

# Syllabus content

## Unit 1: Business organization and environment

In this first introductory unit, business management is set in context: students learn to analyse organizations' internal environment (for example, stakeholders, strategic objectives and CSR) and external environment (for example, the impact of technological change and globalization). Unit 1 covers traditional business areas such as the different types of organization and the idea of economies of scale, but it also includes more contemporary topics such as the features of social enterprises, the nature of business activity in the quaternary sector and the distinction between entrepreneurship and intrapreneurship.

Both SL and HL students learn to apply fundamental strategy models such as social, technological, economic, environmental, political, legal and ethical (STEEPLE) analysis as well as the strengths, weaknesses, opportunities and threats (SWOT) analysis; HL students also learn to apply and evaluate more specific tools such as fishbone diagrams, decision-trees and force field analysis. However, given the importance of the overarching business themes introduced in unit 1, most content is common to both levels.

As this unit provides students with an overview of business management both as a topic of study (what the subject covers overall) and as a professional practice (what business managers do), it lends itself to many TOK considerations. On the one hand, students may inquire into how and why a particular model becomes established as a mainstream strategy model. On the other hand, they may ask on what basis business managers make decisions in the real world. Unit 1 is also an open invitation to consider a range of international examples, especially in relation to issues of globalization, and to address businesses' ethical, social or environmental obligations, which fits well with the IB learner profile in terms of developing principled thinkers. It may also provide the impetus for entrepreneurial service learning projects in the local community as part of students' CAS requirement.

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>1.1 Introduction to business management</b>			
The role of businesses in combining human, physical and financial resources to create goods and services	AO2		
The main business functions and their roles: <ul style="list-style-type: none"> <li>• human resources</li> <li>• finance and accounts</li> <li>• marketing</li> <li>• operations</li> </ul>	AO2		
Primary, secondary, tertiary and quaternary sectors	AO2		

SL/HL content	Depth of teaching	HL only	Depth of teaching
The nature of business activity in each sector and the impact of sectoral change on business activity	AO2		
The role of entrepreneurship (and entrepreneur) and intrapreneurship (and intrapreneur) in overall business activity	AO3		
Reasons for starting up a business or an enterprise	AO2		
Common steps in the process of starting up a business or an enterprise	AO2		
Problems that a new business or enterprise may face	AO2		
The elements of a business plan	AO2		
<b>1.2 Types of organizations</b>			
Distinction between the private and the public sectors	AO2		
The main features of the following types of for-profit (commercial) organizations: <ul style="list-style-type: none"> <li>• sole traders</li> <li>• partnerships</li> <li>• companies/corporations</li> </ul>	AO3		
The main features of the following types of for-profit social enterprises: <ul style="list-style-type: none"> <li>• cooperatives</li> <li>• microfinance providers</li> <li>• public-private partnerships (PPP)</li> </ul>	AO3		
The main features of the following types of non-profit social enterprises: <ul style="list-style-type: none"> <li>• non-governmental organizations (NGOs)</li> <li>• charities</li> </ul>	AO3		

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>1.3 Organizational objectives</b>			
Vision statement and mission statement	AO2		
Aims, objectives, strategies and tactics, and their relationships	AO3		
The need for organizations to change objectives and innovate in response to changes in internal and external environments	AO3		
Ethical objectives and corporate social responsibility (CSR)	AO1		
The reasons why organizations set ethical objectives and the impact of implementing them	AO3		
The evolving role and nature of CSR	AO3		
SWOT analysis of a given organization	AO3, AO4		
Ansoff matrix for different growth strategies of a given organization	AO3, AO4		
<b>1.4 Stakeholders</b>			
The interests of internal stakeholders	AO2		
The interests of external stakeholders	AO2		
Possible areas of mutual benefit and conflict between stakeholders' interests	AO3		
<b>1.5 External environment</b>			
STEEPLE analysis of a given organization	AO2, AO4		
Consequences of a change in any of the STEEPLE factors for a business's objectives and strategy	AO3		
<b>1.6 Growth and evolution</b>			
Economies and diseconomies of scale	AO2		
The merits of small versus large organizations	AO3		

