**Key Terms**

**Theme 3 – Business decisions and strategy**

This Key Terms list is designed for you to complete in your Study Periods. The aim is for you to consolidate your learning and identify any knowledge gaps. You will be tested on your key terms regularly!



You can use the following resources to help you:

* Getting Started Guide (this is on XXXXXXX)
	+ - Tutor2U website (google the topic area and Tutor2u as the site is difficult to navigate around!)
* Tutor2u Youtube channel
* Your class notes
* The Edexcel A-Level Business text book
* Edexcel A-Level Business revision guide
* The CGP A-Level Business revision guide

**3.1 Business objectives and strategy**

|  |  |
| --- | --- |
| Term | Definition |
| Corporate objectives |  |
| Mission statement |  |
| Corporate aims |  |
| Corporate strategy |  |
|  |  |
| Ansoff’s Matrix |  |
| Porter’s strategic matrix |  |
| Distinctive capability |  |
| Diversification |  |
| Penetration strategy |  |
| Portfolio analysis |  |
| Product development |  |
|  |  |
| External audit |  |
| Internal audit |  |
| SWOT analysis |  |
| Trade association |  |
|  |  |
| Monopoly |  |
| Oligopoly |  |
| PESTLE analysis |  |

**3.2 Business growth**

|  |  |
| --- | --- |
| Key term | Definition |
| Diseconomies of scale |  |
| Economies of scale |  |
| External economies of scale |  |
| Internal economies of scale |  |
| Minimum efficient scale |  |
|  |  |
| Backward vertical integration |  |
| Forward vertical integration |  |
| Horizontal integration |  |
| Integration |  |
| Merger |  |
| Synergy |  |
| Takeover |  |
| Vertical integration |  |
|  |  |
| Inorganic growth |  |
| Organic growth |  |
|  |  |
| Monopolist |  |
| e-commerce |  |

**3.3 Decision making techniques**

|  |  |
| --- | --- |
| Key term | Definition |
| Centring |  |
| Correlation |  |
| Correlation coefficient |  |
| Moving average |  |
| Scatter graph |  |
| Time series analysis |  |
|  |  |
| Average rate of return (ARR) |  |
| Capital cost |  |
| Discounted cash flow |  |
| Investment |  |
| Investment appraisal |  |
| Net cash flow |  |
| Net present value |  |
| Payback period |  |
| Present value |  |
|  |  |
| Decision tree |  |
|  |  |
| Earliest start time |  |
| Critical path |  |
| Critical path analysis |  |
| Free float |  |
| Latest finish time |  |
| Network diagram |  |
| Nodes |  |
| Total float |  |

**3.4 Influences on business decisions**

|  |  |
| --- | --- |
| Key terms | Definition |
| Asset striping |  |
| Evidence-based decision making |  |
| Long term |  |
| Short term |  |
| Strategic decisions |  |
| Subjective decision making |  |
|  |  |
| Cultural dimensions |  |
| Corporate culture |  |
| Strong culture |  |
|  |  |
| External stakeholder |  |
| Internal stakeholder |  |
| Stakeholder value |  |
| Stakeholder |  |
|  |  |
| Corporate social responsibility (CSR) |  |
| Ethical code of practice |  |
| Ethics |  |
| Living wage |  |
| National minimum wage |  |
| Remuneration |  |
| Sanctions/trade embargos |  |

**3.5 Assessing competitiveness**

|  |  |
| --- | --- |
| Key term | Definition |
| Finance cost |  |
| Finance income |  |
|  |  |
| Gearing ratios |  |
| Profitability/performance ratios |  |
| Ratio analysis |  |
| Return on capital employed (ROCE) |  |
| Window dressing |  |
|  |  |
| Labour productivity |  |
| Labour retention |  |
| Labour turnover |  |
| Rate of absenteeism |  |
|  |  |
| Organisational change |  |
| Transformational leadership |  |
|  |  |
| Management of change |  |
|  |  |
| Business continuity plan |  |
| Risk assessment |  |
| Risk mitigation plans |  |
| scenario planning |  |
| Succession planning |  |