Outline of Microeconomics
November 13, 2012

Contents

Note: To look up references, see the Consciousness Bibliography, listing 10,000 books and articles, with full journal and author names, available in text and PDF file formats at http://www.outline-of-knowledge.info/Consciousness_Bibliography/index.html.

SOCI>Economics>Microeconomics

microeconomics

Businesses must analyze market prices and quantities {microeconomics}|. Cooperation includes sharing among all to maximize results for all, having informed consumers and sellers who know that each depends on the other and help each other to succeed, and free-flowing information designed to align supply and demand with no discontinuities. Markets can do better with cooperation.

lottery

People can buy ticket with number and hope that the number will win predetermined payment {lottery}|.

sliding scale

Prices, taxes, or salaries can depend on cost-of-living index or on income {sliding scale}|.

SOCI>Economics>Microeconomics>Goods

consumer good

Households {consumer} demand and consume products {consumer good}|.

durable good

Produced goods {durable good}| {hard good} can be long lasting.

public good

Goods or services {public good}|, such as air, can be publicly available and so have no price.

government

Government provides public goods, such as public education and health-and-safety information, to make better citizens, better consumers, or better-trained workers {external effect, goods}. Government provides public goods, such as parks, if politically necessary. Government must provide needed but unprofitable goods and services, such as vaccinations and insurance, because businesses do not provide them. Governments can provide valuable goods or services to small numbers of people, when making them is unprofitable, or can pay businesses to provide them. Governments can provide or demand large good or service amounts, to save costs {economies of scale, government}.

analysis

Governments can analyze no-price and no-set-price goods and services by cost vs. benefit analysis or least-cost production method analysis.

satisficer

Optimal good or service amount {satisficer}| can meet need, though there are more costly goods or services.

soft good

Produced goods {soft good} can be for short time use.

staple good

Goods {staple, good} can be necessities.

SOCI>Economics>Microeconomics>Money

money

Governments have legal tender {money}, for paying taxes and all debts public and private.

demand

People need money for money transactions, as precaution against future, and as substitute for security speculation. Businesses need money to purchase materials and invest in capital.

interest rate

The money market sets interest rate, based on savings supply and investment demand. Demand from people and businesses raises money interest rate from lenders. Higher saving by people and businesses lowers interest rate.

savings

Savings grow if people and businesses choose future consumption over current consumption. If people and businesses choose future production over current production, they make investments. Savings are available for investment.

GNP

Interest rate varies directly with GNP, because businesses want to invest more if GNP is high.

money supply

Interest rate varies inversely with money supply, because, if more money is available, money value goes down, by marginal-utility principle.

wealth

People can accumulate savings, capital ownership, or natural-resource ownership {wealth}|. People have labor value, depending on education, training, natural ability, and labor-supply restrictions. People can benefit from taxation policy, by paying lower taxes, receiving subsidies, receiving benefits, or avoiding expenses. Wealth, labor, and tax policy are the three income sources. Income is price for wealth or labor use. Income varies by supply and demand, as does price.

currency

Money {currency}| is a good that people can exchange at any place and time {complete liquidity}.

equity as value

Corporation property, minus outstanding bonds and preferred stock, is corporation net value {equity capital}| {stockholders' equity}.

profit

Premiums are for taking risks, or rewards are for innovation {profit}|. Profit can be justifiable. Demand increase or cost decrease before market returns to equilibrium can cause accidental profit.

risk premium

Guaranteed return and probable return have different interest rates {risk premium}|.

saving

Not purchasing consumer goods or services {saving}, rather than consuming, can accumulate money for future purchases or security.

vested interest

Business actions or court decisions can cause people to gain or lose money {vested interest}.

penury

poverty {penury}|.

mammon

wealth as evil {mammon}.

SOCI>Economics>Microeconomics>Money>Investment

investment by business

Businesses have expected return rate {marginal efficiency of investment} (MEI) on latest dollar invested {investment}|. Current interest rate, profit availability, and business-cycle changes affect MEI. Purchasing capital, rather than consumer, goods can make more money in future.

depreciation

Capital decreases value over time {capital depreciation} {depreciation}|, as it wears out, becomes obsolete, or requires repairs. Businesses must replace capital, or capital supply decreases over time. Net capital formation is gross capital formation minus depreciation.

tontime

In France, people can invest in an annuity fund, and, if a member dies, his or her shares distribute to the other members {tontime}.

SOCI>Economics>Microeconomics>Money>Price

price index

Prices are relative to base price {price index}|. Capital-good prices are relative to base price {wholesale price index}. Consumer-good prices are relative to base price {consumer price index}. Price index tends to increase over time.

valuation

price {valuation}.

SOCI>Economics>Microeconomics>Property

personal property

People own goods and services {personal property, economics} {property}. Property can be things, land, minerals, people, labor, capital, and products. Property rules give rights to people and prescribe methods to acquire, transfer, and lose rights. People acquire rights by first use, claim, gift, bequest, and exchange.

communal property

States or associations can own property {communal property}|.

private property

People typically can do whatever they want with what they own {private property}|, with no interference from state, as long as it does not affect others' rights.

SOCI>Economics>Microeconomics>Property>Rents

closed-end lease

Leases {closed-end lease}| can have definite end date.

lend-lease

Party can loan property for set period to another party {lend-lease}| and can defer payments.

licensing

Others can pay to use inventions {licensing, rent}|.

open-end lease

Leases {open-end lease}| can have no definite end date.

quasi-rent

Businesses account for short-term returns on capital stock {quasi-rent}|.

SOCI>Economics>Microeconomics>Market

market

Goods and services gain more value if they can exchange for something else {market}|. Therefore, economy establishes places or situations in which to exchange goods and services. Main markets are for money, labor, producers, and retail sales. Price is same throughout one market. Low transportation costs and standardized goods and services allow bigger markets. Government services and goods, paid for by taxation, can have no market.

competition in market

In markets, sellers compete {competition, market}| to sell similar goods or services.

price

Competition forces sellers to lower prices and profits to the lowest level that still allows them to keep selling goods or services. If one seller has lower price, everyone buys from that seller, until supply finishes. Other sellers must lower prices to sell anything.

If price is so low that seller cannot make profit, seller leaves market. This lowers supply and so raises price, allowing other sellers to profit more.

If price is too low, sellers lower production, and make something else, because profit is low for that good or service. Supply becomes less, and price rises.

If price is too high, all sellers have good profit. Existing sellers increase supply. Price lowers. New sellers can enter market to try to earn profit, thus raising supply and reducing price.

expenses

At lowest price, sellers that have higher expenses make less profit. They cannot raise price, because then they can sell nothing. They can only lower expenses.

expenses: cost

For sellers, trying to increase supply raises costs and trying to sell more requires lower prices. Ideally, price equals cost, and businesses make and sell optimum quantity.

effects: good

Competition can increase pressure to lower prices and lower costs. Competition can increase pressure to improve goods and services.

effects: bad

Competition can increase pressure to cheat, use unethical selling practices, and use unethical buying behavior. Competition can cause too many failed enterprises, caught in business cycles. Competition can cause non-productive expenditures, such as for advertising, image-making, or financial maneuvers. Competition can cause distribution, production, and demand inefficiencies. Competition can emphasize greed and winning at all costs. Economies based on winning can encourage monopoly, substandard products, and production values based on inessential factors, such as sex and power. Competition can make differential pricing.

price discrimination

The same product can have different prices in different markets {price discrimination}|, if one market has higher demand elasticity.

transaction exchange

In market, exchanges {transaction}| are voluntary and honest, so more exchanges happen, which increases efficiency. Encouraging exchanges allows maximum satisfaction.

SOCI>Economics>Microeconomics>Market>Period

market period

Periods {market period}| exist in which supply remains same and price depends only on demand.

short period

Periods {short period}| exist in which plant capacity is constant, but sellers can vary output.

SOCI>Economics>Microeconomics>Market>Structure

market structure

Number of sellers and product type determine market nature {market structure}. Many sellers can sell standardized product in pure competition.

Many sellers can sell small amounts of differentiated product {monopolistic competition}, which emphasizes product design and publicity, because brand name, variety, prestige, and habit affect consumer. Price is higher but equals extra value to consumer. Monopoly and oligopoly can lead to more-efficient management and better technology, which can lower costs. Monopoly and oligopoly markets typically depend on prestige or high sales, rather than profit.

black market

Markets {black market}| dealing in illegal or illegally priced goods and services can develop.

oligopoly

If market has few businesses {oligopoly}|, monopolistic practices can develop.

SOCI>Economics>Microeconomics>Market>Structure>Monopoly

monopoly

Competition in some markets {natural monopoly}, such as public utilities, can be socially confusing or bad. If market has only one business {monopoly}| {monopolization}, business can fix prices and use pricing and other devices to keep others out of market. Governments can outlaw agreements to fix prices or outputs and attempts to exclude competition from markets.

collusion

Monopolistic practices {collusion}| can be agreeing to fix prices, split market, or otherwise restrain trade.

foreclosure in monopoly

Monopolistic practices {foreclosure, distribution}| can be trying to curtail competitive product or service distribution.

predatory pricing

Monopolistic practices {predatory pricing}| can be selling product below cost to drive competitor out of the market.

tying in buying

Monopolistic practices {tying}| can be forcing people to buy other products when they buy product.

