Business IGCSE

Course plan

This plan shows the structure of the course and gives an outline of the contents.

Getting Started

Introduction

Business IGCSE Course guide

Section 1 Business activity

Topic 1 Business objectives

Topic 2 Sole traders and partnerships

Topic 3 Limited companies and public corporations

Topic 4 Primary, secondary and tertiary activity

Assignment 1

Section 2 Influences on business

Topic 1 Decisions on location

Topic 2 Business and the international economy

Topic 3 Government objectives and policies

Topic 4 External factors

Topic 5 Measuring success

Assignment 2

Section 3 People in business

Topic 1 Organisational structure

Topic 2 Internal and external communication

Topic 3 Recruitment and selection

Topic 4 Training

Topic 5 Motivation and rewards

Assignment 3

Section 4 Business finance

Topic 1 Sources of business finance

Topic 2 Cash-flow forecasting

Topic 3 Costs and break-even analysis

Topic 4 Financial documents

Topic 5 Accounts analysis

Assignment 4

Section 5 Marketing

Topic 1 The market

Topic 2 Market research

Topic 3 The marketing mix: product

Topic 4 The marketing mix: price

Topic 5 The marketing mix: place

Topic 6 The marketing mix: promotion

Assignment 5

Section 6 Business operations

Topic 1 Economies and diseconomies of scale

Topic 2 Production

Topic 3 Factors of production

Topic 4 Quality

Assignment 6

Section 7 Practice paper 1 (small businesses)

Topics to be confirmed

Assignment 7

Section 8 Practice paper 2 (large businesses)

Topics to be confirmed

Assignment 8

Sample of the IGCSE Business Course from Section 1

Topic 1

Business objectives

Introduction

In this topic, we will look at what 'business' is, how it has developed and what modern businesses do. We will see that a business sets aims and objectives, because a business should have a purpose, goals or targets that it seeks to achieve. These goals and targets can be either short term or long term. We will examine what these might be and how they might change as the business develops.

You will probably need 3 hours to complete this topic.

Objectives

When you have completed this topic, you should be able to:

- outline how business has developed
- explain why businesses set aims and objectives
- identify financial and non-financial aims and objectives that businesses may have
- outline how aims and objectives may change as a business evolves.
- The development of business
- Imagine you were living 10 000 years ago. Try to imagine what it would be like. How would it be different from life today and how would you go about surviving? The most important need or want

of people who lived 10 000 years ago would have been simple survival.

Activity 1

(Allow 5 minutes)

List three essentials that human beings must have in order to survive.

You have probably listed the main essentials as:

- food
- water
- protection, in the form of clothes and shelter.

We call these basic essentials **needs**. A group or village community would have satisfied these basic needs themselves by:

- hunting animals for their meat and skins
- using rivers for fishing and as a source of drinking water
- gathering nuts and berries from the forests and using the wood to build simple shelters.

However, the community would have managed to live only at the most basic level. We call this type of society a **subsistence economy**.

Specialisation

Over time, communities found more efficient ways of satisfying their needs. The first step towards the type of economic society we are familiar with nowadays came with **specialisation**.

Specialisation means concentrating on one particular task or job that you are good at doing. In our 10 000-year-old community, it would become obvious that some people were better at certain tasks than others. It would therefore make sense for these individuals to concentrate on using their skills, and then exchanging the results of their work with the output from someone with different useful skills.

The benefits of specialisation

There are many benefits to organising a community in this way. People become more skilled at what they are doing and the quality of what they produce will also improve. I might be good at fishing but hopeless when it comes to cutting wood to repair my home! It also saves on resources. Each household no longer needs a net to catch fish *and* an axe to cut wood if it specialises in only one of these activities.

The most significant benefit from specialisation is that it saves time. An individual can now spend more time concentrating on a single activity or task. It might also mean that now there are some 'spare' resources that could be put to other uses. The community might now be able to extend the range of things it produces for itself, and so satisfy some of its other **wants** (those goods it desired but could not previously have).

