

BUSINESS LITERACY GLOSSARY OF TERMS

The following glossary consists of commonly used terms and definitions that are significant to the business function. Every effort will be made to continuously monitor and update the glossary to ensure that new business terms are incorporated as they emerge.

This glossary is not meant to be an all-inclusive listing of business terminology, only a listing of most commonly used terms. A more comprehensive guide, titled [*The Human Resources Glossary, 3rd Edition*](#), by William R. Tracey, Ed.D., is available for purchase at the SHRM Store. An additional guide, titled [*Business. The Ultimate Resource*](#), is available from Perseus Publishing.

We invite you to submit any term(s) not currently listed in the glossary, along with a working definition, to [*Naomi Cossack*](#), Content Manager, for placement consideration.

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A

<i>Acculturation</i>	The process of adapting to a new culture.
<i>Abandonment option</i>	A contract clause that provides the grantor with the option of withdrawing from an investment prior to the completion of contractual obligations contract termination date.
<i>Absorbed account</i>	An account that has been combined with other interrelated accounts during the preparation of a company's financial statement.
<i>Absorbed costs</i>	The indirect costs connected with manufacturing a particular product (i.e., insurance, taxes, etc.).
<i>Absorption costing</i>	An accounting method whereby all costs are immersed and charged into a single unit of production or operation within a business.
<i>Accelerated depreciation</i>	A method used for calculating the depreciation of assets in a manner that assumes assets depreciate quicker during the first few years of being acquired.

<i>Accountability</i>	The responsibility placed on an individual or group for their own or others actions, conduct, performance, projects, etc.
<i>Accountant's letter</i>	A written document prepared by an independent accountant used to provide a professional opinion regarding the scope and validity of financial data being reported on financial statements.
<i>Accounting exposure</i>	A term used to refer to changes in the value of a company's foreign currency accounts resulting from fluctuations in foreign exchange rates.
<i>Accounting period</i>	The period of time in which businesses prepare internal accounts for the purpose of monitoring progress on a weekly, monthly or quarterly basis.
<i>Accounts payable</i>	The debt a company is liable for and must pay off to suppliers or vendors.
<i>Accredited investor</i>	An individual investor whose wealth or income exceeds a specific amount.
<i>Accretion</i>	A term used to describe the growth a businesses experiences through the addition or purchase of value-added services or products.
<i>Accrual</i>	Charges that have not been paid by the end of an accounting period but are included in the accounting results for the period.
<i>Accounting earnings</i>	The earnings reported on a company's income statement.
<i>Accounting insolvency</i>	Defined as a company's total liabilities exceeding its total assets.
<i>Acid test</i>	A rigid test used to measure the reliability or value of a particular item or product.
<i>Accrual-basis accounting</i>	An accounting system that enters income and expenses into the books at the time of the contract instead of when an expense is incurred or payment has been received.
<i>Accrued expenses</i>	Expenses that have been secured but not yet paid for.
<i>Accrued income</i>	Earned income that has not yet been received.
<i>Accrued interest</i>	The amount of interest that is earned by an investment since subsequent interest payments.
<i>Accumulated depreciation</i>	The collective depreciation of an asset claimed as an expense since the asset was obtained.
<i>Acquisition</i>	The process of acquiring control of another corporation, by purchase or stock exchange.
<i>Acquiescence bias</i>	The bias created when respondents in a survey answer positively to two equally conflicting questions.

<i>Acquisition accounting</i>	The standard accounting procedure followed when two companies merge.
<i>Acquisition rate</i>	A metric used to measure the ability of a marketing program to bring in new business.
<i>Action research</i>	Research that allows the researcher to take an active role as an involved participant in the process of planning and implementing changes.
<i>Activity-based budgeting</i>	The process of determining activities incurred within a company, the relationships between them and how much of the company's total budget should be allocated to each activity.
<i>Activity-based costing</i>	A system used for calculating the costs incurred by a company by focusing on actual costs of individual products or services and providing an estimate of the costs associated with individual products or services.
<i>Actuals</i>	Earnings and expenses that have actually transpired versus only being projected.
<i>Actuary</i>	A statistician who calculates probable lengths of life so that insurance premiums charged for a variety of risks can be correctly established.
<i>Ad hoc research</i>	A term used to describe research conducted in response to a specific, one-time-only need.
<i>Adjusted book value</i>	A company's worth in terms of the current market value of its assets and liabilities.
<i>Adjusted gross income (AGI)</i>	Defined as the amount of income received from all sources that is taxable (i.e. wages, salaries, tips, taxable interest, ordinary dividends, taxable refunds, credits, or offsets of state and local income taxes, alimony received, business income or loss, capital gains or losses, other gains or losses, taxable distributions, taxable pensions and annuities, unemployment compensation, social security benefits, and other income minus specific deductions.)
<i>Advance corporation tax</i>	The tax paid by a company that is equivalent to the percentage of the company's dividends or other dissemination of profit to shareholders.
<i>Advertising expenditure</i>	The amount of money spent by a company for advertising its products or services.
<i>Advisory committee</i>	A group or panel of internal or external members with no decision making authority, assembled to identify and discuss specific issues and make recommendations.
<i>Affiliate</i>	A business that is owned or controlled by another company or group that owns a minority of the voting stock of the other company.
<i>Affirmative action (AA)</i>	Any program, policy or procedure that an employer implements in

order to correct past discrimination and prevent current and future discrimination within the workplace.

After-acquired evidence

Used in litigation of employment discrimination disputes, after-acquired evidence is evidence that the employer discovers after it has already discharged an employee, which proves that even if the discharge in question is found to be illegal, the employer would have dismissed the employee anyway in light of discovering the misconduct.

After-hours trading

Buying or selling stock outside of New York Stock Exchange standard trading hours.

Aftermarket performance

The process of measuring the appreciation or depreciation of an initial public offering by tracking its performance based on its closing price during the first day.

Aftermarket trading

Trading in an initial public offering prior to an offering.

After-tax

Income from which taxes have already been deducted.

Aged debt

A term used to describe any debt that has become overdue. Typically, debts that are in arrears by 30 days or more.

Aggregate demand

The total of all expenditures in an economy that makes up its gross domestic product (i.e., consumer spending on goods and services, investments in capital stocks and government spending).

Aggregate income

The sum total of all incomes in an economy during a given period of time.

Aggregate supply

The total amount of all the goods and services in an economy.

Alternative worksite

Any location than the employer's physical worksite where employees are allowed to perform their jobs.

Alignment

The process of bringing various elements together to move in the same direction.

Alien Tort Claims Act (ATCA)

A U.S. statute first enacted in 1789 that allows cases involving the violation of international law against aliens to be heard in U.S. federal court.

Amalgamation

The consolidation of one or more companies such as with a merger.

American Stock Exchange (AMEX)

An organization committed to providing a top-quality marketplace for its members and investors by conducting trading through advanced centralized specialist systems.

Amortization

A method of debt reduction whereby a borrower pays off a portion of a loan's interest and principal periodically.

<i>Analysis</i>	Assessments performed by an organization to provide a basis for decision making.
<i>Analysis of variance</i>	A statistical method used to determine whether a relationship exists among two or more variables by formulating concurrent comparisons of the variables.
<i>Analytical thinking</i>	The ability to analyze facts, generate a comparison and draw correct inferences or conclusions from available information.
<i>Andragogy</i>	The art and science of teaching adults.
<i>Anorexic organization</i>	A term used to describe a company that has become so small as a result of downsizing or other business restructuring that it has lost its strength and ability to compete effectively.
<i>Annual percentage rate (APR)</i>	The percentage rate charged by lending institutions for various types of loans.
<i>Annual percentage yield (APY)</i>	The average amount of monthly interest paid to investors over a one- year period, expressed as a percentage.
<i>Annuity</i>	A particular amount of income paid in either yearly, at other recurring intervals or in a lump sum.
<i>Antitrust and fair trade legislation</i>	Legislation enacted to prohibit acquisition of monopoly power through the use of unjust, unethical, manipulative, dishonest or corrupt business practices.
<i>Apparent authority</i>	The appearance that an individual has the authority or power to act as an organization's agent even though the organization has bestowed no such authority or power to that individual.
<i>Application service provider (ASP)</i>	Third-party organizations that deliver software applications and related services over the Internet, allowing an organization to outsource some or all of its information technology needs.
<i>Appropriation</i>	Money that has been set aside and allocated for a specific function.
<i>Arbitrage</i>	The concurrent purchase and sale of two or more closely related securities in different markets in order to take advantage of price differences.
<i>Articles of incorporation</i>	A company's charter that spells out the name, basic purpose, incorporators, amount and types of stock that may be issued, and any special characteristics, such as being nonprofit. Each state has its own system of approval of articles of incorporation, and this approval is usually handled by the state's Secretary of State.
<i>Ascriptive culture</i>	A culture where status is accorded based on birth and position.
<i>Asset allocation</i>	The process of dividing funds between different types of assets (cash, stocks, bonds and real estate).
<i>Assets</i>	The items owned by a company (i.e., stocks, equipment, real estate, etc.) declared on the basis of initial purchase price instead

of current market value.

Assimilation

The process of being fully absorbed and incorporated into a culture.

Audit

A systematic assessment of a company's management, finances, operations, controls and scope in which policies and procedures are carried out.

Audit trail

A record depicting all the chronological stages of a particular transaction.

Average

A mathematical average of all of the data points in a set calculated by adding together all the data and then dividing the total results by the specific number of data points used.

Average deviation

A statistical term referring to the average of the deviation, taken from some fixed value, usually the mathematical mean of the data.

Automation

The use of automatic equipment, so that entire procedures can be automatically controlled with little to no intervention from a person.

B

<i>Backlog</i>	Total value of sales orders waiting to be processed/fulfilled.
<i>Balance sheet</i>	A financial document containing a list of all company assets and liabilities.
<i>Balanced fund</i>	A mutual fund that purchases a mixture of common stock, preferred stock, bonds and short-term bonds to provide income and capital gains while avoiding unnecessary risks.
<i>Balanced investment strategy</i>	A portfolio allocation strategy aimed at managing risk and investment return. Typically, portfolios are divided equally among various equity and fixed-income securities.
<i>Balanced scorecard</i>	A popular strategic management concept developed in the early 1990s by Drs. Robert Kaplan and David Norton, the balanced scorecard is a management and measurement system that enables organizations to clarify their vision and strategy and translate them into action. The goal of the balanced scorecard is to tie business performance to organizational strategy by measuring results in four areas: financial performance, customer knowledge, internal business processes, and learning and growth.
<i>Baldrige National Quality Award</i>	The Baldrige Award is given by the President of the United States to businesses—manufacturing and service, small and large—and to education and health care organizations that apply and are judged to be outstanding in seven areas: leadership; strategic planning; customer and market focus; measurement, analysis and knowledge management; human resource focus; process management; and results.
<i>Bank guarantee</i>	A bank's commitment to advance funds to a third party should the bank's client default on a guaranteed obligation.
<i>Bankruptcy</i>	A legally declared condition of being unable to meet one's financial obligations and being legally declared financially insolvent.
<i>Bargaining chip</i>	Inducement or concession used as leverage in the negotiation process.
<i>Bearer bond</i>	An unregistered, negotiable bond on which interest and principal are payable to the holder, regardless of whom the bond was originally issued to.
<i>Bear market</i>	A market in a state of decline.
<i>Behavioral risk management</i>	The process of analyzing and identifying workplace behavioral issues and implementing programs, policies or services most suitable for correcting or eliminating various employee behavioral problems.

