each job applicant.

Application software computer programs that perform specific tasks such as word processing, database management, or accounting.

Applied research marketing research that studies existing products to develop design improvements or new product uses.

Appraiser someone trained to estimate the value of property and who can give an official report on the value.

Appreciation a general increase in the value of property that occurs over time.

APR See **Annual percentage rate**

APY See **Annual percentage yield**

Arbitration a third-party action resulting in a decision that is legally binding.

ARM See **Adjustable-rate mortgage**

Articles of incorporation a written legal document that defines ownership and operating procedures and conditions for the business.

Artificial intelligence (AI) software that enables computers to reason, learn, and make decisions using logical methods similar to the methods humans use.

Assessed value the amount that your local government determines your property to be worth for tax purposes.

Asset record a financial document used to name the buildings and equipment owned by the business, their original and current value, and the amount owed if money was borrowed to purchase the assets.

Assets what a company owns; anything of value owned by a business.

Assigned risk plan a plan in which every automobile insurance company in the state is assigned a certain number of high-risk drivers based on the amount of insurance each company sells.

Authority the right to make decisions about how responsibilities should be accomplished.

Automatic bill payment a service by which a bank deducts a payment from your account and transfers the funds to the appropriate companies. This service requires a bank customer to authorize preset amounts of monthly expenses.

Automatic teller machine a computerized device that allows customers to make bank transactions including withdrawing cash.

B

Baby boomers people born between 1946 and 1964.

Balance of payments the difference between the amount of money that comes into a country and the amount that goes out of a country.

Balance of trade the difference between a country's total exports and total imports.

Balance sheet a report that lists a company's assets, liabilities, and owner's equity at a specific point in time.

Bank money order a form sold by a bank stating that money is to be paid to a specific person or business.

Bank reconciliation the document created to show how your own record of your checking account and the bank's record of your account were brought into agreement.

Bankruptcy the legal process of reducing or eliminating an amount owed.

Bank statement a report on the status of a bank account.

Base plus incentive a compensation system which combines a wage or salary with an additional amount based on the employee's performance.

Basic economic problem the mismatch of unlimited wants and needs and limited economic resources.

Basic health coverage protection provided by regular medical, hospital, and surgical insurance.

Basic product the simplest form of a product. It is not unique and is usually available from several companies.

Behavioral interviewing an interview that evaluates an applicant's on-the-job potential. Questions typically begin with "describe" or "tell me about."

Benchmark the best practices among all competitors.

Beneficiary the person named in an insurance policy to receive the insurance benefits.

Benefits compensation in forms other than direct payment.

Blank endorsement an endorsement of a check that consists of only the endorser's name.

Blue-collar workers workers who are involved in physical work, including the operation of machinery and equipment or other production activities.

Board of directors the people who make the major policy and financial decisions for the business.

Bodily injury liability insurance that protects a driver from claims resulting from injuries or deaths for which the insured is at fault.

Bond a certificate representing a promise to pay a definite amount of money at a stated interest rate on a specified due date.

Brand a name given to a product or service to distinguish it from other similar and competitive items.

Brand name a unique identification for a company's products.

Budget detailed plans for the financial needs of individuals, families, and businesses.

Budget charge account a credit agreement that requires a customer to make payments of a fixed amount over several months.

Budget deficit a financial situation that occurs when a government spends more than it takes in.

Budget surplus a financial situation that occurs when a government spends less than it takes in.

Budget variance any difference between actual spending and budgeted amounts.

Business consumers persons, companies, and organizations that buy products for the operation of a business, for incorporation into other products and services, or for resale to their customers.

Business cycle the movement of the economy from one condition to another and back again. It has four phases including prosperity, recession, depression, and recovery.

Business ethics rules about how businesses and their employees ought to behave.

Business interruption insurance compensation for ongoing business expenses that occur if a business has a temporary shutdown due to a fire, flood, or other major problem.

Business plan a written description of the business idea and how it will be carried out, including all major business activities.

Buying motives the reasons consumers decide what products and services to purchase.

C

CAD See **Computer-aided design**

Cafeteria plan an employee benefit program that allocates a certain amount of money to each employee that can be spent on benefits.

CAI See **Computer-assisted instruction**

Capacity a person's ability to pay a debt when it is due.

Capital the value of the borrower's possessions, including money and the property owned.

Capital gain the result of a stock increasing in value and then being sold for more than its original cost.

Capitalism the private ownership of economic resources by individuals rather than by the government.

Capital loss the result of an investment being sold for less than its original cost.

Capital projects spending by businesses for items such as land, buildings, equipment, and new products.

Capital resources products and money used to produce goods and services.

Career a goal for work that is fulfilled through an occupation or series of occupations.

Career planning the process of studying careers, assessing yourself in terms of careers, and making decisions about a future career.

Career portfolio tangible evidence of your ability and skills.

Cash budget an estimate of the actual money received and paid out for a specific period of time.

Cash card See **Debit card**

Cash flow statement a financial statement that reports net wages and other income along with spending for a period, such as for a month.

Cashier's check a check that a bank draws on its own funds.

Cash inflow the money you have available to spend as a result of working or from other income, such as interest earned on your savings.

Cash machine See **Automated teller machine**

Cash outflow your expenditures including amounts spent for food, clothing, transportation, and other living costs.

Cash record a financial document that lists all cash received and spent by the business.

Cash value the amount of money that the insurance company will pay if the policyholder decides the insurance is no longer needed.

Cell the location where a column and row intersect.

Central processing unit (CPU) the control center of the computer.

Certificate of deposit a savings instrument that requires a minimum deposit for a specified period of time.

Certificate of deposit rate the rate for six-month time deposits at savings institutions.

Certified check a personal check for which a bank has guaranteed payment.

Channel members businesses that take part in a channel of distribution.

Channel of distribution the route a product follows and the businesses involved in moving a product from the producer to the final consumer.

Character a person's honesty and willingness to pay a debt when it is due.

Check cards See **Debit cards**

Check register a separate book form on which the depositor keeps a record of checking account activities.

Check stub a form attached to the check by a perforated line.

Civil case a legal action in which a plaintiff asks the court to take action against a defendant.

Claim a policyholder's request for payment for a loss that the insurance policy covers.

Class action suit a legal action by one party on behalf of a group of people who all have the same grievance.

Clearance sale sale used to clear merchandise that stores no longer wish to carry.

Clearing paying of checks among different banks in different cities.

Cloud computing using software, resources, and work files that are maintained on a common server.

Co-branded credit card a company credit card that is affiliated with a bank card company.

Code of ethics a set of rules for guiding the action of employees or members of an organization.

