

TOPIC 1: BUSINESS ORGANIZATION AND ENVIRONMENT

Nature of business activity

Core

- Identify inputs, outputs and processes of a business
- Describe the various business functions and explain their role
- Explain the nature of business activity in different sectors: primary, secondary and tertiary

HL

- Analyse the impact of changes in economic structure on business activity

Types of organization

Core

- Distinguish between organisations in the private and public sector
- Explain the reasons for setting up an organisation and the processes required
- Analyse the problems new set-ups face
- Distinguish between different types of organisation and identify their key features
- Analyse how ownership and control differs between different organisations and evaluate the most appropriate form
- Analyse the separation of ownership and control
- Compare and contrast the objectives of non-profit and profit making organisations and analyse their impact

HL

- Analyse the relationship between organisations in the public and private sector
- Explain the nature of public-private enterprise and analyse the costs of co-operation
- Analyse the costs and benefits of cooperation between the public and private sector

Organizational objectives

Core

- Explain the importance of objectives in managing an organisation
- Explain the purpose of mission and vision statements and analyse their role
- Distinguish between objectives, strategies and tactics and how they interrelate
- Examine the reasons why organisations set ethical objectives, analyse the advantages and disadvantages of these and discuss their impact.
- Explain the different views that firms may take of their social responsibility in an international context
- Analyse the value of social and environmental audits to different stakeholders

HL

- Evaluate the need to change objectives in response to changes in the internal and external environments
- Discuss why a firm's view of its social responsibility, and society's expectations may change over time
- Analyse the impact of a change in society's views on social responsibility on a firm's behaviour in a national and international context
- Analyse the reasons why firms may choose different strategies towards their social responsibilities

Stakeholders

Core

- Explain the interests of internal and external stakeholders and possible areas of conflict between them

HL

- Evaluate possible ways to overcome stakeholder conflict

External environment

Core

- Prepare a PEST analysis for an organisation and use it to analyse the impact of the external environment on a firm
- Evaluate the impact of a change in any of the PEST factors on a firm's objectives and strategy
- Analyse the impact that external opportunities and threats may have on business objectives and strategy
- Explain how external opportunities and threats can impact on decision making and SWOT analysis

Organizational planning tools

Core

- Analyse the importance of the information in a business plan to different stakeholders
- Apply a formal decision making framework to a given situation
- Prepare a SWOT analysis for a given situation and use this to analyse an organisations position

HL

- Analyse and interpret business plans
- Apply decision making processes and planning tools and evaluate their value
- Compare and contrast scientific and intuitive decision making processes
- Construct and interpret decision trees and evaluate their value as a decision making tool

Growth and evolution

Core

- Apply the concepts of economies and diseconomies of scale to business decisions

- Evaluate the relative merits of small and large scale organisations and recommend an appropriate scale of operation for a given situation
- Explain the differences between internal and external growth
- Evaluate joint venture, strategic alliances, mergers and takeovers as methods of achieving growth
- Analyse the advantages and disadvantages of a franchise for both franchisor and franchisee and evaluate the use of franchising as a growth strategy

HL

- Explain the value of the Ansoff matrix as a decision making tool and apply the tool to a given situation
- Evaluate internal and external growth strategies as methods of business expansion
- Examine how Porter's generic strategies may provide a framework for building competitive advantage

Change and management of change

HL

- Explain the causes of change and factors causing resistance to change
- Examine the dynamic nature of organisations and the relative importance of driving and restraining forces
- Evaluate different strategies for reducing the impact of change and resistance to change

Globalization

Core

- Discuss reasons for the growth of multinational organisations in response to increasing globalisation
- Analyse the role played by multinationals in the global business environment
- Evaluate the impact of multinationals companies on the host country
- Explain the impact on a business of a country that is a member of a regional economic bloc

TOPIC 2: HUMAN RESOURCES

Human resource planning

Core

- Identify the constraints and opportunities provided by demographic change
- Discuss the significance of changes in labour mobility
- Compare present human resources with future requirements and evaluate strategies for developing future human resources
- Describe methods of recruitment, appraisal, training and dismissal
- Discuss advantages and disadvantages of different methods of recruitment, appraisal and training

HL

- Describe reasons for changes in the work patterns and practices and consequences for employers and employees
- Analyse the impact on the firm of legal employment rights
- Examine how recruitment, appraisal, training, dismissal and redundancies enable the firm to achieve workforce planning targets
- Analyse reasons for changes in the work patterns and practices and consequences for employers and employees

