Stanchester Academy
Year 10 – GCSE Business – Unit2

Key words – SET 1		
1	Stakeholder	A person, group or another business, who has an interest in the decisions made by a business.
2	Internal Stakeholder	A stakeholder that is directly employed or paid by a business e.g. employees.
3	External Stakeholder	A stakeholder that has an outside interest in how a business is run e.g. local residents or the government.
4	Connected Stakeholder	A stakeholder that has a contract with a business e.g. supplier or customer.
5	Stakeholder Conflict	When two or more stakeholder groups disagree or have different objectives.
Key words – SET 2		
7	Shareholder/owner	A person who has invested money into a company entitling them to a say in how the firm is run and the expectation of a return on their investment.
8	Employee	Someone who works for the business and expects in return a fair pay, good working conditions and opportunities for promotion.
9	Customer	An individual who pays for a good or service and expects value for money, good customer service and a product that meets their specific needs.
10	Local Community	The people who live near a business who are interested in the success of the business creating and retaining jobs.
11	Supplier	Businesses that sell resources to other businesses, expecting ongoing profitable trade and prompt reliable payments.
12	Government	A group of people with the authority to run the country who expect businesses to pay taxes, comply with legislation and create jobs through succeeding and growing.
13	Pressure Group	Organisations that seek to change business behaviour for example trade unions seek higher wages for employees.
Key words – SET 3		
14	Proximity to Market	The distance a business is to its main customer base.
15	Proximity of Raw Materials	The distance a business is to it main source of resources or supplies.
16	Proximity to Competitors	The distance a business is to another business that is trying to attract the same customer.
17	Availability of Labour	The number of people within an area that have the right education or skills and are available to work.
18	Cost	The cost of renting or buying land or buildings within an area.
Key words – SET 4		
19	Business Planning	In order to be successful, businesses will need to plan. In most cases, this will be through the creation of a business plan document.
20	Financial Viability	Being able to run the business in such a way that it can achieve the required level of profitability and not run out of cash.
21	Investors	People willing to put money into a business for a return of the profit, often having seen a clear business plan.
22	Fixed Costs	The costs a business experience that do not vary with output i.e. rent and insurance.
23	Variable Costs	The costs a business experience that do vary with output i.e. raw materials.
24	Total Costs	Calculated by adding together the fixed and variable costs.
25	Total Revenue	The income generated from sales, calculated: Total Revenue = Price x Quantity.
26	Profit or Loss	The difference between total revenue and total costs. If revenue is greater than costs then a business makes profit.
Key words – SET 5		
27	Organic Growth	Is expansion from within a business by expanding the number and/or range of products and/or locations.

28	Franchising	A means of growth where the franchisor (original firm) grants a licence, the franchise, to another business, the franchisee (new addition to the franchise) to allow it to trade using the brand or business format i.e. McDonalds.
29	Outsourcing	When a business uses another external business to contribute to increased production by making goods on their behalf.
30	External Growth	Choose a strategy of expanding through mergers or takeovers to speed up the business's growth.
31	Mergers	Where two businesses agree to join together to make a new business.
32	Takeovers	Where one business buys a controlling interest in another - this would mean buying over half of the shares in that company.
		Key words – SET 6
33	Economies of Scale	Increased efficiencies of the business as it grows, for example increasing the amount produced leads to lower average costs.
34	Purchasing Economies	When big businesses are able to negotiate discounts for buying large quantities or bulk-buying supplies of materials, reducing the unit costs of each item.
35	Technical Economies	Gained by large-scale businesses, as they can afford to invest in expensive and specialist machinery for production, which would not be cost-efficient for a small business to purchase.
36	Diseconomies of Scale	If a business grows too fast or becomes too large, then it may become less efficient meaning the average unit cost of making each item in the business will increase.
37	Average Unit Cost	The cost to the business of making one item, calculated by Total Costs divided by Output.