Coinurance the sharing of expenses by the policyholder and the insurance company.

Collaboration software (groupware) software that provides real-time communications capabilities by voice, text, and video.

Collateral property that is offered as security for some loan agreements.

Collectibles items of personal interest to collectors that can increase in value in the future.

Collective bargaining formal negotiation between members of unions and management to resolve issues.

Collision coverage insurance that protects a car owner against financial loss resulting from a collision with another car or object.

Command economy an economy in which resources are owned and controlled by the government.

Commercial bank a bank that offers a full range of financial services.

Commercial property insurance coverage of property losses resulting from fire, storms, accidents, theft, and vandalism.

Commission the amount of money an employee is paid based on a percentage of sales for which he or she is responsible; the fee stockbrokers charge for their services.

Commodities grain, livestock, and precious metals.

Common market (economic community) a market in which members do away with duties and other trade barriers.

Common stock stock that represents general ownership in a corporation and a right to share in its profits.

Communication channel the way the information being communicated from a sender is being transmitted to the receiver.

Comparative advantage a situation in which a country specializes in the production of a good or service at which it is relatively more efficient.

Compensation the amount of money paid to an employee for work performed, including salary and wages.

Compensation and benefits the human resource activity involving planning and managing payroll, personnel records, and benefits programs.

Competition the rivalry among businesses to sell their goods and services.

Competitors businesses offering very similar products to the same customers.

Compound interest the interest computed on the amount saved plus the interest previously earned.

Comprehensive coverage insurance that protects the insured against almost all damage losses except those caused from a collision or rollover.

Comprehensive form homeowners insurance that expands special form policy to include replacement cost coverage for home contents and buildings.

Comprehensive medical policy a policy that combines the features of hospital, surgical, regular, and major medical insurance.

Computer-assisted instruction (CAI) the use of computers to help people learn or improve skills at their own pace.

Computer language a system of letters, words, numbers, and symbols used to communicate with a computer.

Computer literacy the ability to use computers to process information or solve problems.

Computer network a group of computers such as those in businesses and schools that are linked together so users can share hardware, software, and data.

Computer system all functional components of a computer, including an input device, processing unit, memory and storage, and an output device.

Computer virus a program code hidden in a system that can later do damage to software or stored data.

Conditions of work clauses related to employee well-being while on the job that are often included in labor contracts and company policy manuals.

Condominium (condo) an individually owned housing unit in an apartment-like complex.

Conflict of interest a situation in which an action by a company or individual results in an unfair benefit.

Conservation saving scarce natural resources.

Consumer a person who buys and uses goods and services.

Consumer decision-making process the specific sequence of steps consumers follow to make a purchase.

Consumer movement consumers united to demand fair treatment from businesses and to fight against unfair business practices.

Contingent worker one who has no explicit or implicit contract for long-term employment.

Continuous process improvement (CPI) a way to increase the quality of work by reducing errors, inefficiencies, and waste. Rather than waiting for a problem to occur, processes are continuously reviewed with the goal of finding ways to improve them.

Continuous processing changing the form of raw materials into a specific product useable for consumption or for further manufacturing by constantly moving the materials through specially designed equipment.

Contract an agreement to exchange goods or services for something of value, usually money.

Controllable risk a risk that you can reduce or eliminate by actions you take.

Controlling determines to what extent the business is accomplishing the goals it set out to reach in the planning stage.

Convenience stores small stores that emphasize the sale of food items, an accessible location, and long operating hours.

Cooperative a business formed to market products produced by members or to purchase products needed by the members. It is owned by members, serves their needs, and is managed in their interest.

Copyright the protection of the creative work of authors, composers, and artists.

Core values the important principles that guide decisions and actions in the company.

Corporate bond rate the cost of borrowing for large U.S. corporations.

Corporate bonds bonds issued by corporations.

Corporate bylaws the operating procedures for the corporation.

Corporation a separate legal entity formed by documents filed with a state. It is owned by one or more shareholders and managed by a board of directors.

Cosigner the party responsible for payment of a note if the borrower does not pay as promised.

Cost containment keeping costs down.

Counterfeiting illegal uses of intellectual property, patents, trademarks, and copyrights.

Cover letter a letter expressing your interest in a specific job.

Credit the privilege of using someone else's money for a period of time.

Credit application a form on which you provide information needed by a lender to make a decision about granting credit.

Credit bureau a company that gathers information on credit users and sells that information in the form of credit reports to businesses offering credit.

Credit counselor a person who suggests actions to reduce spending and eliminate credit difficulties.

Credit limit a maximum amount that may be owed at one time.

Creditor one who sells on credit or makes a loan; the purchaser of a corporate or government bond.

Credit rating a person's reputation for paying bills on time.

Credit references businesses or individuals who are able and willing to provide information about your creditworthiness.

Credit report a document that shows the debts a person owes, how often credit is used, and whether he or she pays debts on time.

Credit union a user-owned, not-for-profit, cooperative financial institution.

Criminal case a legal action brought for violations of criminal laws.

Culture the accepted behaviors, customs, and values of a society.

Current assets cash and those items that can be readily converted to cash such as inventory and accounts receivable.

Current income income for current living expenses.

Current liabilities amounts owed by the business that will be paid within a year.

Current ratio current assets compared to the current liabilities.

Custom manufacturing building a specific and unique product to meet the needs of one customer.

D

Database an organized collection of information with data items related to one another in some way.

Database marketing using information about customers to increase sales.

Database software software that allows you to maintain, analyze, and combine a collection of information.

Debit card (cash card) a bank-issued card used for ATM transactions.

Debt collection agency a company that attempts to obtain money that is past due.

Debt repayment plan an agreement between a creditor and a debtor to reduce payments to a more manageable level and still pay off the debt.

Debt to equity ratio the company's liabilities divided by the owners' equity.

Debtor anyone who buys on credit or receives a loan.

Decoding interpreting information for understanding.

Decreasing term insurance the amount of protection gradually becomes smaller, but premiums remain the same while the insurance is in effect.

Deductible the amount the insured must pay before the insurance company pays a claim.

Deficit a financial situation in which actual spending is greater than planned spending.

Deflation a decrease in the general level of prices.

Demand the quantity of a good or service that consumers are willing and able to buy.

Demand curve the graphic view of the demand for a product or service. The demand curve for a product, for example, illustrates the relationship between the price of the product and the quantity demanded by consumers.

Department stores stores that have an extensive product line and emphasize service.

Dependent a person who must rely on another for financial support.

Depository institution a financial institution that accepts deposits from individuals and businesses and uses the money to finance its business.