SL/HL content	Depth of teaching	HL only	Depth of teaching
The difference between internal and external growth	AO2		
The following external growth methods:	AO3		
<ul style="list-style-type: none"> <li>• mergers and acquisitions (M&amp;As) and takeovers</li> <li>• joint ventures</li> <li>• strategic alliances</li> <li>• franchising</li> </ul>			
The role and impact of globalization on the growth and evolution of businesses	AO3		
Reasons for the growth of multinational companies (MNCs)	AO3		
The impact of MNCs on the host countries	AO3		
<b>1.7 Organizational planning tools (HL only)</b>			
		<p>The following planning tools in a given situation:</p> <ul style="list-style-type: none"> <li>• fishbone diagram</li> <li>• decision tree</li> <li>• force field analysis</li> <li>• Gantt chart</li> </ul>	AO2, AO4
		The value to an organization of these planning tools	AO3

**Theory of knowledge—suggested links**

- How do assumptions about what a business is and how a business works vary by industry and location, and what implications does this have for business actors?
- To what extent are the language and customs of business management based on the English language and Western tradition, and what implications does this have for business cultures around the world?
- To what extent do intuition, imagination and reason factor into the decision to set up a new business?
- Is business decision-making art or science?
- Do we have self-evident beliefs about what the objectives of a business are or how a business operates? If so, which ones and how could we challenge them?
- What needs to be true for ethical objectives to contribute to good strategy? What needs to be true for business strategy to be ethically laudable?
- Most businesses desire to expand. What motivates the growth of a social organization like business?
- How can we evaluate the benefits and drawbacks of globalization, given the multitude of stakeholders it influences?

## Unit 2: Human resource management

In this unit, students explore how businesses recruit, organize, develop and lead their arguably most important resource—their people. In unit 2, students also learn what motivates individuals to perform well at work. Given the pace of change in modern business, the unit looks at how structural changes and changes in the business environment or in key people impact on human resource management. Ethical considerations and cross-cultural understanding are particularly relevant for unit 2, and especially in examining global corporations that have a multinational workforce and diverse stakeholder groups.

Although cultural issues are addressed throughout this unit, HL students also examine organizational (corporate) culture as well as industrial/employee relations. This gives them more tools to analyse the relationship between different stakeholder groups as well as the role of individuals in a business.

While unit 2 focuses primarily on “people issues”, these also form part of the discussions in other units of the course. For example: in unit 1, social and demographic changes are discussed as drivers of strategy; in unit 4, customers are in focus; while in unit 5, innovation is examined.

As the unit deals with the interactions between humans and their environments, students have an opportunity to reflect critically and creatively on many TOK considerations. Students may ask how knowledge is generated individually and collectively within an organization, how it is internally and externally validated, and how it may or may not be questioned. Similarly, topics such as persuasion (essential for leadership and collective bargaining) and the consequences of actions and decisions (for instance, in relation to recruiting or dismissing staff) can be examined. In terms of the IB learner profile, it may be interesting to study to what extent the characteristics of the profile are present (and valued) in business contexts.

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>2.1 Functions and evolution of human resource management</b>			
Human resource planning (workforce planning)	AO1		
Labour turnover	AO2		
Internal and external factors that influence human resource planning (such as demographic change, change in labour mobility, new communication technologies)	AO3		
Common steps in the process of recruitment	AO2		
The following types of training: <ul style="list-style-type: none"> <li>• on the job (including induction and mentoring)</li> <li>• off the job</li> <li>• cognitive</li> <li>• behavioural</li> </ul>	AO2		