The end result of this is the ability to produce a **surplus** (i.e. goods over and above your basic needs). This is the first step on the path to increased prosperity and wealth. Over time, communities found more and more ways of increasing the surplus available.

The beginnings of business

As mentioned above, people started to find ways to produce a larger and larger surplus for the societies in which they lived. For example, they became more skilled at producing certain goods. They then needed to find ways to **exchange** their surpluses.

To begin with the main way goods were exchanged was by **barter**. This is where people swapped goods with one another. However, this was very inefficient for a number of reasons.

Activity 2 (Allow 10 minutes)

Assume you have a surplus of eggs to trade, and you want to trade some of them for a bowl. What difficulties might you face?

You probably identified some or all of the following difficulties:

- You can only swap with someone who wants what you have to exchange, and also has goods that you want. So, in our example, if you have a surplus of eggs to exchange and you need a new bowl, you would have to find someone with a surplus bowl who was willing to swap it for some eggs.

- You then have to establish a suitable rate of exchange. In our example, you and the other person would have to agree on the number of eggs to swap for the bowl.

It was to solve these kinds of problems that **money** was invented, and this helped to make exchanging goods much more efficient. The first coins we know about are from about 700 BCE, made in a country called Lydia (in the area of what is now Turkey).

Money acts as:

- a medium of exchange – you trade your surplus (sell your goods) and in return receive money rather than different goods
- a measure of value – a **price** is set for your goods.

In order for people to trade their surpluses they needed to meet in certain places that were convenient for trade to take place, such as at towns on crossroads or where rivers could be bridged. **Markets** developed at these locations, not unlike those we see today. Such markets helped people identify what other people wanted. By deciding to produce particular goods in response to what others wanted, together with organising and managing the resources needed to do this, individuals created the first businesses.

Study hint

A market in this sense is anywhere that buyers and sellers come together to trade; this may have a physical existence (a market square) or just be a means to trade (e.g. over the internet). However, the term 'market' is also used to refer to the people who buy a business's products

A **business** is an organisation set up to produce goods and services for **consumers**.

- Goods have a solid existence, like the bowl and the eggs in the example above.
- A service is an action or a performance – it doesn't have a lasting physical reality. Having your hair cut, or your internet connection fixed, is a service.

Study hint

Make sure that you are clear about the distinction between wants and needs and between goods and services.

What a modern business does

Businesses have come a long way since the days of the first simple producers and traders. Businesses provide consumers – people (or other businesses) – with the **products** (goods and services) that they want. In order to do this, they have to:

- identify what it is exactly that consumers want
- work out which resources they will need to make the products
- organise these resources to make the products efficiently
- make sure that the products are available at the right place at the right time and at the price consumers will be happy to pay.

It is common to call the resources **inputs**, and the products **output**.

Businesses also want a reward for their efforts. After all, there are lots of things that could go wrong. For example:

- another business might come up with a better idea for a product
- something might go wrong with the production of goods – such as the resources not being available when you want them or at the right price
- consumers might change their minds and want something else.

This is called taking a **risk**. The reward businesses receive for taking a risk is the **profit** the business makes. Profit (i.e. the difference between the cost of production and the price received when selling it) is the main motive that drives many businesses. There are, however, exceptions to this rule, such as charities and businesses that have been set up with the main purpose of providing a service for the community.

What is business studies?

Business studies involves studying how businesses:

- are set up and organised
- raise, use and control finance
- identify and measure consumer needs and wants
- encourage consumers to buy their products
- employ, manage and pay people for the work they do
- produce goods and services.

It also involves looking at the wider external environment within which businesses operate. Factors outside the business's control, such as the actions of government or competitors, can have a big influence on the business.

We will consider each of these in more detail in this course. We will start by looking at the type of aims and objectives that a business will set.

Business aims and objectives

The aims and objectives of a business state what it sets out to achieve. Aims and objectives may be based on commercial or social achievements.

- **Aims** are the long-term goals for a business. Sometimes these can be very simple, and yet very ambitious. A while ago the chairman of Coca-Cola stated that the company's aim was to put a can of Coke into the hand of every person on the planet.
- **Objectives** are the shorter-term targets or goals set by a business.