SOCI>Economics>Microeconomics>Market>Restrictions

price ceiling

Laws {price ceiling}| or government payments to companies {subsidy} can keep price too low. People's demand rises but is unsatisfied, because businesses do not make more low-priced items.

quota in production

Producers can limit production {quota, production}| {production quota, market}.

rationing

People can receive fixed good or service amounts {rationing, market}|.

surplus

Businesses can make more high-priced items, and some do not sell {surplus}|, because public does not have that demand. Government or business keeps surplus in storage {warehouse} {grain silo}.

SOCI>Economics>Microeconomics>Supply And Demand

demand

People need and want {demand}| physical objects {good, economics}, to consume or use, and actions {service, economics}, to have something done for them. To acquire goods and services, people have to exchange something. People like to have money itself. Money provides security, prestige, and ability to make future purchases. People exchange their work/time for money. People value time for vacation and leisure. They must choose between work and free time.

supply

For goods and services {supply}, limiting production {production quota, supply} or allotting fixed amounts to people {rationing, supply} makes cost and price rise.

elasticity of price

Demand and supply change with price {elasticity, economics}|.

demand

Demand can change greatly with price, if substitute product is available, if product is not necessary, or if consuming that product is not a habit. Demand can change little with price, if no substitute product is available, if product is necessary, or if consuming the product is a habit.

elasticity

Percentage change in quantity demanded divided by percentage change in price {price elasticity} can be greater than one {elastic demand} or less than one {inelastic demand}.

revenue

Total revenue is price times quantity. Total revenue is greatest if elasticity equals one. Because costs minimize at maximum quantity, and price maximizes at minimum quantity, highest revenue has equal price and quantity change.

income

Percentage income change affects product quantity demanded {income elasticity}.

substitution

Related-product price changes {substitute product} {complementary product} affect demand for product {cross-elasticity}.

factors

Production-factor demand {derived demand} depends on demand elasticity, substitute availability, and percentage of total cost.

supply

Supply elasticity changes with new production methods, varying production-factor prices and quantities, and production expansion or contraction difficulty.

price

Goods and services cost money {price}.

demand and supply

In free markets, demand and supply determine price, and price determines supply and demand, by a sort of invisible hand.

High price makes low demand, and low price makes high demand. On graphs, demand curve has negative slope. See Figure 1.

High price makes high supply, and low price makes low supply. On graphs, supply curve has positive slope.

demand and supply: value

Relative good or service {resource, supply} price measures supply and demand. People choose money, time, goods, or services to maximize their or their family's satisfaction, following their self-interest. Choices involve money, time, good, or service exchanges, so people must weigh costs and benefits. People can consider other alternatives, such as making no choice. People and situations have different good, service, time, and money optimum choices. Ideally, people can exchange until whole group has optimized member satisfaction.

Perceived demand for goods and services stimulates their production, because they can sell. People change jobs to work at places with more profit and higher pay. Production creates good and service supplies. Thus, businesses supply more-valuable goods and services more. Ideally, trend always increases total satisfaction.

price

Price is where supply amount equals demand amount {price equilibrium}.

Increasing good or service price causes people not to choose that thing and perhaps choose another similar thing. This lowers good or service demand and makes price fall. See Figure 1. Price returns to where it was before.

Decreasing good or service price increases demand and makes price rise. See Figure 1. Price returns to where it was before.

price: equilibrium

Demand and supply are equal at only one point, at moderate price, demand, and supply. At this point, supply equals demand. This point sets actual price {equilibrium price} and quantity sold {equilibrium quantity} in market.

price: demand

Price increases with demand. If quantity demanded is high, value is high. If quantity demanded is low, value is low.

Increased good or service demand, caused by advertising, innovation, cultural changes, or perceptions, not by price change, shifts demand curve to right. It makes demand higher at same price. It makes demand the same at higher price. See Figure 2.

Decreased good or service demand, caused by counteradvertising, other-product innovation, cultural changes, or perceptions, not by price change, shifts demand curve to left. It makes demand lower at same price. It makes demand the same at lower price. See Figure 2.

price: supply

Price decreases with supply. If quantity supplied is low, price is high, because fixed costs spread over fewer items. If quantity supplied is high, price is low, because fixed costs spread over many items.

Decreasing good or service supply, by decreased production, transportation problems, natural disaster, or war, shifts supply curve to left. It makes supply lower at same cost. It makes supply the same at higher cost. See Figure 3.

Increasing good or service supply, by increased production, increased efficiency, or increased transportation, shifts supply curve to right. Supply is higher at same cost. Supply is the same at lower cost. See Figure 3.

price: disturbances

In short term, demand curve does not change, and supply curve does not change. After price disturbance, price returns to former equilibrium value. After disturbance to price equilibrium, price and quantity converge back to equilibrium by successive stages of price change, then supply change, then price change, and so on {cobweb theorem}. See Figure 1.

For example, if small company goes bankrupt, supply decreases slightly. Price goes up slightly. Other suppliers want to make more. They make more, cost goes down per item, and price is lower. Price returns to equilibrium.

If small company enters market, supply increases slightly. Price goes down slightly. Other suppliers want to make less. They make less, cost goes up per item, and price is higher. Price returns to equilibrium.

If population increases slightly, demand increases slightly. Price goes up slightly. Suppliers want to make more. They make more, cost goes down per item, and price is lower. Price returns to equilibrium.

If population decreases slightly, demand decreases slightly. Price goes down slightly. Suppliers want to make less. They make less, cost goes up per item, and price is higher. Price returns to equilibrium.

price: government

Artificial demand can keep price too high.

Price supports can keep price too high. Businesses make more high-priced items, and some do not sell, because public does not have that demand.

Government or business can keep surplus in storage. Note: Goods on hand are not surplus, but just stock {stock, good} {in stock} for use by retail stores as inventory.