SL/HL content	Depth of teaching	HL only	Depth of teaching
<p>The following types of appraisal:</p> <ul style="list-style-type: none"> <li>• formative</li> <li>• summative</li> <li>• 360-degree feedback</li> <li>• self-appraisal</li> </ul>	AO2		
Common steps in the processes of dismissal and redundancy	AO1		
How work patterns, practices and preferences change and how they affect the employer and employees (such as teleworking, flexitime, migration for work)	AO2		
Outsourcing, offshoring and re-shoring as human resource strategies	AO3		
How innovation, ethical considerations and cultural differences may influence human resource practices and strategies in an organization	AO3		
<b>2.2 Organizational structure</b>			
<p>The following terminology to facilitate understanding of different types of organizational structures:</p> <ul style="list-style-type: none"> <li>• delegation</li> <li>• span of control</li> <li>• levels of hierarchy</li> <li>• chain of command</li> <li>• bureaucracy</li> <li>• centralization</li> <li>• decentralization</li> <li>• de-layering</li> </ul>	AO1		
<p>The following types of organization charts:</p> <ul style="list-style-type: none"> <li>• flat/horizontal</li> <li>• tall/vertical</li> <li>• hierarchical</li> <li>• by product</li> <li>• by function</li> <li>• by region</li> </ul>	AO2, AO4		

SL/HL content	Depth of teaching	HL only	Depth of teaching
Changes in organizational structures (such as project-based organization, Handy's "Shamrock Organization")	AO2		
How cultural differences and innovation in communication technologies may impact on communication in an organization	AO3		
<b>2.3 Leadership and management</b>			
The key functions of management	AO2		
Management versus leadership	AO2		
The following leadership styles: <ul style="list-style-type: none"> <li>• autocratic</li> <li>• paternalistic</li> <li>• democratic</li> <li>• laissez-faire</li> <li>• situational</li> </ul>	AO3		
How ethical considerations and cultural differences may influence leadership and management styles in an organization	AO3		
<b>2.4 Motivation</b>			
The following motivation theories: <ul style="list-style-type: none"> <li>• Taylor</li> <li>• Maslow</li> <li>• Herzberg (motivation-hygiene theory)</li> <li>• Adams (equity theory)</li> <li>• Pink</li> </ul>	AO3		
The following types of financial rewards: <ul style="list-style-type: none"> <li>• salary</li> <li>• wages (time and piece rates)</li> <li>• commission</li> <li>• profit-related pay</li> <li>• performance-related pay (PRP)</li> <li>• employee share ownership schemes</li> <li>• fringe payments (perks)</li> </ul>	AO2		



SL/HL content	Depth of teaching	HL only	Depth of teaching
<p>The following types of non-financial rewards:</p> <ul style="list-style-type: none"> <li>• job enrichment</li> <li>• job rotation</li> <li>• job enlargement</li> <li>• empowerment</li> <li>• purpose/the opportunity to make a difference</li> <li>• teamwork</li> </ul>	AO2		
How financial and non-financial rewards may affect job satisfaction, motivation and productivity in different cultures	AO2		
<b>2.5 Organizational (corporate) culture (HL only)</b>			
		Organizational culture	AO1
		Elements of organizational culture	AO2
		Types of organizational culture	AO2
		The reasons for, and consequences of, cultural clashes within organizations when they grow, merge and when leadership styles change	AO3
		How individuals influence organizational culture and how organizational culture influences individuals	AO3
<b>2.6 Industrial/employee relations (HL only)</b>			
		The role and responsibility of employee and employer representatives	AO2
		<p>The following industrial/employee relations methods used by:</p> <ul style="list-style-type: none"> <li>• employees: collective bargaining, slowdowns/go-slows, work-to-rule, overtime bans and strike action</li> <li>• employers: collective bargaining, threats of redundancies, changes of contract, closure and lock-outs</li> </ul>	AO3

SL/HL content	Depth of teaching	HL only	Depth of teaching
		Sources of conflict in the workplace	AO2
		The following approaches to conflict resolution: <ul style="list-style-type: none"> <li>• conciliation and arbitration</li> <li>• employee participation and industrial democracy</li> <li>• no-strike agreement</li> <li>• single-union agreement</li> </ul>	AO3
		Reasons for resistance to change in the workplace (such as self-interest, low tolerance, misinformation and interpretation of circumstances)	AO2
		Human resource strategies for reducing the impact of change and resistance to change (such as getting agreement/ownership, planning and timing the change and communicating the change)	AO3
		How innovation, ethical considerations and cultural differences may influence employer–employee relations in an organization	AO3

