Master Vocabulary List GCSE Business Edexcel

1.1 Vocabulary

1. **Market Place**
   The activities involved in buying and selling particular types of goods or services, in competition with other companies.
2. **Entrepreneur**
   Someone who spots a business opportunity and is prepared to take some level of risk in developing it
3. **Consumer**
   Someone who buys and uses goods and services.
4. **Obsolete**
   Out of date or not used anymore.
5. **E commerce**
   Using the internet to carry out business transactions.
6. **Social media**
   Websites that allow users to interact with other users, by sharing text-based messages, pictures or links to online content.
7. **M commerce**
   Using mobile technologies, such as smartphones and tablets, to carry out business transactions.
8. **Enterprise**
   Entrepreneurial activity (can also mean a business or company).
9. **Demographic**
   Relating to the population, such as average age, average income and so on.
10. **Data**
    Information, particularly statistics that can be collected and analysed.

Vocabulary - Risk and Reward

1. **Risk**- The possibility that an enterprise will have lower than anticipated profits or experience a loss.
2. **Financial reward**- The money that an entrepreneur or investor receives when a business succeeds.
3. **Market research**- The process of gathering information about the market and customer' needs and wants in order to help inform business decisions, including product design and marketing.
4. **Revenue forecast**- A prediction of future revenue based on expected sales; this is either a judgement or based on previous sales patterns.
5. **Cash flow**- The amount of money coming in and going out of the business and the timing of this movement.
6. **Sales revenue**- The amount of money that comes in from a business's sales.
7. I**nvestment**- Putting money into a business with the intention of making a profit.
8. **Start-up**- A new business, usually with only a small number of employees- perhaps only one.
9. **Intuition**- knowing something instinctively or understanding something easily without conscious thought.
10. **Stakeholder**- Anyone who has an interest in the business, such as its workers, its suppliers, its directors, the local community and the government.

Vocabulary - **The Role of Business Enterprise**

1. **Stakeholder**- Anyone who has an interest in the activities of a business, such as its workers, its suppliers, its directors, the local community and the government.
2. **Ethics**- Moral principles or standards that guide the behaviour of a person or business.
3. **Unique selling point (USP**) - Something that makes a product stand out from its competitors.
4. **Values**- Standards of behaviour or moral principles.
5. **Loyalty**- wanting to always support something or someone.
6. **Market share**- The proportion of sales in a market that are taken by one business.
7. **Economy**- The system by which a country's money and goods are produced and used.

1.2 Vocabulary

Vocabulary - Customer Needs

1. **Segmentation**- The process of breaking something up into smaller parts.
2. **Demographics**- Relating to the structure of a population.
3. **Valid**- Having a solid or accurate basis of facts.
4. **SWOT** analysis- A study undertaken by a business to identify the strengths and weaknesses, opportunities and threats.
5. **Wants**- To have a desire to do or possess something.
6. **Needs**- Something you need to survive.

Vocabulary - Market Research Vocabulary

1. **Market research**- The process of gathering information about the market and customers' needs and wants in order to help inform business decisions, including product design and marketing.
2. **Viable**- Able to work properly or successfully.
3. **Focus Group**- A group of people who discuss their views on a product, service, advertisement or idea, either face-to-face or online.
4. **Target market**- A particular group of consumers at which a business aims its products and services.
5. **Sample**- A portion of the population asked for their opinions in order to draw conclusions about the behaviour of the whole population.
6. **Data**- Information, particularly statistics that can be collected and analysed.
7. **Primary research**- primary research is new research that is carried out to answer specific issues and questions.
8. **Secondary research**- secondary research is research using existing sources of information that has previously been researched, often by other people or for other purposes.
9. **Product trial** – launching a product in a small geographic area in order to test out its viability – will it sell, does it meet customer needs?

