Business Dictionary
Important Terms
-Compiled

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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**

A **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**

The *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.