Depreciation the decrease in value of a property as it becomes old and gradually wears out.

Depreciation record a financial document used to identify the amount assets have decreased in value due to their age and use.

Depression the phase of the business cycle that is marked by a prolonged period of high unemployment, weak consumer sales, and business failures.

Direct channel of distribution a channel in which products move from the producer straight to the consumer with no other organizations participating.

Direct deposit the process by which funds are deposited electronically and available automatically for your use.

Disability income insurance insurance that replaces income that is lost when the insured cannot work because of an illness or injury.

Discharge a type of termination that ends employment due to inappropriate work behavior.

Discount broker a stockbroker who places orders and offers limited research and other services.

Discounting the process in which savings bonds pay interest.

Discount rate the rate financial institutions are charged to borrow funds from the Federal Reserve banks.

Discount stores stores that emphasize lower prices on their products.

Discrepancies differences between actual and budgeted performance.

Displaced workers workers who are unemployed because of changing job conditions.

Display a device used by retailers to exhibit a product at the point of sale.

Distribution the locations and methods used to make a product or service available to the target market; determining the best ways for customers to locate, obtain, and use the products and services of an organization.

Diversity the comprehensive inclusion of people with differences in personal characteristics and attributes.

Dividends payments of profits in cash to stockholders.

Domestic business the making, buying, and selling of goods and services within a country.

Down payment a payment of part of the purchase price that is made as part of a credit agreement.

Downsizing a planned reduction in the number of employees needed in a firm in order to reduce costs and make the business more efficient.

Drawee the bank or other financial institution that pays the check.

Drawer the owner of the account who signs the check.

E

Earned income money from wages, salary, commission, fees, tips, and bonuses.

Earnings report a report, usually included with the employee's paycheck, which includes information for the current pay period as well as the cumulative amounts for the year.

E-commerce conducting business transactions using the Internet or other technology.

Economic community See **Common market**

Economic decision-making the process of choosing which needs and wants will be satisfied.

Economic resources things available to be used to produce goods and services.

Economic risk a risk that can result in financial loss, including personal risk, property risk, and liability risk.

Economic system the method a country uses to answer the three economic questions.

Effective communication the exchange of information so there is common understanding by all participants.

EFT See **Electronic funds transfer**

Electronic funds transfer (EFT) the use of computers and other technology for banking activities, including the use of automated teller machines (ATM), point-of-sale transactions, direct deposit, and automatic bill payment.

Emerging markets places where consumer incomes and buying power are increasing because of economic expansion.

Embargo an action imposed by the government to stop the export or import of a product completely.

Emotional buying motives reasons consumers decide what products and services to purchase based on feelings, beliefs, and attitudes.

Employee benefits compensation in forms other than direct payment such as vacation time, insurance coverage, and retirement programs.

Employee relations responsible for maintaining a safe, healthy, and productive work environment for all employees.

Employment interview a two-way conversation in which the interviewer learns about you and you learn about the job and the company.

Encoding preparing the information to be communicated.

Endorsement written evidence that a person received payment or transferred the right to receive payment to someone else.

Entrepreneur someone who takes a risk in starting a business to earn a profit.

Entrepreneurship the process of starting, organizing, managing, and assuming the responsibility for a business.

Equity stock ownership; the difference between the price at which you could currently sell your house and the amount owed on the mortgage.

Estate planning planning for the accumulation and management of property during one's lifetime and the distribution of one's property at death.

Ethical business practices practices that ensure the appropriate standards of conduct are observed in a company's relationships with everyone who is a part of the business or affected by the business' activities.

Ethics principles of morality or rules of conduct.

Exchange rate the value of a currency in one country compared with the value in another.

Executives top-level managers with responsibilities for the direction and success of the entire business.

Exemption a tax deduction for the taxpayer, a spouse, and each dependent.

Exit interview an interview in which your employer asks questions about your work upon your leaving the company.

Expenses costs of operating a business.

Experienced-based resume a resume in which experiences are listed in order of work history.

Experiment a method of marketing research which presents two carefully controlled alternatives to subjects in order to determine which is preferred or has better results.

Expert influence influence that arises when group members recognize that the leader has special expertise in the area.

Expert systems computer programs that help people solve technical problems.

Exports goods and services sold to other countries.

Express money order a form issued by various organizations including traveler's check companies, travel agencies, and many supermarkets, pharmacies, and convenience stores.

Express warranty a warranty that is made orally or in writing and promises a specific quality of performance.

External communication communication that occurs between those inside the organization and outsiders such as customers, suppliers, and other businesses.

External data sources input provided to the management information system from outside an organization, such as financial institutions, government agencies, and customers.

Extraction and cultivation a form of production in which products are obtained from nature or grown using natural resources.

Extractor a business that takes resources from nature for direct consumption or for use in developing other products.

F

Face value the amount of insurance coverage that was originally purchased and that will be paid upon the death of the insured.

Factors of production economic resources, including natural resources, human resources, and capital resources.

Family leave policy a policy that allows employees to take a leave of absence for the birth or adoption of a child, to care for a sick family member, or for other personal emergencies.

Farmers people who cultivate land and use other natural resources to grow crops and raise livestock for consumption.

Federal Deposit Insurance Corporation (FDIC) the federal agency that helps to regulate banks and other financial institutions.

Federal Reserve System (Fed) a system set up by the federal government to supervise and regulate member banks and to help banks serve the public efficiently. All national banks are required to join the Federal Reserve System, and state banks may join.

Feedback a response to the sender from the receiver.

Final consumers persons who buy products and services mostly for their own use.

Finance charge the total dollar cost of credit including interest and all other charges.

Financial analysis budgeting for marketing activities, obtaining the necessary funds needed for operations, and providing financial assistance to customers so they can purchase the business' products and services.

Financial performance ratios comparisons of a company's financial elements that indicate how well the business is performing.

Financial plan a report that summarizes your current financial condition, acknowledges your financial needs, and sets a direction for your future financial activities.

Financial records financial documents that are used to record and analyze the financial performance of a business.

Financial responsibility law a law that protects the public from financial loss caused by drivers.

Financial statements reports that sum up the financial performance of a business.

Fixed expenses costs that occur on a regular basis and are for the same amount each time.

Fixed-rate mortgage interest rates on mortgages that are set for the term of the loan.

Flexspace a program that allows some employees to complete part or all of their work away from the business site.

Flextime a program that allows employees some choice in how their work days and work hours are arranged.

Focus group a marketing research study that gathers the ideas, experiences, and opinions from a small number of consumers who take part in a group discussion.

Foreign debt the amount a country owes to other countries.