Figure 1

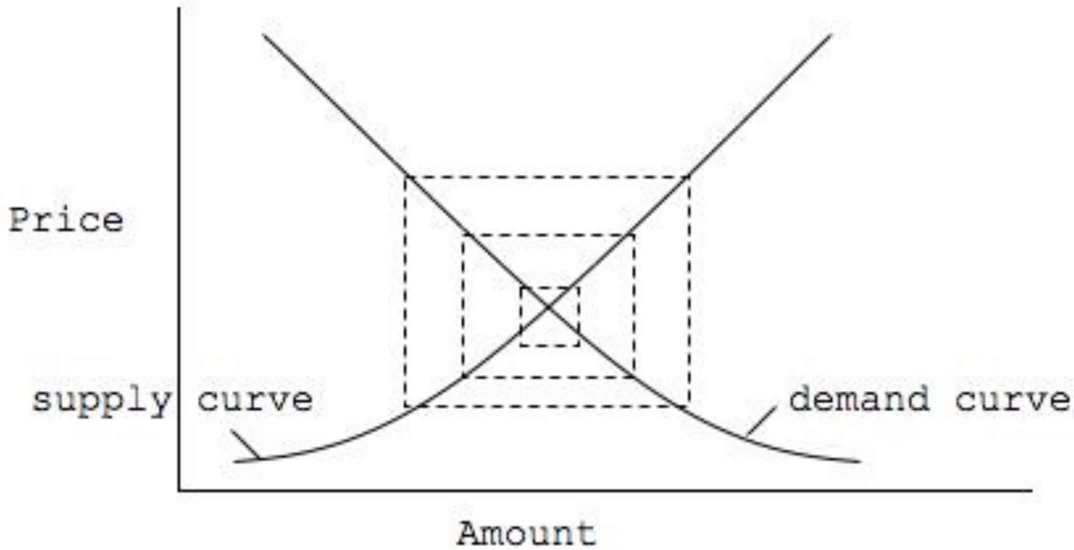


Figure 2

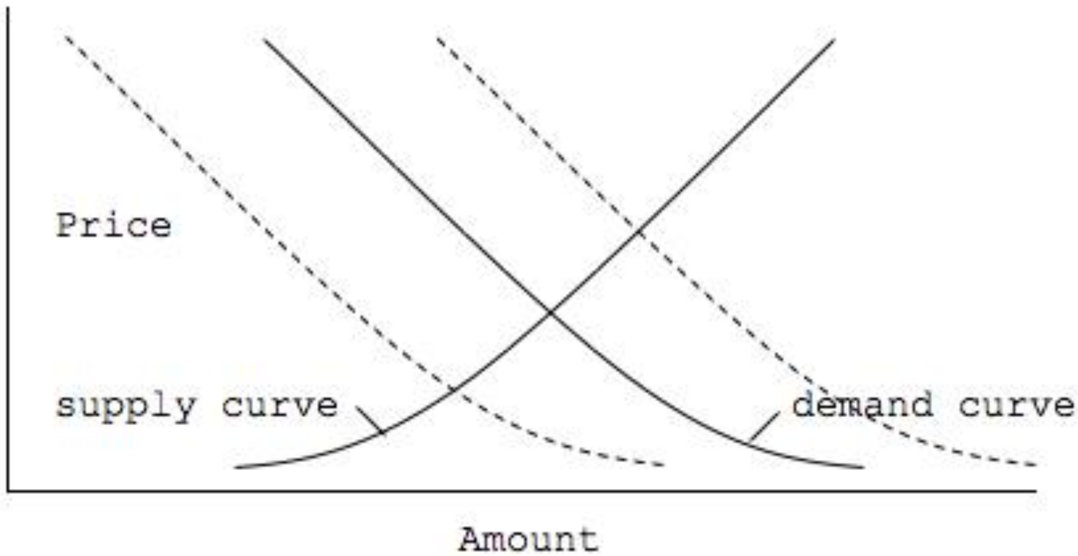
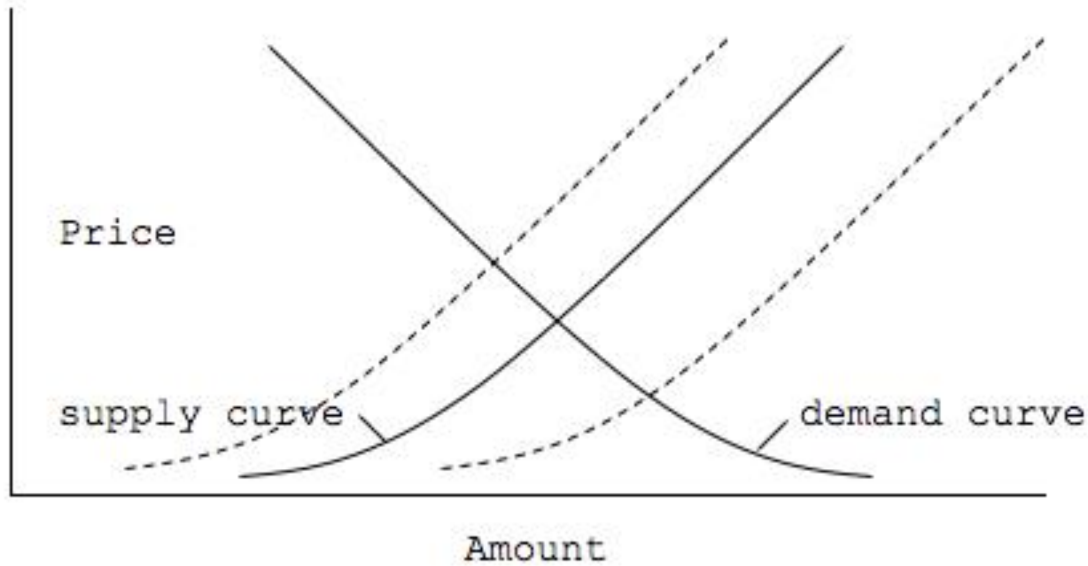


Figure 3



SOCI>Economics>Microeconomics>Business

business

Individuals, partners, or corporations can buy labor, capital, and materials and produce goods and services {business}|.

legal structure

Businesses include sole proprietorship, partnership, corporation, limited liability company (llc), personal service corporation (psc), or family business.

processes

Businesses have processes {business process}: operations, transfers, inspections, and storage. Distances, times, delays, and buildings affect processes.

system

Businesses have inputs, processes, and outputs. Processes start, stop, and require decisions. Businesses create, move, inspect, modify, handle, and store forms.

system: costs

Businesses have labor, capital, and material costs.

system: revenue

Businesses have revenue from selling goods and services.

structure

Businesses have structure by departments and jobs. Businesses have authority levels and responsibilities.

structure: distribution

Businesses send goods and services around market.

structure: marketing

Businesses try to create demand for their goods and services.

structure: sales

Businesses close deals for their goods and services.

structure: personnel

Businesses manage employees.

structure: finance

Businesses manage cash flow and assets.

buying business

Buyers need good credit and enough money. Buyers evaluate their skills and experience and choose the best business. They have advisors, organize financing, evaluate disclosure documents, evaluate business, check market, determine fair price, and create business plan. Buyers can manage the business or hire manager.

Existing businesses have business system, customers, equipment, inventory, suppliers, employees, facilities, and immediate revenue. Existing businesses can have market, financial, liability, or debt problems. New owner typically needs previous-owner experience and personal relationships for a while.

starting business

In USA, starting businesses is risky, because probability of survival for two years is one half and for five years is one-fifth. Starters must risk their own money and can have trouble getting financing. Income is low for long period. Starters must have many skills, including people skills.

private enterprise

Businesses {private enterprise} can be non-governmental.

enterprise

business {enterprise}.

entrepreneur

People {entrepreneur}| can start businesses. Entrepreneurs exhibit individualism, work diligently, spend little, have self-discipline, want wealth, have personal initiative, and follow self-interest.

outsourcing

Businesses can have work done by contractor companies {outsourcing}. Businesses do not have to hire workers. The hired company is expert at doing that job, has knowledge of all laws and regulations, and can do the job cheaper and better.

offshoring

Businesses can have work done by overseas contractor companies {offshoring}. Because of the Internet, high-quality phone and data lines, cheap communications, and the availability of communications equipment in all countries, companies can hire another company in another country. The hired company and country typically have low wages, few regulations, little unionization, and large numbers of workers with good English, and they encourage overseas investment and partnerships. Tax laws allow tax exemptions for companies operating overseas if funds are kept overseas, and this promotes outsourcing and offshoring.

SOCI>Economics>Microeconomics>Business>Administration

administration theory

Administration theories {theory of administration} {administration theory} can use ideas by Henri Fayol {rationalistic theory}; F. W. Taylor {scientific management theory}; Argyris, Bennis, Likert, McGregor, William H. Whyte, Roethlisberger, and Zaleznik {organizational behavioral theory}; and Herbert Simon, J. G. March, and R. M. Cyert {systems theory} {decision theory, economics}. Good administration relates responsibility amount to authority amount. Good administration has only one supervisor for each worker, and supervisors control six or seven workers.

Black-Scholes model

Models {Black-Scholes model}, based on thermodynamic equilibrium equations, predict stock-price volatility.

break-even analysis

Business analysis {break-even analysis} can determine risk-of-loss range and out-of-pocket range. Risk-of-loss range includes time product sells at loss less than renting. Out-of-pocket range includes time that owning costs are less than renting costs.

feasibility study

Business planning involves possibility study {feasibility study}|. Feasibility study determines fixed costs, variable costs, equipment choices, profits, sales, market factors, outside factors, housing, buildings, employee number, employee quality, efficiencies, alternatives, capital, renting needs, and buying needs.

logistics

Businesses or armies must procure and distribute supplies {logistics}|.

planning in business

Businesses can use past experience {forecasting}, models, simulations {simulation, economics}, computer graphics, optimizations, game playing, heuristics, adaptive problem solving, and trial and error {planning}|.

SOCI>Economics>Microeconomics>Business>Administration>Tests

benchmarking

Businesses test applications to check efficiency and scheduling {benchmarking}|.

program evaluation and review

Business plans can evaluate {program evaluation and review} (PERT).

SOCI>Economics>Microeconomics>Business>Administration>Projects

project planning

Business leaders find resources, set goals, and assign activities to connect resources and goals {project planning}.

critical path

In networks, paths {critical path}| from beginning to end can take longest time. All extra effort is for critical-path tasks. Business plans can concentrate on critical path {critical path method}.

SOCI>Economics>Microeconomics>Business>Inventory

inventory of business
Businesses have some unsold, but ready to sell, goods {inventory, business}|.

just-in-time
Manufacturing can keep only enough inventory on hand to meet current production needs {just-in-time production}|. This system requires high-quality parts, reducing need for extra parts. This system requires that parts go to precise locations on exact schedules linked to production.

SOCI>Economics>Microeconomics>Business>International

globalization
High-wage countries can transfer capital and technology to low-wage countries {globalization}, to employ cheaper workers. Globalization results from better telecommunication, cheaper air transportation, political stability, better infrastructure, better legal systems, and reduced tariffs.

offshore
Businesses can incorporate in another country {offshore}, which has no business regulations.