<i>Behavior modification</i>	A conscious attempt to change or eliminate an individual's undesirable behavior by specifying expected behavior and reinforcing and rewarding desired behavior.
<i>Bell-shaped curve</i>	The curve representing the normal distribution of a rating or test score.
<i>Benchmarking</i>	The systematic process of comparing an organization's products, services and practices against those of a competitor organization or other industry leader to determine what allows it to achieve high levels of performance.
<i>Benchmarks</i>	The standards used as a basis for comparison or measurement.
<i>Best practices</i>	Defined in a variety of ways, but typically refers to practices that enable the company to achieve superior performance results.
<i>Billing cycle</i>	The elapsed time between billing periods for products sold or services rendered.
<i>Bill of goods</i>	A consignment of products or services for sale.
<i>Bill of lading</i>	A receipt issued by a shipper to a recipient of products or services sold.
<i>Blanket bond</i>	Insurance coverage carried by brokers and other financial institutions providing a measure of protection against losses resulting from theft or employee dishonesty.
<i>Blended rate</i>	An interest rate based on an average of a previous and new rate.
<i>Book value</i>	The measure of a company's total asset worth minus intangible assets and liabilities.
<i>Blue-chip stocks</i>	A term used to describe stocks in some of the largest and most profitable companies.
<i>Bond</i>	A legal agreement under which an individual, business or government agency agrees to pay for certain financial losses caused by the principal or as a result of third-party defaults over which the principal has no immediate control.
<i>Bond rating</i>	The method of measuring a bond issuer's capability to make good on its commitments to consumers.
<i>Bookkeeping</i>	The process of recording financial business transactions in a systematic approach so as to show their relation to each other and the condition of the company in which they occur.
<i>Born global</i>	Companies that have global operations from the inception of the company.
<i>Bottom-up</i>	An investment approach in which companies are considered based solely on their value, without regard for the sector/industry they are part of or the condition of the economy.

<i>Boundaryless organization</i>	Organization that removes roadblocks to maximize the flow of information throughout the organization.
<i>Branding</i>	The process of identifying and differentiating an organization's products, processes or services from another organization by giving it a name, phrase or other mark.
<i>Breach of contract</i>	A situation in which an individual who is a party to a contract or agreement does not uphold or violates the terms of the contract.
<i>Break-even analysis</i>	A measure used to determine the approximate sales volume required to cover the costs associated with producing a particular product or service.
<i>Break-even point</i>	The point at which a company's revenues are equal to its expenses.
<i>Break out</i>	Increase in a security's price above its previous high or a drop below its previous low.
<i>Budget</i>	A numerical summary of an organization's available resources and how those resources are to be allocated based on anticipated future expenditures for various items such as equipment, training and development programs, benefits, implementing new processes or services, etc.
<i>Budget deficit</i>	The amount by which a government, company or individual expenditures are in excess of the amount of income being brought in over a specific period of time.
<i>Buffer stock</i>	A stock accrued by a government when supplies are abundant and prices are low, and held for use when supplies are short in an effort to stabilize the price (also referred to as reserve stock).
<i>Bull market</i>	Market that is moving upward instead of being in a state of decline.
<i>Bundling</i>	The procedure of combining related products together to be sold as a single unit.
<i>Burden of proof</i>	The burden placed on an employer as a result of a claim of discriminatory treatment, to provide a verifiable, legitimate and nondiscriminatory reason for any employment action taken which may have resulted in adverse treatment of a member(s) of a protected group.
<i>Bureau of Labor Statistics (BLS)</i>	The principal fact-finding agency for the federal government in the broad field of labor economics and statistics. BLS is an independent national statistical agency that collects, processes, analyzes and disseminates essential statistical data to the American public, the U.S. Congress, other federal agencies, state and local governments, business and labor. BLS also serves as a statistical resource to the Department of Labor.
<i>Business continuity planning</i>	The process of establishing procedures and plans to safeguard and recover company data in order to minimize business

disruption in case of unexpected emergencies or disasters.

Business ethics

A philosophy principle concerned with opinions about appropriate and inappropriate business conduct or behavior by individuals or groups of individuals.

Business literacy

The knowledge and understanding of the financial, accounting, marketing and operational functions of an organization.

Business plan

A document that provides relevant information about a company by outlining items such as the company's business description, market or industry, management, competitors, future prospects and growth potential, etc.

Business process management (BPM)

An integrated Web-based system providing straight-through processing, workflow and process change support, monitoring and reporting.

Business-to-business (B2B)

Any activity or program conducted between businesses through the use of a computer network connection vs. an intermediary.

Buy-and-hold

A long-term investment strategy whereby investors preserve existing holdings by disregarding short-term market fluctuations.

Buy back

The process of a company repurchasing of stock or bonds it has issued.

Buy down

A financing method with which a buyer attempts to obtain a lower interest rate for the first few years or possibly the life of a loan or possibly by making certain advance payments to the lending institution (i.e., points).

C

<i>C-suite</i>	A term used to describe members of the executive team (i.e., CEO, CFO, CIO, COO, etc.).
<i>Call option</i>	An option that gives a buyer the ability to purchase or sell 100 shares of a principal security at a predetermined cost prior to a specific expiration date.
<i>Call price</i>	Price at which a bond or preferred stock may be redeemed by an issuing agency.
<i>Callable bonds</i>	A type of bond that provides a business with the option of repurchasing stocks at the call price.
<i>Capital</i>	The fixed nonlabor factors used in the production of goods and services, and the value of such factors.
<i>Capital appreciation</i>	Rise in the market price of an asset.
<i>Capital expenditure</i>	A disbursement for the purchase, replacement, renovation or expansion of facilities that can not be charged as an expense under generally accepted accounting standards.
<i>Capital expense budget</i>	Budgets used to determine capital expenditures for constructing or upgrading facilities and equipment for which a predetermined dollar value has been assigned based on its life expectancy.
<i>Capital gain</i>	The amount of profit realized from the sale of investments or property.
<i>Capital gains tax</i>	A tax that is levied on the actual gain realized from the sale of property.
<i>Cash</i>	The actual total amount of currency that is held in a bank, safe or cash register.
<i>Cash budget</i>	The process of analyzing or forecasting a company's expected cash flow over a specified period of time (can be long or short term).
<i>Cash flow</i>	The movement of cash resulting from operations into and out of a business or activity.
<i>Cash-Based Accounting</i>	An accounting procedure that enters earnings and expenses into the books at the time when payment is received or the expense has been incurred.
<i>C corporation</i>	A company whose profits are taxed independently from an owner's income.
<i>Casual employment</i>	The practice of hiring employees on an as-needed basis, either as a replacement for permanent full-time employees who are out on short- and long-term absences or to meet employer's additional

staffing needs during peak business periods.

Centralization

The process of consolidating all decision-making authority under one central group or location.

Certificate of deposit (CD)

A deposit into an account at a financial savings institution that cannot be withdrawn prior to a specific maturity date.

Chain of command

Structure of decision-making responsibilities from the highest levels of authority to the lowest levels.

Churn rate

The number of participants who discontinue their use of a service over a given period of time divided by the average number of total participants.

Class action suit

A lawsuit filed by one party on behalf of themselves and other people in a group who share the same complaint.

Close corporation

A business type that is only legally allowed to have 30–50 stockholders, based on the state in which the business is incorporated.

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Codetermination

A form of corporate governance that requires a two-tiered corporate board structure: a typical management board and a supervisory board.

Cognitive ability testing

A testing instrument used during the selection process in order to measure the candidate's learning and reasoning abilities.

Cold calling

A method used by sales people to obtain new business by making unsolicited calls to potential customers.

Collectivism

A culture that values cooperation and harmonious relationships among the group.

Commitment letter

A formal offer by a lending institution setting forth and making clear the terms under which it agrees to lend money to a borrower.

Commodity

Physical items, such as food, grains and metals, which are compatible with other products of the same type, that are bought and sold by investors.

Common law employment test

Refers to the IRS's 20-question common law test, which examines the level of control exercised over a worker by an employer in order to determine whether the individual is an employee or an independent contractor.

Common stock

Securities that represent ownership in a company. Common stockholders are on the bottom of the priority ladder for ownership structure. In the event of liquidation, common shareholders have rights to a company's assets only after bondholders, preferred shareholders and other debtholders have been paid in full.

Competencies

The knowledge, skills and abilities required to perform a specific

	task or function.
<i>Comprehensive budgeting</i>	A general term that encompasses the various types of budgets used within a company.
<i>Concurrent validity</i>	The means of determining a test or other assessment tools validity by comparing test scores against actual job performance.
<i>Confucian dynamism</i>	A cultural dimension that values a long-term orientation, persistence and thrift.
<i>Conglomerate</i>	An assembly of diverse companies that are operated as a single unit under one common ownership.
<i>Consumer Price Index (CPI)</i>	An index of prices used to measure the change in the cost of basic goods and services in comparison with a fixed base period. Also called <i>cost-of-living index</i> .
<i>Construct validity</i>	The extent to which a test or other assessment instrument measures a particular trait.
<i>Consultant</i>	An individual who works independently to assist and advise client organizations with various organizational functions and responsibilities on a fee-for-service basis.
<i>Content validity</i>	The degree to which a test or other assessment instrument used during the selection process measures the skills, knowledge and abilities or other related job qualifications.
<i>Contingency planning</i>	The process of identifying an organization's critical information systems and business operations, and developing and implementing plans to enable those systems and operations to resume following a disaster or other emergency situation.
<i>Cooking the books</i>	A term used to describe the practice of altering or fudging accounting numbers and records during or subsequent to an audit.
<i>Copyright</i>	Protects owners of visual or written materials with the exclusive legal right to control the copying, adaptation, publishing, performing, broadcasting and sale of literary, dramatic, musical or other works of an artistic nature.
<i>Corporate citizenship</i>	<p>Corporate citizenship is the contribution a company makes to society through its core business activities, its social investment and philanthropy programs, and its engagement in public policy. The manner in which a company manages its economic, social and environmental relationships and the way it engages with its stakeholders (such as shareholders, employees, customers, business partners, governments and communities) has an impact on the company's long-term success. (<i>World Economic Forum</i>)</p> <p>The term is also used interchangeably with other similar terms such as corporate governance and/or corporate social responsibility.</p>

<i>Corporate culture</i>	The beliefs, values and practices adopted by an organization that directly influence employee conduct and behavior.
<i>Corporate governance</i>	A set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled.
<i>Corporate image</i>	The way in which an organization is viewed by clients, employees, vendors or the general public.
<i>Corporate social responsibility</i>	A concept that corporations have an obligation to consider the interests of customers, employees, shareholders, communities and the environment in all aspects of their business operations.
<i>Corporate values</i>	The prescribed standards, behaviors, principles or concepts that an organization regards as highly important.
<i>Correlation</i>	The extent or degree to which two variables are related.
<i>Cost-benefit analysis</i>	A means of measuring the costs associated with a specific program, project, activity or benefit compared to the total benefit or value derived.
<i>Cost center</i>	A separate cost accounting unit charged with providing a method of isolating and tracking costs as a means to enhance management controls by identifying responsibility for various expenses.
<i>Cost of goods</i>	Direct costs associated with producing a particular product or service.
<i>Cost of goods sold (COGS)</i>	The cost of buying raw materials and producing the merchandise a company sells.
<i>Cost-per-hire</i>	The direct and indirect costs that are calculated to measure the costs associated with filling a vacancy. Direct costs include, but are not limited to, advertising, employment agency fees, job fairs, employee referrals, credit and reference checking costs, examination and testing costs during the selection process, signing bonuses, relocation costs, HR overhead costs, college recruiting costs, internet costs, and training and communication costs. Indirect costs can include, but are also not limited to, lower productivity, costs of turnover, morale implications, safety (if there is a higher number of accidents as a result of the vacancy), disruption of regular business functions, overtime (to compensate for the vacancy), and hiring to maintain production.
<i>Cost-to-complete information</i>	Includes the costs of finishing certain projects currently underway that may be affected by economic influences such as inflation, higher interest rates or increased labor costs.
<i>Credit rating</i>	The default risk assessment and rating of corporate bonds.
<i>Crisis management</i>	The practice of implementing organization-wide policies and procedures containing pre-established guidelines for responding to catastrophic events or tragedies (i.e., fire, earthquake, severe

	storms, workplace violence, kidnapping, bomb threats, acts of terrorism, etc.) in a safe and effective manner.
<i>Crisis planning</i>	A formal written plan establishing specific measures or actions to be taken when responding to catastrophic events or tragedies (i.e., fire, earthquake, severe storms, workplace violence, kidnapping, bomb threats, acts of terrorism, etc.) in the workplace.
<i>Crisis prevention</i>	The process of an organization implementing specific plans and procedures designed to circumvent certain disasters or emergencies.
<i>Criterion- referenced measurement</i>	Measurement that provides data on the extent which a particular objectives or criteria are achieved.
<i>Critical success factors</i>	The key items that must be met in order to successfully achieve a specific objective.
<i>Cultural differences</i>	The diverse behaviors, beliefs, customs, traditions, language and expressions that are characteristic to groups of people of a particular race, ethnicity or national origin.
<i>Cultural determinism</i>	The belief that all behavior is shaped by culture. This position ignores other possible factors such as political, economic or biological reasons.
<i>Cultural imperialism</i>	The belief that one's culture is right and others are wrong.
<i>Cultural integration</i>	The process of bringing people of different racial or ethnic backgrounds into equal association.
<i>Cultural relativism</i>	The belief that right or wrong is determined by one's culture and there are no universal principles of right or wrong across borders.
<i>Culture</i>	The shared values, understandings, assumptions and beliefs held by members of a certain group or society that produce the norms that shape the behavior of people in that group.
<i>Current assets</i>	Assets that can be rapidly converted into cash.
<i>Current debt</i>	The total of all financial obligations or liabilities due within one year from the statement date.
<i>Current liabilities</i>	Debts incurred by a business in normal day-to-day operations, due within one calendar year.
<i>Current ratio</i>	All of a company's current assets divided by all current liabilities.
<i>Cybersmear</i>	Using Web sites, listservs, chat rooms or bulletin boards to post insulting or defamatory statements regarding former employers.
<i>Cyclical stock</i>	A company's stock that is vulnerable to business cycles and whose performance is solidly tied to the state of the economy.