Foreign exchange market banks that buy and sell different currencies.

Foreign trade See **International business**

Formal communications communication methods that have been established and approved by the organization.

Formal influence power based on a leader's position within the formal structure.

Franchise a written contract granting permission to operate a business to sell products and services in a set way.

Franchisee the company purchasing the rights to run the business.

Franchiser the company that owns the product or service and grants the rights to another business.

Fraud deception of consumers by providing false information in an effort to make a sale.

Freedom of choice the freedom to make decisions independently while accepting the consequences of those decisions.

Free-trade agreement an agreement between member countries to remove duties and trade barriers on products traded among them.

Free-trade zone a selected area where products can be imported duty-free and then stored, assembled, and/or used in manufacturing.

Full endorsement (special endorsement) an endorsement that allows you to transfer a check to another person.

Full-service broker a broker who provides information about securities you may want to buy. They work for brokerage houses with large research staffs.

Full-time employee one who regularly works a schedule of 30 hours or more a week.

Futures contract agreement to buy or sell an amount of a commodity at a specified price in the future; contract involving the buying and selling of currencies and financial instruments.

G

GDP per capita the output per person, calculated by dividing gross domestic product (GDP) by the total production.

GDP See **Gross domestic product**

Generic products unbranded items at reduced prices because they do not require advertising and fancy packaging.

Glass ceiling an artificial limit placed on minority groups moving into positions of authority and decision-making.

Global strategy a strategy that uses the same product and marketing strategy worldwide.

Goal a precise statement of results the business expects to achieve.

Goods things you can see and touch; they are products you can purchase to meet your wants and needs.

Goods-producing industries businesses that produce or manufacture products used by other businesses or purchased by final consumers.

Green management facilities management using the practice of protecting the environment through conservation of natural resources, wise energy use, and reduction of emissions, waste, and pollution.

Gross domestic product (GDP) the total value of all final goods and services produced in a country during one year.

Gross margin the difference between the selling price and the product costs.

Group insurance health insurance coverage offered to a large number of employees and their family members.

Group life insurance an insurance policy that covers a group of people. The group acts as single unit in buying the insurance.

Guarantee a promise by the manufacturer or dealer, usually in writing, that a product is of a certain quality.

H

Hardware the physical elements of a computer system.

Health insurance protection against the high costs of individual health care. It covers routine costs of medical care and may also cover costs of hospitalization or other needed medical treatments.

Health maintenance organization (HMO) a managed care plan whose members are entitled to a wide range of prepaid health care services, including hospitalization.

Heterogeneous characterized by the differences in the type and quality of service provided.

HMO See **Health maintenance organization**

Homeowners policy a package-type insurance policy designed to insure homes and property.

Horizontal communications communications that move across the organization at the same level—employee to employee or manager to manager.

Hospital insurance insurance that usually pays most or all hospital charges if an illness or injury requires the insured to be hospitalized.

Host country the country in which the multinational company (MNC) places business activities.

Human relations the way people get along with each other.

Human resources people producing goods and services; people who work for a business.

I

I bond bond that pays an interest rate that is lower than the rate of other savings bonds, but it is a variable rate that increases with inflation.

Identity influence influence that stems from the personal trust and respect members have for the leader.

Identity theft stealing information about a person from online sources to obtain money.

Implementing a manager's effort to direct and lead people to accomplish the planned work of the organization.

Implied warranty a guarantee imposed by law and is understood to apply even though it has not been written or stated.

Imports goods and services bought from other countries.

Improvement a designed change that increases the usefulness of a product, service, or process.

Impulse buying buying quickly without much thought.

Incentive systems compensation systems connected to the quality or quantity of an employee's performance.

Income statement a report of revenue, expenses, and net income or loss from operations for a specific period.

Income tax taxes levied on the income of individuals.

Indirect channel of distribution a channel in which products move from the producer to the consumer through one or more other businesses.

Individual retirement account (IRA) a tax-sheltered retirement plan in which people can annually invest earnings up to a certain amount.

Inflation an increase in the general level of prices.

Influence power enabling a person to affect the actions of others.

Informal communications common but unofficial ways that information moves in an organization.

Informal influence power resulting from the personal characteristics of a leader rather than the formal structure of an organization.

Informational interview a planned discussion with a worker who is willing to help you find out about the work that a person does, the preparation needed for that career, and the person's feelings about the career.

Information management using technology to access and exchange information to complete the work of an organization.

Infrastructure a factor that supports international trade in industrialized countries, including a nation's transportation, communication, and utility systems.

Innovation an invention or creation that is brand new.

Inseparable something that is consumed at the same time it is produced.

Installment loan a loan in which you agree to make monthly payments in specific amounts over a period of time.

Installments a specified amount a borrower agrees to repay for a loan.

Installment sales credit a type of credit contract issued by the seller that requires periodic payments at specified times. The seller adds finance charges to the cost of the items purchased.

Insurable interest a financial benefit from an insured person's continued life.

Insurable risk when a large number of people face a given risk and the cost of the possible losses can be predicted.

Insurance a form of risk protection that exchanges the uncertainty of a possible large financial loss for a certain smaller payment.

Insurance agent an agent who represents the insurance company and sells insurance policies to individuals and businesses.

Insurance policy a policy stating the conditions to which the insurance company and the policyholder have agreed.

Insured the person or business for which the insurer assumes the risk.

Insurer a company that agrees to take on certain economic risks and to pay for losses if they occur.

Intangible something that has no physical form.

Intellectual property technical knowledge or creative work. It includes software, clothing designs, music, books, and movies.

Interest the money you receive for letting others use your money; the money you pay for using someone else's money.

Interest rates the cost of using someone else's money.

Interests activities that give you satisfaction and that can provide a basis for your employment goals and possible career paths.

Intermediaries businesses involved in selling the goods and services of producers to consumers and other businesses.

Intermittent processing using short production runs to produce a precise amount of a variation of a product.

Internal communications communications that occur between managers, employees, and work groups.

Internal data sources input provided to the management information system from within the organization, such as accounting records, inventory information, and company sales figures.

International business business activities needed for creating, shipping, and selling goods and services across national borders.

Internship work experience in organizations while learning about a career field.

Interstate commerce business dealings involving companies in more than one state.

Intranet a local computer network based on the same communication standards as the Internet. It looks like and functions just like a typical website, but it is private and only accessible to authorized users.

Intrastate commerce business dealings involving companies that do business in only one state.

Inventory a detailed account of a company's materials, supplies, and finished products.

Inventory management maintains the supply of all resources needed for production and the products produced.

Inventory records a financial document used to identify the type and number of products on hand for sale.