SOCI>Economics>Microeconomics>Business>Department

advertising
Business departments {advertising}| can create communications to aid sales. Ideally, advertising involves honesty, fairness, genuine needs, high quality, functionality, simplicity, fair labor practices, and modest profit. Really, advertising faces pressure to do the opposite.

consulting
Businesses typically ask for help, mostly from outside company. People with skills and experience can contract for projects {consulting}|.
effects
Consultants have flexible schedules, more independence, low financial investment, and higher potential income. Consultants typically have low income at first, must work alone, must risk own money, and have many clients instead of one boss.
planning
Potential consultants evaluate their people skills and experience. They define consulting niche, market, competition, fees, business plan, and business processes. Starting consultancy has low risks and is easier than setting up business.

accounting
Business departments {accounting}| can track expenditures and revenues, record financial transactions and prepare financial statements.

human resources
Business departments {human resources}| {personnel} can hire, promote, provide benefits to, and terminate employees.

management
Business leadership {management} coordinates production units, trying to have optimum profit, sales, efficiency, or other goal. Management is production factor. Management is like labor, because it is service, but is not a production unit.

marketing

Business departments {marketing}| can predict sales, investigate how to improve sales, and create material to aid sales. Ideally, marketing involves honesty, fairness, genuine needs, high quality, functionality, simplicity, fair labor practices, and modest profit. Really, marketing faces pressure to do the opposite.

SOCI>Economics>Microeconomics>Business>Department>Sales

sales
Business departments {sales department} can convince customers to buy {selling}. Ideally, selling involves honesty, fairness, genuine needs, high quality, functionality, simplicity, fair labor practices, and modest profit. Really, selling faces pressure to do the opposite.

window dressing
Store window displays {window dressing} can make good appearance.

SOCI>Economics>Microeconomics>Business>Department>Sales>Charges

cost-plus
Price can reflect cost plus small percentage {cost-plus}|.

cover charge
Amount or percentage {cover charge}, for snacks or entertainment, can add to bill at bar or nightclub.

surcharge
Taxes or extra amounts {surcharge}| can add to cost, for extra service.

SOCI>Economics>Microeconomics>Business>Department>Sales>Customers

carriage trade
wealthy customers {carriage trade}.

clientele
luxury-store customers {clientele}.

SOCI>Economics>Microeconomics>Business>Department>Sales>Practices

discount
Deductions {discount} from regular prices can help sales.

hard sell
Selling or advertising can use product features and perceived need {hard sell}|, not sex, glamour, personality, or humor.

loss leader
Stores often use low-priced item {loss leader}| to get customers to come to the store, and hope they buy other things.

rebate
Returns {rebate} of part of payment can induce sales.

sharp practice
deceptive selling {sharp practice}.

shell game
switching situation or goal to deceive {shell game}.

skin game
cheating {skin game}.

soft sell

Selling or advertising can use sex, glamour, personality, or humor {soft sell}|, not product features and perceived need.

SOCI>Economics>Microeconomics>Business>Department>Sales>Documents

bill of exchange

Orders {exchange bill} {bill of exchange}| can be to pay money to people.

bill of fare

menu {fare bill} {bill of fare}.

bill of lading

goods-received list {lading bill} {bill of lading}|.

bill of sale

Written statements {sale bill} {bill of sale}| can transfer property rights in exchange for money.

blue book

Books {blue book}| can list important people. Empty bound books are for examination answers.

chit

Notes {chit} list cost for food and drinks.

invoice

Lists {invoice}| can show delivered goods or services and their prices.

letter of credit

Bank documents {letter of credit}| {credit letter} can authorize loans up to stated amount.

rain check

Authorizations {rain check} can purchase something at later date at today's price.

voucher

Documents {voucher}| can pay for good or service, such as school tuition.

SOCI>Economics>Microeconomics>Business>Department>Sales>Sale

sale

Stores often use low-priced loss leader to get customers to come to the store and hope that they buy other things {sale}.

clearance sale

sale {clearance sale} designed to reduce inventory.

rummage sale

used-item sale {rummage sale}.

white sale

linen sale {white sale}|.

SOCI>Economics>Microeconomics>Business>Document

articles of incorporation

Corporation founding document {articles of incorporation} states date, name, corporation type, purpose, agent for service of process, and signature. It is notarized.

business letter
Letters {business letter} can state sender address, date, recipient address, salutation, thanks or purpose, enclosures, instructions or clarifications, closing, and signature.

bylaws
Corporation procedures {bylaws} state name, purpose, offices and officers, membership if any, board of directors, director election and removal, meetings, committees, fiscal year, contracts, bank accounts, amendments, and signature.

employee handbook
Employee rules and regulations {employee handbook} state date, employment types, and employee duties, responsibilities, rights, and privileges. It states technical details of employment and education. It discusses equal opportunity, relatives, citizens and residents, recruitment and staffing, part-time employment, resignation, disabilities, reimbursement, transportation, registration, references, solicitation, policies, discipline and corrective action, harassment, drugs, attendance, smoking, compensation, promotion, overtime, incentives, insurance, holidays, sick leave, vacation, benefits, emergencies, leave of absence, severance, and safety.

employment contract
Contract types {employment contract} can state date, agreement type, laws of state, venue, requirements, indemnity, release of liability, publicity, rights and claims, losses, supervisor, management structure, disability, project termination, work description, and signatures.

loan contract
Contract types {loan contract} can state date, lender, borrower, loan amount, amount due, due date, finance charge, annual percentage rate, prepayment, security, default, late charges, right of offset, collection fees, and acceptances.

performance review
Yearly employee evaluation {performance review} states date, name, performance period, department, job title, supervisor, goals, accomplishments, results, rating, awards, committees, and goal setting methods.

registration form
Signup sheets {registration form} state date, requirements, liability disclaimer, procedures, representation, use of name, management structure, schedule, and signatures.

sales contract
Contract types {sales contract} can state date, object type, object description, laws of state, venue, buyer, seller, price, closing date, financing, costs, disclosures, conditions. time period, dispute resolution, prorations, indemnity, and acceptances.

straw man
first proposed solution {straw man} {strawman} for discussion.

use case
business situation description {use case}.

white paper
Governments, consultants, or other authorities can write technical reports {white paper} about a problem category.

wire frame
line drawing {wire frame}.

SOCI>Economics>Microeconomics>Business>Document>Plans

business plan

People can make management, marketing, financial, and structural analyses {business plan}, to present to lenders, vendors, lawyers, accountants, and consultants.

type

You can consult, franchise, buy, or start.

legal

Business can be sole proprietor, partnership, or corporation.

factors

You must consider business structure, taxes, contracts, copyrights, and liability.

parts

Business-plan title page has business name, date, version number, confidentiality statement, proprietary statement, address, and telephone number. Business plans have table of contents. Business plans include executive summary, present-situation statement, vision statement, goals statement, timetable, task schedule, market analysis, customer profile, competition analysis, risk statement, product analysis, process statement, pricing, fees, philosophy, marketing plan, communications with customers and others, management team, staff, functions to perform, legal structure, financial projection, capital needed, contingency plans, and conclusion. Goals statement has products/services, image, market, and income. Marketing plan is advertising, media, and referrals.

financial plan

Plans {financial plan} can show startup, legal, survey, marketing, capital, travel, communications, office, compensation, and professional services costs. Communications are Internet, telephone, fax, pager, and publications. Office has materials, utilities, and insurance. Professional services are banker, accountant, and lawyer. Plans can show capital expenditures for office space, office equipment, software, and office furniture. Office space has carpet, paint, and lighting. Office equipment is computer, printer, scanner, fax, and shredder. Software is for accounting, contacts, and documents. Office furniture is filing cabinets, shelves, chairs, and table. Plans can show yearly revenues for products and services, have cash-flow statement, and have balance sheet.

operational plan

Plans {operational plan} can show hours worked at task types each month.

SOCI>Economics>Microeconomics>Business>Sectors

agriculture

Raising and processing food {agriculture} {farming, business} is a high-risk business. Weather and seasons cause farm prices to be unstable over short terms. Farmers typically need loans to plant and till, which they pay back after harvest. This situation increases risk. Small farms typically have low productivity and low income. Farmers typically expand production to take advantage of good years, resulting in too much food and thus lower prices.

construction

Businesses {construction} can produce buildings.

manufacturing

Businesses {manufacturing} can produce goods.

numismatics

coin collecting {numismatics}|.

placer mining

People can search river or glacier sand or gravel for minerals {placer mining}|.

public utility

communication, electricity, or natural-gas companies {public utility} {utility, business}.

real estate

Businesses can deal in land and buildings, plus property improvements, such as electricity, water, sewer, and telecommunications connections {real estate, business}|.

realty
real estate {realty}|.

service trade
Service trades {service trade} provide services.

telecommunications
telegraphy, telephone, radio, television, and Internet {telecommunications}|.

telegraphy
People can send messages, coded into long and short ons separated by offs, over wires {telegraphy}|.

telemetry
People can send messages, coded into long and short ons separated by offs, by radio {telemetry}|.

wire service
News organizations send articles, movies, and photographs over radio to subscribers {wire service}|.

SOCI>Economics>Microeconomics>Business>Sectors>Finance

finance
banking and stock markets {finance, sector}.

bank
Institutions {bank}| hold and lend money. Money is in checking or savings accounts.

savings and loan
Institutions {savings and loan}| {credit union} can have members who save money and receive loans.