#### Theory of knowledge—suggested links

- The pace of change in modern business is high and what is important to know is not static. How do individuals and organizations cope with change and new demands?
- “Knowledge is power.” If this saying is true, how does it affect different stakeholders’ ability to contribute to business decision-making?
- In large businesses, many stakeholders are far from the centre of decision-making. What challenges does an organizational or a geographical distance create for understanding the concerns of individual and stakeholder groups?
- Each individual and stakeholder group in a business has its own interests. Does this mean that a genuine shared strategy is impossible?
- How can a good leader use the different ways of knowing for effective communication and interaction with employees?
- Can individual motivation only emerge internally or can it be created externally? Is there such a thing as collective motivation?
- What types of knowledge, skills and attitudes might future business leaders and employees need?

## Unit 3: Finance and accounts

Irrespective of their size, scope and sector, all organizations need robust accounting systems, making finance a core business function. In unit 3, students examine finance and accounts through both quantitative and qualitative methods. They learn how businesses represent themselves numerically through accounts; they also learn how to construct basic balance sheets and profit and loss accounts themselves. By the end of the unit, they will be able to explain the meaning of these accounts by calculating ratios (for example, gross profit margin, net profit margin and return on capital employed (ROCE)) and interpreting the results.

HL students explore aspects of finance and accounts in more depth through the study of further efficiency ratios, investment appraisals and budgets.

Finance transcends mere numbers and connects to the six concepts underpinning the course. The profitability and financial health of an organization may significantly influence its strategy, ethics, and need and willingness to change—and vice versa. The challenge of accounting is for an organization to represent itself through the common language of financial statements, which raises many TOK considerations, for example in relation to the “truth” that may or may not be found in numbers. Unit 3 also provides opportunities for students to think about the attributes of the IB learner profile. They may inquire which characteristics of the learner profile are and, in their view, ought to be valued in accounting and, more broadly, in the financial markets.

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>3.1 Sources of finance</b>			
Role of finance for businesses: <ul style="list-style-type: none"> <li>• capital expenditure</li> <li>• revenue expenditure</li> </ul>	AO2		
The following internal sources of finance: <ul style="list-style-type: none"> <li>• personal funds (for sole traders)</li> <li>• retained profit</li> <li>• sale of assets</li> </ul>	AO2		
The following external sources of finance: <ul style="list-style-type: none"> <li>• share capital</li> <li>• loan capital</li> <li>• overdrafts</li> <li>• trade credit</li> <li>• grants</li> <li>• subsidies</li> <li>• debt factoring</li> <li>• leasing</li> <li>• venture capital</li> <li>• business angels</li> </ul>	AO2		

SL/HL content	Depth of teaching	HL only	Depth of teaching
Short, medium and long-term finance	AO1		
The appropriateness, advantages and disadvantages of sources of finance for a given situation	AO3		
<b>3.2 Costs and revenues</b>			
The following types of cost, using examples: <ul style="list-style-type: none"> <li>fixed</li> <li>variable</li> <li>semi-variable</li> <li>direct</li> <li>indirect/overhead</li> </ul>	AO2		
Total revenue and revenue streams, using examples	AO2		
<b>3.3 Break-even analysis</b>			
Total contribution versus contribution per unit	AO2		
A break-even chart and the following aspects of break-even analysis: <ul style="list-style-type: none"> <li>break-even quantity/point</li> <li>profit or loss</li> <li>margin of safety</li> <li>target profit output</li> <li>target profit</li> <li>target price</li> </ul>	AO2, AO4		
The effects of changes in price or cost on the break-even quantity, profit and margin of safety, using graphical and quantitative methods	AO2, AO4		
The benefits and limitations of break-even analysis	AO3		