A business will develop its aims into business objectives, which explain how a business's aims are to be achieved. The ability to measure whether (and, if so, how well) an objective has been achieved allows **entrepreneurs** to measure the success of their business.

Businesses set objectives for a number of reasons:

- to help with decision-making – this should ensure that any decisions are carefully thought through
- to motivate employees by giving them clear targets to aim for
- to allow the business to monitor and evaluate its progress and see if its targets are likely to be met
- to ensure that the work of all departments is coordinated.

Many businesses, particularly larger ones, have an overall **mission statement**. The purpose of a mission statement – sometimes known simply as 'a mission' – is to outline the business's main purpose:

- why the business exists
- what it stands for
- what it hopes to achieve.

For example, the mission of the National Extension College (NEC) is:

> to widen learning opportunities for learners who want flexible delivery of excellent and innovative courses.

This tells NEC's **stakeholders** – people or other businesses with some type of interest in the business – what NEC hopes to achieve.

The mission statement, aims and objectives of any business will depend on a number of factors such as:

- the size of the business
- whether it is a new or existing business
- the nature of the business – whether it is a commercial organisation (such as a limited company) or a non-commercial organisation such as a charity
- the external environment within which the business operates.

You can view a selection of mission statements of some well-known companies at:

https://www.slideshare.net/Bplans/25-mission-statements-from-the-worlds-most-valuable-brands?ref=http://articles.bplans.com/mission-statement-examples/

and

https://blog.hubspot.com/marketing/inspiring-company-mission-statements

Study hint

We can think of mission statements as being very broad aims and objectives of a business, to give the business a sense of purpose.

Stakeholders

Stakeholders are any individuals or group of people who have a direct interest, or stake, in the activities of a business. It is not just about employees or shareholders. The concept is much wider than this. During a working day, a business will make decisions that affect customers, employees, managers, suppliers, the local community and many other groups. The larger the business, the more stakeholders (or stakeholder groups) it is likely to have.

Stakeholders within a business could include:

- employees
- directors
- the business's owner(s) or shareholders.

Stakeholder groups outside a business could include:

- customers
- suppliers

- the local community
- pressure groups
- local or central government.

Not all stakeholders have the same objectives. For example, the primary objective of a shareholder will be to make money, whereas an employee may be primarily concerned to keep their job. In certain situations, then, there could be conflict between stakeholder groups, for example if the shareholders believe that the company can be more profitable if it sheds some staff.

Activity 3 (Allow 5 minutes)

Suggest some different stakeholders of NEC.

You have probably suggested some or all of the following:

- customers – learners, people who use NEC's products
- employees – people who work for NEC
- suppliers – people (or businesses) who sell their products to NEC.

Financial aims and objectives

Larger and well-established businesses are likely to have a range of financial aims and objectives.

Activity 4 (Allow 10 minutes)

Suggest some likely financial aims and objectives for a business.

Your list may contain the followings:

- to survive as a business (particularly smaller businesses)
- to make a profit
- to increase the size of the business, e.g. the number of outlets or factories it has

- to increase its sales
- to increase its share of the market in which it trades – its **market share**
- to achieve financial security.

Businesses in the **private sector** of the economy – the sector where people set up in business to make a profit – will normally have these business aims.

Let's look at the financial aims and objectives of businesses in more detail.

Survival

This is the most important objective of all businesses. However, survival is of greater importance for new and small businesses because they are the most vulnerable and likely to fail. The first stage for a new business is to **break even**. This means that the business's **revenue** (the amount of money it receives from selling its products) is covering its costs. A small business may be happy with this as an aim. Within the costs will be the owner's own wages, so many businesses will look no further than to break even as a target.

Many small businesses have personal aims that are more important, such as independence. To be self-employed and 'your own boss' is often the most important aim of a business. To stay in business, however, businesses must at least break even.

Profit

Most businesses – particularly in the private sector – will want to move beyond break even and into profit. This is because profit:

- is the reward to enterprise and if there is no reward then it is hardly worthwhile keeping the business going
- provides funds to keep the business running
- might also provide the funds for any future expansion.