Organizational structure

Core

- Construct different types of organisation charts and describe their nature
- Analyse changes in organisational charts and their effects
- Identify why firms need to organise employees in particular ways
- Analyse methods of organising human resources that are used by different organisations
- Analyse how ownership and control differs between different organisations and evaluate the most appropriate form
- Analyse the separation of ownership and control
- Compare and contrast the objectives of non-profit and profit making organisations and analyse their impact

HL

- Explain how organisational structures affect employee motivation, communication and performance
- Discuss factors influencing the degree of centralisation and decentralisation
- Discuss the development of more flexible organisational structures
- Apply the theories of writers such as Mintzberg and Peters
- Analyse the reasons behind , and the effects of moving some human resource functions to external organisations located nationally or globally
- Evaluate whether firms will benefit from outsourcing, offshoring and the migration of human resource functions

Communication

Core

- Compare the ways in which communications take place, analyse communication failure and evaluate potential solutions to such failures
- Prepare different forms of communication
- Identify types of ICT and discuss the effect of new technologies on the effectiveness of communication between organisations and their stakeholders

HL

- Explain how types of communication networks influence the effectiveness of communication

Leadership and management

Core

- Evaluate the effectiveness of various styles of leadership and their implications for organisations

HL

- Discuss whether successful leadership in identified situations is the result of natural skills and abilities, or the consequence of the circumstances faced
- Apply to given situations the theories of writers such as Likert, Fiedler, Blake and Mouton and Tannenbaum and Schmidt
- Explain the key functions of management, applying the theories of writers such as Fayol, Handy and Drucker

Motivation

Core

- Analyse the intrinsic and extrinsic needs that have to be satisfied at work and the rewards that motivate individuals in given situations
- Evaluate alternative financial reward packages and the impact of these on job satisfaction, motivation and productivity
- Explain how non-financial rewards can affect job satisfaction, motivation and productivity

HL

- Apply the content theories of Mayo and McClelland
- Analyse the effect of thought processes and expectations on individual motivation
- Apply the theories of writers such as Vroom and Adams
- Evaluate alternative methods of non-financial rewards in different circumstances in the workplace.

Organizational and corporate culture

HL

- Explain the influences on organisational culture
- Describe different cultures and explain the influences on organizational culture and analyse the effects of corporate culture on motivation and organizational structures
- Analyse the consequences of cultural clashes within and between organizations, for example when organisations merge and leadership styles change.

Employer and employee relations

HL

- Analyse the dynamic nature of relationships between employees, employers and their representatives
- Examine the methods used by employees and their representatives in pursuit of their objectives
- Examine the methods used by employers to put pressure on employees
- Evaluate the effect of such actions on the individual employee, employee representatives and the employers
- Identify the sources of conflict in the workplace and evaluate alternative approaches to conflict resolution

Crisis management and contingency planning

HL

- Explain the differences between crisis management and contingency planning
- Evaluate the costs and benefits of contingency planning
- Discuss how far it is possible to plan for a crisis

TOPIC 3: ACCOUNTS AND FINANCE

Sources of finance

Core

- Evaluate the advantages and disadvantages of each type of finance
- Evaluate the appropriateness of a source of finance for a given situation

Investment appraisal

Core

- Calculate the payback period and ARR for an investment
- Analyse the results of the calculations

HL

- Calculate the NPV for an investment
- Analyse the results of the calculations

Working capital

Core

- Define working capital and explain the working capital cycle
- Prepare a cash-flow forecast from given information
- Evaluate strategies for dealing with liquidity problems

Budgeting

HL

- Explain the importance of budgeting for organisations
- Calculate and interpret variances
- Analyse the role of budgets and variances in strategic planning

Final accounts

Core

- Explain the purpose of accounts
- Construct and amend accounts from information given
- Evaluate the importance of final accounts to each stakeholder group

HL

- Calculate depreciation using straight line and reducing balance methods
- Evaluate the strengths and weaknesses of each method
- Explain the meaning and value to the firm of different types of intangible assets
- Understand the difficulties associated with valuing intangible assets
- Make calculations of closing stock using LIFO and FIFO
- Calculate the effect of different stock valuations on profit

Ratio analysis

Core

- Calculate ratios
- Use the ratios to interpret and analyse financial statements from the perspective of various stakeholders

HL

- Evaluate possible financial and other strategies to improve the values of ratios

TOPIC 4: MARKETING

The role of marketing

Core

- Examine the characteristics of the market in which the firm is immersed
- Calculate market share from given information
- Define marketing and describe the relationship with other business activities
- Describe the difference between market and product orientation
- Explain the difference between the marketing of goods and services
- Analyse the marketing techniques of non-profit organisations
- Describe the elements of a marketing plan

HL

- Analyse the influence of marketing orientation on the success or failure of firms

