

Basic Business Dictionaries Compared

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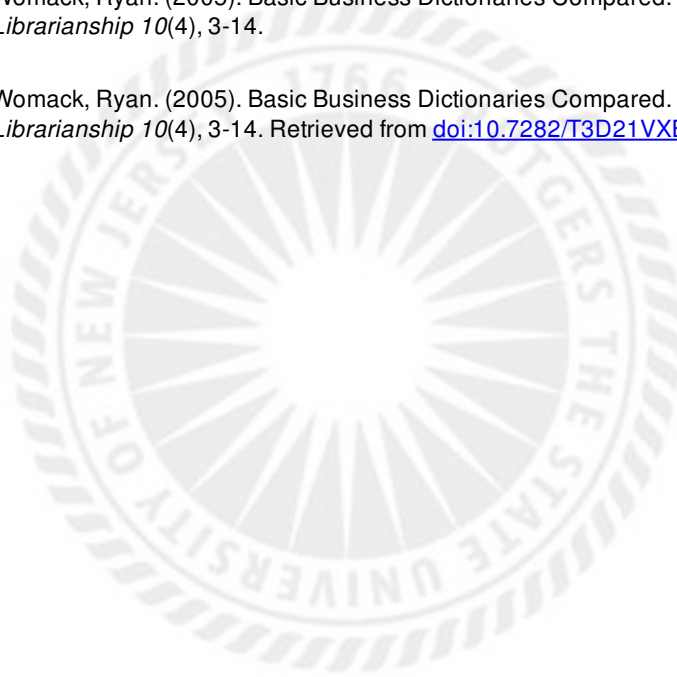
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Basic Business Dictionaries Compared by Ryan Womack¹

Abstract:

This article compares the relative merits of five business dictionaries addressed to a general business audience. The distinctive features of each dictionary are described, and definitions and range of coverage are compared in order to discover the distinctive strengths and weaknesses of each dictionary.

Keywords:

Dictionaries, Finance, Business, Reference Works, Analysis

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Basic Business Dictionaries Compared

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Bach, David (Editor) (2003). *1001 Financial Words You Need to Know*. Oxford: Oxford University Press. Clothbound, 256 pages, \$17.95.

Bannock, Graham, Evan Davis, Paul Trott, and Mark Uncles. (2003). *The Economist Dictionary of Business*. Princeton, NJ: Bloomberg Press. Clothbound, 448 pages, \$35.00.

Etzel, Barbara J. (2003) *Webster's New World Finance and Investment Dictionary*. Indianapolis, Indiana: Wiley Publishing. Paperbound, 384 pages, \$14.99.

Scott, David L. (2003) *Wall Street Words: An A to Z Guide to Investment Terms for Today's Investor*. Boston: Houghton Mifflin Company. Third Edition. Paperbound, 432 pages, \$13.95.

The Ultimate Business Dictionary: Defining the World of Work. (2003) Cambridge, Massachusetts: Perseus Publishing. Paperbound, 672 pages, \$19.95.

Introduction

A novice investor is asked by her investment adviser if she would like to put her money into an IPO, LEAPS, or a REIT. An economist is an expert on theory, but has trouble deciphering the references to CHAPS and CLMs in the business press. A retiree thought he was financially

literate, but stumbled when he read that a “a cash cow was created when a consortium of chaebols recently cartelized their consumer goods”. A manager decides she needs a refresher after hearing an advertising director saying that “the PESTL analysis indicates that flighting would be the best strategy”. And a reader becomes intrigued by the newspaper headline: “Naked writer's naked option sold by open outcry.”

These scenarios all have one thing in common: a good business dictionary was needed to clear up the confusion. With the profusion of acronyms, new jargon, and specialized uses of ordinary language in business and financial markets, anyone can use a little help at times. A basic business dictionary can assist the reader in deciphering these terms, and can also be used to aid the general study of new business concepts and trends.

The first dictionary solely related to business has been identified as Wagner's *Idea Mercaturae*, published in 1661 in question-and-answer format (Welch and Merritt, p. 43). Since then, the number of business dictionaries has expanded exponentially, but there will always be a need for a handy introductory reference to terms. This article compares and assesses five such new or newly revised dictionaries in business and finance aimed at a general audience: *1001 Financial Words You Need to Know*; *The Economist Dictionary of Business*; *The Ultimate Business Dictionary*; *Wall Street Words*; and, *Webster's New World Finance and Investment Dictionary*.