SOCI>Economics>Microeconomics>Business>Kinds

business types
Production and supply involves different goods and services {business types}.

factors
Businesses must have capital supply, buy labor and resources, and produce output. Businesses have expenses for investment, labor, resources, land, capital, interest payments, and taxes. Businesses receive revenue for production-unit output. Businesses hope to have positive difference between revenue and costs. Profit provides incentive for owners to have business, satisfies owners' desire for reward, and provides money for capital.

large businesses
Large businesses have resulted from several factors. Technical developments require large plants. Computers and business theory aid management. Mergers eliminate competition and inefficiencies. Financiers encourage mergers and bigness. Expensive advertising requires large budgets. Complex and expensive patent laws require large legal staffs. Strong unions balance big companies.

chain store
large retailer {chain store}|.

concession
Business can obtain exclusive right {concession}| to sell product or service in political region.

franchising
Business can be local branches {franchise} of a regional business. Business {franchisee} can buy right to sell product or service {franchising}| from company {franchiser}.

franchiser
Franchiser can license franchisee to sell product or service and provide training, advertising, communications, and operating advice or techniques {business format franchise}, such as for fast-food restaurants and convenience stores.

Franchiser can sell franchisee trademarked or brand-name products or services {product franchise} {trade name franchise}, such as for beer distributors and car dealerships.

franchise

Established franchises have market for the product; assist with financing, training, advertising and promotion; and provide business model.

franchise: value

Limiting competition, typically by licensing, makes franchise value increase.

franchisee

Franchisees typically have higher income sooner but have higher starting costs and pay franchise fees, royalties, or gross-sales percentage. Franchisees must follow franchiser rules. Franchisees evaluate their skills and experience and choose the best business. They can have advisory boards, organize financing, evaluate franchises, check markets, and create business plans.

home office

Offices {home office}| in homes need quiet and comfort.

properties

Office is not near kitchen, TV, and other activities. Colors are neutral. Office has windows for fresh air and good furniture. Office has telephone, filing cabinets, bookshelves, computer, Internet modem, printer, fax machine, scanner, copier, adding machine, cell phone, desk lamp, radio, and safe.

effects

Home officers have flexible schedules and no commute. They can deduct home office expenses. There is little risk, because no rent or lease. Working at home can cause friction with spouse or children. There can be many distractions. You work alone. Clients can be worry about home businesses. Zoning laws can prevent home businesses.

merger

Company combinations {merger}| can eliminate competition and inefficiencies. Financiers encourage mergers and bigness.

small business

Businesses {small business} can result from market growth, cheap and widespread transportation, available electric power, substitute availability, invention, low import tariffs, government small-business aid, and anti-monopoly laws.

sole proprietorship

Businesses {sole proprietorship}| can have one owner {single proprietor}. Sole proprietors are single persons or married couples. Independent contractors and all self-employed people are sole proprietors. USA has 15 million to 20 million sole proprietorships, 80% of all businesses. Sole proprietorship is typically the easiest and fastest way to start business and is the cheapest and most common way to start. Owner, not business, files tax return. Owner must pay estimated income tax, Social Security tax, and Medicare tax quarterly.

turnkey

People can acquire and operate systems in few steps {turnkey}|.

SOCI>Economics>Microeconomics>Business>Kinds>Group

cartel

Business groups {cartel}| can control production and prices.

conglomerate business

Businesses {conglomerate, business}| can grow by buying other businesses.

syndicate

Investment banks {syndicate}| can jointly underwrite company.

SOCI>Economics>Microeconomics>Business>Kinds>Partnership

partnership

Two or more people can start business {partnership}| and share profits and losses. Partners share responsibility for liabilities.

types

In most partnerships {general partnership}, partners have equal involvement in the business and can make contracts and perform all business transactions. Partnerships {limited partnership} can have separate managers and investors, who must register with state securities-regulating agency.

tax

Business does not file tax return. Partners must file, but can assign profits and losses differently. Changing partnership relation typically causes tax liability. Terminating partnership typically causes tax liability for all partners.

family limited partnership

Business is sole proprietorship if one person or married couple owns the business, even if family runs the business. Otherwise, it is partnership, limited-liability company, or corporation. Family can form limited partnership {family limited partnership}| (FLP) to minimize estate taxes. For partnership, lowest-income person claims profits.

SOCI>Economics>Microeconomics>Business>Kinds>Corporation

corporation business

Businesses {charter} {corporation}| can be legal entities allowed by states and have ownership shares.

profit

Corporation profits go to stockholders. Corporations can use profits to pay dividends {earnings per share} or to expand capital.

startup

Writing incorporation articles and bylaws and applying to state cause higher costs for forming corporations. Corporations pay annual fee to state.

taxes

Owners do not file tax returns and have no personal liability. Profit-making corporations can be C or S corporations.

dividend

Corporations can pay profits to stockholders. Company reports profit per stock share {dividend, stock}|.

limited liability

Stockholders are responsible for corporation debt only up to stock value {limited liability}|.

SOCI>Economics>Microeconomics>Business>Kinds>Corporation>Kinds

C corporation

Corporations {C corporation} can file tax returns. Owners are employees and do not file. Small C corporations typically do not pay taxes, because profits are for inventory or growth.

close corporation

Some corporations {close corporation}| do not trade stocks.

holding company

Companies {holding company}| can own other corporations.

limited liability company

Corporations {limited liability company} (llc) can file tax return but not pay taxes. Owners file tax returns but have no personal liability. State typically closely regulates limited liability companies.

personal service corporation

Corporations {personal service corporation}| (PSC) {professional corporation} can have license and have close regulation by state. They are only for health, law, engineering, accounting, actuarial science, performing arts, and consulting professionals, who cannot otherwise incorporate. Personal service corporations file tax returns. Owners do not file tax returns but have limited personal liability. Personal service corporations typically have lower taxes because they allow untaxed fringe benefits.

S corporation

Owners can file tax returns, not their corporations {S corporation}. Owners have individual tax rates. Owners assign profits and losses. Profits cannot be for inventory or growth. S corporations are typically good for businesses that expect to lose money during first years, because owners can report losses on tax returns.

SOCI>Economics>Microeconomics>Business>Kinds>Corporation>Stock

preferred stock

Corporations issue ownership certificates {preferred stock}| that have first rights to profits and repayment.

share

Corporations issue ownership certificates {share}| {common stock, share} for percentage of corporation, to get money to start, expand, or pay expenses.

SOCI>Economics>Microeconomics>Business>Kinds>Customer Types

retail

Businesses {retail, business}| can sell goods to consumers.

wholesale

Businesses {wholesale, business}| can sell goods to distributors.

SOCI>Economics>Microeconomics>Agriculture

agricultural policies

Government {agricultural policies} can guarantee food prices by price supports. Government can buy and store farm surpluses to support farm prices.

agrology

Soil science {agrology}| helps grow crops.

agronomy

agricultural science {agronomy}|.

soil bank

Government can pay farmers not to use their land {soil bank}|, to increase prices and conserve natural resources.

SOCI>Economics>Microeconomics>Banking

bank statement

Statements {bank statement} can indicate bank deposits and payments.

clearinghouse

Organizations {clearinghouse}| receive checks or orders from member banks or market traders and arrange and disburse payments among members efficiently.

demand deposit

Money {demand deposit}| can be in checking accounts.

deposit insurance

Government can insure deposits {deposit insurance} in banks that it regulates. Banks pay fees to provide insurance.

discount window

Commercial banks can get credit from Federal Reserve {discount window}.

loan by bank
Banks use checking-account money to sell money {loan}| to people and businesses. Checking-account holders have right to withdraw money.
reserves
In case checking-account holders withdraw money, banks must keep a reasonable or regulated percentage of checking-account money on hand. Banks do not need all checking-account money, because only a percentage of customers need only a percentage of money. Banks like to loan all the money they can {loaned up}. Getting more customers adds to reserves. Loan repayments add to bank reserves, allowing more loans.
reserves: percentage
If reserve percentage is 25%, bank can loan four times amount it has in reserve (1 / 0.25 = 4).
reserves: government
Government can reduce demand by increasing reserve ratio.

reserves
Banks have checking accounts with national or central bank and only keep enough money {reserves, bank}| {bank reserves} to meet expected demand from checking-account customers, because it is unlikely that all people will demand their money at once. By law, reserves must be a percentage, typically 25%, of bank demand deposits. When bank receives checking-account deposits, it places some money in reserves and has the rest available to make loans.

run on the bank
Depositors can demand their money back, which can cause others to demand it, in fear money will run out {run on the bank}. Panic of 1873, Panic of 1907, and bank runs in 1930, 1931, and 1933 are examples. Panic of 1907 was a run on trusts, which managed estates, speculated in real estate and stocks, had deposits, had little regulation, and had lower reserves. New York trusts did not belong to New York Clearinghouse group of national banks.

traveler's check
People can buy drafts {traveler's check}| to take to other countries, where banks and merchants accept them.