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>3.4 Final accounts (some HL only)</b>			
The purpose of accounts to different stakeholders	AO3		
The principles and ethics of accounting practice	AO3		
Final accounts: <ul style="list-style-type: none"> <li>profit and loss account</li> <li>balance sheet</li> </ul>	AO2, AO4		
Different types of intangible assets	AO1		
		Depreciation using the following methods: <ul style="list-style-type: none"> <li>straight line method</li> <li>reducing/declining balance method</li> </ul>	AO2, AO4
		The strengths and weaknesses of each method	AO2
<b>3.5 Profitability and liquidity ratio analysis</b>			
The following profitability and efficiency ratios: <ul style="list-style-type: none"> <li>gross profit margin</li> <li>net profit margin</li> <li>ROCE</li> </ul>	AO2, AO4		
Possible strategies to improve these ratios	AO3		
The following liquidity ratios: <ul style="list-style-type: none"> <li>current</li> <li>acid-test/quick</li> </ul>	AO2, AO4		
Possible strategies to improve these ratios	AO3		

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>3.6 Efficiency ratio analysis (HL only)</b>			
		The following further efficiency ratios: <ul style="list-style-type: none"> <li>• inventory/stock turnover</li> <li>• debtor days</li> <li>• creditor days</li> <li>• gearing ratio</li> </ul>	AO2, AO4
		Possible strategies to improve these ratios	AO3
<b>3.7 Cash flow</b>			
The difference between profit and cash flow	AO2		
The working capital cycle	AO2		
Cash flow forecasts	AO2, AO4		
The relationship between investment, profit and cash flow	AO2		
The following strategies for dealing with cash flow problems: <ul style="list-style-type: none"> <li>• reducing cash outflow</li> <li>• improving cash inflows</li> <li>• looking for additional finance</li> </ul>	AO3		
<b>3.8 Investment appraisal (some HL only)</b>			
Investment opportunities using payback period and average rate of return (ARR)	AO3, AO4		
		Investment opportunities using net present value (NPV)	AO3, AO4

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>3.9 Budgets (HL only)</b>			
		The importance of budgets for organizations	AO2
		The difference between cost and profit centres	AO1
		The roles of cost and profit centres	AO2
		Variances	AO2, AO4
		The role of budgets and variances in strategic planning	AO2

**Theory of knowledge—suggested links**

- Do financial statements reflect the “truth” about a business?
- Many businesses are introducing metrics about their environmental, social or ethical performance on the side of financial information. Can well-being, or other social variables, be measured?
- How certain is the information we get from financial statements? For example, could we know in advance if an investment will be successful?
- What is the role of interpretation in accounting? For example, could we compare businesses by just looking at their financial statements?
- Often, financial information is presented to the wider audience in a graphical or summary form. Do such simplifying presentations limit our knowledge of accounts?
- Does the accounting process allow for imagination?
- Accounting practices vary from country to country. Is this necessary, or is it possible to have the same accounting practices everywhere?

## Unit 4: Marketing

Marketing is an essential business function: it creates a bridge between an organization and its customers. In our everyday speech, the word *marketing* is often associated with advertisements and finding innovative ways of getting people to buy a product or service. However, unit 4 shows students that marketing is much more than that. Effective marketing requires consideration of everything from product quality to consumer perceptions and increasingly, engagement with people’s everyday lives to uncover needs that customers may not even be aware of themselves.

Both SL and HL students learn the marketing mix of the four Ps—the essential ingredients of marketing planning: product, price, promotion and place (distribution). At HL, this model is expanded to the seven Ps: students also explore how people, processes and physical evidence can be applied to the marketing of services. HL students also examine international marketing in greater depth. This gives them an appreciation for how marketing strategies and practices are both a reflection of and an influence on the culture in which they are applied.

Given the strategic nature of marketing, unit 4 is closely linked to the other business functions students study in the business management course. For instance, market research may lead to new strategic objectives (unit 1) that impact on production (unit 5), human resource planning (unit 2) and profitability (unit 3).