D

<i>Damages</i>	The amounts awarded by a court to be paid by one party to another as a result of violating a contract or agreement.
<i>Dark side of globalization</i>	A term that characterizes the negative ramifications of globalization.
<i>Data mining</i>	The use of technological applications to aid and support decision making by locating, manipulating and synchronizing information buried deep within corporate databases.
<i>Data privacy</i>	Laws and regulations that exist in many parts of the world to protect information about individuals.
<i>Data warehouse</i>	A system used to collect operational data from different functions, areas or business units into a central database.
<i>Decentralization</i>	The process of assigning decision-making authority to lower levels within the organizational hierarchy.
<i>Debenture</i>	A long-term debt mechanism that is not secured by a particular asset.
<i>Debt avoidance</i>	The use of legal or illegal tactics to avoid repayment of financial obligations.
<i>Debt financing</i>	Financing obtained from a bank or other financial lending institution.
<i>Debt/service ratio</i>	A corporate finance term referring to the amount of cash flow available to meet a company's annual debts.
<i>Deductive reasoning</i>	The ability to extract certain rules based on a sequence of experiences or observations and apply those rules to other similar situations.
<i>Defamation</i>	Injury caused to an individual's character or reputation resulting from another individual(s) issuing false or malicious statements either verbally or in writing.
<i>Default</i>	The failure to fully carry out a legally binding agreement, commitment or promise.
<i>Deferred annuity</i>	An annuity that provides that invested plan money be held by the provider and paid to a designated beneficiary at a future date.
<i>Deferred fixed annuity</i>	An investment contract with an insurance provider that allows invested funds to continue to grow on a tax-deferred basis with distributions taken at a later date.
<i>De-layering</i>	An organizational restructuring strategy meant to reduce the

	organization's existing levels of managers or supervisors.
<i>Delegation</i>	The process of assigning tasks or projects to subordinates and clearly dictating expected outcomes and time frame for completion.
<i>Demand</i>	The number of units of a particular product that can be sold at the price the company is planning to charge.
<i>Demand forecasting</i>	A strategy intended to project an organization's anticipated work loads over a specific period of time in order to determine future personnel needs.
<i>De minimis rule</i>	Described by IRS guidelines as any benefit, property or service provided to an employee that has so little value (taking into account how frequently similar benefits are provided to employees) that accounting for it would be unreasonable or administratively impracticable. Cash, no matter how little, is never excludable as a de minimis benefit, except for occasional meal money or transportation fare.
<i>Department of Labor (DOL)</i>	The federal agency responsible for administering and enforcing a large quantity of federal labor laws, including, but not limited to, overtime pay, child labor, wages and hours, workplace health and safety, FMLA, and various other employee rights.
<i>Departmentalization</i>	The process of dividing an organization's labor, functions, processes or units into separate groups.
<i>Deposition</i>	The process of one party, accompanied by his/her legal counsel, answering questions under oath about pertinent facts regarding a case put forth by another party's legal counsel, conducted outside of a courtroom.
<i>Depreciation</i>	An accounting procedure that spreads out the purchase cost of an asset over its depreciable life.
<i>Derivative</i>	A financial instrument that does not establish ownership of a product; instead, it is a promise to transfer ownership.
<i>Deregulation</i>	Removal of government controls from an industry or sector.
<i>Direct costs</i>	The costs directly attributed to a particular product, program or activities.
<i>Direct labor</i>	The workers who actually produce a product or provide a service.
<i>Disaggregation</i>	The division of a collective body into its component parts.
<i>Disaster recovery plan</i>	A set of guidelines and procedures to be used by an organization for the recovery of data lost due to severe forces of nature such as earthquakes, fires, tornadoes, floods or hurricanes.
<i>Disbursement</i>	The payment of a loan(s) by a bank or other financial lender.
<i>Disclaimer</i>	Abandonment of property by a beneficiary of an estate or trust.

<i>Disclosure</i>	The process of disclosing information to employees or the general public regarding any business practices or processes that contain the propensity to be hazardous to the environment or the health and safety of individuals.
<i>Discounted bond</i>	A bond purchased at a price less than its face value.
<i>Discretionary income</i>	The total amount of money available to an individual or an organization less total expenses.
<i>Disposable income</i>	The amount of post-tax income available to an individual for spending or saving.
<i>Distribution center</i>	A storage facility where the focus is on processing and moving products to retailers or consumers rather than on storage.
<i>Dividend</i>	An amount of money or stocks a company pays to its shareholders on a quarterly basis.
<i>Diversification</i>	A strategy to increase the types of business, services or products a company is providing.
<i>Diversified investment</i>	An investment trust whereby funds are invested in a wide variety of securities.
<i>Divestment</i>	The closing or sale of several businesses or business units.
<i>Dollar cost averaging</i>	An investment strategy designed to reduce instability in which securities are purchased in fixed dollar amounts at regular periods, despite market movements.
<i>Domestic company</i>	A company that is in the very early stages of globalization. It remains focused on the domestic market with few international products or employees.
<i>Dotted line relationship</i>	An organizational structure whereby a person reports to one manager but also has responsibilities to another.
<i>Downsizing</i>	The process of reducing the employer's workforce through elimination of positions, management layers, processes, functions, etc.
<i>Due diligence</i>	A critical component of mergers and acquisitions, it is the process of investigation and evaluation, conducted to examine the details of a particular investment or purchase by obtaining sufficient and accurate information or documents that may influence the outcome of the transaction.

E

<i>E-commerce</i>	The paperless exchange of business information using electronic data interchange (EDI), e-mail, electronic bulletin boards, fax transmissions, etc.
<i>Earned income tax credit (EITC)</i>	A federal tax credit that provides certain individuals who have a specified number of children in their households and who are earning less than \$34,178 per year (in 2002) with a tax credit intended to reduce overall taxable income.
<i>Earnings before interest and taxes (EBIT)</i>	A market comparison approach of valuing a business by multiplying revenue (pre-interest and tax payments) by a multiplier ranging from 4 to 8 and then comparing the results to selling prices and price earnings of other companies in the industry.
<i>Earnings per share (EPS)</i>	A company's net earnings for the past 12 month divided by the present number of shares.
<i>Economic indicator</i>	Statistical data representing a broad range of economic trends.
<i>Economic value added (EVA)</i>	A financial measure used to determine a company's profitability at all levels within the organization.
<i>Economies of scale</i>	A theory that as a company gets larger, its operations and associated unit costs decrease.
<i>Eiffel Tower company culture</i>	A classic bureaucratic corporate culture that is high on task and hierarchical dimensions.
<i>Elasticity of demand</i>	The change, expressed as a percentage, in the quantity of the demand of a certain product divided by the change in the price being charged.
<i>Emergency planning</i>	The process of establishing specific measures or actions to be taken when responding to catastrophic events or tragedies (i.e., fire, earthquake, severe storms, workplace violence, kidnapping, bomb threats, acts of terrorism or other emergency situations) in the workplace.
<i>Emic</i>	The intrinsic differences within a culture that are meaningful to that group.
<i>Employee stock ownership plan (ESOP)</i>	A trust, established by a corporation, that operates as a tax qualified defined-contribution retirement plan, but unlike traditional defined contribution plans, employer contributions are invested in the company's stock.
<i>Employee stock purchase plan</i>	An employer-sponsored plan that allows employees to purchase company stock below the fair market value.
<i>Employer of choice</i>	A term used to describe a public or private employer whose practices, policies, benefits and overall work conditions have

	enabled it to successfully attract and retain talent because employees choose to work there.
<i>Employment branding</i>	A combination of marketing, communication and technology used by an organization with the intention of giving it greater visibility amongst a large population within a short time frame.
<i>Employment cost index</i>	Conducted annually as part of the Department of Labor's National Compensation Survey program, the Employment Cost Index measures the relative changes in wages, benefits and bonuses for a specific group of occupations.
<i>Employment practices liability audit</i>	An assessment of an employer's current policies and practices to determine potential areas of liability (i.e., discrimination, wrongful discharge and other violations of employee rights) typically conducted by an outside consulting or legal firm.
<i>Employment practices liability insurance (EPLI)</i>	An insurance plan that provides employers with protection against claims of discrimination, wrongful termination, sexual harassment or other employment-related issues made by employees, former employees or potential employees
<i>Endowment fund</i>	Holdings of economic value in the form of money or property owned by a person or business.
<i>Enterprise</i>	Any individual, partnership, corporation, association or other legal entity, union or group of individuals associated in fact, although not a legal entity.
<i>Enterprise resource planning(ERP)</i>	A term that refers to a series of computer applications that help to monitor and manage the operations of an enterprise.
<i>Environmental scanning</i>	A process that systematically surveys and interprets relevant data to identify external opportunities and threats.
<i>Equity</i>	The percentage of ownership interests held by a company's stockholders.
<i>Ethics</i>	A philosophy principle concerned with opinions about appropriate and inappropriate moral conduct or behavior by an individual or social group.
<i>Ethnocentrism</i>	The belief of people in one group that their culture has the best beliefs, values and norms.
<i>Euro</i>	Introduced in January of 1999, it is the official monetary component of 12 member nations of the European Union. The intent of introducing the Euro was to make trade more efficient, price comparisons easier and interest rates stabilized.
<i>European union</i>	An economic and political union established in 1993 after the ratification of the Maastricht Treaty by members of the European Community.
<i>Executive</i>	A term used to define the highest-ranking individual or group of

individuals reporting to a board of directors who have managerial or administrative authority for the business operations of the entire organization, business unit, or function.

