

## Syllabus overview

The curriculum model for Diploma Programme business and management is a core curriculum for higher level (HL) and standard level (SL) consisting of five topics with common content and learning outcomes. In addition to the core, HL students are expected to complete extension areas of study, in all five topics, adding both depth and breadth to the course. HL students also study one extension topic listed below as topic 6, business strategy.

### **HL and SL core**

Topic 1: Business organization and environment

Topic 2: Human resources

Topic 3: Accounts and finance

Topic 4: Marketing

Topic 5: Operations management

### **HL only**

Topic 6: Business strategy

The business strategy topic is intended to provide a framework and overview for the students to think in an integrated way about the future strategy of a business or businesses. These skills are particularly relevant when examining the case study and when researching for, and writing, the internal assessment components. The purpose of the business strategy topic is not to add extra content to the business and management course, but to collect together business ideas, concepts and techniques, which will develop the skills that allow an informed decision to be made about the future direction of an organization. The type of thinking encouraged by this approach will provide a bridge between the Diploma Programme business and management course and higher education or employment.

# Syllabus outline

## HL and SL core

### Topic 1: Business organization and environment

- 1.1 Nature of business activity
- 1.2 Types of organization
- 1.3 Organizational objectives
- 1.4 Stakeholders
- 1.5 External environment
- 1.6 Organizational planning tools
- 1.7 Growth and evolution
- HL** 1.8 Change and the management of change
- 1.9 Globalization

### Topic 2: Human resources

- 2.1 Human resource planning
- 2.2 Organizational structure
- 2.3 Communication
- 2.4 Leadership and management
- 2.5 Motivation
- HL** 2.6 Organizational and corporate cultures
- HL** 2.7 Employer and employee relations
- HL** 2.8 Crisis management and contingency planning

### Topic 3: Accounts and finance

- 3.1 Sources of finance
- 3.2 Investment appraisal
- 3.3 Working capital

- HL** 3.4 Budgeting
- 3.5 Final accounts
- 3.6 Ratio analysis

#### **Topic 4: Marketing**

- 4.1 The role of marketing
- 4.2 Marketing planning
- 4.3 Product
- 4.4 Price
- 4.5 Promotion
- 4.6 Place (distribution)
- 4.7 International marketing
- 4.8 E-commerce

#### **Topic 5: Operations management**

- 5.1 Production methods
- 5.2 Costs and revenues
- 5.3 Break-even analysis
- 5.4 Quality assurance
- 5.5 Location
- HL** 5.6 Innovation
- 5.7 Production planning
- HL** 5.8 Project management

#### **HL only**

##### **Topic 6: Business strategy**

- Stage 1: Strategic analysis
- Stage 2: Strategic choice
- Stage 3: Strategic implementation

## Syllabus details

## HL and SL core

**Topic 1: Business organization and environment**

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>1.1 Nature of business activity</b>			
What is a business?		Identify inputs, outputs and processes of a business.	
Business functions <ul style="list-style-type: none"> <li>· Production/operations</li> <li>· Marketing</li> <li>· Finance</li> <li>· Human resources/personnel</li> </ul>		Describe how business activity combines human, physical and financial resources to create goods and services.  Explain the role of the different business departments in overall business activity.	
Primary, secondary and tertiary sectors		Explain the nature of business activity in each sector.	Analyse the impact on business activity of changes in economic structure.
<b>1.2 Types of organization</b>			
Private sector and public sector		Distinguish between organizations in the private and public sectors.	Analyse the relationship between organizations in the private and public sectors.

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<p>Starting a business</p> <ul style="list-style-type: none"> <li>• Reasons for setting up a business</li> <li>• Identifying a market opportunity</li> <li>• Possible problems faced by start-ups</li> </ul>		<p>Explain the reasons for setting up a business.</p> <p>Explain the process a business will have to go through to start up.</p> <p>Analyse the problems that business start-ups may face.</p>	
<p>Profit-based organizations</p> <ul style="list-style-type: none"> <li>• Sole traders</li> <li>• Partnerships</li> <li>• Companies/corporations</li> </ul>		<p>Distinguish between different types of business organization and identify their main features.</p> <p>Analyse the extent to which ownership and control differ in organizations.</p> <p>Evaluate the most appropriate form of ownership for a firm.</p> <p>Analyse the impact of the division between ownership and control on internal and external stakeholders.</p>	
<p>Non-profit and non-governmental organizations (NGOs), including charities and pressure groups</p>		<p>Compare and contrast the objectives of NGOs and non-profit organizations and other organizations.</p> <p>Analyse the impact of the actions of NGOs and other non-profit organizations.</p>	
	<p>Public–private enterprise</p>		<p>Explain the nature of public–private partnerships.</p> <p>Analyse the costs and benefits of cooperation between the public and private sector.</p>