Investing using your savings to earn more money.

Investment income earnings from dividends, interest, and rent.

IRA See **Individual retirement account**

J

Job analysis a specific study of a job to identify in detail the job duties and skill requirements.

Job shadow a person who spends time with a worker for a day or a week to learn about that person's occupation.

Job sharing an arrangement in which one job is offered to two people. Each person works a part-time schedule. They share the work space and duties of the job.

Joint account when two or more people have an account together.

Joint venture a unique business organized by two or more other businesses to operate for a limited time and for a specific project. It is a type of partnership.

Just-in-time a logistics process in which goods arrive when needed for production, use, or sale rather than sitting in storage.

L

Labor force all people above age 16 who are actively working or seeking work.

Labor union an organized group of employees who negotiate with employers about issues, such as wages and working conditions.

Layoff a type of termination which is a temporary or permanent reduction in the number of employees due to changing business conditions.

Leadership the ability to motivate individuals and groups to accomplish important goals.

Level term insurance the amount of protection and the premiums remain the same while the insurance is in effect.

Liabilities what a company owes.

Liability insurance protection against losses from injury to people or property resulting from the products, services, or actions of a business.

Liability risk a risk that relates to harm or injury to other people or their property because of your actions.

Licensing selling the right to use some intangible property (production process, trademark, or brand name) for a fee or royalty.

Life cycle predictable pattern of life stages that are distinguished by unique characteristics, requirements, and expectations.

Life insurance insurance that pays the amount of the insurance policy upon the death of the insured. The payment is made to people named in the policy known as beneficiaries.

Limited liability company (LLC) form of business ownership that provides liability protection for owners. It has a simpler set of organizing and operating requirements than a corporation. No articles of incorporation or bylaws are needed. A simple document much like a partnership agreement must be developed.

Limited liability partnership (LLP) a partnership that identifies some investors who cannot lose more than the amount of their investment, but they are not allowed to participate in the day-to-day management of the business.

Limited-payment policies a whole life insurance policy that is designated by the number of years the policyholder agrees to pay on it, such as a 20-payment life policy.

Liquidity the ease with which an investment can be changed into cash without losing its value.

Loan credit borrowed money for special use. It usually involves a written contract.

Locational unemployment unemployment that occurs when jobs are available in one place but go unfilled because those who are qualified to fill those jobs live elsewhere and are not willing to relocate.

Logistics managing the acquisition, movement, and storage of supplies, materials, and finished products in a business.

Long-term assets (fixed assets) the assets with a lifespan of more than a year, such as land, buildings, equipment, and expensive technology.

Long-term care insurance insurance that provides long-term care including daily assistance needed because of a long-term illness or disability.

Long-term financing money needed for the main resources of a business (such as land, buildings, and equipment) that will last for many years.

Long-term liabilities business debts that will continue for longer than a year.

M

Mail order catalogs catalogs whereby customers can shop and send in their orders by mail and by telephone.

Major medical insurance protection against the high costs of serious illness or injuries. It complements other forms of medical insurance.

Management the process of accomplishing the goals of an organization through the effective use of people and other resources.

Management information system (MIS) a coordinated system of processing and reporting information in an organization.

Management style the way a manager treats and involves employees.

Manufacturers businesses that get supplies from other producers and convert them into products. They sell their products to consumers and other businesses.

Manufacturing combining raw materials and processed goods into finished products.

Markdown a reduction from the original selling price.

Market economy an economy in which the resources are owned and controlled by the people of the country.

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.

Marketing-information management obtaining, managing, and using market information to improve business decision-making and the performance of marketing activities.

Marketing mix the blending of four marketing elements—products, distribution, price, and promotion.

Marketing orientation an approach that considers the needs of customers when developing a marketing mix.

Marketing research finding solutions to problems through carefully designed studies involving customers.

Marketing strategy a company's plan that identifies how it will use marketing to achieve its goals.

Marketplace anywhere that goods and services are exchanged.

Market price the point where supply and demand are equal.

Market value the price at which a share of stock can be bought and sold in the stock market.

Markup the amount added to the cost of a product to set the selling price.

Mass production an assembly process that makes a large number of identical products using a continuous efficient procedure.

Mass promotion communication to many people at the same time with a common message.

Materials processing changing the form of raw materials so they can be consumed or used to make other products.

Maturity date the date on which a loan must be repaid.

Maturity value (face value) the amount being borrowed by the corporation issuing the bond.

Mediation use of a third party who tries to resolve the complaint between the consumer and the business.

Medicaid a form of medical aid to low-income individuals and families administered by state governments. The federal government shares the cost of providing health benefits to eligible individuals and families.

Medical payments coverage insurance that covers policyholders and family members if they are injured while riding in their car or another car.

Medicare a national health insurance program for people aged 65 and older and some disabled people.

Memory a component of a computer system that stores a computer program.

Mentor an experienced employee who serves as counselor to a person with less experience.

Merchandising a set of promotional activities designed to obtain sales in the retail setting.

Middle managers specialists with responsibilities for specific parts of a company's operations.

MIS See **Management information system**

Mission statement short, specific written statement of the reason a business exists and what it wants to achieve.

Mixed economy an economy that combines elements of the command and market economies.

Mixed management the combined use of tactical and strategic management styles.

MNC See **Multinational company**

Mobility the willingness and ability of a person to move to where jobs are located.

Money management the day-to-day financial activities associated with using limited income to satisfy your unlimited needs and wants.

Money market account an account that pays a variable interest rate based on various government and corporate securities.

Money order a form of payment that orders the issuing agency to pay the amount printed on the form to another party.

Monopoly when a business has control of the market for a product or service.

Mortgage a legal document giving the lender a claim against the property if the principal, interest, or both are not paid as agreed.

Mortgage rate the amount individuals pay to borrow for the purchase of a home.

Multinational company (MNC) an organization that does business in several countries. It usually consists of a home country and divisions or separate companies in one or more host countries.

Multinational strategy a strategy that treats each country market differently. Firms develop products and marketing strategies that adapt to the customs, tastes, and buying habits of a distinct national market.

Municipal bonds bonds issued by local and state governments.

Mutual fund an investment fund set up and managed by companies that receive money from many investors.

Mutual savings bank a savings bank that is owned by, and operated for the benefit of, its depositors.

N

National brands brands that are advertised all over the country.

National debt the total amount owed by the federal government.

Natural resources raw materials supplied by nature.

Needs things that are required in order to live.

Negative or unfavorable balance of payments the result of a country sending more money out than it brings in.

Net asset value (NAV) the market share price of a mutual fund based on the total current worth of all stocks and bonds owned by the investment company.