<i>Exercise options</i>	Paying money in exchange for stock(s).
<i>Exercise price</i>	The exact price for a call option.
<i>Exit strategy</i>	The process by which business ownership is liquidated by an individual.
<i>Expected return</i>	An estimate of the worth of an investment, including price changes and dividend payments, calculated from a probability distribution curve of all probable rates of return.
<i>Expense budget</i>	There are two types of expense budgets: engineered and discretionary. An engineered expense budget details the labor and materials and estimated overhead costs of producing a product or service. Discretionary budget is used only when outputs cannot be correctly calculated.
<i>Export</i>	Goods or services sold to a foreign country.
<i>External audit</i>	An assessment conducted by an independent external auditor as a means of providing a professional opinion on the accuracy and fairness of a company's financial statements based on generally accepted auditing procedures.
<i>External benchmarking</i>	The process of comparing an organization's current policies and practices to those of a competitor organization(s) to determine current and future trends in areas of employment and business practice (i.e., compensation, benefits, HR practices).
<i>Extranet</i>	A communication platform using Internet technologies that links the company with external members of the value chain such as vendors, suppliers, dealers and strategic partners.
<i>Extraterritoriality</i>	The reach of the United States laws to other countries beyond its borders

F

<i>Face validity</i>	Making a decision regarding the appropriateness of a test or other assessment instrument based on appearance rather than objective criteria.
<i>Factor analysis</i>	Any of several methods used for reducing correlated data to a smaller number of factors; beginning with a correlation matrix, a small number of factors considered to be the basic variables accounting for interrelations in the data are extracted.
<i>Fat organization</i>	An organization with a structure consisting of several layers of management.
<i>Feasibility study</i>	A study designed to discover if a business, product, project or process justify the investment of time, money and other resources.
<i>Federal reserve bank</i>	One of 12 regional banks established to maintain reserves, issue bank notes and lend money to member banks.
<i>Fiduciary</i>	A person, company or association that stands in a special relation of trust, confidence or responsibility and is responsible for holding assets in trust for a beneficiary.
<i>Financial Accounting Standards Board (FASB)</i>	A free-standing private sector agency, supported by the accounting profession, that establishes and improves standards of financial accounting and reporting for the guidance and education of the public, including issuers, auditors and users of financial information.
<i>Financial assets</i>	Financial assets such as stocks, bonds, cash and marketable securities that derive value because of a contractual claim.
<i>Financial audit</i>	A review of a company's financial position serving as confirmation that a company's financial statements are accurate.
<i>Financial budget</i>	A budget that contains a company's balance sheet detailing how a particular operations plan will affect company resources and liabilities.
<i>Financial statement</i>	A report containing financial information derived from an organizational accounting record.
<i>First-in first-out (FIFO) method of inventory accounting</i>	An inventory valuation technique that presumes inventory first purchased is first used or sold.
<i>Fiscal policy</i>	Determinations made by the President and Congress, involving issues such as taxation and government spending, in order to achieve full employment, price stability and economic growth.
<i>Fixed annuity</i>	An insurance contract guaranteeing a fixed payment to an annuitant for the term of the contract.
<i>Fixed assets</i>	An accounting term used to describe tangible property used in the

day-to-day operation of a business. Typically includes items such as real estate, equipment, machinery, fixtures and furnishings.

Fixed budget

A type of budget that is developed based solely on fixed costs and does not alter with fluctuations in activity.

Fixed budgeting

A budgeting technique that attempts to isolate the factors connected with increases or decreases in costs or changes in the volume of products or services being produced.

Fixed costs

The day-to-day costs of doing business that don't fluctuate based on the number of goods produced.

Fixed rate

A loan whereby the interest rate remains constant and does not fluctuate over the term of the loan.

Fixed year

A term used to describe an invariable year such as a calendar or fiscal year.

Flat organization

An organization characterized by having only a few layers of management from top to bottom.

Forecasting

A business analysis conducted in order to assess what future trends are likely to happen, especially in connection with a particular situation, function, practice or process that is likely to affect the organization's business operations.

Foreign Corrupt Practices Act (FCPA)

This act prohibits U.S. persons and firms from making corrupt payments to foreign officials for the purpose of obtaining and retaining business.

Foreign exchange

The use of paper currency, notes and checks to make payments between countries.

Foreign exchange rate

The rate used to determine the conversion rate from one currency to another.

Form 5500 filing

An annual return used to report information concerning employee benefits plans and Direct Filing Entities (DFEs). Employee benefits plan Administrators or sponsors subject to ERISA must file information about each plan on an annual basis.

<i>Fortune 500</i>	An annual listing of the 500 largest industrial companies in the United States, ranked based on their revenues, profits and market value.
<i>Forward pricing</i>	The price specified in a forward contract for a good or service.
<i>Free Trade Agreement (FTA)</i>	A trade agreement between two or more countries to permit economic goods to flow across their borders free from tax tariffs.
<i>Frequency distribution</i>	A statistical description of raw data in terms of the number of items characterized by each of a series of values of a continuous variable.
<i>Full costs</i>	A cost management and cost-benefit analysis of the sum of direct and indirect costs. Costs and advantages may be considered in terms of environmental, economical and social impacts.
<i>Future payment index (FPI)</i>	A key financial metric, created by Dun and Bradstreet Corporation, that measures the extent of potential risk that a company will run into payment difficulties in the subsequent six- to 12-month period.

G

<i>Gantt chart</i>	A horizontal bar chart developed as a production control tool in 1917 by Henry L. Gantt. Commonly used in project management, a Gantt chart provides the schedule as a graphical illustration that helps to plan, coordinate and track specific tasks in a project.
<i>Gap analysis</i>	A means of measuring and evaluating differences between the company's current position and its desired future position.
<i>General corporation</i>	A business structure that can have an unlimited number of owners or stockholders.
<i>General ledger</i>	A book of final entry summarizing all of company financial transactions through the offsetting of debit and credit transactions.
<i>Generally accepted accounting principles (GAAP)</i>	The common set of accounting principles, standards and procedures companies use to compile their financial statements. GAAP is a combination of authoritative standards and the accepted method of conducting accounting transactions.
<i>Glass ceiling</i>	The terms used to describe the invisible barrier keeping women from advancing into executive-level positions.
<i>Glass Ceiling Act of 1991</i>	An act meant to raise public awareness regarding the underutilization of females and minorities in certain positions within the U.S. workforce and eliminate barriers preventing advancement.
<i>Global diversity</i>	The various ethnic, cultural, religious, and class groups that exist within a global enterprise.
<i>Global integration</i>	The strategy that emphasizes a consistency of approach, standardization of processes and a common corporate culture across global operations.
<i>Global leader</i>	A leader who has the ability to master international business issues, set direction, effectively lead people from different cultures and nations and align global resources.
<i>Global mindset</i>	The ability to take an international perspective and be inclusive of other cultures and views.
<i>Global team</i>	A team of individuals from different locations in the global enterprise who are formed to address a specific business problem.
<i>Globalization</i>	The term used to describe increasingly mobile organizations that are performing their operations in foreign countries.
<i>Goodwill</i>	An accounting principle defining the difference between a company's fair value and the aggregate fair value of its net assets.
<i>Governance</i>	A separate management system or leadership process used to lead, direct, command and control an organization.

<i>Grace period</i>	A set additional period of time a lender provides for a borrower to make payment on a debt without incurring a penalty.
<i>Greenfield operation</i>	A new operation that is built from “the ground up.”
<i>Gross domestic product (GDP)</i>	An economic indicator that replaced the gross national product (GNP) in 1991 as the primary of all the goods and services produced by labor and property located in the United States.
<i>Gross national product (GNP)</i>	The value of all goods and services produced and imported in an economy minus exported goods and services.
<i>Gross margin</i>	The difference between marginal costs and sales revenue; calculated by taking gross revenues divided by net sales, expressed as a percentage.
<i>Gross product margin</i>	The difference between the price at which a certain product is sold and the cost of producing the product.
<i>Gross profit</i>	Defined as the amount of revenue after any associated sales costs have been subtracted.
<i>Group of Eight (G-8)</i>	An economic and financial alliance of the eight largest industrialized nations: Canada, France, Germany, Great Britain, Italy, Japan, Russia and the United States. Replaced Group of Seven (G-7). This group meets to discuss major economic and political issues.
<i>Growth share</i>	Company stock that has experienced quicker than average gains in earnings and is expected to continue to increase.
<i>Guided missile corporate culture</i>	A corporate culture that is high on task and egalitarian dimensions.

H

<i>Heterogeneous groups</i>	Groups that are comprised of people from different cultures.
<i>High context cultures</i>	Cultures that value the full context of a communication including non-verbal cues and the relationship with the speaker.
<i>Holding company</i>	A company owning a significant portion of another company’s voting stock in order to control management and operations by influencing or electing its board members.
<i>Homogenous groups</i>	Groups that are comprised of people from different cultures.
<i>Horizontal organization</i>	A flat organizational structure that consists of fewer hierarchal levels. Such organizational structures often rely on the use of cross-functional teams.
<i>Hostile takeover</i>	A leveraged purchase of a company that goes against the wishes

	of the target company's management and board of directors.
<i>Human capital</i>	The collective knowledge, skills and abilities of an organization's employees.
<i>Human resource accounting</i>	The process of measuring employee costs and value to the company.
<i>Human resource auditing</i>	The process of assessing HR programs and services to determine effectiveness or efficiency.
<i>Human resource metrics</i>	Measurements used to determine the value and effectiveness of HR strategies. Typically includes such items as cost-per-hire, turnover rates/costs, training and human capital ROI, labor/productivity rates and costs, benefit costs per employee, etc.
<i>Human resources planning</i>	The process of anticipating future staffing needs and ensuring that a sufficient pool of talent possessing the skills and experience needed will be available to meet those needs.
<i>Hybrid organization</i>	An organization whose structure is comprised of both vertical and horizontal models.

I

<i>Identity theft</i>	Regulated by federal and state statutes, identity theft occurs when a person fraudulently obtains and uses another person's personal information such as name, Social Security number, credit card number, etc. without that person's authorization, consent or knowledge.
<i>Import</i>	A good or service that is brought into a country from outside of its boundaries.
<i>Income statement</i>	A financial document showing a company's income and expenses over a given period of time.
<i>Incremental budgeting</i>	A budgeting system that accepts and applies the basic concept that trends in past sales and expenditures are assumed to continue.
<i>Incubator corporate culture</i>	A corporate culture high on personal and egalitarian dimensions.
<i>Indemnity</i>	An agreement whereby one party agrees to secure another against an anticipated loss or damage.
<i>Index fund</i>	A mutual fund whose portfolio of stocks is weighted equivalently to the stock exchange index.
<i>Index of Leading Economic Indicators (ILEI)</i>	The Department of Commerce's primary economic forecasting measure intended to predict future economic activity.
<i>Indirect costs</i>	Expenses such as fringe benefits, overhead, utilities, rent or equipment that has been incurred for the purpose of common general activities and cannot be identified or charged directly to the production of a specific project.
<i>Indirect labor</i>	Labor that is necessary to support the manufacturing of a product but is not directly involved with the actual process of manufacturing the product.
<i>Individualism</i>	The cultural value dimension that emphasizes self-interest over group goals, harmony and other collective values.
<i>Inductive reasoning</i>	Reasoning from the specific to the general.
<i>Industrial espionage</i>	The often illegal act of spying on a competitor in order to secure a competitive advantage.
<i>Industrial psychology</i>	Applied psychology concerned with the study of human behavior in the workplace and how to efficiently manage an industrial labor force and problems encountered by employees.
<i>Industrialization</i>	The overall change in circumstances resulting from a society's shifting of resources from farm production to manufacturing production and related services.

<i>Inflation</i>	Continual increase in the level of consumer prices and wages or continual decline of the purchasing power of money, caused by an increase in available currency beyond the quantity of goods and services that are available.
<i>Inflationary gap</i>	A situation that occurs when the demand in an economy exceeds productive potential, leading to inflation and an adverse balance in trade.
<i>Informed consent</i>	An individual's agreement to allow something to transpire subsequent to the individual having been informed of associated risks and alternatives.
<i>Infrastructure</i>	The fundamental physical structures of a country's or county's population, including roads, utilities, water, sewage, etc.
<i>Initial public offering</i>	A company's first offer to sell its stock to the investing public.
<i>Injunction</i>	A court-issued order requiring a party to either do or refrain from doing a certain act.
<i>Insider information</i>	Essential information about a company's plans that has not been released to the general public.
<i>Insolvency</i>	The condition that a company is in when it has more debts (liabilities) than total assets that might be available to pay for them.
<i>Insourcing</i>	Refers to the process of internally administering employee benefits plans or other programs as opposed to using the services of a third-party provider.
<i>Intangible assets</i>	Assets or items of value that are not physical in nature, such as patents, trademarks, brand recognition of products, etc. Also referred to as intangible capital.
<i>Intermediary</i>	A third party who serves as a facilitator for negotiating a deal or other transaction between parties.
<i>Interim statement</i>	A report containing financial information covering a period of less than one year (i.e., quarterly reports).
<i>Internal audit</i>	The process of conducting an in-house examination of one or more of an organization's processes, functions, programs, etc.
<i>In-market merger</i>	A term used to describe integration of similar companies situated in the same market.
<i>Intellectual capital</i>	A term with various definitions in different theories of economics. In the broadest sense of the word, it is the use of collective knowledge for some money-making or other useful purpose. The term combines the idea of the intellect with the economic concept of capital.
<i>Intellectual property</i>	Property that is protected under federal law, including trade

	secrets, confidential or proprietary information, copyrightable or creative works, ideas, patents or inventions.
<i>Interest rate</i>	The amount expressed as a percentage charged by a lender to a borrower on the total amount financed.
<i>Internal Revenue Service (IRS)</i>	U.S. government agency responsible for collecting taxes and enforcing tax laws.
<i>International accounting standards (IAS)</i>	A series of standards specifying how certain types of transactions should be reflected within financial statements. Effective in 2001, the new set of standards are called the International Financial Reporting Standards (IFRS).
<i>International Accounting Standards Board (IASB)</i>	An independent, private-sector organization that develops and approves International Financial Reporting Standards.
<i>International company</i>	An early state in a company's global development in which there is an international division but most decisions are still made with domestic orientation.
<i>Interstate commerce</i>	Commerce between any place in a state and any place outside of that state or within any possession of the United States (not including the Canal Zone) or the District of Columbia, and commerce between places within the same state but through any place outside of that state.
<i>Intrastate commerce</i>	Buying and selling of products and services within a single state.
<i>Intrinsic value</i>	The actual value of a security, as opposed to its market price or value.
<i>Inventory</i>	The total of all raw materials, materials in process and finished products available for use or sale.
<i>Inventory turnover</i>	A measure of a company's basic efficiency, it is a metric used to gauge a company's annual sales to its inventory or, equivalently, how quickly a company sells the products it produces.
<i>ISO 9000</i>	Developed by the International Organization for Standardization (ISO), it is a set of standards accepted around the world for quality management systems. Organizations that conform to these standards can receive ISO 9000 certification. The standard intended for quality management system assessment and registration is ISO 9001. The standards apply uniformly to organizations of any size or description.
<i>Issue price</i>	The price at which company shares are initially offered to investors.