What level of profit should a business aim to achieve? Some textbooks state profit maximisation – making the largest profit possible – as an aim of businesses. However, this can be an unrealistic aim (and research shows that only a minority of UK businesses are profit maximisers) because:

- conflicts with stakeholders might arise, e.g. improving working conditions might improve the morale of the workforce but it would increase costs and so reduce profits for shareholders
- for a small business, it might be possible to raise the level of profit but it may mean working longer hours or perhaps giving customers less of a personal service – family life suffers, and stress and illness can be the result so the owner may not seek maximum profits in order to keep a better quality of life.

Many entrepreneurs – people who own businesses and are prepared to take risks in order to gain profits – are therefore content to achieve what they believe is a 'satisfactory' level of profit. This means that their business will set targets and goals that they believe can be achieved and that all the stakeholders will find acceptable. This is called **satisficing**.

One of the tasks of an entrepreneur is to organise the basic resources that a business needs in order to produce anything:

- finding and managing its workforce – its labour
- obtaining and maintaining the physical aspects of the firm – its buildings, equipment, vehicles, known as its capital
- arranging and paying for where to locate this mixture of labour and capital – the land.

These three resources – labour, capital and land – are known as the **factors of production**. Sometimes the entrepreneur, who takes the risks and has the organisational skills to manage these factors, is also considered to be a factor of production: this is called the factor of **enterprise**.

Activity 5

(Allow 10 minutes)

Jack Roberts owns a small bakery and three shops. The business has been bringing in a reasonable profit for Jack. Although he works quite long hours and has a lot of responsibility, he enjoys his work and his family have a comfortable lifestyle. The opportunity has arisen for Jack to buy up another local bakery with its six shops. Friends tell him this is a golden opportunity because he is good at his job and the business's profits could be increased significantly. Jack is not so sure.

Would you describe Jack as a likely profit maximiser? Give reasons to explain your decision.

You might have suggested Jack was not interested in maximising profits because:

- he seems content with his existing lifestyle
- he does not seem too keen to buy up the bakery business that is for sale
- taking over the new business would mean longer hours, and perhaps he might find the larger business more difficult to run and the work less enjoyable.

Growth and market share

Having survived and seen profits start to increase, the next objective for many businesses is to consider the growth of the business. This can be achieved in a number of ways, such as:

- by increasing turnover, i.e. total sales revenue – greater sales should lead to higher profits but might also be achieved through lower prices
- selling a wider range of products (product diversification) – this again should attract new customers and add to sales revenue and profit
- selling to a wider market – this might mean entering new markets elsewhere in the home country or selling to countries abroad.

The most common way of increasing sales, however, is likely to be increasing the business's **market share**. This is defined as *the percentage share a business has of the total market for the product*.

The main reasons for increasing market share are that it:

- reduces the risks the business will face – this is because it makes it more difficult for other businesses to break into the market
- can give the business some market power to influence prices
- spreads the risks the business faces across more markets – so if one market fails, the business can continue trading in its other markets.

We can look at growth in another way, though. By expanding a business, it should be possible to reduce costs.

- Expanding sales might mean a business works longer hours and so uses its machinery and equipment more efficiently.
- If newer, bigger machines have to be purchased they are often cheaper to run than older, smaller pieces of equipment.
- Buying more materials might entitle the business to discounts from its suppliers. These are called economies of scale.

Study hint

Reducing costs through growth is another way of achieving higher profits.

Financial security

Perhaps an obvious financial objective is to make the business financially secure. One way of achieving financial security is to have the biggest market share, to minimise threats from competitors. Another way is to secure your business idea from being copied by your competitors or prospective competitors by taking out patents on it. A **patent** is granted by government and confers on the holder the right to manufacture, use or sell an invention for a set period – and excludes others from doing so.

Non-financial aims and objectives

As well as the private sector, an economy will also have businesses in other sectors. The UK economy has two other sectors:

- the **public sector**, which contains government-linked organisations such as those that deal with education and health
- the **voluntary sector**, which consists of organisations such as charities and religious bodies.