Net income the result of revenue being greater than expenses.

Net income ratio the total sales compared to the net income for a period such as six months or a year.

Net loss the result of expenses being greater than income.

Net pay the amount of a paycheck after taxes and other payroll deductions; take-home pay.

Networking the process of talking to other people about their jobs.

Net worth the difference between a person's assets and liabilities.

No-fault insurance insurance allowing people who are injured in an automobile accident to collect for their financial losses from their own insurance companies no matter who is at fault. Those losses include their medical bills, loss of wages, and other related expenses.

Non-depository intermediaries a category of financial institutions that does not take or hold deposits. They earn their money selling specific services or policies.

Non-economic risks may result in inconvenience or discomfort but do not have a financial impact.

Nonprofit corporation a group of people who join to do some activity that benefits the public.

Non-renewable resource a natural resource that cannot be replaced when used up.

O

Observations a marketing research study that collects information by recording the actions of consumers rather than asking them questions.

Occupation a task or series of tasks that is performed to provide a good or service.

Operating budget describes the financial plan for ongoing operations of the business for a specific period of time.

Operating expenses all of the expenses of operating the business that are associated with the product.

Operating system software a computer program that translates commands and allows application programs to interact with the computer's hardware.

Operational plan identifies how work will be done, who will do it, and what resources will be needed.

Opportunity cost the value of the next-best alternative that you were not able to choose.

Options choices of product features.

Oral communications communications that are spoken.

Ordinary life policy a type of whole life insurance in which premiums remain the same each year as long as the policyholder lives.

Organizational culture the environment in which people work, made up of the atmosphere, behaviors, beliefs, and relationships.

Organization chart a diagram that shows the structure of an organization, classifications of work and jobs, and the relationships among those classifications.

Organizing the function of a manager involving identifying and arranging the work and resources needed to achieve the goals that have been set.

Output a component of a computer system that presents data in a form that can be retrieved later or may be communicated immediately.

Outsourcing removing work from one company and sending it to another company that can complete it at a lower cost.

Outstanding checks checks that have not been deducted from the bank statement balance.

Over-the-counter (OTC) market a network where securities transactions occur using telephones and computers rather than on an exchange.

Owner's equity the value of the business after liabilities are subtracted from assets; the value of the owner's investment in the business.

P

Packaging protection and security for the product before it is used.

Partnership a business owned and controlled by two or more people who have entered into a written agreement.

Partnership agreement a written agreement among all owners detailing the rules and procedures that guide ownership and operations.

Part-time employee one who works a schedule with either fewer hours each day or fewer than 30 hours each week.

Patent the exclusive right of an inventor to make, sell, and use a product or process.

Payee the person to whom the check is written.

Payroll the financial record of employee compensation, deductions, and net pay.

Payroll records documentation used to process earnings payments and record each employee's pay history.

Payroll system maintains information on each employee to be able to calculate the company's payroll and to make the necessary payments to each employee.

Payroll taxes required federal and state payments for each employee, consisting of income taxes, Social Security, Medicare, and unemployment taxes.

Pension a series of regular payments made to a retired worker under an organized plan.

Performance management evaluating the work of employees and improving performance through training and development.

Perils the causes of loss, such as fire, wind, or theft.

Perishable the availability of a service to match the demand for that service at a specific time.

Permanent employee one to whom the company makes a long-term commitment. It is expected that the employee will work for the business as long as the business is profitable and the employee's performance is satisfactory.

Permanent life insurance life insurance that has cash value and an investment feature.

Personal assets items of value.

Personal data sheet a summary of your important job-related information.

Personal income salaries and wages as well as investment income and government payments to individuals.

Personalized promotion communication directly with each customer using information tailored to that person.

Personal liability coverage insurance that covers claims for injuries to people or damage to property caused by you or your family.

Personal property property not attached to the land, such as furniture or clothing.

Personal risk a risk that can result in personal losses such as health and personal well-being.

Personal selling direct, individualized communication with prospective customers to assess their needs and assist them in satisfying those needs with appropriate products and services.

Personal time a few hours each month that can be scheduled for non-job activities.

Piece rate a pay-for-performance plan in which an employee receives a specific amount for each unit of work produced.

Piracy stealing or illegally copying software packages or information.

Planning the function of a manager involving analyzing information, setting goals, and making decisions about what needs to be done.

Planning and staffing activities activities directed at identifying and filling all of the jobs in the company with qualified people.

Point-of-sale transaction a transaction in which a merchant accepts debit cards to pay for purchases.

Policies guidelines used in making consistent decisions.

Policyholder the person or company buying the policy.

Pollution occurs when the environment is tainted with the by-products of human actions.

Position influence the ability to get others to accomplish tasks because of the position the leader holds.

Positive or favorable balance of payments occurs when a nation receives more money in a year than it pays out.

Postal money order a form of payment purchased from the U.S. Post Office that can be sent safely through the mail.

Postdated check a check that is dated later than the date on which it is written.

Preferred provider organization (PPO) a managed care plan that involves several health care providers, such as a group of physicians, a clinic, or a hospital.

Preferred stock stock that has priority over common stock in the payment of dividends.

Premium the amount a policyholder must pay for insurance coverage.

Presentation software a program that allows a speaker to show text, data, photos, and other visuals. The images may be accompanied by sound effects, music, or other audio.

Price money customer must pay for a product or service.

Price-earnings (P/E) ratio the relationship between a stock's selling price and its earnings per share.

Price index a number that compares prices in one year with some earlier base year.

Pricing setting and communicating the value of products and services.

Primary research studies carried out to gather new information specifically directed at a current problem.

Prime rate the rate banks make available to their best business customers, such as large corporations.

Procedure a list of steps to be followed for performing a particular work activity; a description of the way work is to be done.

Processed goods products that have been changed in form to increase their value and usefulness.

Processing changing and improving the form of another product.

Producers individuals and organizations that determine what products and services will be available for sale.

Product everything a business offers to satisfy a customer's needs.

Product and service management designing, developing, maintaining, improving, and acquiring products and services that meet consumer needs.

Product costs costs to the manufacturer of producing the product or the price paid by other businesses to buy the product.

Product features additions and improvements to the basic product.

Production process the activities, equipment, and resources needed to manufacture a product.

Productivity the production output in relation to a unit of input, such as a worker.

Profit the amount of money available to the business after all costs and expenses have been paid.

Program a series of detailed, step-by-step instructions that tell the computer what functions to complete.

Promissory note a written promise to repay based on a debtor's excellent credit history.