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>1.3 Organizational objectives</b>			
The importance of objectives		Explain the importance of objectives in managing an organization.	Evaluate the need for firms to change objectives in response to changes in the internal and external environment.
Statements <ul style="list-style-type: none"> <li>• Mission statements</li> <li>• Vision statements</li> </ul>		Explain the purpose of mission and vision statements.  Analyse the role of mission and vision statements in an organization.	
Aims and objectives <ul style="list-style-type: none"> <li>• Aims</li> <li>• Strategic objectives</li> <li>• Tactical/operational objectives</li> </ul>		Distinguish between objectives, strategies and tactics, and discuss how these interrelate.	
Ethical objectives		Examine the reasons why organizations consider setting ethical objectives.  Analyse the advantages and disadvantages of ethical objectives.  Discuss the impact of implementing ethical objectives.	
Corporate social responsibility <ul style="list-style-type: none"> <li>• Differing views of social responsibility</li> <li>• Policies to implement objectives of social responsibility (such as environmental auditing)</li> </ul>		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.	

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
	<p>Changes in corporate social responsibility over time</p> <p>Changes in society's expectations of the behaviour of firms</p>		<p>Discuss why a firm's view of its social responsibilities may change over time.</p> <p>Discuss why attitudes towards social responsibility may change over time.</p> <p>Analyse the impact that changes in societal norms have on the way that firms behave in a national and international context.</p> <p>Analyse the reasons why firms may choose different strategies towards their social responsibilities.</p>
<b>1.4 Stakeholders</b>			
<p>Internal stakeholders</p> <ul style="list-style-type: none"> <li>· Employees</li> <li>· Shareholders</li> <li>· Managers</li> </ul>		<p>Explain the interests of internal stakeholders.</p>	
<p>External stakeholders</p> <ul style="list-style-type: none"> <li>· Suppliers</li> <li>· Customers</li> <li>· Special interest groups</li> <li>· Competitors</li> </ul>		<p>Explain the interests of external stakeholders.</p>	
<p>Stakeholder conflict</p>		<p>Discuss possible areas of conflict between stakeholders.</p>	<p>Evaluate possible ways to overcome stakeholder conflict.</p>

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>1.5 External environment</b>			
PEST (political, economic, sociological, technological) analysis (STEEPLE, PESTLE and other variations)		<p>Prepare a PEST analysis for a given situation and use it to analyse the impact of the external environment on a firm.</p> <p>(Students will <b>not</b> be tested on country-specific laws, regulations or economic policies. The focus is on the impact of the external environment on businesses.)</p> <p>Evaluate the impact on a firm's objectives and strategy of a change in any of the PEST/PESTLE factors.</p>	
<p>Opportunities and threats</p> <ul style="list-style-type: none"> <li>· Social/cultural</li> <li>· Technological</li> <li>· Economic</li> <li>· Environmental</li> <li>· Political</li> <li>· Legal</li> <li>· Ethical</li> </ul>		<p>Analyse the impact that external opportunities and threats may have on business objectives and strategy.</p> <p>Explain how external opportunities and threats can impact on business decision-making and SWOT (strengths, weaknesses, opportunities, threats) analysis.</p>	
<b>1.6 Organizational planning tools</b>			
Business plans		Analyse the importance of the information in the business plan to different stakeholders.	Analyse and interpret business plans.
Decision-making framework		Apply a formal decision-making framework to a given situation.	



Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
	Decision-making <ul style="list-style-type: none"> <li>· Fishbone</li> <li>· Scientific versus intuitive decision-making processes</li> <li>· Decision trees</li> </ul> Internal/external constraints on decision-making		Apply decision-making processes and planning tools (for example, fishbone) to a given situation and evaluate their value.  Compare and contrast scientific and intuitive decision-making processes.  Construct and interpret decision trees.  Critically evaluate the value of decision trees as a decision-making tool.
SWOT analysis		Prepare a SWOT analysis for a given situation.  Analyse an organization's position using a SWOT analysis.	
<b>1.7 Growth and evolution</b>			
Economies and diseconomies of scale		Apply the concepts of economies and diseconomies of scale to business decisions.	
Small versus large organizations		Evaluate the relative merits of small versus large organizations.  Recommend an appropriate scale of operation for a given situation.	
Internal/organic growth		Explain the difference between internal and external growth.	

