

OCR GCSE Business Studies

Knowledge Organiser

Keyword	Definition
1 Aims and objectives	Are the things that a business is trying to achieve, such as grow larger, or make more profit
2 Backwards vertical growth	When a business merges with, or takes over a business that supplies it with goods or services
3 Business objectives	What the business aims to achieve, and include survival, profit, growth and providing a service
4 Business plans	A simple plan which sets out details on the products or service being sold, where the finance is to come from to start the business, how the product or service is to be marketed, and the market research to show there is a need for what is being sold
5 Capital	Money raised to start or develop a business
6 Deed of partnership	A document setting out the operations of the partnership, including amount of capital to be invested and how profits will be shared
7 Diversification	When a business merges with or takes over another business with which there is no connection

Keyword	Definition
8 Dividend	The money paid to a shareholder from the profits of a limited company. This is the reward for the shareholder taking a risk by investing money in the company
9 Entrepreneur	A person who takes the risk of starting and running a business enterprise
10 Enterprising characteristics	The features of an entrepreneur, which include being determined, creative and having the ability to take risks
11 External growth	Growth of a business by takeover or merger
12 External stakeholders	The local community, suppliers, customers and government
13 Finance	A business word used instead of money. The finance needed to start a business is the money needed to do so
14 Forwards vertical growth	When a business merges with, or takes over a business that it supplies good or services to

Keyword	Definition
15 Growth	Where a business becomes larger, for example by making more products or opening more places where goods and services are sold
16 Horizontal growth	A merger or takeover where two businesses are involved in a similar operation, e.g. two electrical producers or two shops selling fashion clothing
17 Internal stakeholders	The business owners and people who work in the business
18 Limited liability	Where the responsibility for the debts of a business is limited to the amount invested by a shareholder. A feature of private and public limited companies
19 Limited liability partnerships	Part partnership, part limited company. Owners are members, not partners. They have limited liability and have to make their finances available to the public
20 Markets	Where a business sells its goods and services
21 Market share	The share of the total market for a product or service and is shown as a percentage

KeywordDefinition			KeywordDefinition			KeywordDefinitionTPS		
22	Merger	Where two or more businesses agree to join together	29	Public limited company	A large business where shares can be sold to the general public enabling vast sums of money to be raised to develop the company. Has plc after its name	36	Stakeholders	Groups or individuals who have an interest in business
23	Operate	A term used to explain how a business works				37	Stakeholder group	Owners, employees, customers, suppliers, government, local community
24	Organic growth	Growth of a business internally by increasing sales. Sales can be increased in a number of different ways	30	Resources	The things a business sells needs to make it work, including finance, staff and materials	38	Success	For a business, can take many forms, including making profit, surviving and providing a good service to customers
25	Partnership	A business owned by between two and twenty partners	31	Satisficing	Making just enough profit to provide the business owner with a decent living. More common in smaller businesses	39	Survival	When a business just manages to keep going
26	Private limited company	A smaller business owned by at least two shareholders. Shares cannot be sold to the general public. Has Ltd after its name	32	Shareholders	Are the owners of a private or public limited company	40	Takeover	Where a business takes a controlling interest in another business
27	Profit	The difference between revenue and costs	33	Sleeping partner	A partner who invests in a partnership but has no part in the running of the business	41	Unlimited liability	Where the responsibility for all the debts of a business rests with the owners of the business. A feature of sole traders and partnerships
28	Providing a service	Where a business makes sure that the needs of the customers are being met						
			35	Spotting an opportunity	The ability to see the need for a particular product or service that customers need			

Keyword		Definition
1	Advertising Campaign	A series of advertisements, often using different advertising media
2	Advertising Media	The methods by which a business can advertise a product. Includes newspapers, TV and radio
3	Census Data	Data collected by the Government every 10 years, questioning the entire population on their income, occupation etc.
4	Competitor Pricing	When a price is set based on prices charged by competitor businesses for a similar product
5	Cost-Plus Pricing	A pricing method that adds a percentage of profit to the total costs of making a product. This gives the selling price.
6	Decline	When sales are falling as the product or service is seen by customers as being old and they switch to newer products and services
7	Design	An important element in a number of different products, especially where style and technology work together
8	Digital Distribution	The distribution of goods and services digitally by downloading from a website
9	Focus Groups	Selected small groups of customers who give their opinion on products
10	Growth	When sales are growing strongly as the new product or service becomes known
11	Innovation	The improvement on an original idea, which will often involve using new processes. It is closely linked to design, where new ideas can be used in a product due to changes in design
12	Internal Data	Data already within a business based on past performance