10. **Quantitative** data – statistical data which uses closed questions

11. **Qualitative data** – ideas and opinions, this uses open questions

Vocabulary - Market Segmentation and market mapping

1. **Segmentation-** The process of breaking something up into smaller parts.
2. **Demographics-** Relating to the structure of a population.
3. **Axes-** The reference lines on a graph.
4. **Geographic segmentation-** This is when a business divides its markets into groups based on where they live.
5. **Demographic segmentation** – dividing up groups by factors such as age, gender, social class, religion and ethicnicity
6. **Behavioural segmentation-** This divides the population based on people's behaviour.
7. **Psychographic segmentation & Life-style-** The way in which people live their lives.
8. **Market Mapping-** This is the process of creating a diagram, known as a market map that identifies all products in a market and maps them against two of their features.
9. **Income segmentation-** This is when a business segments their customers in to groups based on their income.
10. **Gap in the Market –** positioning in the market where customer needs are not fully met presenting a market opportunity for a business and its product

1.3 Vocbulary

Vocabulary Aims and objectives

1. **SMART** – Acronym for well-constructed objectives – specific, measurable, achievable, realistic and timed.
2. **Aim** – overall goal and direction of the business
3. **Objective** – Specific targets that once achieved will lead towards the aim.
4. **Profit** – The revenue left over after total costs have been deducted.
5. **Diversification** – targeting new types of customer with new types of product
6. **Ethical** – doing morally the right thing
7. **Market share** – proportion of a market held by one business
8. **Survival** – Solvency usually indicated by break even.
9. **Environmentally friendly** – Considering the environment when making business decisions.

Vocabulary Revenue, costs and profit/loss

10. **Revenue**- money coming into the business from the sale of goods and services
11. **Fixed costs & 2 examples**- Overhead costs & the costs of running the business e.g. rent, mortgage, salaries, utility bills
12. **Variable cost & 2 examples** – Cost of producing the product or services, raw materials and direct labour.
13. **Total costs**- Total variable costs (units x variable cost) + fixed costs
14. **Gross profit**- Sales revenue minus cost of saLes (total variable cost/cost or production)
15. **Net profit**- Revenue left over after all costs have been deducted(total variable and fixed costs).
16. **Net Loss**- When total costs exceeds total revenue
17. **Income statement**- Alternative name for a profit and loss account. Required legally for all limited companies. Shows level of profit or loss made in a time period

Sales **minus** cost of sales = gross profit **minus** overheads = net profit

18. **Outsourcing** – letting another business operate a function of a company usually because it is cheaper e.g. call centres in India
19. **Profit margin** – the proportion of revenue that ends up as profit. This is expressed as a %

Vocabulary Break even and Cashflow

20. **Break even** – The point at which total revenue = total costs. NO profit or loss is made. This is usually survival for a small business.
21. **Margin of safety** – The number of units between break even and what is actually sold or made. The bigger the margin of safety the lower the risk
22. **Break even chart**

    Plotting the total cost and revenue on a graph, where they meet is break even point.
23. **Break even calculation**

Selling price minus variable cost = contribution

Fixed costs ÷ contribution = number of units to break even

24. **Cash** – Money for paying bills and costs. It can come from loans.
25. **Cash flow** – total amount of money that comes in and out of a business.
26. **Insolvency** – Means that they cannot pay their bills.
27. **Bankruptcy** – Where the business has to sell their assets to pay their debts.
28. **Receivership** – When a person comes in to take their assets.
29. **Overdraft** – Where a business can borrow money from the bank by withdrawing more money from their bank account than they have
30. **Overdraft limit/facility** – It is a set amount of how much you can draw.
31. **Trade credit** – When you buy stock now and pay later OR you sell now and your customers pays later – usually 30-60 days
32. **Salaries** – A yearly amount divided by 12 months.
33. **Wages** – Paid by hours.
34. **Forecast** – prediction often used with cashflow
35. **Cash inflow** – Money coming into the business, can include overdraft, loans, owners capital
36. **Cash outflow** – Money going out of the business to pay variable and fixed costs, interest on loans etc.
37. **Cash shortfall** – insufficient cash to pay bills
38. **Timing** – Matching the cash inflows of a business to cash outflows to avoid insolvency
39. **Net cashflow** – cash inflow minus cash outflow
40. **Trade credit** – buy stock now and pay later giving up to 60 days to use the stock OR sell goods on credit and wait for up to 60 days to get payment from customers
41. **Delay payments** – a method used to improve cashflow issues, some payments can be delayed e.g. suppliers and other not e.g. bank loan
42. **Generate cash inflow** – sell more, overdraft, etc
43. **Overdraft** – draw out more money than a business has in its bank account, usually to a pre-arranged limit
44. **Insolvency** – the inability to pay debts
45. **Bankruptcy** – the business becomes insolvent and must close down. Assets are sold to pay debts
46. **Apply for a bank loan** – complete an application form giving details of predicted cashflow and profit.