While both public and voluntary sector businesses may have some financial aims – for example, a UK charity such as Oxfam runs shops that make a profit, which Oxfam uses to support its main charitable activities – they will have other aims that focus on benefiting others.

Oxfam's stated aim is to:

> get rid of poverty – everywhere.

There is no mention at all of profit, growth or keeping customers happy because these aims are not so important in this situation.

To give another example, the aims of NEC are to:

- make education and training easily accessible to everyone
- help learners to achieve their learning goals
- make learning enjoyable and an enriching experience
- continually improve our services so that they are at all times accessible, responsive, efficient and professional.

Activity 5

(Allow 10 minutes)

What non-financial aims and objectives can you think of?

You may have noted some of the following:

- social objectives – for example, to reduce poverty, to make people who are dying more comfortable, to tackle homelessness, etc.
- personal satisfaction
- the desire to take on a challenge
- having independence/control – 'being your own boss'.

You may have written down an aim to give good **customer service**. In a sense, though, this is just as much a financial aim as a non-financial one: if your customers are not happy, they will go elsewhere and this will reduce your profits and make it more difficult to grow your business.

Study hint

Don't assume that a business is solely motivated by financial considerations or by social or other factors. Just as public sector and voluntary organisations may have financial aims and objectives alongside their primary social or charitable aims, so private sector businesses may have social and charitable aims alongside their profit-making aims. *The Guide to UK Company Giving*, for example, provides details of over 400 UK companies that support their communities or voluntary organisations, whether by cash donations or through various forms of support in kind.

SMART objectives

As you read around the subject, you might find references to **SMART** objectives. The SMART approach to setting objectives requires the objectives to be stated clearly in terms of targets. To be 'SMART' an objective needs to be:

- *Specific*: it must state clearly what it wants to achieve.
- *Measurable*: it has to be measured against something, e.g. 'we will achieve a 20 per cent increase in sales compared with last year'.
- *Achievable*: it must be capable of being achieved and not set as an impossible target.
- *Realistic*: it must be achievable in the light of the resources the business has available.
- *Time-bound:* its achievement must be stated in terms of a given time period or deadline, e.g. 'this year'.

The evolution of businesses

As businesses evolve, their aims and objectives change. This might happen in relation to external or internal factors.

Activity 6

(Allow 15 minutes)

What external or internal factors might cause an evolving or growing business to change it aims and objectives? For each factor you come up with, note down how you think it might affect the business's aims and objectives.

You may have noted down some of the following external factors:

- Market conditions – For example, an economic downturn or recession might make a business decide to focus on survival rather than growth; this could mean reducing the size of the workforce or reducing the product range. Conversely, favourable market conditions might make a business decide to grow by selling more of the existing product or increasing the product range; this could mean increasing the size of the workforce.
- Technological developments – The availability of new machinery might mean major investment which would prompt a review of the business's financial objectives.
- The business's performance within the market – A business may take the decision to exit a particular market if things are not going well, or to try to expand into a new one.
- New legislation – For example, new environmental protection legislation might prompt a business to review its 'green' objectives.

You will look at the external factors affecting business activity in more detail in Section 2 Topic 4.

Internal factors could include a change in the ambition, or aims, of the owners of the business; or changes caused by changes in the owners' circumstances, such as the addition of new family members as shareholders. However, internal factors rarely exist on their own: any changes in a firm's evolution must be realistic in terms of the external environment in which it operates.

As businesses grow, they have to balance the aims and objectives of an increasing number of stakeholders. They also become more aware of their **corporate image** – the image the outside world has of the business – and so might introduce new objectives to keep this image positive. This might mean setting new business aims and objectives that are more social than financial, and which cover aspects such as:

- environmental protection – this is not just about their production processes but also about the actual products they make
- community support – representing the business at local events such as business fairs, sports or cultural activities
- energy conservation – reviewing the business's use of energy to reduce consumption
- sponsorship – of individuals, schools, clubs or teams.