Keyword		Definition
13	Interview	A question sheet filled in by the person conducting the interview
14	Introduction	When a product or service is first on sale
15	Invention	The introduction of a totally new product or feature
16	Marketing	Finding the needs of consumers and demonstrating how a business fulfils those needs in a way that increases sales
17	Market Data	Information that help marketing decisions. It includes data on such things as market shares, changes in demand and the effect of promotions
18	Market Research	The collection of data on consumer habits to help decision-making in marketing
19	Market Segmentation	Splitting the market for a product into different parts, or segments
20	Market Share	The percentage of total sales of a product that a business has made. If a business sells 20,000 products and the total market for that product is 50,000, then the business has a market share of 40%
21	Maturity	When sales are at their highest level
22	P's of Marketing Mix	Price, Product, Promotion and Place
23	Penetration Pricing	When a price is set lower than the competitor businesses. Often used by new businesses to break into a market. This should only be seen as a short-term strategy
24	Physical Distribution	The distribution of goods using a physical presence such as a shop or office

Keyword		Definition
25	Point of Sale Promotions	Includes price reductions, loss leaders, competitions and free samples
26	Primary Research	Data collected first-hand, often in the form of surveys. Sometimes referred to as field research
27	Product Life Cycle	The life of a product, usually shown as a graph divided up into four stages: introduction; growth; maturity; and decline
28	Promotional Pricing	Where prices are reduced to give products a boost or to sell off old stock. Most commonly seen as sales in shops
29	Qualitative Data	Data based on opinions of those being asked
30	Quantitative Data	Data collected that is based on facts or numbers, usually easier to analyse than qualitative data
31	Questionnaire	A question sheet filled in by the consumer
32	Research and Development	Used to help introduce both new and existing products. The research may be testing products in a laboratory or conducting market research by interviewing customers
33	Secondary Research	The collection of data using research or information provided by others, such as magazines, journals and the internet. Often called desk research
34	Skimming	Where a new product is more advanced than that of competitors; a price is set high as some customers are willing to pay higher prices to own the newest technology.
35	Target Market	The group of customers to whom a business aims to sell its products. The target market may be other businesses as well as consumers
36	Trials	Used to test whether customers will buy a product

	Keyword	Definition
1	Application Form	A form which asks applicants for personal details, experience and skills
2	Apprenticeship	A long-term development programme for workers to learn job skills while they work through a mixture of on-and-off-the-job training and study. Apprenticeships lead to some kind of vocational qualification
3	Authority	The power that one person has to make decisions and to control what other workers do
4	Accountability	The responsibility that a person has for a job meaning that they will take the blame for what goes wrong as well as the credit for what goes well
5	Award Scheme	A presentation of some kind to recognise somebody's effort
6	Bonus	An additional payment to workers for achieving a target
7	Chain of Command	The links in the levels of authority from those at the top with the most authority to those at the bottom with the least
8	Communication	The transmission of a message
9	Contract of Employment	A legal agreement between an employer and an employee
10	Customer Service	The service given to customers, including service at the time of sale and after the sale
11	CV	A document in which the applicant outlines their personal details, experiences and skills
12	Delegation	The process of giving a manager authority to a subordinate to make decisions for which that manager is responsible
13	Development	Long term and is focused on the worker to help to realise their longer-term potential

	Keyword	Definition
14	Digital Communication	The exchange of information electronically
15	Discrimination	When one worker is treated differently from another for no acceptable reason. There are several unacceptable reasons for different treatment
16	Employment Agency	An agency that has workers readily available for business hire, usually for a short period of time
17	Employment Law	Designed to protect workers from employers who may treat them unfairly
18	Employment Tribunal	A panel that hears cases where employment laws may have been broken and which comes to a decision either in favour of the employer or employee
19	External Communication	Communication between people in an organisation and others outside that organisation
20	External Methods of Recruitment	Include websites, newspapers, social media and specialist magazines
21	External Recruitment	When a job vacancy is filled by employing someone from outside the business
22	Feedback	The response made by a person who receives a communication
23	Flexible Working	The practice of people working partly at their place of work and partly elsewhere, perhaps at home or while they are mobile
24	Formal Communication	Communication that uses the official channels of communication
25	Fringe Benefits	Additional benefits that workers receive on top of their pay. They include pensions, childcare vouchers, subsidised canteen meals
26	Full-Time Working	When a person works 35 hours or more per week