Vocabulary – Sources of finance and business start up

47. **Capital** - a large sum of money used to start up or develop a business
48. **Expansion** – growing a business
49. **Over trading** – when a business grow too quickly and does not have the resources (especially cash) to meet orders
50. **Fixed assets** – items that a business owns, last for more than year, are not meant for resale and help run the business
51. **Shareholders** – owners of a business who own a propoertion/share of it
52. **Mortgage** – bank loan specifically given to buy property
53. **Start-up capital** – lump sum required to buy the resources needed to start a business
54. **Interest** – an amount charged by a bank to secure a loan. It is a % of the capital borrowed and is repaid alongside the capital
55. **Base rate** – the interest rate set by the Bank of England on which all other interest rates are set
56. **Bank loan** – capital loaned by the bank to a business, repayment is due with interest
57. **Collateral** – an asset is secured against a loan, if there is a default in repayment the asset can be seized
58. **Insolvency** – the inability to pay debt
59. **Public limited company** – a company that has raised capital be selling shares on the stock exchange. Once this occurs the shares can be traded freely so the business cannot control who owns them.
60. **Share capital** – capital in the business raised through selling shares
61. **Dividends** – a proportion of the profit given to shareholders as a reward for the risk of investing – this is paid pence per share
62. **Venture capital** – an investor will back a riskier business because it may be profitable. Can be a loan or share capital. Think Dragon's Den
63. **Drawings** – the owner taking money or goods out of the business for their personal use
64. **Bank overdraft** – drawing money out of a bank account beyond what is there – usually to an agreed limit
65. **Crowd funding** – usually through the internet, crowdfunding websites allow funding of business ideas by people offering small amounts of capital in return for a share of the business, profit or other benefits

1.4 Vocabulary

Vocabulary - ownership and liability

1. **Unlimited liability** – the owner is liable for all the debts of the business which means personal assets are at risk
2. **Sole trader** – most simple form of business start-up, one person with complete control
3. **Partnership** – 2-20 people set up by a deed of partnership
4. **LLP** – limited liability partnership – remove the unlimited liability of the partnership agreement
5. **Shareholders** – persons who own part of a company's shares
6. **Dividends** – reward for the risk of share ownership, paid per share from the profit
7. **Private limited company** – set up through Companies House, owned by a minimum of 2 shareholders who benefit from limited liability
8. **Public limited company** – shares are sold to raise capital on the stock exchange and then they are freely traded
9. **Stock exchange** – market places around the world where shares are bought and sold
10. **AGM** – Annual General Meeting – a requirement for all limited companies
11. **Auditing accounts** – external accountants certify the account to be a true and fair reflection of business done.

Vocabulary - Franchising

1. **Franchise** – buying the right to use/sell a companies' products and brand name
2. **Franchisee** – the entrepreneur that buys the right to use the brand
3. **Franchisor** – the company that issues the franchise
4. **Initial fee** – sum of money paid to secure the rights to the brand
5. **Royalties** – ongoing costs, usually a % of sales revenue paid to the franchisor
6. **Brand name** – identity of a product or business which is usually protected

Vocabulary – Business Plans

1. **Cashflow forecast** – prediction of cash in and out of a business
2. **Income statement** – revenue over a period of time minus costs to find out if a profit or loss has been made
3. **Contingencies/what ifs** – plans of action to anticipate changes in the trading environment
4. **Bank loan** – Source of capital which must be paid back with interest
5. **Aims** – overall direction of the business
6. **Objectives** – short term targets which lead to achieving aims
7. **SMART** – specific, measurable, achievable, realistic and timed