Marketing planning

Core

- Apply the elements of the marketing mix to given situations
- Discuss the effectiveness of a selected marketing mix in achieving marketing objectives
- Construct an appropriate marketing mix for a particular product or firm
- Discuss the ethical issues of what is marketed and how it is marketed: nationally, internationally and across cultures
- Explain the values of a marketing audit as a business tool
- Examine how appropriate the marketing objectives are in achieving the goals of an organisation
- Analyse the role of market research
- Evaluate different methods of market research
- Analyse the usefulness of market segmentation and consumer profiles
- Identify possible target markets
- Apply an appropriate marketing mix to the target market(s)
- Construct a position map from given information
- Discuss how organisations can differentiate themselves and their products from competitors
- Design or evaluate marketing strategies for given situations. Apply an appropriate marketing mix to the strategy

HL

- Discuss the effectiveness of a selected marketing mix in achieving strategic objectives
- Apply Porter's five forces model to classify and analyse competitive pressures in the marketplace
- Evaluate different methods of sampling, for example, quota, random, stratified, cluster and snowballing
- Develop and evaluate strategies designed to change customer perceptions

Product

Core

- Classify products by line range and mix
- Describe the importance of innovation in an era of rapid technological change and discuss the problems and financing research and development
- Analyse the relationship between the product life cycle and the marketing mix, and determine appropriate extension strategies
- Analyse the relationship between the product life cycle, investment, profit and cash flow
- Apply the BCG matrix to a given situation
- Discuss the importance and role of branding

HL

- Use the BCG matrix to help in developing future strategic direction
- Distinguish between different types of branding
- Analyse the role of branding in a global market

Price

Core

- Analyse the effectiveness of each pricing strategy

HL

- Evaluate the impact of changes in the conditions of supply and demand
- Calculate and interpret price, income, cross- and advertising elasticity
- Explain the relationship between elasticities and the product life cycle
- Analyse the relationship between price elasticity and sales revenue

Promotion

Core

- Distinguish between the different types of promotion
- Analyse the various promotional tools and discuss their effectiveness

Place (distribution)

Core

- Discuss the effectiveness of different types of distribution channels

HL

- Evaluate the effectiveness of different types of distributions channels including producers, wholesalers, agents and retailers
- Examine how organisations can increase the efficiency of the supply chain

International marketing

Core

- Evaluate the opportunities and threats posed by entry into international markets
- Analyse given situations considering the cultural, legal, political, social and economic issues of entering international markets

E-commerce

Core

- Analyse the effect of e-commerce on the marketing mix
- Discuss the costs and benefits of e-commerce to firms and consumers

TOPIC 5: OPERATIONS MANAGEMENT

Production methods

Core

- Describe and compare the features and applications of each method

HL

- Analyse the implications for marketing, human resource management and finance that arise from changing the production system
- Analyse the most appropriate method of production for a given situation
- Understand the needs for organisations to use more than one method of production

Costs and revenues

Core

- Define, explain and give examples of each different type of cost
- Explain the meaning of revenue and comment on possible sources of revenue for different firms
- Explain and calculate the contribution to fixed costs

HL

- Explain the nature of cost and profit centres
- Analyse the value of cost and profit centres to a firm
- Analyse the role of contribution analysis in determining the viability of each product for a multi-product firm

Break-even analysis

Core

- Use graphical and quantitative methods to calculate the break-even quantity, profit and margin of safety

HL

- Use graphical and quantitative methods to analyse the effects of changes in price or cost on the break-even quantity, profit and margin of safety
- Analyse the assumptions and limitations of break-even analysis
- Calculate required output level for a given target profit or level of revenue

Quality assurance

Core

- Analyse the move from traditional quality control methods to total quality management (TQM)

HL

- Explain the role of Kaizen in quality improvement
- Evaluate different approaches to quality improvement
- Explain the role of local and national standards in assuring quality for consumers

Location

Core

- Explain the causes and consequences of location and relocation, both domestically and internationally

HL

- Consider the effects of globalisation on location
- Analyse the impact of location on different areas of business activity (such as marketing, production, finance and human resources)

Innovation

HL

- Explain the importance of R&D for business
- Explain the role and importance of intellectual property rights for a business
Analyse the factors affecting innovation

Production planning

Core

- Explain the difference between just-in-case and just-in-time

HL

- Recognise the need for optimum stock levels; prepare and analyse appropriate graphs
- Explain different stock control methods and analyse the appropriateness of each method in a given situation
- Explain outsourcing and subcontracting

Project management

HL

- Construct and interpret a network, identify the critical path, and calculate the free and total float
- Evaluate the value of a network in the management of projects

TOPIC 6: STRATEGY

Possible learning outcomes for Topic 6: Strategy are broader, but a range of examples are shown in the guide