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<p>External growth</p> <ul style="list-style-type: none"> <li>· Joint ventures</li> <li>· Strategic alliances</li> <li>· Mergers and takeovers</li> </ul>		<p>Evaluate joint ventures, strategic alliances, mergers and takeovers as methods of achieving a firm's growth objectives.</p>	
	<p>Porter's generic strategies</p>		<p>Evaluate internal and external growth strategies as methods of business expansion.</p> <p>Examine how Porter's generic strategies may provide a framework for building competitive advantage.</p>
<p>Franchises</p>		<p>Analyse the advantages and disadvantages of a franchise for both franchisor and franchisee.</p> <p>Evaluate the use of franchising as a growth strategy.</p>	
<p>Ansoff matrix</p>		<p>Explain the value of the Ansoff matrix as a decision-making tool.</p> <p>Apply the Ansoff matrix growth strategies to a given situation.</p>	

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>HL 1.8 Change and the management of change</b>			
	Causes of change Resistance to change Modelling change Lewin's force field analysis Strategies to reduce the impact of change and resistance to change		Explain the causes of change and factors causing resistance to change.  Examine the dynamic nature of organizations and the relative importance of driving and restraining forces.  Evaluate different strategies for reducing the impact of change and resistance to change.
<b>1.9 Globalization</b>			
Multinational companies		Discuss reasons for the growth of multinational companies.  Analyse the role played by multinationals in the global business environment.  Evaluate the impact of multinational companies on the host country.	
Regional trading blocs		Explain the impact on business of a country that is a member of a regional economic group/bloc.	

## Topic 2: Human resources

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>2.1 Human resource planning</b>			
Supply of human resources Workforce planning		Identify the constraints and opportunities provided by demographic change.  Discuss the significance of changes in labour mobility, both domestic and international.  Compare present human resources with future requirements and evaluate strategies for developing future human resources.	
Recruitment Appraisal Training Dismissal and redundancies/ retrenchment/lay-off		Describe methods of recruitment, appraisal, training and dismissal.  Discuss advantages and disadvantages of different methods of recruitment, appraisal and training.	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.
Changing employment · Patterns and practices		Describe reasons for changes in work patterns and practices and the consequences of these changes for employers and employees, for example, working from home, teleworking and flexitime.	Analyse reasons for changes in work patterns and practices and the consequences of these changes for employers and employees, for example, working from home, teleworking and flexitime.  Apply appropriate management theories such as Handy's shamrock organization.

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>2.2 Organizational structure</b>			
<p>The formal organization</p> <ul style="list-style-type: none"> <li>· Delegation and span of control</li> <li>· Levels of hierarchy</li> <li>· Flat and tall organizations</li> <li>· Chain of command</li> </ul>		<p>Construct different types of organization chart and describe the nature of their structure, for example, flat, tall.</p> <p>Analyse changes in organizational structures and their effects.</p>	
	<p>Delegation and accountability</p> <p>Bureaucracy</p> <p>Centralization and decentralization</p>		<p>Explain how organizational structures affect employee motivation, communication and performance.</p> <p>Discuss factors influencing the degree of centralization and decentralization.</p>
	<p>Matrix structure/project teams</p> <p>Flexible structures</p>		<p>Discuss the development of more flexible organizational structures.</p> <p>Apply the theories of writers such as Mintzberg and Peters.</p>
	<p>The informal organization</p>		<p>Evaluate the role and importance of the informal organization.</p>
<p>The organization of human resources</p>		<p>Identify why firms need to organize employees in particular ways, for example, by function and geography.</p> <p>Analyse methods of organizing human resources that are used by different organizations.</p>	

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
	Outsourcing, offshoring and migration of human resource functions		Analyse the reasons behind, and the effects of, moving some human resource functions to external organizations located nationally or globally.  Evaluate whether firms will benefit from outsourcing, offshoring and the migration of human resource functions.
<b>2.3 Communication</b>			
Communication classification · Oral · Written · Visual · Non-verbal · Formal and informal communication · Barriers to effective communication		Compare the ways in which communication takes place within organizations, analyse the causes of communication failure and evaluate the solutions to such failures.  Prepare different forms of communication, for example, reports and research proposals.	
Information and communication technology (ICT)		Identify types of ICT, and discuss the effect of new technologies on the effectiveness of communication within and between organizations and their stakeholders.	
	Communication networks		Explain how types of communication networks influence the effectiveness of communication.