Vocabulary - Location

1. **Proximity** – closeness to
2. **Infrastructure** – road, rail, transport links
3. **Government grants** – sum of money given to encourage business and employment in areas of deprivation
4. **Competition** – similar businesses offering similar products

Vocabulary - marketing

1. **Marketing mix** – price, place, product, promotion – the 4Ps
2. **Product range** – type and variety of products a business offers
3. **USP** – unique selling point
4. **Product positioning** – perception of a product in relation to its competition and market
5. **Skimming price** – high price for top end of the market
6. **Penetration pricing** – low price initially to gain market share then increase price in future
7. **Cost plus pricing** – add up all the costs and add a profit margin
8. **Competitive pricing** – price similar to competitors as there is little differentiation or capacity to add more value
9. **Customer based pricing** – price as customers expect
10. **Psychological pricing** - .99 or .95 at the end of a price so it seems lower
11. **Distribution** – channels that a product goes through to reach its customer
12. **Sales promotion** – incentives offered to the customer to get them to purchase
13. **Advertising** – methods of making customers aware a product is available and encourages them to but
14. **Public relations** – activities which aim to build a positive relationship with stakeholders
15. **Digital communications** – includes social media and ecommerce platform like websites
16. **Direct mail** – information sent directly to the customer

1.5 Vocabulary

1. **Sustainability** – It will exist in the future as well as now
2. **Profitability** – the proportion of sales that ends up as profit
3. **Stakeholders** – anyone that has an interest in a business
4. **Ethic**s – morals and values – doing the right thing
5. **Pressure groups** – a group of people who promote a cause – they put pressure on business and government to behave in a certain way
6. **Shareholders** – owners of a limited business, they hold shares or a proportion of the ownership
7. **Trade unions** – organisations that represent workers and promote their rights. These are usually associated with specific industries e.g. teachers and transport workers
8. **The economy** – the buying and selling of goods in a country
9. **Consumer incomes** – the income that individuals have
10. **GDP** – gross domestic product – the total value of the sales of a country in a given period
11. **Household incomes** – the income that a household may have, this could contain multiple earners
12. **Exchange rate** – the value of one currency against another
13. **Inflation** – the persistent rise of the price of every day goods. Government target is 2% annually
14. **Unemployment** – those who do not have a job but are seeking one (NOT retired etc)
15. **Interest rates** – the % charged on loans and borrowing by banks as a reward for their risk
16. **Recession** – 2 consecutive quarters of negative growth in GDP
17. **Demand** – consumers & businesses wanting goods and services
18. **Supply** – the amount and types of goods and services offered by businesses
19. **Taxation** – direct and indirect levies on income, profit and goods imposed by government
20. **Income tax** – levies imposed on income, usually paid at source through PAYE (pay as you earn)
21. **VAT** – value added tax – paid on the majority of goods and services at a rate of 20%
22. **Corporation tax** – tax on the profit of businesses
23. **Import duties** – A duty of levy imposed by government on imported goods which increases their cost
24. **Boom** – where GDP rises rapidly

Theme 2 Growing Business GCSE paper 2

2.1 Vocabulary

1. **Organic growth** – the business grows natural by selling more products
2. **Inorganic growth** – the business grows by merger or take over
3. **New markets** – growing by aiming at different types of customers (socio economic groups, age, global etc)
4. **New products** – the business grows by developing new products
5. **Diversification** – the business grows by developing new products which appeal to a different type of customer
6. **Merger** – when two business join together, usually to cut costs
7. **Takeover** – when one business buys more than 50% of another so becomes the majority shareholder
8. Aims – the overall direction of the business
9. **Objectives** – the goals to be achieved that will contribute towards meeting the aim
10. **Globalisation** – the process by which economies and businesses around the world become more interconnected
11. **Import** – goods and raw materials being brought into a country
12. **Export** – goods and raw materials being sold/sent to other countries