Unit 4 provides an ideal opportunity for teachers and students to explore case studies and examples that are contemporary, relevant and of direct interest to students. Marketing also allows students to develop their conceptual understanding. The unit ties to all concepts underpinning the course: marketing decisions are strategic and have ethical and cultural implications. Here, the degree to which marketing is globalized can be examined. Innovating and being aware or even ahead of social changes are essential elements of effective marketing. Thus, students learn to discuss and evaluate marketing decisions from a range of perspectives, combining inquiry, critical thinking and cross-cultural understanding.

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>4.1 The role of marketing</b>			
Marketing and its relationship with other business functions	AO1		
The differences between marketing of goods and marketing of services	AO2		
Market orientation versus product orientation	AO2		
The difference between commercial marketing and social marketing	AO2		
Characteristics of the market in which an organization operates	AO1		
Market share	AO4		
The importance of market share and market leadership	AO3		
The marketing objectives of for-profit organizations and non-profit organizations	AO3		



SL/HL content	Depth of teaching	HL only	Depth of teaching
How marketing strategies evolve as a response to changes in customer preferences	AO3		
How innovation, ethical considerations and cultural differences may influence marketing practices and strategies in an organization	AO3		
<b>4.2 Marketing planning (including introduction to the four Ps)</b>			
The elements of a marketing plan	AO1		
The role of marketing planning	AO2		
The four Ps of the marketing mix	AO2		
An appropriate marketing mix for a particular product or business	AO2, AO4		
The effectiveness of a marketing mix in achieving marketing objectives	AO3		
The difference between target markets and market segments	AO2		
Possible target markets and market segments in a given situation	AO4		
The difference between niche market and mass market	AO2		
How organizations target and segment their market and create consumer profiles	AO2		
A product position map/perception map	AO2, AO4		
The importance of having a unique selling point/proposition (USP)	AO2		
How organizations can differentiate themselves and their products from competitors	AO3		

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>4.3 Sales forecasting (HL only)</b>			
		Up to four-part moving average, sales trends and forecast (including seasonal, cyclical and random variation) using given data	AO4
		The benefits and limitations of sales forecasting	AO3
<b>4.4 Market research</b>			
Why and how organizations carry out market research	AO2		
The following methods/techniques of primary market research: <ul style="list-style-type: none"> <li>surveys</li> <li>interviews</li> <li>focus groups</li> <li>observations</li> </ul>	AO2		
The following methods/techniques of secondary market research: <ul style="list-style-type: none"> <li>market analyses</li> <li>academic journals</li> <li>government publications</li> <li>media articles</li> </ul>	AO2		
Ethical considerations of market research	AO3		
The difference between qualitative and quantitative research	AO2		
The following methods of sampling: <ul style="list-style-type: none"> <li>quota</li> <li>random</li> <li>stratified</li> <li>cluster</li> <li>snowballing</li> <li>convenience</li> </ul>	AO2		
Results from data collection	AO2		

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>4.5 The four Ps (product, price, promotion, place)</b>			
<b>Product</b>			
The product life cycle	AO4		
The relationship between the product life cycle and the marketing mix	AO2		
Extension strategies	AO3		
The relationship between the product life cycle, investment, profit and cash flow	AO2		
Boston Consulting Group (BCG) matrix on an organization's products	AO3, AO4		
The following aspects of branding: <ul style="list-style-type: none"> <li>• awareness</li> <li>• development</li> <li>• loyalty</li> <li>• value</li> </ul>	AO2		
The importance of branding	AO3		
The importance of packaging	AO3		
<b>Price</b>			
The appropriateness of the following pricing strategies: <ul style="list-style-type: none"> <li>• cost-plus (mark-up)</li> <li>• penetration</li> <li>• skimming</li> <li>• psychological</li> <li>• loss leader</li> <li>• price discrimination</li> <li>• price leadership</li> <li>• predatory</li> </ul>	AO3		