These inexpensive dictionaries offer the reader a thorough look at business terminology, but each is substantially different in style, content, and purpose.

There are also a number of online business dictionaries that can be used for ready reference. Web resources such as Investopedia, the Washington Post Business Glossary, or InvestorWords.com are freely available for the curious to consult. These sources are not necessarily smaller or more limited versions of what can be found in print. Duke professor Campbell R. Harvey's Hypertextual Finance Glossary boasts over 8,000 entries, substantially larger than the 3,500 terms defined in the print work it is based on, *The New York Times Dictionary of Money and Investing: The Essential A-to-Z Guide to the Language of the New Market* (Morgenson and Harvey, 2002). Online dictionaries offer convenience, and the added benefit of hyperlinked cross-references, but are in general less amenable to browsing or sustained perusal by the typical reader. While these online sources can be quite extensive and useful, their stability over time, authority, and relations with advertising sponsors are less clearly established than with print dictionaries. For the purposes of detailed evaluation, this article focuses on the characteristics of selected print works.

This article is organized in the following manner. Following a brief literature review, the dictionaries are first described according to their stated content, purpose, and distinctive features. Then the definitions of selected terms are directly compared. Finally all terms listed under the letter "Y" are analyzed to understand the scope of the topics covered by each dictionary.

Literature Review

Although reviews of business dictionaries appear in numerous publications, relatively few articles have used the comparative approach of this article. Little has changed since Ballard

(1997) lamented the lack of general reviews of business dictionaries. Main (1998) compared general online dictionaries. Kirby and Borgeest (1994) described the historical development of specialized dictionaries produced by the U.S. Government, and compiled an extensive bibliography of these dictionaries. In business, Welch and Merritt (1996) discussed criteria for selection of international business dictionaries, and provided a fascinating history of the development of business dictionaries from early merchant's manuals and aids to trade, tracing the history of the business dictionary back to Sumerian mathematical tables and Aztec codes of business practice.

The largest recent contribution in this area is the study of finance dictionaries by Ballard (1997). Ballard described twenty finance dictionaries and compared their percentage coverage of twenty-five basic terms. This article differs from Ballard by its focus on recently published or revised dictionaries, and a descriptive methodology that elucidates more of the detailed content of each dictionary.

Description

Webster's New World Finance and Investment Dictionary (Webster's), *Wall Street Words*, and *1001 Financial Words You Need to Know (1001 Financial Words)* are all focused on the world of finance. While other business topics are often treated, the intention of each of these volumes is to help the reader make sense of terms they will encounter while reading about finance and investments.

Webster's is targeted specifically to investors, providing basic definitions in an easy-to-understand format. There is a special focus on the new terminology arising from the Internet stock bubble and its subsequent collapse amid numerous accounting scandals. Historical descriptions of classic terms, key institutions, and influential individuals are also provided. For example, in the entry on "Tulipmania", we learn that while a fat sheep sold for 10 florins in 17th century Holland, a tulip bulb could cost thousands of florins during the height of speculation in tulips. The more than 3,500 dictionary entries range from one sentence to a few paragraphs. Here one can find clear and simple definitions of complex financial concepts, such as initial public offerings (IPOs), long-term equity anticipation securities (LEAPS), and real estate investment trusts (REITs). The tone of the definitions is descriptive and often interpretive. The only special feature of the dictionary is an appendix on stock chart shapes for technical analysis.

Wall Street Words first appeared in 1988, was revised in 1997, and is now in its third edition containing more than 4,500 words. Compared to previous editions, 600 new terms and 75 case studies have been added to keep up with the rapid changes in financial markets. Definitions are very straightforward and factual, with good cross-references to related terms. In keeping with the dictionary's focus on Wall Street, insider's lingo is well covered. This work would help the reader of the "naked writer" headline mentioned above understand that the story described an option sold at public auction by a seller who did not own the underlying asset. The case studies in *Wall Street Words* are often used to elaborate on concepts that can be hard to understand from a definition alone. For example, the "Ex-dividend" case study shows an explicit illustration of when a buyer must purchase a stock in order to receive the next quarterly dividend payment. In other places, the case study is used to highlight unusual or noteworthy facts, such as the

BellSouth bonds with 100-year maturities in the “maturity” entry. Special features of the dictionary include an appendix on technical analysis chart patterns and a list of selected investment websites.