J***Johari Window***

A leadership disclosure and feedback model that can be used in performance measurement and features the four quadrants (windows) of “knowing.” Quadrant I represents the area of free activity or public area and refers to behavior and motivation known to self and known to others. Quadrant II represents the blind area where others can see things in ourselves of which we are unaware. Quadrant III represents the avoided or hidden areas, things we know but do not reveal to others (e.g., a hidden agenda or matters about which we have sensitive feelings). Quadrant IV represents the areas of unknown activity, in which neither the individual nor others are aware of certain behaviors or motives.

Joint employment

The relationship between a professional employer organization or employee leasing firm and an employer, based on a contractual sharing of liability and responsibility for employees.

Joint ownership

An arrangement whereby two or more individuals share ownership of property or a business.

Joint venture

Businesses that have been officially linked to improve market share, participate in supportive activities, reduce operating costs and achieve superior efficiency.

Just in time

An inventory control and management strategy in which raw materials are delivered from the supplier prior to the manufacturing process.

K

<i>Key cost</i>	A term used to describe the principal costs incurred by a company or industry.
<i>Key performance indicators (KPI)</i>	Key performance indicators are quantifiable, specific measures of an organization's performance in a certain area(s) of its business. . The purpose of KPIs is to provide the company with quantifiable measurements of items it has determined to be important to the organizational or business long-term goals and critical success factors. Once uncovered and properly analyzed, KPIs can be used to understand and improve organizational performance and overall success. Also referred to as key success indicators.
<i>Knockout option</i>	An option that becomes valueless when a principal commodity or currency crosses a specific price level.
<i>Knowledge assets</i>	The parts of an organization's intangible assets relating specifically to knowledge, expertise, information, ideas, best practices, intellectual property and other capabilities.
<i>Knowledge integration</i>	Broadly defined as the assimilation, extraction, transformation and loading of information from disparate systems into a single, more unified, consistent and accurate data store used for evaluating, manipulating and reporting information.
<i>Knowledge management (KM)</i>	The process of creating, acquiring, sharing and managing knowledge to augment individual and organizational performance.
<i>Knowledge mapping</i>	A process used to create a summation of the knowledge an organization will need in order to support its overall goals, objectives, strategies and missions.

L

<i>Labor productivity</i>	The correlation between a given output and the percentage of labor time used to produce the output.
<i>Last-in, first-out (LIFO)</i>	An asset-management and valuation system that assumes that assets acquired last will be used, sold or disposed of first.
<i>Laundering</i>	The process of concealing or disguising illegally obtained funds.
<i>Lead time</i>	The total time required to produce a product or service.
<i>Leadership</i>	The process by which an individual determines direction, influences a group and directs it toward a specific goal or organizational mission.
<i>Lean manufacturing</i>	A management principle that focuses on the reduction of waste to improve overall customer value.
<i>Learning curve</i>	A graph that depicts the relationship between the rate at which knowledge or a skill is learned and the time spent acquiring it.
<i>Learning organization</i>	An organization where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together (Peter Senge 1990). Simply put, it is an organization that has developed a continuous ability to learn, adapt and change.
<i>Letter of credit</i>	A letter or certificate issued by a bank or other lending institution guaranteeing that a buyer's payment to a seller will be submitted for the correct amount and in a timely manner.
<i>Letter of indemnity</i>	A document issued by the writer to another party, serving as a formal agreement to release or protect from liability for the performance of certain acts.
<i>Letter of intent</i>	A written statement stating the intention of the undersigned to enter into a formal business agreement with another entity or individual.
<i>Leverage</i>	A term used to describe the degree to which an investor or company is utilizing borrowed money in relation to equity in the company's financial structure.
<i>Leverage ratio</i>	Also referred to as debt/equity ratio, it is the measure of a company's financial leverage.
<i>Liabilities</i>	The items a company is obligated to, such as accounts payable and bond or bank loans.
<i>Liability insurance</i>	An insurance policy purchased to provide protection to an individual or company against claims of negligent or inappropriate acts that result in property damage or bodily injury.

<i>Libel</i>	Defaming or harming an individual's reputation in writing.
<i>Licensing</i>	The licensor usually has a valuable patent, trademark or company name that is licensed to a licensee or partner.
<i>Licensing agreement</i>	An agreement between two enterprises or individuals granting the legal right to use a patent or trademark.
<i>Limited Liability Company (LLC)</i>	A type of business structure that is a cross between a partnership and a corporation. Under an LLC structure, business owners are protected from suffering personal liability, and profits and losses are passed directly to owners without taxation.
<i>Limit order</i>	An order placed by an investor to a broker to buy or sell a specified quantity of stock at a specific price.
<i>Line of credit</i>	A loan arrangement between a lending institution and a borrower that allows the customer to borrow up to a pre-specified dollar amount on an as-needed basis.
<i>Liquidated damages</i>	A specific sum (or a sum readily determinable) of money stipulated by the contracting parties as the amount to be recovered for each day of delay in delivery of the product or completion of a contract.
<i>Liquidation</i>	The process of terminating a business or filing for bankruptcy, resulting in the sale of assets with the proceeds being used to pay creditors.
<i>Liquidity</i>	The percentage of a company's assets that is readily available for cash conversion.
<i>Liquidity ratio</i>	The measure of a company's total cash and marketable securities value divided by its current liabilities.
<i>Litigation</i>	A legal proceeding in a federal or state court of law to determine and enforce legal rights.
<i>Local responsiveness</i>	The global strategy that emphasizes responsiveness to local markets and needs.
<i>Localization</i>	The strategy of applying locale-specific terminology and data to a specific product or application in order to meet the language, cultural and other requirements of a specific market.
<i>Long-term assets</i>	The value of a company's non-liquid assets such as property, equipment and other capital minus depreciation.
<i>Long-term debt</i>	Loans and other financial repayment obligations with a maturity date in excess of one year.
<i>Long-term liabilities</i>	Debt and other repayments recorded on the balance sheet that are due in more than one year.

Long-term orientation

The cultural dimension that values building for the future and making investments that will be successful over time.

Look back option

A call or put option, the strike price of which remains undetermined until option is actually exercised.

Low context cultures

Cultures that primarily value clear and unambiguous messages and emphasize time management, deadlines and punctuality.

M

<i>Malcolm Baldrige National Quality Award</i>	The Baldrige Award is given by the President of the United States to businesses—manufacturing and service, small and large—and to education and health care organizations that apply and are judged to be outstanding in seven areas: leadership; strategic planning; customer and market focus; measurement, analysis and knowledge management; human resource focus; process management; and results.
<i>Managed fund</i>	A fund that is managed by an investment company for a number of investors.
<i>Management consultant</i>	An individual who works independently to assist and advise clients with managerial responsibilities regarding various organizational issues.
<i>Margin</i>	A company's earnings expressed as a percentage of revenue (also referred to as profit margin).
<i>Market life cycle</i>	The period of time during which a considerable portion of the buying public remains interested in purchasing a given product or service.
<i>Market order</i>	A buy or sell order whereby a broker is to carry out the order at the best available price.
<i>Market penetration</i>	The degree to which a product is recognized and purchased by customers in a specific market.
<i>Market price</i>	The price for securities and other exchangeable goods traded on a stock exchange.
<i>Market segmentation</i>	The process of dividing a market with a purpose of gaining a major portion of sales in a subgroup within a category instead of a more limited share of purchases by all category users.
<i>Market share</i>	The percentage of the total sales (from all sources) of a given type of product or service attributable to a specific company.
<i>Market value added (MVA)</i>	A financial metric used to measure the difference between the market value of a company and the capital contributed by investors.
<i>Market value</i>	The most probable price (in terms of money) that buyers are willing to pay for particular goods or services.
<i>Marketing mix</i>	An analysis tool that helps establish a company's competitive advantage by providing an easy-to-read representation of the company's position in the marketplace based on the concept of the four P's of marketing--product, price, place and promotion.
<i>Masculinity</i>	Tendency of a culture to emphasize traditional gender roles and value achievement, assertiveness and performance.

<i>Matrix organization</i>	An organizational structure where employees report to more than one manager or supervisor.
<i>Maturity</i>	The time at which a financial instrument, such as a note or bond, becomes due.
<i>McKinsey 7S framework</i>	A framework for strategy implementation first developed by this strategy consulting firm. The 7S that must be aligned are strategy, structure, systems, shared values, skills, staff and style.
<i>Mean</i>	A measure of central tendency, the mean is the average value of a series of numbers.
<i>Median</i>	The middle value in a series of values arranged in rank order.
<i>Medicare</i>	A health insurance program, administered by the Social Security Administration, which is broken into two distinct categories: Medicare Part A, which helps with hospital costs, and Medicare Part B, which requires a monthly fee and is used to pay medical costs for people 65 years of age and older, some disabled people under 65 years of age, and people with End-Stage Renal Disease (permanent kidney failure treated with dialysis or a transplant).
<i>Merger</i>	The joining of two or more different organizations under one common owner and management structure.
<i>Metrics</i>	A measure used to determine the effectiveness and value of implemented HR programs in increasing performance and profits.
<i>Mini-max budgeting</i>	A budgeting tactic in which two separate budgets are developed based on maximum assumed outputs and minimum assumed outputs.
<i>Minority business enterprise</i>	A small business enterprise that is at least 51 percent owned by one or more minorities or, in the case of a publicly owned business, at least 51 percent of all classes or types of the stock are owned by one or more minorities and whose management and daily business operations are controlled by one or more minorities.
<i>Mission statement</i>	A statement illustrating what the company is, what the company does and where the company is headed.
<i>Mode</i>	The most frequently occurring value in a set of ranked data observations.
<i>Monopoly</i>	Persistent market situation where there is only one provider of a particular product or service.
<i>Moonlighting</i>	Working one or more full- or part-time jobs in addition to an individual's regular full-time job.
<i>Multinational company (MNC)</i>	A company that has operations in different countries and is mainly staffed by local nationals but whose decisions are largely made by headquarters personnel.

Municipal bond

An often tax-exempt bond issued by federal, city, county, state or local government agencies to finance capital expenditures for public projects.