SOCI>Economics>Microeconomics>Banking>Banks

central bank
USA Federal Reserve System [1913], European Central Bank, and Bank of Japan {central bank} can raise and lower interest rates, loan money to banks, and require different percentages of reserves.

commercial bank
Banks {commercial bank}, created by Glass-Steagall Act, can accept deposits and must have deposit insurance.

investment bank
Banks {investment bank}, created by Glass-Steagall Act, do not accept deposits and so do not have classic bank runs.

World Bank
An international bank {World Bank}, supported by member contributions, loans money, with conditions, to troubled economies.

SOCI>Economics>Microeconomics>Banking>Shadow

shadow banking system
Investment banks, hedge funds, and the like {shadow banking system} perform banking functions. Instruments include auction-rate securities, structured investment vehicles, tender option bonds, variable-rate demand notes, and asset-backed commercial paper.

auction rate security
People can long-term lend {auction-rate security} to institutions, which weekly auction right to replace current lenders, to set interest rate, which holds until next auction. If no auction transaction happens, interest rate goes higher. Institution can have long-term financing, and investors can get in and out.

collateralized debt obligation
Mortgage pools {collateralized debt obligation} (CDO) haves shares, some with priority {senior share}.

hedge fund
Funds {hedge fund} can buy short and buy long.
long
Buying long means to buy now and wait for asset to rise in price.
short
Buying short means to borrow stock from owner, by using small down payment. Then sell stock at current price to someone else to get difference of price and down payment. Then buy stock from someone on or before due date. Then sell back to owner at specified price on specified date. Buying short expects price to fall, so future price is lower than current price. However, short sellers that have big losses can be unable to buy back stock.

margin call
Creditors can demand payment from borrowers {margin call}, typically when borrower's asset value or collateral value decreases, worrying creditors. Borrowers must then pay more down payment or sell asset to pay creditors. Selling makes asset values decrease and so can affect other creditors' confidence.

SOCI>Economics>Microeconomics>Finance

actuary
People {actuary}| calculate insurance premiums based on risks.

amortize
People can pay off debt in installments {amortize}|.

arrears
People can fail to make required payments {arrears}.

balance sheet
assets and liabilities statement {balance sheet}|.

bank rate
Central bank has an interest rate {bank rate}| charged to banks.

bankruptcy business
Producers can have no more net assets {bankruptcy, business}| and fail.

book value
Accounting, not market value, can determine business value {book value}|.

brokerage
Organizations {brokerage}| can arrange securities trades.

capital account balance
Asset buying and selling have balance {capital account balance}.

capitalization
Businesses calculate capital present value {capitalization}|, using interest rate and expected future returns from capital.

capitalized
Businesses can have all needed capital from investors {capitalized}|.

carrying charge

installment-payment interest {carrying charge}|.

cost
Businesses have expenses {cost} for investment, labor, resources, land, capital, interest payments, and taxes.

debit
amount owed or lost {debit}|.

derivative
Securities can be in a combined package {derivative, finance}|.

demurrage
Retaining item to ship or empty container to return can incur rent or penalty {demurrage}|.

double entry
Accountants can illegally record financial transactions in two categories {double entry}|.

liquidity
Goods and services have varying exchange ease {liquidity}|.

receiver of property
People {receiver, bankruptcy}| can hold and manage other's property during court proceedings, such as bankruptcy.

remittance
payment {remittance}|.

requisition
Documents {requisition}| can request money to make purchase.

revenue
All products business makes are sold at same market price {marginal revenue} {revenue}|. To obtain maximum profit, quantity produced must make marginal cost equal price. This is true in both competitive and monopoly markets, but price will be higher in monopoly. Businesses calculate total costs and total revenues at different prices and outputs {break-even chart}, to find the one equal point {break-even point}. Price-setting methods {average cost pricing} can add percentage of average total cost to average total cost.

sinking fund
Money {sinking fund}| can be in reserve to pay debt.

venture capital
Investors can use their wealth {venture capital}| to start businesses.

windfall
Unusual market conditions can cause people to receive extra money or goods {windfall}.

working capital
Capital {working capital}| can earn return.

SOCI>Economics>Microeconomics>Finance>Securities

security for finance
Bonds and stocks {security, money}| trade in stock or bond markets. Buying and selling establishes business or corporation actual and perceived value. Securities have probabilities {risk, loss} that they will have no dividend or interest or that they will lose market value.

bond as security

Businesses, including corporations, issue indebtedness certificates {bond, finance}| to obtain money, without ownership rights. Bondholders loan money to businesses. Business property is security lien for bond-debt principal and interest. Preferred stocks are also liens against company. Business property value minus outstanding-bond value is business net value.

capital gain

Securities can increase in market value {capital gain}|. Securities can lose market value {capital loss}.

growth stock

Corporations can emphasize rapid capital expansion {growth stock}| or emphasize dividends.

price-earnings ratio

Yield can divide into market value {price-earnings ratio}| to establish security value.

return on bond

Bonds have interest rates {return}.

yield on securities

Stocks can have dividends {yield from stock}|.

SOCI>Economics>Microeconomics>Finance>Securities>Value

market value

Stocks and bonds have value {market value}| determined in the market.

par value

Stocks and bonds have specified value {par value}| at issue.

SOCI>Economics>Microeconomics>Finance>Stock Market

bear market

Securities markets can have average price going up {bear market}|.

bull market

Securities markets can have average price going down {bull market}|.

SOCI>Economics>Microeconomics>Finance>Stock Market>Kinds

board of trade

Markets {board of trade}| {trade board} can be for exchanging commodities.

bourse

French securities market {bourse}.

SOCI>Economics>Microeconomics>Finance>Scale

economies of scale

Costs can decrease in expansion, if people can buy more quantities more cheaply {external economies} {economies of scale, finance}|, plants can specialize, or plants approach full capacity.

isoquant

Businesses calculate different factor combinations that can produce same amount {isoquant}.

optimum scale

Businesses calculate average total cost compared to business size, find size {optimum scale}| with lowest average total cost, and choose output rate {capacity, output} with lowest total cost.

planning curve

Businesses calculate average total cost compared to business size {planning curve}, find size with lowest average total cost, and choose output rate with lowest total cost.

production possibilities

The same production units can produce different good or service amounts {production possibilities curve}| {production frontier}.

productivity in business

Businesses calculate demand for production factor {productivity, business}|.

value added

Businesses calculate output value minus material cost {value added}| for production steps.

variable proportions law

Factor marginal product decreases if quantity increases relative to other factors {variable proportions law} {law of variable proportions}.

SOCI>Economics>Microeconomics>Finance>Margins

marginal cost

Businesses calculate cost of adding one more output unit {marginal cost}|. Marginal costs decrease with increased production, at low output levels. Marginal costs level off as production reaches normal plant capacity. Marginal costs rise as plant nears production capacity and rise markedly when plant expands.

marginal product

Businesses calculate additional output produced by adding one production-factor unit {marginal product}|. Revenue derived from extra output {marginal revenue product, price} equals price and marginal cost. Factor increases in marginal product if other factors increase, quality increases, new technology works with that factor, factor is important in overall economy, or factor has limited amounts. Factors can have fixed supply and be capable of only one use: houses, zoned land, and people with unique talents.

marginal productivity

When businesses produce goods or services, the most-recent ones have production rates {marginal productivity}. Marginal productivity diminishes as time spent increases, because labor tires, capital wears, and natural resources and land are harder to exploit. Production units can produce good or service, in given time with given resources and technology.

SOCI>Economics>Microeconomics>Freight

freight

Cargo or goods {freight} are in vehicles or vessels.

common carrier of freight

transportation company {common carrier}|.

free alongside

no extra charge for shipping and unloading {free alongside}| (FAS).

free on board

no extra charge for shipping and leaving in container {free on board}| (FOB).

lading

freight {lading}|.

manifest list
Lists {manifest}| can show passengers or freight.

registry of ships
Ships officially belong to country {registry}|.

SOCI>Economics>Microeconomics>Manufacturing

byproduct
Secondary goods or wastes {byproduct} can appear while manufacturing another good.

job lot
Miscellaneous items can sell as set {job lot}|.

lot
land plot or set of items {lot}|.

mass production
Technology has enabled businesses to assemble many products continuously {mass production}|.

SOCI>Economics>Microeconomics>Production

production in business
Labor, machines, factories, land, and natural resources make goods or perform services {production, economics}. Businesses {producer} supply goods or services. Households demand and consume products.

output in economics
To produce consumer goods and services {output, economics}| {economic output}, businesses must use production units. Production units make goods or services.

SOCI>Economics>Microeconomics>Production>Technology

technology
Automation {technology} can result in greater production at less cost, with less labor and higher paying jobs.

automation
In many tasks, capital can substitute for labor {automation}|, resulting in greater production at less cost, with less labor but higher paying jobs.

standardization
Mass production makes each good the same way {standardization}|, which allows interchangeable parts.