Study hint

These social aims and objectives, by improving the image of the business, will increase sales and profits and therefore link closely to its financial objectives.

Activity 7

(Allow 15 minutes)

In one part of the UK there are sports and leisure centres in the towns of Melksham, Trowbridge, Westbury, Bradford-on-Avon and Warminster. These leisure centres are operated through the local council, a part of local government (in the public sector). The leisure centres are provided for the use of the communities in each town, and many are attached to local schools. In the same area there are a number of privately owned health clubs and fitness centres.

List what might be the aims of the sports and leisure centres operated through the local council, and then list what would be those of the privately owned clubs.

You might have suggested that the facilities operated through the local council might have the aims of:

- providing a service to the local community
- working within a budget
- providing a high quality of service to all groups within the community, e.g. school children, disabled people.

The aims of the private-sector leisure centres might be to:

- survive
- make a profit

- provide a high-quality service for their customers
- expand in the future
- give their owners the personal satisfaction of knowing that their business is popular and well run.

Activity 8

(Allow 20 minutes)

Case Study: The Coffee Shop

Lily, Steve, James and Jenny are friends. Lily and Steve are a couple. Jenny and James are also a couple. The four of them went to university together. They are now in their early 30s and have come up with a plan to set up a coffee shop in their local town. They are all vegans and would like to have a vegan edge to their coffee shop. They also want to encourage non-vegan customers.

They want to set up base in Starbridge, where all four of the friends live. Starbridge already has three large franchise coffee shops and seven other independent coffee shops. Two coffee shops have closed down in the last year. All of the existing coffee shops seem busy.

1 What do you think the aims of their business would be?

2 What do you think the objectives of their business would be?

3 Write a mission statement for The Coffee Shop.

Let's consider the aims and objectives first.

You may remember that the aims are the long-term goals for a business. The Coffee Shop may have simple aims such as:

- to run a successful coffee shop.

Or they may develop more ambitious aims:

- to run a string of successful coffee shops.
- to have a countrywide franchise of coffee shops.

Objectives are short-term goals for a business. The Coffee Shop may have short-term goals, such as to:

- be profitable within one year.
- survive for the first year financially.

You may have thought of some other ideas.

Are the aims and objectives you have written down SMART – Specific, Measurable, Achievable, Realistic, Time-Bound?

Let's test this with one of our objectives – to be profitable within one year.

- It is specific, to be profitable in one year.
- Is this measurable? How do we know that a business is in profit? Setting up a new business can be costly. They may be purchasing or renting premises and buying furniture and equipment for the coffee shop, so the costs in the first year may be greater than in the second year. It may be that there is little or no profit in the first year. Would that mean they would give up after the first year? This is something they would need to consider.
- Is it achievable? It is possible. The coffee shops in Starbridge are obviously busy, but there are already quite a few of them. Will The Coffee Shop gain enough market share to make it profitable?
- Is it realistic? Would they be better going to another town or is there enough market for them to make a success in Starbridge?
- The objective is time bound – we have a time of one year.

Now let's consider the mission statement. Its purpose is to outline their business's main purpose. There is no 'right' answer here. Have a look at the mission statement you have produced. Have you considered each of the following?

- Why does the business exist? The business exists because the four friends want to:
  - run a coffee shop because it is something that they hopefully will enjoy
  - make enough money to live on and for the business to survive
  - uphold and promote their vegan ideals.
- What does the business stand for?
  - high-quality drinks and food
  - vegan principles.
- What do the friends hope to achieve?
  - They want to run a financially viable coffee shop.
  - They want to be financially successful.
  - They eventually want to expand into more coffee shops or franchises.
  - They want to uphold and promote vegan principles.

You may not think it necessary to keep mentioning vegan principles, but the principles that a business wishes to maintain are important and should inform the business's mission statements, aims and objectives. For example, a business may decide to use only locally produced foods for their products; they may only sell home-baked cakes; they may want to sell the cheapest products they can, and so on. This can be an important part of the business and their mission.

If you have not considered all of these points, go back and revisit your mission statement.