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>Promotion</b>			
The following aspects of promotion: <ul style="list-style-type: none"> <li>above the line promotion</li> <li>below the line promotion</li> <li>promotional mix</li> </ul>	AO2		
The impact of changing technology on promotional strategies (such as viral marketing, social media marketing and social networking)	AO3		
Guerrilla marketing and its effectiveness as a promotional method	AO3		
<b>Place</b>			
The importance of place in the marketing mix	AO2		
The effectiveness of different types of distribution channels	AO3		
<b>4.6 The extended marketing mix of seven Ps (HL only)</b>			
		<b>People</b>	
		The importance of employee–customer relationships in marketing a service and cultural variation in these relationships	AO3
		<b>Processes</b>	
		The importance of delivery processes in marketing mix a service and changes in these processes	AO3
		<b>Physical evidence</b>	
		The importance of tangible physical evidence in marketing a service	AO3
		The seven Ps model in a service-based market	AO2

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>4.7 International marketing (HL only)</b>			
		Methods of entry into international markets	AO2
		The opportunities and threats posed by entry into international markets	AO3
		The strategic and operational implications of international marketing	AO3
		The role of cultural differences in international marketing	AO3
		The implications of globalization on international marketing	AO3
<b>4.8 E-commerce</b>			
Features of e-commerce	AO1		
The effects of changing technology and e-commerce on the marketing mix	AO2		
The difference between the following types of e-commerce: <ul style="list-style-type: none"> <li>• business to business (B2B)</li> <li>• business to consumer (B2C)</li> <li>• consumer to consumer (C2C)</li> </ul>	AO2		
The costs and benefits of e-commerce to firms and consumers	AO3		

**Theory of knowledge—suggested links**

- The four Ps and seven Ps frameworks suggest that marketing has four or seven aspects, all of which can be described with a word that starts with a P. How helpful are such analytical frameworks to you as a knowledge-seeker?
- Many ads use scientific language. What does this tell us about the hierarchy of different areas of knowledge?
- The observer effect is a common problem in the social sciences whereby knowledge of being researched influences how people answer questions and behave. What problems does the observer effect create for market research?
- In market research, how might the language used in polls and questionnaires influence consumers and businesses' conclusions?
- Is it possible to measure brand loyalty?
- To what extent is consumer behaviour rational?
- Is the decision to develop CSR objectives solely a marketing strategy?
- To what extent are marketing practices a reflection of the values of a given time and culture?

## Unit 5: Operations management

In this unit, students return to the fundamental rationale of business management: to make goods and services that meet consumers' needs and wants. Without efficient operations leading to products and experiences customers are satisfied with, success in the other business functions is unsustainable. In unit 5, students learn how organizations manage their operations, whether in terms of achieving an optimal cost-quality ratio or the shortest supply chain; using the most ethical means or the latest innovative techniques; or applying the highest levels of quality assurance.

Unit 5 is the part of the business management course where the relative weight of the HL material is greatest. Both SL and HL students look at different production methods and their implications as well as different ways of organizing production. At HL, students explore additional areas such as lean production, quality management, and research and development.

Operations management is the “how to” of business management. Still, it ties intimately to the “what” question of an organization's objectives (unit 1): a new strategic direction means adjustments in operations. Good human resource management at all levels in an organization, in turn, is a pre-requisite of successful operations (unit 2). Cooperation between marketing, with the closest relation to customers, and operations, which put new ideas into practice, is also significant (unit 4).

Unit 5 can be taught through case studies in a variety of settings; visits to factories or service businesses are a good way to make the topic come alive. This unit has a very concrete dimension that invites students to explore and understand the importance of manufacturing and other types of operations, bringing the other units of the course together in a dynamic way. The nature of operations is varied and rapidly evolving across industries and locations, and thus there are plenty of opportunities to explore the concepts of change, culture, ethics, globalization and innovation.