	Keyword	Definition
27	Functions	Different types of work that need to be done in business including production, finance and marketing
28	Group Activities	Usually designed to test how well an applicant works with others
29	Holiday Entitlement	The amount of paid holiday that a worker can have in a year
30	Horizontal Communication	Communication between people on the same level of the hierarchy in an organisation
31	Human Resources	The workers employed by a business
32	Human Resources Plan	A plan detailing workers a business needs – how many, whether they will be full time or part time, the skills they should have and when they will work
33	Identifying Human Resource Needs	The activity of thinking about the purposes of human resources, and how many and what types of workers will be needed
34	Induction Training	Training to introduce a new worker to the business, place of work and their fellow workers as well as their jobs
35	Informal Communication	Communication that is outside the official channels of communication
36	Internal Communication	Communication between people employed in the same organisation
37	Internal Methods of Recruitment	Includes notice boards, word of mouth, company website and emails to staff
38	Internal Recruitment	When a job vacancy is filled by employing someone who is already an employee of the business
39	Interviews	Sessions in which the people making the appointment asks questions of the applicants



	Keyword	Definition
40	Job Description	Lists the main duties, tasks and responsibilities of a worker
41	Layers	The number of levels of authority that there are in a chain of command
42	Letter of Application	A letter written by the applicant usually explaining why they think they are suitable for the job
43	Motivation	How workers are encouraged to work hard
44	Off-the-Job Training	Occurs away from the job. It may still be at the same place of work, or the employee may be sent somewhere else for the training
45	On-the-Job Training	Occurs at the place of work and while the worker is doing their job
46	Organisation Chart	A diagram that shows how the workers are organised in a business and who is in charge of whom
47	Pay	The money earned by workers as a reward for the work they do
48	Part-Time Working	When a person works fewer than 35 hours per week
49	Person Specification	Lists the qualities, qualifications and knowledge that a person should have to do a particular job
50	Praise	A method of motivating a worker by complimenting their work and so making their work recognised and valued
51	Productivity	A measure of output per worker. It is the only way of measuring the performance of workers
52	Professional Development	Includes both vocational and academic development. It involves learning over a long period of time. Workers may learn through external courses with this learning being reinforced by practical activity in the workplace.

	Keyword	Definition
53	Profit Sharing	When workers receive some of the profits made by a business
54	Recruitment Agency	A specialist agency that carries out all the tasks involved in recruitment and selection of workers on behalf of an organisation
55	References	Statements from a previous or current employer or other responsible person about the suitability of the applicant for the job
56	Regulations	Rules imposed on businesses by the government
57	Retention	When workers can be kept employed by businesses rather than them leaving to work elsewhere
58	Retention of Workers	When workers choose to stay in a firm rather than move elsewhere
59	Selection	The process of choosing between applicants for a job
60	Self-Employment	When people work as their own business, selling their work to buyers who may be consumers or other businesses
61	Skills Gap	When the business recruits skilled workers because it is short of them
62	Skills Shortage	Refers to a situation in which businesses cannot recruit workers with the skills they need
63	Social Media	Online applications that allow people to create and share content to participate
64	Span of Control	The number of subordinates who report directly to the line manager
65	Statement of Employment Particulars	Part of the employment contract. It gives details of the terms of employment
66	Subordinates	The workers that a line manager is responsible for

	Keyword	Definition
67	Temporary Working	When a person only works for a short period of time for an employer, sometimes on a short-term contract or sometimes just on a day-to-day basis as needed
68	Tests	Activities completed by applicants which check their skills
69	The Purpose of Human Resources	The work that must be done by human resources. It is usually broken down into a number of different jobs
70	Trade Union	An employee organisation that exists to represent the interest of its members
71	Training	Short term and is focused on helping a worker to do his or her job well
72	Turnover of Labour	A measure of the number of proportion of a staff who leave a firm each year and need replacing
73	Verbal Communication	Communication by speaking
74	Vertical Communication	Communication up or down the hierarchy within an organisation
75	Website	An online location with several pages that can be contacted by internet users through its address
76	Working Environment	The quality of the physical workplace and its climate
77	Working Time Directive	A statement of maximum number of hours that a person can be asked to work
78	Working While Mobile	When people work when they are on the move, travelling or on holiday
79	Written Communication	Communication by written words and diagrams
80	Zero-Hours Contracts	Contracts given to employees which do not guarantee any work. The business will call workers if and when they are needed to ask them to come in to work

