

Business and management key terms ac essay

[Business](#), [Industries](#)



Businesses operating in the primary sector are involved with the extraction, harvesting and conversion of natural resources, e.

G. Agriculture, fishing mining and oil extraction. Roger Williams made a large fortune in this sector before establishing The Imperial. 2. The chance for a business of expanding into a new product and/or market. Roger Williams perceived the hotel business as under provided and hence saw a market opportunity in founding a new hotel, The Imperial. 3.

A growth strategy where a business spreads its risks by expanding into new products and markets, away from its traditional business. Roger Williams' founding of The Imperial represented diversification away from his existing investments in the primary sector. Implementing Option 3 would also allow The Imperial to diversify by having a direct stake in the safaris industry. 4. Shares held in other businesses are called investments on the balance sheet. Investments could also be medium to long-term financial assets that a business might hold which generate a short-term income for the business such as dividend or interest. Roger Williams' large fortune from being in the primary sector of British East Africa would have been be tied up in investments mostly in the primary sector itself.

Global Properties invested in The Imperial by purchasing the hotel in 1989. 5. The movement of cash into (mostly from income and capital injections) and out of (mostly purchases and expenses) a business.

The Imperial was facing cash flow problems in its initial years due to the cash outflows being greater than the cash flowing into the business. 6. The monitoring of the liquid assets of a business to ensure that it can always pay

its bills and other current liabilities. Part of the financial problems faced by The Imperial in its initial years related to liquidity management. Seasonality in the hotel industry also causes liquidity problems for The Imperial.

7. An individual owning and operating a business on his or her own although s/he may or may not employ other people for help in running the business.

Roger Williams initially operated The Imperial as a sole trader.

8. The view of a company held by its customers, employees and other major stakeholders. The Imperial enjoyed a very positive corporate image initially.

9.

Individuals or firms who have put money in the business expecting it to generate a return in the future. The five different owners that The Imperial had from 1959 to 1989 were investors in the business. Global Properties is the investment group that bought The Imperial in 1989. 10. An incorporated business that is owned by shareholders with limited liability but whose shares cannot be offered for sale to the public. The subsidiary set up by GAP was incorporated as a private limited company. 11 .

The trend towards free international trade and free movement of capital between countries resulting in the integration of economic, social, technical and cultural issues of the world's economies. It is largely a consequence of expansion of multinational corporations around the world. GAP, an international investment group, with investors from Japan, South Korea and the LASS, symbolizes globalization. 12. Shareholders, also known as stockholders, are people who own shares in a private or a public limited

company. Gap's shareholders were from the United States, Japan and South Korea. 3.

People responsible for the day-to-day running of the business or a department within the business. Managers are generally accountable to Directors and responsible for the staff teams they supervise. Martin Smiths was appointed the Hotel Manager at The Imperial.

Susan Chapman is the Head of Housekeeping at the hotel. 14. The surplus left after all costs are deducted from sales revenue.

GAP expected the Hotel Manager at The Imperial to generate profits for the investment group. 15. The share of the net profits that a company distributes to shareholders. Preference shares usually carry a fixed dividend while ordinary shares a variable dividend depending on the profitability of the company.

Most of the profits generated at The Imperial were usually paid back as dividend to GAP. 16. The level of output that generates neither any profit nor loss, shown on the x-axis corresponding to the break-even point, where total revenue = total costs. An annual meeting between the Hotel Manager of The Imperial and a representative from GAP would calculate the break-even quantity for the following year. 17.

The guaranteed minimum level of profit the company must earn to satisfy the shareholders. The Hotel Manager and the representative from GAP would meet annually to set target profits for the year ahead. 18. Also referred to as the safety margin, this refers to the difference between a business' current

level of production and its break-even level of output (in ERM of units of production). A positive safety margin means that The Imperial can face lower sales but still be making a profit. A negative safety margin would indicate The Imperial is making a loss. The Hotel Manager and the representative from Global Properties would meet annually to determine the margin of safety for the year ahead (lines 24-25).

19. The process of hiring a suitable worker which would involve a thorough job analysis involving identifying the need for a new employee, defining the job (Job Specification) and the most appropriate person for it (Person Specification), attracting a number of suitable candidates and then selecting the one most suited to the job. In 2000 when Martin returned to Kenya, The Imperial was recruiting receptionists. 20. Refers to the advancement of an employee in the company hierarchy leading to improved status, more responsibilities and, possibly, increased salary. Martin Smiths joined The Imperial as a receptionist and was promoted to Head of Reception five years later. 21 . A type of internal stakeholder, namely the people who work for a business.

They are workers who are employed by The Imperial to carry out specific tasks within the organization. Most Kenya employees at The Imperial spoke Kikuyu. 22.

Physiological needs are essential things that all human beings must have in order to survive e. . Food, clothing and shelter. Needs appear at the bottom of Mason's hierarchy of needs.

Martin's appointment as Hotel Manager at The Imperial seemed to satisfy most of his needs. 23. Fixed amount of remuneration paid to senior staff usually at the end of the month. They generally represent a fixed cost. Martin was paid a salary based on his position and performance. 24.

A bonus or an increase in salary awarded to an employee for his or her achievements over a range of pre-agreed targets or criteria. These targets can relate to sales targets, competence in a job, successful completion of a contract or any another pre-agreed criteria. Martin Smiths's salary was based on performance-related pay. 25. Business activities which are intangible but which people are ready to pay for e. G.

Airlines, tour agents, hotels. The new hotels opening in The Imperials vicinity were offering better facilities and services than The Imperial. 26. Percentage of all sales in a market that is held by one brand or a business. It can be measured in volume (units sold) or value (revenue generated). The Imperial was facing shrinking market share on account of the opening of new luxurious hotels in Mambas.

27. A detailed financial plan for the future usually involving a cash flow forecast. Each cost and profit centre may be allocated a budget.

Martin was given a limited budget for renovation and improvements every year. 28. Information collected from second hand sources such as government statistics or market research reports, all of which are relatively easy to access. Martin's use of secondary market data from Kenya National Bureau of Statistics and other tools helped him to realize that The Imperial

could attract a new type of traveler interested in safaris or in cultural tourism. 29.

A systematic examination and review of the current position of a firm's marketing in terms of its strengths and weaknesses as well as where a firm stands in its relationship with customers and competitors. It was used by Martin Smiths, along with secondary market data, to identify a new market segment of tourists to cater to - the ones interested in safaris or in cultural tourism.