13. **Tariff** – a tax on imports which make importing more expensive and is meant to encourage businesses and consumers to select home produced goods and services
14. **Trade Bloc** – a number of countries who join together to trade freely
15. **Tariff Wall** – an expression for the "wall" around a trade bloc which is a barrier to other countries to trade with those within the bloc as they have to pay trade tariffs
16. **Ethics** – doing what is morally right, this can go beyond what is legally required
17. **Trade off** – when choosing one option means that another cannot be taken
18. **Pressure group** – a group which tries to persuade business and government to behave in a certain way e.g. Greenpeace
19. **Corporate social responsibility** – Where business takes into consideration their stakeholders and the environment when making business decisions
20. **Stakeholders** – anyone that has an interest in a business
21. **Reputation** – the image a business has with its stakeholders
22. **Sustainability** – something will exist now and in the future
23. **Global warming** – a persistent rise in global temperatures contributed to by burning fossil fuels
24. **Recycling** – reusing materials
25. **Renewable energy sources** – sources of energy that will not run out e.g. wind power and solar power
26. **Appropriation** – a term that can be applied to profit when it is distributed for different purposes e.g. shareholder dividend, retained profit, pay off loans
27. **Internal finance** – Finance for business development sources from inside the business e.g. selling assets or retained profit
28. **Dividends** – the proportion of the profit given to shareholders as a reward for their risk of investment
29. **Overdraft** – drawing more cash out of the bank than the business has
30. **Loan** – a capital sum granted by a bank that must be repaid with interest
31. **Fixed assets** – Thins that a business owns that last for more than a year and help run the business e.g. equipment
32. **Leasing** – a legally binding contract that allows a business to use an assetb for a set period of time, however they never own it and must return it to the lessor at the end of the agreement
33. **Insolvent** – the inability to pay debts
34. Sources of cash – cash is NOT profit, it can come from an overdraft, trade credit (cash does not flow out immediately), bank loan, owner etc
35. **Share capital** – a large sum of money raised through the sale of shares used to develop the business
36. **Loan capital** - large sum of money raised through by applying to a bank for a loan
37. **Cash shortfall** – when a business has not got enough cash to pay its debts

2.2 Vocabulary

1. **The design mix** –
    a. **Economic manufacture** – can it be made cost wise
    b. **Function** – it must work well every time
    c. **Aesthetics** – does it look good
2. **Market leader** – provider with greatest market share and often dominates the market
3. **Market share** – the % of the market held by one company
4. **Differentiation** – making a product or service seem different from the competition
5. **Market power** – the ability to set price
6. **The product lifecycle** – the stages a product goes through from launch to withdrawal from the market
7. **Extension strategies** – strategies to prevent a product from going into the decline stage of the product lifecycle e.g. new variants, new target markets, new packaging, new advertising

8. **Pricing strategy** – the principles on which pricing is decided
9. **High volume, low margin** – sell more with less profit per unit
10. **High margin, low volume** – sell less but with a higher profit per unit
11. **Mass market pricing** – pricing that makes the product appealing to a large proportion of the market
12. **Niche market pricing** – pricing to meet the needs of a small specialised section of the market
13. **Target market pricing** – a price to meet the expectation of a specific target market
14. **Supply chain** – the way in which a product or raw material get from the producer to the business
15. **Wholesaler** – An organisation that buys from the manufacturer in bulk and then breaks that bulk into smaller units to sell on to retailers
16. **E-tailing** – selling products on the internet
17. **Retailer** – a business which sell goods from a shop or outlet
18. **Distribution centre** – a central warehouse from which large businesses like Sainsbury's can get products from manufacturers in bulk and then send them to their retail outlet in smaller quantities
19. **Traditional distribution channel** – manufacturer sends their goods to the retailer and the retailer sells to consumers

Modern distribution channel – use of etailing and mtailing or direct distribution from the manufacturer

20. **Direct distribution channel** – the producer sells its products directly to the consumer
21. **Advertising** – for mass markets and for smaller market segments
22. **Sponsorship** – Providing money or goods in return for public awareness
23. **Product trials** – launching a product in a limited region or to a limited range of customers to gain feedback
24. **Special offers** – an enticement to make a customer buy a product or service
25. **Public Relations** – activities which aim to improve and enhance a business' reputation amongst its stakeholders
26. **Branding** – an identity created by a company for its products and business
27. **Technology and promotion** – digital communication such as social media and websites
    i. Targeted advertising on line (digital advertising/cookies/pop ups)
    ii. Viral advertising via social media
28. **Emails and newsletters** - a form of marketing which can be directed at a specific target market, giving them information that is relevant to them.