Study note

You will continue to follow the fortunes of this small business throughout this course.

Self check

(Allow 15 minutes)

1 What is meant by the term 'subsistence economy'?

2 Using an example, explain what is meant by specialisation.

3 How do markets help producers and consumers?

4 What is a stakeholder?

5 State two risks faced by a business.

6 Explain why a business might not aim to maximise profits.

7 Suggest three possible aims of a small business.

8 Why might a business wish to increase its market share?

9 State two ways that the aims and objectives of a private sector organisation might differ from those of a public sector organisation.

You will find feedback to self checks at the end of the section.

Summary

- Businesses have developed over many years as a result of specialisation and exchange.
- Modern businesses provide consumers with the products they want.
- Profit is the reward businesses receive for taking a risk.
- Businesses set mission statements, aims and objectives. These vary according to the sector in which the business is located.
- A mission statement identifies the business's core purpose.
- Aims are general statements of long-term intent.
- Objectives are short-term and measurable. They may be expressed as 'SMART' objectives.

Key terms

aims: the long-term targets or goals for a business; used to construct short-term and measurable objectives for employees to achieve

barter: a system of trading where people exchange or swap their surplus goods for the surplus of others

break-even: the level of output where a business's total revenue is equal to its total costs

business: an organisation that provides a good or a service for a market

consumer: an individual or business that is the final user of a product

corporate image: the image of itself that a business tries to project, e.g. 'caring', 'environmentally friendly', 'dynamic'

customer service: all activities that affect how a customer interacts with the business

enterprise: the characteristic in an individual that encourages him/her in the risky aim of setting up a business and organising all the other factor in order to achieve his/her goal

entrepreneur: a person who develops a business idea and then organises the factors of production (land, labour, capital, enterprise) to carry it out; may involve risking personal money to achieve their aims

exchange: when a buyer and seller agree to buy and sell a product, normally for money; the product is exchanged for money, and here money acts as the 'medium of exchange'

factors of production: the resources needed to produce products – land, labour, capital and enterprise

input: the resources a business uses to makes its product(s)

market: anywhere that buyers and sellers come together to trade; this may have a physical existence (a market square) or just be a means to trade (e.g. over the internet); it is also used to refer to the people who buy a business's products

market share: the percentage share a business has of the total market for a product

mission statement: a statement summarising or outlining the key purpose of the business; the aims or goals that come from the mission statement are made into short-term objectives for managers and employees to achieve

needs: the basic essentials required, such as food, water and clothing for a simple community

objectives: the shorter-term targets or goals set by a business; these are closely linked to the mission statement and aims, which are longer term and less specific

output: the product(s) made by a business

patent: issued by government, this grants the holder the right to manufacture, use or sell an invention for a set period – and excludes others from doing so

price: one of the 'four Ps' of marketing, businesses use various techniques and strategies to set an appropriate price for their product(s)

private sector: that part of the economy operated by private individuals or organisations rather than the government

product: the good or service that the business is trying to sell

profit: the reward a business owner receives for taking a risk – the surplus of revenue over cost

public sector: the part of the economy owned and controlled by government

risk: the chance of something going wrong and the business failing

satisficing: aiming for a satisfactory profit for a firm's owners but taking into account the needs of other stakeholder groups

SMART: business objectives can be stated in quite precise terms; SMART objectives are Specific, Measurable, Achievable, Realistic and Time-bound

specialisation: concentrating on one particular task or job; can also refer to a machine used to produce only one type of product or a business that produces one product or service

stakeholder: an individual or group with an interest, or stake, in the activities of a business

subsistence economy: an economy in which the members try to produce the output they need in order to survive; surpluses are not created for trade

surplus: producing more than your basic needs; the surplus can then be traded

voluntary sector: also called the non-profit sector, the voluntary sector contains organisations other than public corporations or local authorities that carry out activities otherwise than for profit, e.g. charities, interest groups, political organisations

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What next?

We hope this sample has helped you to decide whether this course is right for you.

If you have any further questions, please do not hesitate to contact us using the details below.

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