N

<i>Naked option</i>	An opportunity to purchase stock offered by a seller who has ownership of the underlying asset.
<i>NASDAQ</i>	The world's largest electronic stock market with approximately 3,200 companies, it lists more companies and, on average, trades more shares per day than any other U.S. market.
<i>Needs analysis</i>	A method of analyzing how employee skill deficit can be addressed through current or future training and professional development programs, how to determine the types of training/development programs required and how to prioritize training/development.
<i>Negative amortization</i>	A gradual loan increase that occurs when the monthly payment is inadequate to cover the interest due and resulting in a continuous increase on the balance owed.
<i>Negative equity</i>	A situation that occurs when the market value of property becomes less than the amount of the original loan taken out on the property.
<i>Negotiation</i>	The process of bargaining among parties to reach a mutually agreeable solution.
<i>Net book value</i>	The difference between the net value of company assets less depreciation and amortization (also referred to as net worth)
<i>Net operating income</i>	A company's operating income after deducting all applicable operating expenses but prior to interest or tax deductions.
<i>Net profit</i>	Generally referred to as the bottom line, net profit is calculated by subtracting total expenses from total revenue (also referred to as net earnings).
<i>Netiquette</i>	Refers to Internet use rules of conduct, involving respecting others' privacy and not doing anything online that is offensive, annoying or frustrating to other people.
<i>Net worth</i>	A company's total assets minus liabilities.
<i>Next-in, first-out (NIFO)</i>	An inventory valuation method that values inventory at projected levels of cost that reflect replacement values over the near term.
<i>New York Stock Exchange (NYSE)</i>	The leading corporation, operated by a board of directors, responsible for listing securities, setting policies and supervising the stock exchange and its member activities.
<i>No-load fund</i>	A mutual fund that does not charge commissions.
<i>Nominal data</i>	In statistics, nominal data is a form of categorical data that classifies items into categories or groups, placing no real significance on the order of the groups.

<i>Nominal group technique</i>	A consensus planning tool used to identify the strengths of an organization, department or division, whereby participants are brought together to discuss important issues, problems and solutions.
<i>Nonconforming loan</i>	A loan that does not meet the standards of the bank or other financial lending institute.
<i>Non-interest bearing bond</i>	A bond that does not earn periodic interest payments, sells at a discount and matures at face value.
<i>Nonprofit/not-for-profit</i>	An association formed for educational, fraternal, religious or social purposes and comprised of members who abide by the bylaws of the association.
<i>Nonverbal communication</i>	The non-spoken aspects of communication that include such culturally sensitive factors as body language, eye contact and conversational distance.
<i>Norm-referenced measurement</i>	Measurement that provides data on how well individuals do in relation to others in the group.
<i>Normal distribution</i>	The curve representing the normal distribution of a rating or test score (see also bell-shaped curve).
<i>Normative forecasting</i>	A method of projecting future needs in order to determine what developments will be required to meet those needs.
<i>North American Free Trade Agreement (NAFTA)</i>	An agreement, reached by the United States, Canada and Mexico, that instituted a schedule for the phasing out of tariffs and eliminated a variety of fees and other hindrances to encourage free trade between the three North American countries.

O

<i>Objective</i>	A specification of what is to be accomplished, the time frame in which it is to be accomplished and by whom.
<i>Off-balance sheet financing</i>	A method of raising money that does not appear on a company's balance sheet.
<i>Offering price</i>	The price at which the first investors are able to purchase shares.
<i>Offshoring</i>	The practice of relocating business processes such as production/manufacturing to a lower-cost international location.
<i>Oligopoly</i>	A market where there are only a few large suppliers.
<i>Onboarding</i>	The process of enabling an employee to become familiar with a new location, job or company.
<i>Open-ended fund</i>	A fund with no lock-in period allowing investors the ability to freely buy and sell shares at any time they choose.
<i>Operating budget</i>	A detailed projection of all projected income and expenses during a specified future period.
<i>Operating cash flow</i>	The total of company net profit, depreciation, account payable and accrual changes, less inventory and accounts receivable changes.
<i>Operating costs</i>	The day-to-day expenses incurred in running a business (also called operating expenses). These costs typically include the costs of such items as personnel, materials, overhead, depreciation and interest.
<i>Operating income</i>	The pre-tax, pre-interest profit derived from company operations.
<i>Opportunity costs</i>	The amount that a particular product or resource could have earned in its next best use. For example, if an asset is used for one purpose, the opportunity cost is the value of the next best purpose the asset could have been used for.
<i>Option</i>	A contract for the right to purchase or sell an asset, subject to certain terms and conditions.
<i>Ordinal data</i>	Data or numbers that can be placed in rank order. The main difference between ordinal data and nominal data is that ordinal data contain both an equal-to and a greater-than relationship, whereas the nominal data contain only an equal-to relationship.
<i>Organization chart</i>	A graphic representation outlining how authority and responsibility are distributed within an organization.
<i>Organization culture</i>	An organization's attitude and values regarding itself, employees, customers and the general public. It encompasses the manner in which things are done within the organization based on defined policies and practices.

<i>Organization for Economic Cooperation and Development (OECD)</i>	An international agency comprised of industrialized market-economy countries of the world to address the impact of globalization through changes in environmental, social and economic policy.
<i>Organizational design</i>	The process of establishing and arranging the elements of an organization's structure.
<i>Organizational planning</i>	The process of transforming an organization's goals, objectives, philosophy and mission into practices and policies.
<i>Organizational structure</i>	The intentional arrangement of positions in an organization to accomplish the goals of the company. Typically global structures are functional, geographic, product, hybrid and matrix.
<i>Organizational transformation</i>	Organization-wide changes, such as restructuring operations, introducing new technologies, processes, services or products, implementing new programs, re-engineering, etc.
<i>Outcomes assessment</i>	A strategy used to evaluate and measure the results of an instructional method or program.
<i>Outsourcing</i>	A contractual agreement between an employer and an external third-party provider whereby the employer transfers responsibility and management for certain HR, benefits or training-related functions or services to the external provider.
<i>Outstanding share</i>	Stock currently held by investors, including restricted shares owned by the company's officers and those held by public investors.
<i>Overall rate of return</i>	The ratio of money gained or lost on an investment in relation to the amount of money invested.
<i>Overhead</i>	The costs (excluding labor costs) associated with operating a business, including items such as the cost of rent, utilities, taxes, etc.

P

<i>Paradigm shift</i>	A term used to define the process of change in patterns of thought or behavior.
<i>Pareto chart</i>	A bar graph used to rank in order of importance information such as causes or reasons for specific problems so that measures for process improvement can be established.
<i>Parochialism</i>	A personal view of the world based only on one's own perspectives and values. This view does not recognize or respect other perspectives or ways of living and working.
<i>Particularism</i>	A cultural perspective that is contingency-oriented and uses different evaluative standards based on relationships and situations.
<i>Partnership</i>	An alliance between two or more individuals who mutually agree to share in the profits and losses of a business venture.
<i>Penetration pricing</i>	A market-based approach whereby a company will set the price for a product or service significantly lower than comparable goods and services being sold by competitors in an effort to make their products more attractive to consumers.
<i>Penny stock</i>	Defined by the Securities Exchange Commission (SEC) as shares with a trade value of less than \$5.00.
<i>Per capita income</i>	The average income per person in a particular population.
<i>Percentile rank</i>	A means of indicating the position of a test score in a group of 100 scores. Typically described as the percentage of scores in a distribution that a specific score is equal to or greater than.
<i>Performance budgeting</i>	A budgeting system predicated on the relationship between inputs and outputs and aligning goals with key management activities.
<i>Periodic budgeting</i>	A budget developed for the purpose of covering a specific period of time (i.e., annual budget).
<i>Perpetuity</i>	A term that simply stated means "indefinitely." In finance terms, it is the number of years in which the simple interest of any sum becomes equal to the principal or annuity payable indefinitely.
<i>Petty cash</i>	Refers to the small quantity of cash typically kept on hand by a company to cover incidental expenses.
<i>Phantom income</i>	Income that is reportable as taxable income but does not generate cash flow for the investor.
<i>Physical assets</i>	A term used to describe a company's or individual's tangible assets such as property, equipment, furnishings, inventory and supplies.

<i>Policy</i>	A written statement that reflects the employer's standards and objectives relating to various employee activities and employment-related matters.
<i>Portfolio</i>	An itemized list of investments such as stocks, bonds or mutual funds, all owned by the same individual or company.
<i>Positioning statement</i>	A statement defining a company's target market, brand reference, need fulfillment and needed support to communicate what the company stands for.
<i>Power distance</i>	A cultural value dimension developed by Hofstede that focuses on the degree to which power differences are accepted in a culture.
<i>Practitioner</i>	An individual who practices a learned profession.
<i>Predictive validity</i>	Used in the test validation process to measure the relationship between test scores and actual job performance.
<i>Preferred stock</i>	Capital stock having priority over a company's common stock in the distribution of dividends or assets.
<i>Premium pricing</i>	High pricing by a company because of the perceived superiority of a product or service or the wish to intimate superior quality.
<i>Prepaid interest</i>	The amount of interest paid on a loan at closing covering the period from the time the bank funds the loan to the date the first payment is due.
<i>Price earnings ratio (P/E ratio)</i>	Used as a guide by investors for buying and selling stock, it is the most common measure of the actual cost of a stock. The P/E ratio is equal to a stock's market capitalization divided by its after-tax gains over a 12-month period.
<i>Price escalation clause</i>	A contract provision of calling for an increase in price should an increase in certain types of costs occur.
<i>Prime rate</i>	The interest rate charged by banks and other lending institutions to their most creditworthy customers.
<i>Principal</i>	The total amount of money owed as a debt, used as the basis for calculating interest.
<i>Principal shareholders</i>	Shareholders who own 10% or more of company shares.
<i>Probability</i>	A term used in statistics that depicts the likelihood of some event occurring.
<i>Process reengineering</i>	The process of improving business practices or methods by creating and implementing new processes or making changes to existing processes.
<i>Procurement budget</i>	A budget that displays the timing, quantities and projected costs for each type of raw material required to meet inventory and production needs.
<i>Producer price index (PPI)</i>	An inflation indicator issued by the U.S. Bureau of Labor Statistics used to assess the economy's wholesale price levels.

<i>Product differentiation</i>	A marketing strategy that attempts to make clear distinctions between comparable products serving the same market segment through the use of innovative design, packaging, branding, positioning, etc.
<i>Product life cycle</i>	A marketing concept in which company products or brands follow a series of phases: introduction, growth, maturity and decline.
<i>Professional Employer Organization (PEO)</i>	An organization that enters into a join-employment relationship with an employer by leasing employees to the employer, allowing the PEO to share and manage many employer-related responsibilities and liabilities. Employers outsource their HR functions such as employee benefits, compensation and payroll administration, worker's compensation, and employment taxes.
<i>Profit margin</i>	Company earnings expressed as a percentage of revenue (also referred to as margin).
<i>Profit and loss statement</i>	A financial document summarizing company revenue and expenses during a specified period of time.
<i>Profit</i>	The return received on a business enterprise after all of its operating expenses and financial obligations have been met.
<i>Profitability</i>	A common corporate objective that focuses on a company's or industry's efficiency at generating income.
<i>Profit and loss statement (P & L)</i>	An official financial statement prepared on either a quarterly or annual basis showing earnings, expenses and net profit. A company's net profit is determined from this financial report by subtracting total expenses from total revenue.
<i>Profit budget</i>	A set of estimated financial statements and schedules for the following year.
<i>Pro forma</i>	The term pro forma comes from the Latin phrase meaning "as a matter of form." The term is very broad, and its meaning depends on the context in which it is being used. Basically, it is a term used to describe the presentation of data, usually financial statements, where the data reflect information as if the state of the world were different from that which is, in fact, the case.
<i>Program budgeting</i>	A budgeting method that deals mainly with broad planning and the associated costs of functions, activities, programs and services.
<i>Projection</i>	A prediction or an estimate of a future occurrence, based on current data or trends.
<i>Project budgeting</i>	A budget that is developed around a specific type of project rather than time period.
<i>Promissory note</i>	A legally binding written contract between a borrower and a lender in which the borrower agrees to pay back money to a lender according to specified terms.
<i>Proprietary information</i>	Information associated with company products, business or activities, including such items as financial data; trade secrets; product research

and development; product designs; marketing plans or techniques; computer programs; processes; and know-how that has been clearly identified and communicated by the company as proprietary, a trade secret or confidential.

Proprietary Technology

Technology such as software applications that is unique and legally owned by a single enterprise or individual.