While it contains substantially fewer definitions than the other dictionaries reviewed here, *1001 Financial Words* takes a different approach, describing terms for the true novice. Definitions are “distilled and enhanced” from the *New Oxford American Dictionary*. Like a true language dictionary, the pronunciation and part of speech are given for each word, along with usage notes and example sentences for difficult cases. Definitions tend to be shorter and simpler than the other dictionaries listed here. The selection of words does not seem to be motivated by any clear principles. Bay Street—Toronto's financial district—merits an entry, but Wall Street does not. The etymology of “bear” from Old English “bera” is given, but the origins of its use to describe the stock market is not. By contrast, *Webster's* outlines several competing explanations for how “bear” came to be applied to stock markets in 17th century England. Here one can learn that chaebol, the Korean word for business conglomerate, comes from the Korean for “money clan”, and that the creation of a cartel for a product can be described by the transitive verb “cartelize”. Interspersed with the definitions are ten small chapters of financial advice on topics such as “How to Determine If You Have a Credit Card Problem” or “The Top Ten Money Mistakes People Make”. These chapters introduce these topics and give pointers for further research. Supplemental material includes a list of financial equations, tables of interest rate calculations, and suggestions for further reading.

Compared to the first three dictionaries, *The Economist Dictionary of Business* and *The Ultimate Business Dictionary* take a more inclusive approach. *The Economist Dictionary of Business* is explicitly aimed at explaining jargon to those pursuing business studies and businesspeople who need to brush up on the latest terminology. Over 2,000 business terms are defined, and leading business thinkers are profiled. For the most important topics, entries expand into an almost encyclopedic style spanning one or two pages. In keeping with this emphasis, *The Economist Dictionary of Business* covers a wide range of management terms, as well as social science concepts that are influential in business studies. Here one can learn about Michael Porter's concept of "generic strategy" or McClelland's theory of needs. Cross references are ample and clearly indicated by highlighting within the text of each entry. It is here that one can learn that PESTL is an acronym for an environmental analysis that encompasses political, economic, social, technological, and legal forces, and that flighting is a term for alternating periods of concentrated advertising with periods of inactivity. Although the definitions are thorough and precise, the authors are not hesitant to discuss their own interpretations related to each entry. While describing the influence of Tom Peters on management thinking, the authors state that "Peters himself changes his thinking all the time and likes to shock." This dictionary is not only a fact-finding tool, but a provocative intellectual synthesis in its own right.

The Ultimate Business Dictionary contains definitions for over 6,000 words that have been updated and expanded from *Business: The Ultimate Resource*, another Perseus publication. The cover of the dictionary uses the same graphic design as the familiar *American Heritage Dictionary*, a striking but puzzling bit of plagiarism. Within the covers, precise definitions ranging from one sentence to one paragraph are the rule. By its sheer quantity, this dictionary

covers more unusual terms than the others. Here one can find esoteric acronyms such as the bank transfer system known as CHAPS for Clearing House Automated Payment System, or the human resources slang, CLM, for a career-limiting move. While other dictionaries explain management theories X, Y, and Z, *The Ultimate Business Dictionary* also defines Theories E, J, O, and W. Space forbids further discussion of these “alphabet theories of management” here. Each definition is classed into one of eight topic areas roughly corresponding to major fields of business study. Cross references are clearly highlighted in the text. Brief biographical information is given for key business and management figures. Worked numerical examples are provided for many financial terms, such as conversion price or bond yield, making them very easy to understand. Almost 300 pages of the book is devoted to a multilingual glossary of business terms in English, French, German, Japanese, Chinese, and Spanish. The final section of the book includes miscellaneous listings and rankings, ranging from a mundane listing of world capitals, currencies, and stock exchanges, to a curious ranking of countries by billionaires per 10 million people. Having the multilingual glossary and extensive business dictionary combined in one book is a useful innovation that suits this book's omnibus character.

Entries Compared

To illustrate the differences in the style and content of these dictionaries, the definitions of five terms that are common to all five dictionaries are compared in detail. Since several of the dictionaries focus primarily on finance, this short list is slanted towards financial terms.

Depreciation

1001 Financial Words provides two standard definitions: 1. Reduction in the value of an asset with the passage of time, due in particular to wear and tear. 2. Decrease in the value of a currency relative to other currencies.

The Economist Dictionary gives two similar basic definitions, while adding a description of straight-line and accelerated depreciation, and replacement-cost vs. historic cost methods.