	Keyword	Definition
1	After-sales service	Advice and help given to a customer after they have bought a product or service
2	As Described	Means that goods must be as the business described them
3	Automation	A production process involving machinery that is not controlled by a person but usually controlled by a computer
4	Batch Production	The process of production where one type of product is made and then production is switched to make a different product
5	Click and Collect	Ordering online and collecting goods from the store at a later time
6	Consumer Laws	The area of law which protects the customers of a business. This is mainly through the Consumer Rights Act of 2015
7	Customer Engagement	The contact between the business and the customer
8	Customer Service	The name given to an area of business that deals with customer enquiries
9	E-Commerce	The bringing together of buying and selling electronically
10	Face to Face Selling	Usually completed in a shop where there is direct contact between buyer and seller
11	Fit for Purpose	Means that goods must do what they are meant to do

	Keyword	Definition
12	Flow Production	Production of one product that takes place continuously using a production or assembly line. This is sometimes called mass production
13	Job Production	The process of production where products are made individually
14	Labour	A factor of production. It is the labour employed by businesses to produce goods and services
15	Location	The place where a business is sited
16	Logistics	The management of the transportation and storage of goods
17	Procurement	The management of purchasing within a business
18	Product Knowledge	The detailed knowledge of a product or service that staff within a business use to help persuade a customer to buy
19	Product Processes	The three methods or processes of production – job, batch and flow
20	Proximity	Means ‘nearness to’. It can refer to proximity to the market, to raw materials and to labour supplies
21	Quality	About a product being fit for purpose
22	Quality Assurance	An approach that involves the whole business focusing on quality, thus aiming to prevent quality problems arising

	Keyword	Definition
23	Quality Control	A system for inspecting the quality of the goods or services produced and that they are of a good standard
24	Raw Materials	Materials that are processed in some way as part of the manufacture of a product
25	Recalls	When a fault occurs with a product and the business asks for the product to be brought back so it can be repaired or replaced
26	Returns	Goods which customers take back to the shop because there are problems with the quality of them
27	Reputation	What customers say and feel about a business. Damage to a reputation can seriously affect a business
28	Robotics	The use of robots in the process of productions
29	Satisfactory Quality of Goods	How the goods are made will reflect the price. A high-priced product must be of high quality
30	Suppliers	Parties who supply goods and/or services to a business
31	Telesales	Sales completed over the telephone
32	Transport Infrastructure	The provision of roads, railways, ports and airports in an area for transporting goods and people



Keyword		Definition
1	Average Rate of Return (ARR)	A method of measuring and comparing the profitability of an investment over the life of the investment
2	Break-Even Forecast	A prediction about the break-even quantity based on estimates of future sales revenues and costs
3	Break-Even Quantity	The amount a business must sell to earn enough revenue to just cover its costs so that it does not make a profit nor a loss
4	Cash	Not simply notes and coins held in the business, but also money in a bank account
5	Cash Flow Forecast	A statement showing the expected flow of money into and out of a business over a period of time
6	Closing Balance	The amount of cash left at the end of the month. This becomes the opening balance at the start of the next month
7	Crowdfunding	Money raised through an appeal to the public
8	Expenditure	Money that the business pays out
9	Expenses	The costs of operating a business
10	Finance Function	Sometimes referred to as the finance department. Only found in larger businesses
11	Financial Information	Includes details of profit, loss, cash flow, break-even, profit margin and average rate of return. These can be used in helping business decision-making
12	Fixed Costs	The costs that stay the same as output changes, for example, rent
13	Gross Profit	Sales minus the cost of sales
14	Gross Profit Margin	Gross profit divided by sales multiplied by 100
15	Interest	The amount of money that has to be paid on borrowed money