Proxy statement

A written statement containing information issues that to be discussed and voted on at a shareholder meeting.

Public domain

Materials such as literary works, music, films, photographs, art, etc. that are no longer covered under copyright law and that can be published without obtaining permission or paying a fee.

Public offering

The introduction of new securities to the general public by means of underwriting.

Publicly held corporation

A term used to describe an organization whose stock is held by the public.

Purchasing power

The measure of the value of a particular currency expressed in terms of the amount of goods or services that one unit of currency can purchase.

Put option

An option contract that gives the holder the right to sell an asset for a specified price on or before a specified expiration date.

Pyramid selling/schemes

A strategy that involves the sale of goods in bulk to a distributor who then divides them and sells them to a sub-distributors at a profit, who do likewise to others, and so on. Considered an illegal selling strategy in many states.

Q

<i>Qualitative methods</i>	The metrics used to measure value through the use of means other than numerical factors to quantify accomplishments, progress, shortfalls or specific results.
<i>Quality assurance</i>	Activities or programs the purpose of which is to demonstrate and ensure that products and services meet specifications and are consistently of high quality.
<i>Quality audit</i>	The process of examining the elements of a quality management system in order to evaluate how well they comply with quality system specifications.
<i>Quality control</i>	Activities or programs whose purpose is to ensure that all quality specifications for products or services are being met and are of consistently high quality.
<i>Quality improvement</i>	Any system or process designed to enhance an organization's ability to meet quality requirements.
<i>Quartile</i>	One of three percentiles in a frequency distribution used to define one of four equivalent components: the first quartile is the 25 th percentile, the second is the median or 50 th percentile, and the third is the 75 th percentile.
<i>Quasi-public corporation</i>	A corporation that is operated privately but is publicly traded and supported by the government in its operations.
<i>Quick ratio</i>	The measure of a company's liquid assets to current debts used to determine the company's ability to meet its financial obligations. The calculation is achieved by subtracting inventories from current assets and then dividing the results by current liabilities.
<i>Quota system</i>	In affirmative action systems, it is a means of attempting to achieve workplace balance by hiring and/or promoting specified numbers or ratios of minorities or women in positions from which they have been excluded.

R

<i>Random sample</i>	In research and statistical studies, a random sample is one where the researcher ensures that each member of that population has an equal chance of being selected.
<i>Range</i>	A statistical variation measure based on the distance between the highest and lowest score in a series of scores.
<i>Rank order</i>	A rating method where the performance of a group, process or product is arranged in a particular order, such as highest to lowest.
<i>Rate of exchange</i>	The rate at which the unit of currency of one country may be exchanged for another country's equivalent unit of currency.
<i>Rate of return</i>	The return rate earned on an investment on an annual basis, expressed as a percentage.
<i>Ratio analysis</i>	Use of ratios to measure a company's financial performance by conveying the relationships between the organization's accounting numbers and their trends over time. Used to establish values and evaluate risks.
<i>Real-time quotes</i>	A standard Web-based feature that provides up-to-the-second information on prices of the most recent sales and purchases of certain stock options.
<i>Recession</i>	A considerable decline in the general economy that extends over a period of time.
<i>Reciprocity</i>	A relationship between states or other taxing jurisdictions whereby privileges granted by one are returned by the other under a reciprocal agreement.
<i>Reconciliation</i>	The process of confirming that "checkbook" balances correspond to bank statements.
<i>Reduction in force (RIF)</i>	An involuntary separation of an employee or groups of employees due to economic pressures, lack of work, organizational changes or other reasons of business necessity that require a reduction in staff.
<i>Redundancy payment</i>	Refers to an amount paid to an employee who has been laid off, typically calculated in relation to length of employment.
<i>Reengineering</i>	The redesigning of business and work processes, policies or organizational structure.
<i>Regression analysis</i>	A statistical measure used to discover relationships between variables such as performance ratings and promotions.
<i>Regulation</i>	A detailed set of orders that clarify and implement a particular

section of law.

<i>Reinsurance</i>	Insurance policies purchased by an insurer to protect against exceptionally large risks or other related risks an insurer faces.
<i>Reliability</i>	A measure of the ability of a test or other appraisal instrument to evaluate on a consistent basis that which is being measured.
<i>Representative sample</i>	A method of dividing a population into strata and then taking a random sampling from each population.
<i>Request for price (RFP)</i>	A request made by a private company or government agency to potential vendors or contractors regarding a price quote for specified products or services.
<i>Request for proposal (RFP)</i>	A document an organization sends to a vendor inviting the vendor to submit a bid for a product or service.
<i>Requisition</i>	A written request to purchase a good or service.
<i>Restricted stock</i>	An executive incentive pay method whereby executives are granted shares with some type of sales restriction. Restricted stock must be traded in compliance with special SEC regulations, and shares are forfeited when an executive terminates employment.
<i>Restrictive covenant</i>	A contract clause requiring executives or other highly skilled employees to refrain from seeking and obtaining employment with competitor organizations in a specific geographical region and for a specified period of time.
<i>Restructuring</i>	Changing an organizational structure in order to make it more efficient and cost effective.
<i>Retained earnings</i>	The amount of after-tax profit that is not paid out as dividends and is retained and reinvested in the business or used to pay off financial obligations.
<i>Retrenchment</i>	The act of reducing expenditures in order to attain financial stability.
<i>Return on assets (RA)</i>	An internal measure of a company's profitability, equal to a fiscal year's profits divided by its total assets, expressed as a percentage (net profit divided by total assets).
<i>Return on equity (ROE)</i>	A post-tax measure used by economists to assess a business's quality and strength.
<i>Return on investment (ROI)</i>	A ratio of the benefit or profit derived from a specific investment compared to the cost of the investment itself.
<i>Return on net assets</i>	The ratio, expressed as a percentage, of profit gains or asset increases realized by a company during a financial year.
<i>Revenue</i>	The amount of income generated by a product or service over a

	period of time.
<i>Revenue budget</i>	The estimated dollar value based on a projection of future sales of products or services.
<i>Reverse stock split</i>	The process of going private with a small company by removing it from the market.
<i>Reverse takeover</i>	A takeover in which a public company acquires another company by distributing a large number of shares to shareholders of the target company.
<i>Rightsizing</i>	An approach to reducing staff whereby jobs are prioritized in order to identify and eliminate unnecessary work. This method uses a selection criteria based on individual jobs rather than people in order to avoid possibly laying off the wrong employees.
<i>Risk analysis</i>	The process of trying to determine in advance any potential negative occurrences and resulting impact on business operations that such occurrences would constitute.
<i>Risk avoidance</i>	Strategies and tactics designed and implemented to circumvent or eliminate potential financial and other risks.
<i>Risk management</i>	The use of insurance and other strategies in an effort to minimize an organization's exposure to liability in the event a loss or injury occurs.
<i>Root cause analysis</i>	A procedure for ascertaining and assessing the causes of operational problems to assist in determining causes and implementing prevention strategies.
<i>Rural sourcing</i>	An outsourcing method that is based on transferring jobs away from higher-cost urban areas to lower-cost rural areas.

S

<i>Safe Harbor</i>	Guidelines regulated by the Department of Labor, which, when fully complied with, may reduce or limit the liability of a plan fiduciary.
<i>Sales budget</i>	A budget that displays a company's projected sales by month, product type and geographical area.
<i>Sales quota</i>	A goal set for a person, product, territory or market segment in selling activity.
<i>Sample</i>	A relatively small subset of a population that represents the population to be analyzed during a research study and must include identical characteristics to those contained in the entire population.
<i>Sarbanes-Oxley Act</i>	The Sarbanes-Oxley Act of 2002 was enacted to increase accountability of corporations to their shareholders in the wake of recent accounting scandals. There are many financial provisions that are not germane to HR basics. Two provisions are of special interest to HR professionals are the whistleblower protection provision and the 401(k) blackout notice provision.
<i>S corporation</i>	Business enterprise allowed by the IRS for most companies with 75 or fewer shareholders, enabling the company to enjoy the benefits of incorporation while being taxed as if it were a partnership.
<i>Scalability</i>	The degree to which a computer application or component can be expanded in size, volume or number of users served and continue to function properly.
<i>Scenario planning</i>	The process of identifying economic, social, political and technological trends and exploring the implications of projecting them forward.
<i>Secondary offering</i>	A public offering subsequent to an initial public offering.
<i>Secured bond</i>	A bond, secured by the issuer's guarantee of a specific asset, that serves as collateral on the loan.
<i>Securities and Exchange Commission (SEC)</i>	The SEC is charged by the U.S. government with responsibility for ensuring fairness in stock market transactions and enforcing laws governing insider stock trading. The mission of the U.S. Securities and Exchange Commission is to protect investors, maintain fair, orderly and efficient markets, and facilitate capital formation.
<i>Sequential time</i>	People with this view regard time as incremental, do one thing at a time, make appointments and generally stick to schedules.
<i>Shareholder</i>	An individual or corporation that owns shares in the corporation.

<i>Short-term debt</i>	Debts payable in full within a period of one year or less.
<i>Short-term orientation</i>	The cultural perspective that values quick and immediate results, not long-term benefits.
<i>Short-selling</i>	An investment strategy in which a fund sells a security it does not own in expectation of a deterioration in the market value of that security.
<i>Signature guarantee</i>	The endorsement of a signature in the form of a stamp, seal or written confirmation by a b acceptable guarantor.
<i>Silent partner</i>	An investor who does not have any management responsibility but furnishes capital and shares in the liability losses experienced by the company.
<i>Six Sigma</i>	A disciplined, data-driven methodology used to eliminate defects and improve processes and cut costs from manufacturing to transactional and from product to service.
<i>Slander</i>	False defamation expressed as spoken words, signs or gestures that cause damage to the character or reputation of the individual being defamed.
<i>Slush fund</i>	A fund that does not have a designated purpose.
<i>Small business investment company (SBIC)</i>	An organization that provides loans and other equity investments to small businesses.
<i>Small business organization (SBO)</i>	An independently owned and operated company or nonprofit association that does not have a prevailing presence in its field of enterprise.
<i>Social capital</i>	The part of the intangible capital of an organization that relates to personal networks, mentoring relationships, know-who and corporate culture.
<i>Social Security</i>	A federal program under the Social Security Act that provides for retirement, disability and other related benefits for workers and their eligible dependents.
<i>Social Security card</i>	A card issued by the Social Security Administration displaying an individual's full legal name and Social Security number assigned to the individual.
<i>Sole proprietorship</i>	A business enterprise in which an individual is fully and personally liable for all the obligations of the business, is entitled to all profits and exercises complete managerial control.
<i>Solvency ratio</i>	One of the many ratios used to gauge a company's ability to meet its long-term financial obligations based on current assets and liabilities.
<i>Specialist</i>	Defines an individual who has expertise and responsibility within a specific occupation, job function, field of study or research.

<i>Specific culture</i>	A culture that focuses on interactions for specific purposes and separates work, family and social roles.
<i>Split</i>	A distribution to shareholders of more than one share per each share that is owned.
<i>Spread</i>	The differentiation between what a potential buyer will bid for a stock and what a potential seller is asking for the stock.
<i>Staffing metrics</i>	Measures used to determine costs associated with recruitment and hiring, time-to-fill and time-to-start for open positions, and recruiter workload/activity.
<i>Stages of globalization</i>	The stages that a company goes through in progressing from a domestic to a fully global organization.
<i>Stakeholder</i>	Someone with a vested interest in the successful completion or outcome of a project.
<i>Standard & Poor's rating</i>	An organization that provides ratings (opinions) regarding the creditworthiness of issuers or capital market obligations operating under the four major principles of: independence; objectivity, analytic integrity and disclosure
<i>Standard deviation (SD)</i>	A statistical measure of the dispersion or variation in a distribution, equal to the square root of the arithmetic mean of the squares of the deviations from the arithmetic mean.
<i>Standard error</i>	Statistical estimate of possible size error present in a test score or other group measure.
<i>Standard operating procedures</i>	A prescribed written procedure outlining how recurring tasks, duties and functions are to be performed organization-wide.
<i>Standardization</i>	Design and implementation of consistent specifications for procedures, practices, materials, machinery or other equipment or other types of products and services.
<i>Startup</i>	A relatively new small business supported primarily by venture capital in line with the technology sector.
<i>Statement of financial position</i>	A financial statement of a company's incomes and outflows during a certain period of time (a term generally used by nonprofit organizations as a reference to a balance sheet).
<i>Statement of work (SOW)</i>	A detailed pragmatic statement of a company's needs and requirements on which prospective suppliers base their bids or proposals to provide products or services.
<i>Statistical significance</i>	A situation or occurrence where a researcher can show through specific tests for significance that it is unlikely that the obtained results occurred by chance.
<i>Statute of limitation</i>	Laws prescribing deadlines for filing lawsuits within a certain period of time after events that are the source of the claim occur.