SOCI>Economics>Microeconomics>Production>Factors

production factor
Goods and services {factor of production} {production factor}| {productive resource} can be for business production. Labor is a production factor.

capital
Business assets {capital, business}| can be actual equipment {real capital}, existing capital {capital stock}, or money {money capital} that can be for investment. Businesses add new capital each period {capital flow}. Capital has a percentage return per year on cost {marginal revenue product, capital}. Investment in capital is wise if capital marginal revenue product is higher than interest rate. Ideally, interest rate equals national capital average marginal revenue product.

capital good

Produced goods {capital good}| can be production factors. Goods and services, such as education, can be both capital and consumer goods.

opportunity cost

Good or service production factors can produce other goods or services that have value {opportunity cost}|. If all markets are working correctly, actual good or service cost equals opportunity cost. If costs are different, market makes more low-cost good, its price decreases, other-good price increases, and finally prices and costs are equal. If two costs are equal, true good-or-service value is price.

production unit

To produce consumer goods and services, businesses must use labor, capital, land, and natural-resource coordinated sets {production unit}|.

natural resource

Land and raw materials {natural resource}| can be production factors. Raw materials can be production factors if process requires them, they require discovery, and/or they require extraction. Abundant and easily available natural resources are not production factors. Producers typically waste them.

scarcity

Production means are natural resources, land, labor, and capital and have limited amounts {scarcity}|. Therefore, making goods or services prevents making something else.

SOCI>Economics>Microeconomics>Production>Factors>Labor

labor

Jobs {labor} are essential to workers, but employers actually do not need that particular worker.

competition

Economies typically have surplus labor. Employers can hire and fire at will. Employer agreements can restrict competition for labor. Workers typically have limited knowledge of other available jobs. Governments and non-profit agencies can create job clearinghouses {unemployment office}. Governments, businesses, and non-profit agencies provide vocational training.

compensation

Manual laborers, semi-skilled workers, and skilled workers usually get wages. Managers and white-collar workers usually get weekly, monthly, or yearly salaries. Professionals get fees for services.

rules

Jobs have work rules, such as break times, regular hours, overtime rules, retirement, and temporary layoff periods. Jobs also have safety rules, promotion policies, and grievance procedures.

benefits

Many companies provide benefits, such as health insurance, eye insurance, dental insurance, life insurance, and accident insurance. Other benefits are vacations, sick leave, and bereavement leave.

labor problems

Problems with work are boredom, powerlessness, no craft, meaninglessness, isolation, and alienation.

human relations movement

Besides physical conditions, work-group structure and supervision style affect productivity {human relations movement}.

SOCI>Economics>Microeconomics>Production>Factors>Labor>Union

union for workers

Workers can unite into organizations {union, worker}|. Unions participate in collective bargaining, politics, and labor-force control and strive for job protection, equal justice, better wages, and better working conditions. Law allows laborer associations. Large unions can have local branches {local union}. Unions {industrial union} can be industry-wide. Unions {trade union} can be for specialized workers.

checkoff of dues

Unions can deduct union dues from paychecks in advance {checkoff}|.

collective bargaining

Union representatives and management representatives negotiate contract between labor and management {collective bargaining}|.

shape-up

Daily gatherings {shape-up} of unionized longshoremen allow boss to choose that day's workers.

right-to-work law

States can allow open shop, using laws {right-to-work law}| that guarantee open shops.

SOCI>Economics>Microeconomics>Production>Factors>Labor>Union>Shop

union shop

States can require unionized businesses to hire only union members {union shop}| {closed shop}.

open shop

States can allow businesses to hire any worker {open shop}|.

SOCI>Economics>Microeconomics>Production>Factors>Labor>Strike

strike by workers

States allow workers to refuse to work {strike, worker}| without being fired, for just cause. Workers have right to refuse to work until they have better conditions.

walkout

Workers can strike {wildcat strike} {walkout} without union authorization.

scab as strikebreaker

Businesses can hire non-union members {scab, strikebreaker}| {strikebreaker}, to work in place of striking workers to try to break strike.

SOCI>Economics>Microeconomics>Production>Factors>Labor>Job

absenteeism

regular absence {absenteeism}|.

boondoggle

Work can have no useful result {boondoggle}.

calling

vocation {calling}.

layoff

temporary no work and no pay periods {layoff}|.

leisure

Worker time {leisure} can be not on production.

lockout

Businesses can refuse to let workers work {lockout}|.

nepotism

Businesses can have favoritism toward relatives {nepotism}|.

Peter Principle
In hierarchies, employees rise until they reach jobs that they are unable to do {Peter Principle}.

preferment
promotion {preferment}|.

seniority
employment length {seniority}|.

time-and-motion study
Jobs have motions that take time {time-and-motion study}.

turnover of labor
Switching jobs {turnover, job}| happens often in modern business.

vocation
job {vocation}.

walking papers
termination notice {walking papers}.

SOCI>Economics>Microeconomics>Production>Factors>Labor>Job>Kinds

assembly line
Unfinished goods can move on conveyor belts or movable platforms {assembly line}|, where workers can add parts.

continuous process technology
Automatic product flow {continuous process technology}| needs only maintenance and repair, with little labor.

corvee
Local governments can require citizens to perform needed tasks, such as repairing roads, for small or no compensation {corvée}. Labor can substitute for paying tax. Feudal-estate lords had the right to require vassals to work free for one day.

craftwork
Hand-made goods {craftwork}| use labor less efficiently.

impressment
Governments can confiscate objects. Navies can make people work in navy by force {impressment}|.

moonlighting
People can choose to have more income by working at two or more jobs at once {moonlighting}|.

piecework
People can receive pay for items {piecework}| {piece good}.

practical art
skill in trade {practical art}.

SOCI>Economics>Microeconomics>Production>Factors>Labor>Job>Shift

swing shift
People can work at night or evening {swing shift}|.

split shift
People can work hours on two different shifts {split shift}|.

SOCI>Economics>Microeconomics>Production>Factors>Labor>Job>Money

emolument
compensation {emolument}.

gratuity
tip {gratuity}.

honorarium
lecture fee {honorarium}|.

kickback
People who arrange transactions can get part {kickback}| of profits.

minimum wage
Most states require minimum hourly wage {minimum wage}|.

payola
Presenters can receive payment {payola}| to present someone's work.

rake-off
bribe {rake-off}.

salary
Managers and white-collar workers usually get weekly, monthly, or yearly pay {salary}.

stipend
service payment {stipend}|.

valuable consideration
Value {valuable consideration} can exchange for performing contract.

wage
Manual laborers, semi-skilled workers, and skilled workers usually get hourly pay {wage}.

SOCI>Economics>Microeconomics>Production>Factors>Labor>Job>Benefit

annuity
Investments {annuity}| can pay investor regularly after maturity.

expense account
Businesses can pay expenses using account {expense account}|.

fringe benefit
Most companies pay for insurance, vacations, and so on {fringe benefit}|.

leave
People can get permitted absence from work for long period {leave}|.

pension
Many companies pay workers after retirement {pension}|.

severance pay
Employers can pay money {severance pay}| when terminating employees.

unemployment compensation

Governments often pay unemployed people until they find a job {unemployment compensation}|.

SOCI>Economics>Microeconomics>Philanthropy

philanthropy

People can pay for others' charitable activities {philanthropy}|, such as assisting poor people, educating people, promoting artistic endeavors, or providing better health.

community chest

Communities can establish foundations {community chest}| into which people can contribute money to disburse for community good.

endowment

Charitable institutions can keep money {endowment}| contributed in the past and only spend interest or value increase.

SOCI>Economics>History>Administration

Frank Bunker Gilbreth [Gilbreth, Frank Bunker]/Lillian Moller Gilbreth [Gilbreth, Lillian Moller]

engineer

USA

1904 to 1924

He lived 1868 to 1924. She lived 1878 to 1972. They studied industrial production methods and quality controls. He studied job-task times and motions {time-and-motion study, Gilbreth}. He analyzed motions into elements {therblig}.

Frederick M. Taylor [Taylor, Frederick M.]

economist

USA

1906 to 1929

Some Chapters on Money [1906]; Principles of Scientific Management [1911]; Guidance of Production in a Socialist State [1929]

He lived 1855 to 1932, advocated market socialism, and studied management {Taylorism}. He studied job-task times and motions {time-and-motion study, Taylor}.

Henri Fayol [Fayol, Henri]

sociologist

Paris, France

1916

General and Industrial Management [1916]

He lived 1841 to 1925 and discussed rational and efficient business administration, including central control, labor division, hierarchical command, ordered and stable processes, and initiative. He had five principles: forecasting and planning, organizing, commanding, coordinating, and controlling. He stated 14 management principles: labor specialization and division, authority with corresponding responsibility, discipline, unified command, unified direction, individual-interest subordination to general interest, staff remuneration, centralization, scalar authority chain, order, equity, tenure stability, initiative, and esprit de corps.

Chester I. Barnard [Barnard, Chester I.]

businessman

USA

1938

Functions of the Executive [1938]

He lived 1886 to 1961 and wrote about the ideal administrator. Good administration depends on analysis, authority, communication, decision-making, expansion, goals, motivation, and purpose.