The Ultimate Business Dictionary adds the accounting-specific information that “Depreciation is charged against earnings... Depreciation is also a non-cash expense that is added into net income to determine cash-flow in a given accounting period.” A numerical example of straight-line and accelerated depreciation is given. No mention is made of currency depreciation.

Wall Street Words cross-references five alternate depreciation methods, in addition to the basic definition, and describes the potential effect of depreciation on reported earnings. No mention is made of currency depreciation.

Webster's gives the basic definition, and provides cross-references to several depreciation methods. No mention is made of currency depreciation.

Greenmail

Greenmail is described in similar terms by the five dictionaries. Greenmail describes the following situation in a takeover attempt. Company A seeks to acquire company B. Company A buys B's stock. In order to retain control, B must buy back its own stock from A, usually at an inflated price.

1001 Financial Words emphasizes the coercive nature of this transaction, and describes the term as being of 1980s origin, coming from a blend of green and blackmail. *Webster's* and *The Ultimate Business Dictionary* provide similar if unremarkable definitions. Demonstrating its more comprehensive coverage of financial matters, *Wall Street Words* cross-references antigreenmail provision and fair price agreement, and mentions that greenmail is also known as a negotiated share repurchase. *The Economist* entry on greenmail is a cross-reference to the entry on corporate raider, where one can read about the entire constellation of takeover-related terms such as poison pill and white knight.

Margin

The Economist Dictionary and *The Ultimate Business Dictionary* begin with a definition of the gross margin, the difference between the cost of goods when they are bought and when they are sold. *The Ultimate Business Dictionary* adds a second definition, found only in this dictionary. In Australia and New Zealand, a margin is a premium paid above the basic wage in recognition of workers' special skills. *The Economist Dictionary* lists three additional definitions, including the margin in banking, the margin as a security deposit, and the margin in securities purchases.

The other dictionaries emphasize the margin in the context of securities trading. In addition, *Webster's* describes what happens when an investor falls below their margin requirements. *Wall Street Words* cross-references entries on margin account, margin agreement, and margin requirements. As usual, *Wall Street Words* provides the most financial content, but a reader would miss all of the other meanings of margin (including the margin in banking) by referring only to this volume. A reader referring only to *The Ultimate Business Dictionary* would miss the meaning of margin in securities trading entirely.

Short

1001 Financial Words provides a concise and clear definition:

adj. 1. (of stocks or other securities or commodities) sold in advance of being acquired, with reliance on the price falling so that a profit can be made. 2. (of a broker, position in the market, etc.) buying or based on such stocks or other securities or commodities. 3. Denoting or having a relatively early date for the maturing of a bill of exchange. 4. *n.* a person who sells short.

1001 Financial Words also traces the etymology of the word to Old English *sceort*, of Germanic origin, related to shirt and skirt.

The Economist Dictionary describes only short selling as “selling assets without actually owning them”, and the reasons for doing so. Following the cross-reference to position, the reader will find short and long positions described.

Wall Street Words refers the reader to short position and short sale (the sale of a security that must be borrowed to make delivery). This illustrates the generally greater level of precision and detail in this dictionary. Cross-references are given to nine additional terms under short sale, including synthetic short sale and ghost stock. While this is comprehensive, the reader may still wonder about the correct usage of short.

Webster's defines short as a “a synonym for sell”, or a noun referring to a trader in a short position. Short seller, short squeeze, and several other “short” terms are defined in subsequent entries, but once again the definition of short is rather vague.

The Ultimate Business Dictionary's relative weakness in financial terminology shows in this entry. Although this dictionary uniquely describes short as slang for a short-dated gilt-edged security from the UK Treasury, the general definition of short is given as “an asset in which a dealer has a short position”. But short position is nowhere defined. Although by browsing all of the short terms, one could eventually figure out what a short position is, the dictionary fails the test of providing the reader with the necessary information to understand the term in either the definition or the cross-reference.

Yield curve

1001 Financial Words, *The Economist Dictionary*, *The Ultimate Business Dictionary*, and *Webster's* all give brief descriptions of the yield curve as a representation of the relationship between interest rates and the time to maturity. Here *Wall Street Words* stands out by cross-referencing separate entries on the flat, negative, and positive yield curves. *Wall Street Words*

provides an interesting case study of the effect of the events of September 11, 2001 on the yield curve, as well as factors that influence the shape of the curve. Only *Wall Street Words* and *The Economist Dictionary* mention that the yield curve is also known as the term structure of interest rates. *1001 Financial Words* makes no mention of the normal shape of the yield curve or its meaning.