Promotion any form of communication used to inform, persuade, or remind; communicating information about products and services to potential customers; the advancement of an employee to a position with greater responsibility.

Promotional sales sales used to promote the selling of regular merchandise with short-term price reductions.

Property damage liability insurance that protects a driver against claims if the insured's car damages someone else's property and the insured is at fault.

Property insurance insurance that protects you from the financial loss you would incur if some of your property were lost or destroyed due to fire, theft, vandalism, flood, or other hazard.

Property rights the exclusive rights to possess and use property and its profits.

Property risk a risk that can lead to loss of personal or business property including money, vehicles, and buildings.

Property tax a major source of revenue for local governments based on the value of land and buildings.

Proprietorship a business owned and run by just one person.

Prosperity the peak of the business cycle, it is a period in which most people who want to work are working, businesses produce goods and services in record numbers, wages are good, and the rate of gross domestic product (GDP) growth increases.

Publicity non-paid promotional communication presented by the media rather than by the business or organization that is being promoted.

Public relations an ongoing program of non-paid and paid communications intended to favorably influence public opinion about an organization, marketing effort, idea, or issue.

Public utility an organization that supplies a service or product vital to all people including companies that provide local telephone service, water, and electricity.

Pure research research done without a specific product in mind with the goal of discovering new solutions to problems.

Pure risk a risk that presents the chance of loss but no opportunity for gain.

Q

Qualifications-based resume a resume in which your abilities and experiences related to the job for which you are applying are highlighted.

Quota a government-set limit on the quantity of a product that may be imported or exported within a given period.

R

Rational buying motives reasons consumers decide what products and services to purchase based on facts and logic.

Real estate land and anything that is attached to it.

Real property property permanently attached to land, such as a house or garage.

Receiver a person or organization that is being communicated to by another person or organization.

Recession the phase of the business cycle in which demand begins to decrease, businesses lower production, unemployment begins to rise, and gross domestic product (GDP) growth slows for two or more quarters of the calendar year.

Records of account a financial document used to identify all purchases and sales made using credit.

Recovery the phase in the business cycle in which unemployment begins to decrease, demand for goods and services increases, and gross domestic product (GDP) begins to rise again.

References people who can give a report about your character, education, and work habits. These individuals may be teachers, previous employers, supervisors, or coworkers.

Refund anticipation loan a short-term loan based on the expected amount of a tax refund.

Regular medical insurance insurance that covers fees for nonsurgical care given in the doctor's office, the patient's home, or a hospital. The policy states the amount payable for each visit or call. It also lists the maximum number of visits covered.

Renewable term insurance an insurance policy that allows the policyholder to continue term insurance for one or more terms without taking another physical examination.

Renters policy a property and liability insurance policy suitable for renters. It covers household goods and personal belongings and protects against the same kinds of perils covered by homeowners policies.

Replacement insurance insurance in which the insurance company actually replaces an item that has been destroyed. No depreciation is deducted.

Responsibility the obligation to complete specific work.

Restrictive endorsement an endorsement that limits the use of the check to the purpose given in the endorsement.

Resume a tool that provides information about you to a potential employer.

Retailers the final business organization in an indirect channel of distribution for consumer products.

Retail sales the sales of durable and nondurable goods bought by consumers.

Return on equity ratio the net profit of the business compared to the amount of owners' equity.

Revenue all income that a business receives over a period of time; government income.

Revolving account allows account holder to charge purchases at any time, but only part of the debt must be paid each month.

Reward influence influence that results from a leader's ability to give or withhold rewards.

Risk the possibility of incurring a loss.

Robotics mechanical devices programmed to do routine tasks, such as those in many factories.

S

Safe-deposit box a container for storage of valuables offered by banks.

Salary and wages direct payment of money to an employee for work completed.

Sales credit involves the use of charge accounts and credit cards by consumers purchasing goods and services.

Sales promotion activities and materials designed to reinforce a company's brand and image. It is also a direct incentive to take an action likely to immediately increase sales of a product or service.

Sales tax a state or local tax on goods and services that is collected by the seller.

Saving the storage of money for future use.

SBA See **Small Business Administration**

Scanners input devices that translate words and photos into computer-readable formats.

Scarcity not having enough resources to satisfy every need.

Schedule a time plan for completing activities. It matches people with resources to make sure activities are finished on time.

S corporation a corporate form of business that offers the limited liability of a corporation.

Secondary research analyzing existing information gathered for another purpose but used to solve a current problem.

Secured loan a loan in which you must put up property or collateral as security for repayment.

Selling communicating directly with potential customers to determine and satisfy their needs.

Selling price the price paid by the customer for the product.

Sender a person or organization that has information to communicate to another person or organization.

Service business a business that carries out activities that are consumed by its customers.

Service charge the fee a bank charges for handling a checking account.

Service fee a charge involving the time and money it takes a creditor to investigate your credit history, process your loan or charge account application, and keep records of your payments and balances.

Service-providing industries businesses that perform services that satisfy the needs of other businesses and consumers.

Services activities provided for the satisfaction of others that are consumed at the same time they are produced.

Share draft account a checking account at a credit union.

Shareholders members of credit unions.

Short-term financing the money needed to pay for the current operating activities of a business.

Signature card a document used to verify your signature.

Simple interest the interest on single-payment loans.

Single-payment loan a loan in which you do not pay anything until the end of the loan period, possibly 60 or 90 days. At that time, you pay the full amount you borrowed plus the finance charge.

Small business an independent business with fewer than 500 employees.

Small Business Administration (SBA) a government agency that helps small business owners develop business plans and obtain financing and other support for their companies.

Small claims court a court system in every state that exists to resolve cases involving small amounts.

Smart cards plastic cards with silicon chips that are used to store information. The chip within the card stores such data as a cardholder's current account balance, credit history, or medical information.

Social responsibility the duty of a business to contribute to the well-being of a community.

Software the instructions that run the computer system.

Span of control the number of employees who are assigned to a particular work task and manager.

Special checking account checking accounts for people who only write a few checks each month. Banks charge customers about 10 to 20 cents for each check written.

Special form a form of a homeowners policy that insures property against all perils except earthquakes, flood, war, nuclear accidents, and certain others.

Specialty stores stores that have a special line of products for sale.

Specialty superstores stores that offer low prices and a wide variety of a limited product line.

Speculative risk the chance either to gain or to lose.

Spreadsheet software a program that formats data in columns and rows in order to do calculations.

Staffing the function of a manager including all of the activities involved in obtaining, preparing, and compensating the employees of a business.

Standard a specific measurement against which an activity or result is judged.

Start-up budget a budget that plans income and expenses from the beginning of a new business or a major business expansion until it becomes profitable.