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>5.1 The role of operations management</b>			
Operations management and its relationship with other business functions	AO1		
Operations management in organizations producing goods and/or services	AO2		
Operations management strategies and practices for ecological, social (human resource) and economic sustainability	AO3		

SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>5.2 Production methods</b>			
The following production methods: <ul style="list-style-type: none"> <li>• job/customized production</li> <li>• batch production</li> <li>• mass/flow/process production</li> <li>• cellular manufacturing</li> </ul>	AO2		
The most appropriate method of production for a given situation	AO3		
<b>5.3 Lean production and quality management (HL only)</b>			
		The following features of lean production: <ul style="list-style-type: none"> <li>• less waste</li> <li>• greater efficiency</li> </ul>	AO1
		The following methods of lean production: <ul style="list-style-type: none"> <li>• continuous improvement (<i>kaizen</i>)</li> <li>• just-in-time (JIT)</li> <li>• <i>kanban</i></li> <li>• <i>andon</i></li> </ul>	AO2
		Features of cradle to cradle design and manufacturing	AO2
		Features of quality control and quality assurance	AO1
		The following methods of managing quality: <ul style="list-style-type: none"> <li>• quality circle</li> <li>• benchmarking</li> <li>• total quality management (TQM)</li> </ul>	AO2
		The impact of lean production and TQM on an organization	AO3
		The importance of national and international quality standards	AO2



SL/HL content	Depth of teaching	HL only	Depth of teaching
<b>5.4 Location</b>			
The reasons for a specific location of production	AO2		
The following ways of re-organizing production, both nationally and internationally: <ul style="list-style-type: none"> <li>• outsourcing/ subcontracting</li> <li>• offshoring</li> <li>• insourcing</li> </ul>	AO3		
<b>5.5 Production planning (HL only)</b>			
		The supply chain process	AO2
		The difference between JIT and just-in-case (JIC)	AO2
		Stock control charts based on the following: <ul style="list-style-type: none"> <li>• lead time</li> <li>• buffer stock</li> <li>• re-order level</li> <li>• re-order quantity</li> </ul>	AO2, AO4
		Capacity utilization rate	AO2, AO4
		Productivity rate	AO2, AO4
		Cost to buy (CTB)	AO2, AO4
		Cost to make (CTM)	AO2, AO4
<b>5.6 Research and Development (HL only)</b>			
		The importance of research and development for a business	AO3
		The importance of developing goods and services that address customers' unmet needs (of which the customers may or may not be aware)	AO2

SL/HL content	Depth of teaching	HL only	Depth of teaching
		<p>The following types of innovation:</p> <ul style="list-style-type: none"> <li>• product</li> <li>• process</li> <li>• positioning</li> <li>• paradigm</li> </ul>	AO2
		The difference between <i>adaptive creativity</i> (adapting something that exists) and <i>innovative creativity</i> (creating something new)	AO2
		How pace of change in an industry, organizational culture and ethical considerations may influence research and development practices and strategies in an organization	AO3
<b>5.7 Crisis management and contingency planning (HL only)</b>			
		The difference between crisis management and contingency planning	AO2
		<p>The following factors that affect effective crisis management:</p> <ul style="list-style-type: none"> <li>• Transparency</li> <li>• Communication</li> <li>• Speed</li> <li>• Control</li> </ul>	AO2
		<p>The following advantages and disadvantages of contingency planning for a given organization or situation:</p> <ul style="list-style-type: none"> <li>• Cost</li> <li>• Time</li> <li>• Risks</li> <li>• Safety</li> </ul>	AO2

**Theory of knowledge—suggested links**

- Is there a difference between a product that consumers perceive to be of good quality and one that businesses know is? What ethical dilemmas does the information advantage businesses have over consumers pose?
- Is a quality product always more expensive to manufacture or buy than a mediocre product? How does time perspective affect our assessment of such statements?
- Is there such a thing as an optimal production method? What evidence and whose experiences could business leaders look at to decide on this?
- Environmental costs of production are often referred to as “externalities” as they harm third parties. How does our formulation of problems affect our sense of responsibility for solving them?
- What ways of knowing do you think business leaders use in deciding where to locate their production?
- What is the role of creativity, imagination and emotion in a business context?
- Can one make an argument that the more people’s needs and wants are met, the more difficult innovation is?
- Can a business plan for a crisis?