Business analysis requires looking for process critical, limiting, and strategic factors and making decisions to address these factors. Then further analysis finds new critical, limiting, and strategic factors. Good analysis uses past experience, connects decisions, analyzes decision-making process itself, and facilitates limiting options.

To have authority to lead, executive must be moral and qualified. Authority depends on subordinate acceptance of executive. The moral code defines authority levels, emphasizes loyalty to organization purposes, and sets goal to strive for excellence.

Communication is official, is only for employees, comes from communication center through accepted channels, goes through all proper stages, preferably only one stage, comes from authority, is authenticatable, and comes from someone responsible.

Executive decisions mostly limit choices. Consequence anticipations and results after previous actions limit choices. High-level decisions involve purposes and personnel. Middle-level decisions involve technical, economic, and social problems. Low-level decisions involve means to ends. Executives can protect themselves against decision criticism, by documentation and superiors' approval. Executives can ensure that authorities make decisions and take responsibility.

Organization must expand to gain more incentives for workers.

Organization has two main goals, which executive leads and to which organization adapts. The first goal is to reach organization purpose. The second goal is to motivate individuals. Meeting both goals requires willingness to cooperate among all employees, communication between all employees, and accepted purpose for organization. Purpose must be relevant to customers or environment, be attainable given resources and people, and fit with employee desires and hopes. Executive can motivate by distributing rewards in the most-efficient way, based on people's powers, wishes, needs, and abilities, to keep people satisfied. Direct incentives alone are not enough to satisfy employees. Propaganda, education, and training can persuade people. Technology, education, and opportunities to do more are other rewards. Executive must remember that people can always think about doing something else instead. Social relations can contribute to success but must be compatible with organization purposes.

As for motivation, best results happen if people have high pay and then give full value in return. Return value typically seems small to person giving it.

Purposes about family, religion, or country are personal, but business purposes are impersonal. All intentions, acts, and ideas communicate business purposes, to persuade people to accept them. Business purpose has parts that specialists can do, by place, time, other people required, resources, and methods.

Mary Parker Follett [Follett, Mary Parker]

economist

USA

1970

Dynamic Administration [1970]

She lived 1868 to 1933 and invented administration law of the situation.

Jim Collins [Collins, Jim]

sociologist

USA

2001

Good-to-Great: Why Some Companies Make the Leap... and Others Don't [2001]

Level 1 is Highly Capable Individual. Level 2 is Contributing Team Member. Level 3 is Competent Manager. Level 4 is Effective Leader. Level 5 {Level 5 Leadership} is Executive. Good executives are humble or quiet, are strong-willed, require self-discipline, sacrifice self for company, take responsibility, listen to and credit others, work for long-term company gain, and have high standards. They are not outsiders or flamboyant persons. They do not have charisma. They do not impose discipline.

Determine what company can do best, choose best method for cash flow and profits, choose main indicator, and have passion inside {Hedgehog Concept}.

SOCI>Economics>History>Microeconomics

Maria Edgeworth [Edgeworth, Maria]

novelist

Ireland

1800

Castle Rackrent [1800]

She lived 1767 to 1849 and wrote about rent.

William Stanley Jevons [Jevons, William Stanley]
economist/philosopher
England
1862 to 1882
General Mathematical Theory of Political Economy [1862: marginal-utility theory of value]; Coal Question [1865]; Theory of Political Economy [1871]; Principles of Science [1874]; State in Relation to Labour [1882]
He lived 1835 to 1882. He started the marginalist revolution [1871] and developed marginal-utility theory of value. He advocated deductive science based on probability. In logic, he studied inclusive OR and developed logic of similar objects.

Carl Menger [Menger, Carl]
economist
Austria
1871 to 1892
Principles of Economics [1871]; Method of the Social Sciences with Special Reference to Economics [1883]; Theory of Capital [1888]; Money [1892]
He lived 1840 to 1921, started the marginalist revolution [1871], and founded Austrian School. There was Methodenstreit {methodological debate} between German Historical School and Austrian School [1884].

Léon Walras [Walras, Léon] or Marie-Ésprit-Léon Walras [Walras, Marie-Ésprit-Léon]
economist
France
1874
Elements of Pure Economics [1874]
He lived 1834 to 1910, created general equilibrium theory [1874], and founded Lausanne School. His student was Vilfredo Pareto. He contributed to the marginalist revolution.

Walter Dill Scott [Scott, Walter Dill]
economist
USA
1923
Personnel Management [1923: with Robert C. Clothier]
He lived 1869 to 1955 and studied scientific management theory.

James D. Mooney [Mooney, James D.]
economist
USA
1931 to 1939
Onward Industry [1931: with A. C. Reiley]; Principles of Organization [1939: with A. C. Reiley]
He lived 1884 to ? and studied scientific management theory.

Alan C. Reiley [Reiley, Alan C.]
economist
USA
1931 to 1939
Onward Industry [1931: with J. D. Mooney]; Principles of Organization [1939: with J. D. Mooney]
He studied scientific management theory.

Luther Gulick [Gulick, Luther]
economist
USA
1937
Notes on the Theory of Organization [1937]

He lived 1865 to 1918 and studied administrative management theory. His wife was Charlotte Gulick [1865 to 1938]. They started Camp Fire Girls in 1910.

Lyndall F. Urwick [Urwick, Lyndall F.]
economist
USA
1937 to 1955
Making of Scientific Management [1937: with Edward Brech]; Pattern of Management [1955]
He lived 1891 to 1983 and studied scientific management theory.

Peter F. Drucker [Drucker, Peter F.]
economist
Austria/USA
1939 to 1966
End of Economic Man [1939]; Effective Executive [1966]
He lived 1909 to ? and studied non-profit business policy.

Fritz Roethlisberger [Roethlisberger, Fritz]
economist
USA
1941
Management and Morale [1941]
He studied behavior and human relations.

George Bernard Dantzig [Dantzig, George Bernard]
economist
USA
1947 to 1963
Linear Programming and Extensions [1963]; simplex method [1947]
He lived 1914 to 2005 and invented linear-programming simplex method, for operations research.

Tjalling C. Koopmans [Koopmans, Tjalling C.]
economist
USA
1951
Analysis of Production as an Efficient Combination of Activities [1951: editor]
He lived 1910 to 1985 and used activity analysis model, instead of production function.

Abraham Zaleznik [Zaleznik, Abraham]
economist
USA
1951
Foreman Training in a Growing Enterprise [1951]
He studied leadership and organizational behavioral theory.

Warren Bennis [Bennis, Warren]
economist
USA
1957
Changing Organizations [1957]
He lived 1925 to ? and studied leadership.

James G. March [March, James G.]
economist
USA
1958

Organizations [1958: with H. Guetzkow and Herbert Simon]
He studied systems theory or decision theory.

Douglas McGregor [McGregor, Douglas]
economist
USA
1960
Human Side of Enterprise [1960]
He studied organizational behavioral theory.

Richard M. Cyert [Cyert, Richard M.]
economist
USA
1963
Behavioral Theory of the Firm [1963: with R. G. March]
He studied systems theory or decision theory.

Alfred P. Sloan [Sloan, Alfred P.]
economist
USA
1964
My Years with General Motors [1964]
He lived 1875 to 1966 and led General Motors.

Rensis Likert [Likert, Rensis]
economist
USA
1967
Human Organization [1967]
He studied organizational behavioral theory.

Alfred D. Chandler, Jr. [Chandler, Jr., Alfred D.]
economist
USA
1971
Business History as Institutional History [1971]
He lived 1918 to ? and studied actual business policy.

Robert Lucas, Jr. [Lucas, Jr., Robert]
economist
USA
1972 to 1987
Expectations and the Neutrality of Money [1972]; Econometric Policy Evaluation: A Critique [1976: Lucas critique]; Models of Business Cycles [1987]

He reintroduced representative agents. Government-policy, culture, or expectation changes can change relationships between economic variables, so some predictions using historical data are inaccurate {Lucas Critique}. He invented theory of Real Business Cycles, with Finn E. Kydland and Edward C. Prescott, based on John Muth's rational expectations hypothesis [1961].

Chris Argyris [Argyris, Chris]
economist
USA
1976 to 1978
Increasing Leadership Effectiveness [1976]; Organizational Learning [1978]
He lived 1923 to ? and studied organizational behavioral theory {double loop learning theory} [1976].

Thomas E. Copeland [Copeland, Thomas E.]
economist
USA
1979
Financial Theory and Corporate Policy [1979: with J. Fred Weston and Kuldeep Shastri]
He studied actual business-policy stages: understanding problem or situation, deciding on solution, organizing resources, instructing participants, timing actions, and following results.

David Smith [Smith, David]
economist
USA
1987
Rise and Fall of Monetarism [1987]
He studied actual business policy.

Clayton M. Christensen [Christensen, Clayton M.]
economist
USA
1997
Innovator's Dilemma [1997]
He lived 1952 to ? and studied actual business policy.