Vocabulary 1

1. **Job production** – bespoke, made to customer specification
2. **Batch production** – set amount of one product and then production is changed to another
3. **Flow production** – continuous production on a production line
4. **Productivity** – the amount produced versus the resources available
5. **Fixed costs** – cost of running the business, also known as overheads
6. **Variable costs** – cost of making the product, direct costs
7. **Automation** – use of machinery in the production process
8. **Standardisation** – each product has an identical specification
9. **Labour intensive** – uses a lot of people in production as opposed to machines
10. **Competitive advantage** – a feature of a product that makes it superior to competitors

2.3 Vocabulary

1. **Robotics** – the use of robotics in production for example in CAM (computer aided manufacturing)
2. **Lean production** – elimination of all types of waste (raw materials, time, skills)
3. **Kaizen** – continuous improvement
4. **Mechanisation** – the use of machinery in place of labour

Vocabulary

1. **Stock control chart** – a visual representation of the stock control within a business
2. **Inventory** – another term for stock
3. **Maximum stock level** – the most a business wants to have in stock at any one time
4. **Minimum stock level** – the least a business wants to have in stock at any one time
5. **Buffer stock** – an amount of stock that is kept all the time to prevent stock out e.g. because of a late delivery
6. **Reorder level** – the point at which the business sends their supplier an order taking into consideration lead time
7. **Lead time** – the time between when the order is placed and the stock is delivered
8. **Just in time** – a stock control system that means stock is delivered just before it is needed so there is no need for storage of stock
9. **Stock out** – running out of stock
10. **Insolvency** – the inability to pay debts

Vocabulary

1. **Procurement** – the process of securing suppliers and resources for production
2. **Logistics** – the organisation of deliveries of materials, stock and end products
3. **Sustainable supply chains** – suppliers that will be there in the future
4. **Economies of scale** – reduction in unit cost because of the scale of production e.g. buying raw materials in bulk

Vocabulary

1. **Quality control** – the process of inspecting production to ensure it meets quality standards
2. **Quality assurance** – quality is inspected throughout the production process
3. **Quality culture** – everyone is responsible for quality and it drives the decisions of every employee
4. **Warranty or guarantee** – a period of time that the product is assured by the manufacturer to function properly
5. **Wastage** – a business cost which can result from inefficiency e.g. raw materials, time, energy, resources, skill

Vocabulary

1. **Customer engagement** – when a business tries to develop its relationship with its customers
2. **Product knowledge** – understanding of the features and benefits of the product
3. **Customer feedback** – response from customers about their experience of a company and its products/services
4. **Post sales service** – resolving problems and giving advice after the product/service has been sold

2.4 VOCABULARY

1. **Quantitative** – Statistical data
2. **Qualitative** – data that is based on ideas and opinions
3. **Internal data** – data produced inside the organisation for example sales data, labour turnover, productivity per employee
4. **External data** – data from outside the business e.g. newspapers, market reports, ONS
5. **Marketing intelligence** – information about the market the business operates in including market size, market share, key competitors and products, market trends and market predictions
6. **Break even** – the point at which total costs = total revenue
7. **Cashflow forecast** - a prediction of cash flowing in and out of the business
8. **Net profit margin** – the PROPORTION of sales revenue that end up as net profit after total costs have been taken away (%)
9. **Gross profit margin** - the PROPORTION of sales revenue that end up as gross profit after the cost of sales (total variable cost) have been taken away (%)
10. **Bias**- data reflects one factor more than another
11. **Validity** – how accurate and true data is
12. **External factors** – factors that may affect the validity of data e.g. changes in the social, legal, economic, political and technological environment
13. **Average rate of return** – The average net profit generated by a project as compared to its set up costs. This is expressed as a % return on investment.
14. **Performance** – the ability of a business to generate profit by using its resources effectively
15. **Position** – the financial position of a business usually measured by assets and liabilities (what the business owns and what the business owes) This is financial stability