We can see from these examples that there are often significant differences in the amount of explanation provided by each dictionary. In some instances, important information is missing from the definitions, or, as in the case of *short*, the definition can be unclear. Each dictionary differs in style and presentation, with *The Economist Dictionary* in particular favoring integrated, discursive entries. Others, such as *Wall Street Words*, favor extensive cross-referencing to capture all of the aspects of a topic. Librarians should be aware that reliance on any one dictionary may provide an incomplete picture of a topic, and should provide multiple dictionaries for their patrons to consult.

The letter Y

The following table lists all of the entries under the letter Y in each dictionary. It is illustrative of the differences in style and content between these dictionaries.

<i>1001 Financial Words</i>	<i>Economist Dictionary of Business</i>	<i>Ultimate Business Dictionary</i>	<i>Wall Street Words</i>	<i>Webster's New World</i>
Year end	Yield	Y2K-compliant	Yankee Bond	Y2K
Yield	Yield curve	Yakka	Year bill	Yankee Bank
Yield curve	Yield management	Yankee bond	Year-end dividend	Yankee Bond
Yield gap		YAPPY	Year-end rally	Yankee CD
		Year-end	Year-to-date	Yard
		Year-end closing	Yellow Sheets	Year-end dividend
		Yellow Book	Yield	Year-over-year
		Yield	Yield advantage	Yen
		Yield curve	Yield basis	Yield
		Yield gap	Yield burning	Yield chaser
		Yield to call	Yield curve (includes case study)	Yield curve
		Yield to maturity	Yield curve note	Yield spread
		YK	Yield equivalence	Yield spread analysis
		Young old	Yield spread	Yield-to-call
		YTM	Yield to average life	Yield-to-maturity
		Yugen kaisha	Yield to call	Yield-to-worst
		YUPPY	Yield to current call	YoY
			Yield to maturity	Yo-yo stock
			Yield to par call	Yuan
			Yield to put	
			Yield to worst	
			YTD	
			YTM	

Yield is obviously an important concept in finance and business, and the dictionary entries

reflect this. *1001 Financial Words* restricts itself to three entries on the topic, befitting its entry-level approach. All three of *The Economist Dictionary's* definitions are about yield, but they are somewhat lengthier and describe such things as yield-to-maturity within the entry. *The Ultimate Business Dictionary* weighs in with five yield entries (six including YTM), while *Webster's New World Dictionary* contains nine. *The Ultimate Business Dictionary*, reflecting its inclusive and international approach, contains the most non-financial terminology. It defines Yakka as an informal term for work in Australia and New Zealand, and YAPPY as a marketing acronym for Young Affluent Parent. *Wall Street Words* defines the most terms, including a surprising fifteen references to yield, along with two cross-references for the acronyms YTD and YTM. Clearly this is the dictionary to have by one's side for a concise explanation of the financial pages. But as befits its scope, it contains no definitions for business terms in use outside of a trading context.

Conclusion

Since the appearance of *Idea Mercaturae*, the world of business dictionaries has expanded enormously. Bowker's *Books in Print* online identifies 632 current titles under the subject term "Business Dictionaries" alone. By evaluating the qualities of the five titles here, this article provides guidance in selecting appropriate business dictionaries for different needs. While this article has focused on print titles, an interesting avenue for future research would be the comparison of these and similar print resources with online dictionaries of business and finance. A closer look at the differences between print and online sources could reveal more about the circumstances in which online dictionaries could substitute for print works.

1001 Financial Words is a work aimed at those intimidated by business jargon, but its selectivity and simplicity will make it less useful as an all-purpose reference. *The Economist Dictionary of Business* will please the intellectually curious, who are seeking explanation and discussion of the relations between and the development of complex business topics. *Webster's New World Finance and Investment Dictionary* is the most straightforward and comprehensive reference for financial terms. *Wall Street Words* is similar to *Webster's*, but is strongest at describing the insider jargon of the world of trading. Finally, for readers seeking a concise dictionary that covers all fields of business, *The Ultimate Business Dictionary* will meet that need.

No single dictionary is authoritative in this field, as is shown by the examples above. Libraries will need to acquire multiple reference sources of this type, and be prepared to advise readers about their relative strengths and weaknesses. The analysis conducted in this article is one method of illustrating the differences in content and approach between reference sources covering similar subject matter.

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