<i>Stop-loss order</i>	An order that becomes a market order if and when a stock sells at or below a specific stop price.
<i>Straight line depreciation</i>	A depreciation method that produces a regular charge that is proportional to the life expectancy of a fixed asset.
<i>Strategic alliances</i>	Two or more companies coming together to enhance business operations.
<i>Strategic planning</i>	The process of identifying an organization's long-term goals and objectives and then determining the best approach for achieving those goals and objectives.
<i>Strategic staffing</i>	The practice of hiring smaller core numbers of permanent employees and using temporary employees to fill more highly specialized positions within the organization.
<i>Strike</i>	A situation that occurs when employees deliberately refuse to perform their jobs and/or form picket lines outside the employer's premises to prevent or discourage others from working in their place or conducting business with the employer.
<i>Strike price</i>	The specified price on an option contract at which the contract may be exercised (also referred to as exercise price).
<i>Subcultures</i>	A smaller grouping within a culture that has similar characteristics.
<i>Subject matter expert (SME)</i>	An individual who has expertise in a business process or specific area.
<i>Subsidiary</i>	A company that has more than half of its stock owned by another company or is completely owned by another company.
<i>Succession planning</i>	The process of identifying long-range needs and cultivating a supply of internal talent to meet those future needs. Used to anticipate the future needs of the organization and assist in finding, assessing and developing the human capital necessary to the strategy of the organization.
<i>Summary annual report</i>	A summarized report containing information on the financial status of an employee benefits plan.
<i>Sunshine law</i>	Statutes granting the public with access to government agency meetings and records.
<i>Supply chain</i>	A network of manufacturers, wholesalers, distributors and retailers that produce and provide finished goods or services to consumers.
<i>Supply and demand</i>	The amount of goods or services available to consumers at a specific price and the level of consumer need or demand for those goods or services at the specified price.
<i>Supranational</i>	Involving more than one country or having authority that transcends one country (i.e., the European Union).

<i>Surrender value</i>	The amount of money available upon the voluntary termination of an insurance policy before the benefits have become payable.
<i>Surtax</i>	An additional tax levied on certain types of income that has already been taxed.
<i>Survey</i>	A data collection method used to assist organizations with such things as problem identification, measuring employee morale or expectations, and determining areas of concern.
<i>Sweat equity</i>	Work performed in return for a share in ownership.
<i>SWOT analysis</i>	A strategic planning tool used to collect and evaluate information on an organization's current strengths, weaknesses, opportunities and threats involved in a specific project or business venture.
<i>Synchronous time</i>	People with this view often see time as flexible and intangible with commitments desirable but not absolute.

T

<i>10-K</i>	The official account of a public company's annual report filed with the Securities and Exchange Commission (SEC).
<i>Takeover</i>	The leveraged purchase and acquisition of control of a company by purchasing or exchanging of stock in a friendly or hostile manner (see also hostile takeover).
<i>Takeover bid</i>	An attempt by a company or individual to acquire and assume control, management and responsibility of another company.
<i>Tangible net worth</i>	The sum total of a company's assets less intangible assets and financial liabilities.
<i>Target cash balance</i>	The amount of cash a company would like to have readily available.
<i>Task analysis</i>	Defining standards and conditions of a particular task and identifying the distinguishing factors between tasks.
<i>Tax-deferred</i>	An investment in which some or all taxes are paid at a future date instead of the year the investment experiences a gain.
<i>Tax-exempt</i>	A reduction taken from income subject to federal taxes for a specific reason, as allowed by the Internal Revenue Service.
<i>Tax shelter</i>	A financial arrangement that reduces tax liability on current earnings.
<i>Tertiary sector</i>	The administrative and service sector of the economy (the part of the economy made up of nonprofit organizations).
<i>Think globally act locally</i>	A commonly used phrase to offer guidance to global enterprises that are constantly trying to balance standardization vs. localization.
<i>Think tank</i>	A group organized for the purpose of intensive research and problem solving, especially in the areas of technology, social or political strategy, or demographics.
<i>Thrift institution</i>	The general term used to describe banks, lending institutions and credit unions.
<i>Time management</i>	The discipline of using time efficiently and well in order to achieve professional, personal or organizational objectives.
<i>Total debt</i>	A metric used to establish a company's financial risk by determining the total amount of assets being financed by debt. Calculated by adding short-term and long-term debt and then dividing by total assets.
<i>Total quality management (TQM)</i>	A structured system that satisfies internal and external customers and suppliers by integrating the business environment, continuous

improvement and breakthroughs with development, improvement and maintenance cycles.

Traded option

An option that has been authorized by an exchange for trading.

Trademark

The name of a particular product or service legally registered as the exclusive property of a specific business enterprise.

Trade secret

Any formula, pattern, device or compilation of information used in one's business that gives the individual or entity an opportunity to obtain an advantage over competitors that do not know or use this formula, pattern, device or compilation of information.

Transnational company

A company in the most advanced stage of globalization because it has the ability to manage consistently across borders while retaining local flexibility.

Treasury bill

A short-term security issued by the U.S. government.

Treasury bond

A long-term interest bearing bond issued by the U.S. government.

Treasury note

A U.S. government-issued note.

Trend analysis

The process of forecasting an organization's staffing needs by analyzing past employment patterns in order to identify trends that may be expected to continue.

Trustee

An individual or institution that oversees and manages a trust.

Turnkey program

A tailor-made prepackaged program, developed by an external contractor for an organization, that is ready for immediate operation without a need for modifications.

U

<i>Undervalued</i>	An asset that is available for purchase at a cost that is lower than the product's actual value.
<i>Underwriting</i>	The risk an insurance company assumes for the payment of premiums.
<i>Unemployment insurance</i>	A statutory benefit, unemployment insurance (UI) is designed to provide workers who have been laid off a weekly income during short periods of unemployment. The system is run and funded by state and federal taxes paid by employers.
<i>Uninsurable</i>	An individual or business enterprise that does not meet eligibility requirements be insured.
<i>Unissued stock</i>	Shares authorized in a company's charter that have not been issued to shareholders.
<i>Unit cost</i>	The per-item cost.
<i>Universalism</i>	The belief that common evaluative standards, rules and practices should apply to everyone regardless of circumstance.
<i>Unrealized capital gain</i>	An increase or decrease in the value of a security that is not genuine because the security has not actually been sold.
<i>Unsecured debt/loan</i>	A debt that is not secured by any property (collateral).
<i>U.S. Citizenship and Immigration Services (USCIS)</i>	On March 1, service and benefit functions of the U.S. Immigration and Naturalization Service (INS) transitioned into the Department of Homeland Security (DHS) as the U.S. Citizenship and Immigration Services (USCIS). The USCIS is responsible for the administration of immigration and naturalization adjudication functions and establishing immigration services policies and priorities.

V

<i>Validity</i>	Traditionally defined as the degree to which a test measures what it claims, or purports, to be measuring. Validity is normally subdivided into three categories: content, criterion-related and construct validity. Validity is an essential characteristic for all tests and test ratings.
<i>Value-added tax</i>	The sales tax levied on the sale of goods and services.
<i>Value chain</i>	The process of manufacturing a product in its entirety, from the procurement of raw materials to the time of utilization.
<i>Value dimensions</i>	Cultures differ on the basis of their values and beliefs. Empirical research has identified key value dimensions that describe meaningful differences among cultures.
<i>Value proposition</i>	The core benefit of a product or service.
<i>Value statement</i>	A document outlining and representing the core priorities in the organization's culture.
<i>Variable costs</i>	Total costs minus any fixed costs.
<i>Variance</i>	A method used to assess dispersal within a data set that is equal to the average of the squared deviations of each item from the mean.
<i>Variance forecast</i>	A measure that utilizes a demand and availability forecast to determine whether an organization is able to meet future manpower needs.
<i>Venture capital</i>	Money that is initially invested into a new business enterprise.
<i>Vertical management</i>	A traditional organizational structure consisting of primary functions (i.e., engineering, manufacturing, finance, etc.), with each function having its own manager.
<i>Vertical organization</i>	<u>An organizational structure consisting of many layers of management or other positions of authority.</u>
<i>Vested rights</i>	An individual's right to pension benefits that are paid up and therefore are not contingent upon the employee's continued service to the employer.
<i>Vision statement</i>	A vision statement is a description of what an organization wants to become or hopes to accomplish in the future (typically in the next 10 years).
<i>Volunteerism</i>	Organizational support, often in the form of paid leave or sponsorship, for employees pursuing volunteer opportunities or

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performing community services.

Voting stock

Stock that provides the holder with the right to vote in the election of the company's directors, the appointment of auditors and other matters brought up for discussion at annual stockholder meetings.

W

<i>W-2 form</i>	A tax form provided to employees at the end of each calendar year, detailing their total earnings and amounts withheld for applicable federal, state, local and FICA taxes.
<i>W-4 form</i>	A tax form employers ask employees to complete at the time of hiring to determine appropriate tax withholding liability based on factors such as number of dependents and outside income.
<i>Weighted average</i>	An average of quantities that takes into account their relative importance in a data set instead of treating each quantity equivalently.
<i>Wellness program</i>	Programs such as on-site or subsidized fitness centers, health screenings, smoking cessation, weight reduction/management, health awareness and education that target keeping employees healthy, thereby lowering costs associated with absenteeism, lost productivity and increased health insurance claims.
<i>Wholly-owned subsidiary</i>	A company that is entirely owned by another company.
<i>Windfall profit</i>	An unforeseen profit that occurs as a consequence of events beyond the recipient's control.
<i>Withholding tax</i>	Income tax withheld from an employee's wages and paid directly to federal, state and local government agencies by the employer.
<i>Women-owned business enterprise</i>	A for-profit enterprise, regardless of size, located in the United States or its trust territories, that is owned, operated and controlled by women. Ownership by women means the business is at least 51% owned by such individuals or, in the case of publicly owned business, at least 51% of the stock is owned by one or more such individuals. Further, women control the management and daily operations.
<i>Workforce planning</i>	The assessment of current workforce content and composition issues used to determine what actions must be taken to respond to future needs.
<i>Work Opportunity Tax Credit (WOTC)</i>	Authorized by the Small Business Job Protection Act of 1996 (P.L. 104-188), WOTC is a federal tax credit that encourages employers to hire nine targeted groups of job seekers by reducing employers' federal income tax liability by as much as \$2,400 per qualified new worker; \$750 if working 120 hours or \$1,200 if working 400 hours or more, per qualified summer youth.

Working capital

The amount of cash available to a business for routine operations.

World Trade Organization (WTO)

An organization that addresses global trade issues and seeks to settle international trade disputes.

Y***Year-end closing***

Financial reports prepared and released at the end of a company's fiscal year.

Yield

The amount of interest paid on income generated by an investment.

Yield curve

A chart graphically depicting the yields of different maturity terms for various fixed-income securities of comparable credit quality and type.

Yield to call

The rate of return that would be attained on a callable bond in the event that the bond was redeemed by the issuer on its call date.

Yield to maturity

The rate of return of a bond from the time it is purchased until its maturity date.

Z***Zero-balance account***

A type of bank account whereby funds are automatically transferred into it from another account when claims against it arise versus maintaining funds in the account on a regular basis.

Zero-based budgeting

A budgeting system that starts with no authorized funds as a starting point. In a zero-based budget, each activity or program to be funded must be justified every time a new budget is prepared and resources are allocated accordingly.

Zero coupon bond

A non-interest bearing bond sold at a discounted price.

Zero growth

An economic term indicating a decline in output for two or more consecutive quarters.