2.5 Vocabulary

1. **Organisation chart** – visual representation of the structure of an organisation showing job roles and levels of hierarchy
2. **Flat structure** – an organisational structure with few layers of hierarchy
3. **Tall structure** - an organisational structure with many layers of hierarchy
4. **Delayering** – removing layers form the hierarchy, usually to cut costs
5. **Accountability** – responsibility for the outcome of decisions
6. **Responsibility** – being in charge of making decisions and directing staff and resources
7. **Chain of command** – The process through the hierarchy by which instructions are passed down
8. **Span of control** – the number of subordinates a person is responsible for
9. **Centralised structure** – decision making is done by a central group of managers so the organisation and its products are very standardised and controlled
10. **Decentralised structure** – decision making, to a larger or lesser extent, is delegated to division or areas of the business to help meet local customer needs
11. **Barrier to communication** – factors that can stop the message sent from being clear or received
12. **Communication overload** or excessive communication – too much communication for workers to comprehend and act upon
13. **Flexible hours** – An employee's hours change regularly
14. **0 hours contract** – the legal contract of employment has n no set hours allowing flexibility for the employer to match demand to labour
15. **Permanent contract** – a constant legal employment contract for the future
16. **Freelance contract** – contract for a project or specific period of time. The employee may work for several business simultaneously
17. **Temporary contract** – An employment contract which is timed limited
18. **Remote working** – working from any location, usually through using a computer
19. **Formal training** – arranged and programmed with an agenda and objectives
20. **Informal training** – support and mentoring from colleagues, usually on the job
21. **Mentor** – a person who supports an employee in their development at work
22. **Ongoing training** – training that continues throughout the employees working life to ensure their skills are up to date and relevant

23. **Performance Management** – a process by which the performance of an employee is reviewed against objectives set annually
24. **Performance review** – a meeting where the employees discusses their achievements against the objectives set at the beginning of the performance review process
25. **Retention** – keeping staff and reducing labour turnover
26. **Self learning** – reflection of skills by an employee and learning form experiences and errors
27. **Target setting** – setting goals for performance of an employee
28. **Motivation** – the will and drive to achieve a goal
29. **Financial or monetary motivation** – a factor that has a monetary value that will motivate an employee e.g. company car, bonus, profit sharing
30. **Bonus** – a lump sum received by an employee as a reward for good performance
31. **Salary** – an amount per year paid for a job divided into 12 monthly instalments
32. **Commission** – a % of the sales value a sales person receives to encourage sales volume
33. **Piece rate** – an amount paid per item paid
34. **Time rate** – amount paid per time period e.g. wages are per hour
35. **Wages** – amount paid per hour
36. **Overtime pay** – an hourly payment which is usually enhanced e.g. 1.5 times pay because it is in addition to normal hours
37. **Fringe benefits** – additional benefits received by an employee e.g. company car, health insurance
38. **Non financial motivation** – something that motivates an employee which does not have monetary worth e.g. rob rotation, job enrichment, job enlargement and empowerment
39. **Job rotation** – giving an employee more than one job to do
40. **Job enrichment** – giving an employee the ability to make some decisions about how the job is completed
41. **Job enlargement** - giving an employee more aspects of the same job to complete
42. **Autonomy/empowerment** – giving an employee a goal and letting them the power to decide how to achieve it
43. **Maslow theory says** – there is hierarchy of needs and once the first is satisfied, the next will motivate
44. **Herzberg theory says** – hygiene factors demotivate if they are not right e.g. poor working conditions but only motivators motivate employee to work hard e.g. job satisfaction
45. **McGregor theory says** – there are 2 types of workers and their treatment must be matched to their motivation. X workers do not want to work, they are interested in money so should be told what to do and closely monitored. For Theory Y workers, work is as natural as breathing, they are highly motivated and therefore need recognition and resources rather than supervision and monitoring.