Keyword		Definition
16	Income	Money that the business receives
17	Liquidity	The ability of a business to pay its short-term debts which must be paid in the near future
18	Loans	The sums borrowed for a certain period at an agreed rate of interest
19	Loss	Occurs in a business when costs are greater than revenue
20	Margin of Safety	The amount by which a business' actual output is greater than its break-even output
21	Negative Cash Flow	When during one month, more cash is flowing out of the business than flowing in
22	Net Cash Flow	The total inflow minus total outflow
23	Net Profit	Gross profit minus the expenses of operating the business
24	Net Profit Margin	Net profit divided by sales multiplied by 100
25	Opening Balance	The amount of cash available at the beginning of the month that was the closing balance at the end of the previous month
26	Overdraft	An arrangement with a bank that a business can spend more money than it has in its account
27	Owners' Capital	Money from savings put in to the business by the owner
28	Positive Cash Flow	When, during one month, more cash flow is flowing into the business than is flowing out of it.
29	Profit	The revenue received by a business minus the costs of running the business
30	Profitability Ratios	Calculations such as gross profit margin and net profit margin which help to interpret data

Keyword		Definition
31	Retained Profit	Profit that is not distributed to shareholders as dividend
32	Revenue	The money from sales
33	Sale of Assets	Items sold by the business
34	Security	Something of value that is offered to a lender as a form of guarantee of payment
35	Share Issue	Money raised from investors by selling new shares
36	Short-Term Debts	The bills that a business has to pay in the near future, for example electricity or rent
37	Taking on a Partner	Adding a new partner who contributes some new capital
38	Time Period	The length of time for which the finance is required
39	Total Costs	The addition of fixed and variable costs
40	Total Inflow	The total amount of cash flowing into a business
41	Total Outflow	The total amount of cash flowing out of a business
42	Trade Credit	When the business has the goods to sell and agrees to pay at some time later
43	Variable Costs	The costs that change as output changes, for example, wages

	Keyword	Definition
1	Capital	Money or assets such as machines, buildings, vehicles
2	Child Labour	The use of young children, below the legal age for employment, in order to achieve low-cost production
3	Climate Change	The process is when average temperatures rise or fall and patterns of weather change
4	Consumer Income	The total amount of income that all customers in the country receive and which they have available to spend
5	Customers	Buyers who buy goods and services for the satisfaction or benefit they will get from them. Customers largely buy from retailers
6	Distribution of Income	Refers to how the income is shared out amongst different people in the community.
7	Economic Climate	Refers to how well the country is doing in terms of the levels of income and employment
8	Economic Growth	A period when GDP is rising, causing income and employment to rise
9	Environmentally Friendly	An adjective that describes consumers and businesses that act to make production sustainable
10	Ethical Business	Businesses that behave in a morally correct way
11	Ethical Marketing	Marketing activities that seek to give customers information to make good choices for themselves
12	Ethics	What is right and what is wrong

	Keyword	Definition
13	Free Trade	The absence of restrictions on trade between countries
14	Globalisation	The process by which business activity around the world has become increasingly interconnected
15	Global Warming	The rise in average temperatures that scientists say is taking place
16	Gross Domestic Product (GDP)	A measure of how much a country produces in a year. It influences the level of income and employment
17	Income	The amount of money that people receive from work and from assets they own, such as shares and property
18	International Branding	Creating an image or values for a product that are communicated in countries around the world
19	International Economic Climate	Refers to what is happening to income and employment in different parts of the world
20	Level of Employment	The number of people in work in a country
21	Level of Income	The average income of people in a country
22	Level of Unemployment	The number of people out of work in a country
23	Multinational Companies	Businesses that operate in different countries around the world
24	Non-Renewable Resources	Resources that can only be used once, such as oil

	Keyword	Definition
25	Pollution	Causing harm to the environment including air, land and water
26	Productivity	A measure of the output of each worker on average
27	Quota	A limit in terms of weight or value on the amount of a good or service that can be imported
28	Recession	A period when GDP is falling, causing income and employment to fall
29	Recycling	When resources are reused produce something
30	Regulations	Rules about the goods and services that can be sold in a country
31	Renewable Resources	Resources that can be used more than once, such as wind or water power, or that can be recreated such as crops
32	Sustainable Production	When production does not lead to the depletion of natural resources
33	Tariff	A tax on goods or services that is imported
34	Trade	The import and export of goods and services
35	Unit Cost	The cost per unit produced. The greater the productivity of workers, the lower the unit cost of production
36	Waste Disposal	The process of getting rid of unwanted materials