Start-up financing the amount of money needed to open the business.

Statement of account a record of the transactions completed during the billing period.

Stock ownership in a corporation.

Stockbroker a licensed specialist in the buying and selling of stocks and bonds.

Stock exchange a business organization that accommodates the buying and selling of securities.

Stock index a measurement of investment values.

Stop payment order a written notice that tells the bank not to pay a certain check.

Store brands (private label brands) brands owned by stores. For example, Craftsman is one of the brand names on tools sold by Sears.

Straight salary a specific amount of money paid to an employee for each week or month worked.

Strategic management a style in which managers are less directive and involve employees in decision-making.

Substitute check a digital reproduction of the original paper check.

Supermarket in food retailing, it is the large, full-service store that carries name brands.

Superstores discount stores that have expanded to include a wide variety of food products. They may also include other retail services such as a bakery, restaurant, pharmacy, video rentals, and banking.

Supervisors the first level of management in a business, responsible for the work of a group of employees and some non-management duties.

Supply the quantity of a good or service that businesses are willing and able to provide.

Supply chain management See **Logistics**

Supply chain management software software that allows cooperating companies to share ordering, production, and shipping information.

Supply curve the graphic view of the supply for a product or service. The supply curve for a product, for example, illustrates the relationship between the price of the product and the quantity businesses will supply.

Surgical insurance insurance that covers all or part of the surgeon's fees for an operation.

Surplus a financial situation in which actual spending is less than the budgeted amount.

Surveys a marketing research study that gathers information from people using a carefully planned set of questions.

T

Tactical management a style in which the manager is directive and controlling.

Take-home pay the amount of a paycheck after taxes and other payroll deductions.

Talent a natural, inborn aptitude to do certain things.

Targeted application letter a letter that provides a quick summary of your ability to meet the needs of an organization. It usually includes a list of major skills and competencies.

Target market a specific group of customers that have similar wants and needs.

Tariff a tax that a government places on certain imported products.

Tax a charge imposed by a government to finance public services.

Taxable income the amount on which taxes are calculated.

Tax credit an amount subtracted directly from taxes owed.

Tax deduction an amount that reduces taxable income.

Tax-deferred earnings the investment earnings on a retirement plan that will be taxed later, after retirement.

Tax-deferred income income will be taxed at a later date.

Tax-exempt earnings earnings on which the recipient is not required to pay taxes.

Tax-exempt income income not subject to tax. Interest earned on most state and city bonds, for example, is exempt from federal income tax.

Tax record a financial document that shows all taxes collected, owed, and paid.

T-bill rate the yield on short-term (13-week) U.S. government debt obligations.

T-bills See **Treasury bills**

T-bonds See **Treasury bonds**

Technology the use of automated machines, electronic equipment, and integrated computer systems to help increase the efficiency of producing goods and services.

Telecommuting allows employees who primarily use personal computers and other technology to work from home. They communicate with managers, coworkers, and customers using the Internet, telephone, and fax machines.

Temporary employee one hired for a specific time or to complete a specific assignment.

Tentative career decision a decision that is subject to change as new information is received.

Termination the end of an employment relationship between a company and an employee.

Term life insurance insurance that provides financial protection from losses resulting from a death during a definite period or term.

Time wage a specific amount of money paid to an employee for each hour worked.

Title ownership of goods.

T-notes See **Treasury notes**

Trade barriers restrictions to free trade.

Trade credit occurs when a company receives goods from a supplier and pays for them later.

Trade deficit a situation in which a country imports (buys) more than it exports (sells).

Trademark a distinctive name, symbol, word, picture, or combination of these that a company uses to identify products or services.

Trade-off what you make when you give something up to have something else.

Trade surplus a situation in which a country exports (sells) more than it imports (buys).

Traditional economy an economy in which goods and services are produced the way they have always been produced. It is used in countries that are less developed and are not yet participating in the global economy.

Transfer the assignment of an employee to another job in the company with a similar level of responsibility.

Traveler's checks special forms designed for making payments when away from home.

Treasury bills (T-bills) bills that involve short-term borrowing with maturities from 91 days to one year.

Treasury bond rate the yield on long-term (20-year) U.S. government debt obligations.

Treasury bonds (T-bonds) bonds that involve long-term borrowing, with maturities ranging from 10 to 30 years.

Treasury notes (T-notes) note that involve borrowing with maturities from 1 to 10 years.

U

Uncollectible accounts bad debts or doubtful accounts.

Uncontrollable risk a risk that cannot be reduced by your actions.

Unemployment insurance insurance to reduce financial hardship of unemployment.

Unemployment rate the portion of people in the labor force who are not working.

Uninsurable risk when a risk is not common or if it is impossible to predict the amount of loss that could be suffered.

Uninsured motorist coverage protection against hit-and-run drivers or drivers without insurance money to pay claims.

Unit price a price per unit of measure.

Unity of command a clear reporting relationship for all staff of a business.

Universal life insurance insurance that provides both insurance protection and a substantial savings plan.

Upkeep maintaining your property in good condition.

V

Values things that are important to you.

Variable expenses living costs that differ each time and may not be as easy to estimate.

Variable life insurance an insurance plan that resembles an investment portfolio. It lets the policyholder choose among a broad range of investments.

Vehicle insurance coverage of automobiles, trucks, and other business vehicles.

Vending machines non-store shopping where customers can shop for items by putting money into machines.

Venture capital money provided by large investors to finance new products and new businesses that have a good chance to be very profitable.

Vertical communications communications that move up or down in an organization between management and employees.

Videoconferencing allows people in different geographic locations to meet “face-to-face” by satellite.

Visual merchandising visual signals used to communicate information in a retail setting.

Voice-activated systems input devices that allow words spoken into a microphone to be entered as data or to be translated into instructions or commands.

W

Wants things that add comfort and pleasure to your life.

Warehouse club a no-frills outlet focusing on the sale of large quantities at reasonable prices.

White-collar crime illegal acts carried out by office or professional workers while at work.

White-collar worker one whose work is more mental than physical and involves the handling and processing of information.

Whole life insurance permanent insurance that extends over the lifetime, or whole life, of the insured.

Wholesalers intermediaries between manufacturers and retailers.

Work environment the physical conditions and the psychological atmosphere in which employees work.

Workers' compensation an insurance plan that provides medical and survivor benefits for people injured, disabled, or killed on the job.

Workforce all of the people 16 years or older who are employed or who are looking for a job.

World trade See **International business**

Written communication communication that includes notes, letters, reports, and e-mail messages.

Y

Yield the percentage of money earned on savings or investment over a year.