

Business Dictionary

Important Terms

-Compiled

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Business Dictionary



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Benefactor

Someone who helps someone else, typically by means of a [financial gift](#) is . A benefactor can refer to someone who gives financial donations to a [charitable organization](#), someone who provides a younger [family](#) member with the [financial resources](#) so that they can attend college, or anyone who provides help in any other manner.

Usage Example

His **benefactor** provided him with enough capital to make his lifelong dream of providing tutoring to at-risk children a reality.

Consumerism

1. Organized-efforts by individuals, groups, and governments to help protect consumers from policies and practices that infringe [consumer rights](#) to fair business practices.
2. [Doctrine](#) that ever-increasing [consumption](#) of [goods and services](#) forms the basis of a sound [economy](#).
3. Continual expansion of one's wants and needs for [goods and services](#).

Usage Example

Those who live simply, keeping few possessions, are often appalled by what they view to be rampant **consumerism** in others.

Competition

Economics: Rivalry in which every [seller](#) tries to get what other sellers are seeking at the same time: [sales](#), [profit](#), and [market share](#) by offering the best [practicable combination](#) of price, [quality](#), and service. Where the [market](#) information flows freely, competition plays a regulatory [function](#) in balancing [demand and supply](#).

Usage Example

The company was under serious **competition** from overseas companies which could manufacture a similar product for much less thanks to lower employee wages.

Deed

Legal document (instrument) by which an asset owner (the grantor) transfers his or her right of ownership (title) in an asset to another party (the grantee).

To be enforceable, a deed must (1) state on its face that it is a deed, (2) accurately describe the property which is the subject matter of the deed, (3) be validly signed (executed) in presence of the prescribed number of witnesses, and ...

Usage Example

The **deed** to the land and house was signed over from the seller to the new owner of the property.

Depression

Lowest point in an economic cycle characterized by (1) reduced purchasing power, (2) mass unemployment, (3) excess of supply over demand, (4) falling prices, or prices rising slower than usual, (5) falling wages, or wages rising slower than usual, and (6) general lack of confidence in the future. Also called a slump, a depression causes a drop in all economic activity. Major depressions may ...

Usage Example

Sarah sighed, staring at the layoff notice. Since the economy had fallen into a **depression**, many of her friends had lost their jobs, and now so had she.

Equity

1. Fairness and impartiality towards all concerned, based on the principles of evenhanded dealing. Equity implies giving as much advantage, consideration, or latitude to one party as it is given to another. Along with economy, effectiveness, and efficiency, Equity is essential for ensuring that extent and costs of funds, goods and services are fairly divided among their recipients.

Usage Example

Without the proper amount of **equity**, the loan officer would not approve the loan the couple was trying to get for improvements to their house.

Fiscal policy

Government's revenue (taxation) and spending policy designed to (1) counter economic cycles in order to achieve lower unemployment, (2) achieve low or no inflation, and (3) achieve sustained but controllable economic growth. In a recession, governments stimulate the economy with deficit spending (expenditure exceeds revenue). During period of expansion, they restrain a fast growing economy

Usage Example

Some constituents in our country disagree with our president's **fiscal policy**, and they say that he spends too much of their money.

Industrialization

1. The process by which traditionally nonindustrial sectors (such as agriculture, education, health) of an economy become increasingly similar to the manufacturing sector of the economy.
2. Sustained economic development based on factory production, division of labor, concentration of industries and population in certain geographical areas, and urbanization.

Usage Example

The **industrialization** of the agriculture industry was noted by changes from physical labor and livestock powered equipment to modern tractor and electronic watering systems.

Intranet

Internal or private network of an organization based on internet technology (such as hypertext and TCP/IP protocols) and accessed over the internet. An intranet is meant for the exclusive use of the organization and its associates (customers, employees, members, suppliers, etc.) and is protected from unauthorized access with security systems such as firewalls. Intranets provide services such as:

Usage Example

Lots of businesses use a network technology in the form of **intranet**. It is a must have for most major corporations to use **intranet** to protect data from unauthorized users.

Net Income

The total revenue in an accounting period minus all expenses during the same period

If income taxes and interest are not deducted, it is called operating profit (or loss, as the case may be). Also called earnings, net earnings, or net profit

Usage Example

When Richard subtracted his business expenses from his gross income, his **net income** was barely enough to cover his living expenses; so to make his profit larger, he decided to cut costs by discontinuing overseas shipping of his product.

Progressive Tax

Income tax that takes a larger percentage of a larger income and a smaller percentage of a smaller income

For example, a tax on luxury cars

Usage Example

If you start to make too much money in your business, you may get hit with a higher **progressive tax** than you were getting before.

Research

Systematic investigative process employed to increase or revise current knowledge by discovering new facts. It is divided into two general categories: (1) Basic research is inquiry aimed at increasing scientific knowledge, and (2) Applied research is effort aimed at using basic research for solving problems or developing new processes, products, or techniques.

Usage Example

When preparing a new wage scale, it's important for an employer to do adequate **research** to determine what other companies pay for similar positions.

Risk Management

The identification, analysis, assessment, control, and avoidance, minimization, or elimination of unacceptable risks

An [organization](#) may use [risk assumption](#), [risk avoidance](#), [risk retention](#), [risk transfer](#), or any other [strategy](#) (or [combination](#) of strategies) in proper [management](#) of future [events](#)

Usage Example

The company couldn't afford any more losses like the ones they had suffered in the previous quarter, so they sought out the best and brightest **risk management** experts to help them get back on track.

Standard of Living

[Financial health](#) of a [population](#), as measured by [per capita income](#) and [consumption](#) of [goods and services](#) by individuals or households

Usage Example

We have an imbalanced **standard of living** because our minimum and average wages can't keep up with the steady rise in the cost of living.

Sin Tax

[Ad valorem tax](#) or flat-tax levied on activities or [goods](#) considered physically or morally harmful, such as cigarettes, [gambling](#), and liquor.

Usage Example

The local government is considering raising the **sin tax** on cigarettes in an effort to help reduce the amount of cigarettes sold to locals and encourage them to stop smoking.

Warrant

1. General: (1) [Formal](#) and explicit [approval](#). (2) [Document](#) (instrument) that confers [authority](#) or justifies an act that is otherwise neither permissible nor [legal](#).
2. Law: [Legal authorization](#) (writ) issued by a [court](#) to (1) [search](#) a place and seize specified items if found there (called search warrant), or (2) [arrest](#) or detain specified [person](#) or persons (called arrest warrant).

Usage Example

If you fail to pay a traffic ticket or other citation you may find yourself visited by a police officer with a **warrant** for your arrest.

Working Capital

1. The [cash](#) available for day-to-day [operations](#) of an [organization](#). Strictly speaking, one borrows cash (and not working capital) to be [able](#) to buy assets or to pay for obligations. Also called [current capital](#)
2. Accounting: [Net liquid assets](#) computed by deducting [current liabilities](#) from [current](#) assets. The [amount](#) of available working [capital](#) is a [measure](#) of a firm's [ability](#) to meet its ... [Read more](#)

Usage Example

The store owner's two-part goal was to pay off his debt as quickly as possible while maintaining sufficient **working capital** to comfortably manage his business