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>2.4 Leadership and management</b>			
Nature of leadership Leadership styles · Autocratic · Democratic · Laissez-faire · Situation leadership		Evaluate the effectiveness of various styles of leadership and their implications for organizations.	
	Trait and situation theory Contingency theory The difference between leadership and management		Discuss whether successful leadership in identified situations is the result of natural skills and abilities, or is a consequence of the circumstances faced.  Apply to given situations the theories of writers such as Likert, Fiedler, Blake and Mouton, and Tannenbaum and Schmidt.
	Key functions of management		Explain the key functions of management, applying the theories of writers such as Fayol, Handy and Drucker.
<b>2.5 Motivation</b>			
Motivation in theory · Content theories of Taylor, Maslow, McGregor and Herzberg		Analyse the intrinsic and extrinsic needs that have to be satisfied at work, and the rewards (financial and non-financial) that motivate individuals.  Apply the content theories to given situations.	
	Content theories of Mayo and McClelland		Apply the content theories of Mayo and McClelland.

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
	<p>Process theories</p> <ul style="list-style-type: none"> <li>· Expectancy theory</li> <li>· Equity theory</li> </ul>		<p>Analyse the effect of thought processes and expectations on individual motivation.</p> <p>Apply the theories of writers such as Vroom and Adams.</p>
<p>Motivation in practice</p> <ul style="list-style-type: none"> <li>· Financial motivation                             <ul style="list-style-type: none"> <li>- Methods of payment</li> <li>- Wages (time and piece rates)</li> <li>- Salary</li> <li>- Commission</li> <li>- Profit-related pay</li> <li>- Performance-related pay (PRP)</li> <li>- Employee share-ownership schemes</li> <li>- Fringe payments</li> </ul> </li> </ul>		<p>Evaluate alternative financial reward packages.</p> <p>Evaluate the impact of financial reward packages on job satisfaction, motivation and productivity.</p>	
<ul style="list-style-type: none"> <li>· Non-financial motivation                             <ul style="list-style-type: none"> <li>- Job enrichment</li> <li>- Job enlargement</li> <li>- Empowerment</li> <li>- Teamwork</li> </ul> </li> </ul>		<p>Explain how non-financial rewards can affect job satisfaction, motivation and productivity.</p>	<p>Evaluate alternative methods of non-financial rewards in different circumstances in the workplace.</p>



Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>HL 2.6 Organizational and corporate cultures</b>			
	Corporate/organizational culture		<p>Explain the influences on organizational culture.</p> <p>Describe different corporate/organizational cultures and analyse their effects on, for example, motivation and organizational structures.</p> <p>Analyse the consequences of cultural clashes within and between organizations, for example, when organizations merge and leadership styles change.</p>
<b>HL 2.7 Employer and employee relations</b>			
	Negotiations/collective bargaining		Analyse the dynamic nature of relationships between employees, employers and their representatives.

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
	<p>Methods employed to achieve individual and group objectives</p> <ul style="list-style-type: none"> <li>· Employees                             <ul style="list-style-type: none"> <li>- Negotiations</li> <li>- Go-slows</li> <li>- Work-to-rule</li> <li>- Overtime bans</li> <li>- Strike action</li> </ul> </li> </ul>		<p>Examine the methods used by employees and their representatives in pursuit of their objectives.</p>
	<ul style="list-style-type: none"> <li>· Employers                             <ul style="list-style-type: none"> <li>- Negotiations</li> <li>- Public relations</li> <li>- Threats of redundancies</li> <li>- Changes of contract</li> <li>- Closure</li> <li>- Lock-outs</li> </ul> </li> </ul>		<p>Examine the methods used by employers to put pressure on employees.</p> <p>Evaluate the effect of such actions on the individual employee, employee representatives and the employers.</p>
	<p>Conflict</p> <ul style="list-style-type: none"> <li>· Causes</li> <li>· 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> </li> </ul>		<p>Identify the sources of conflict in the workplace and evaluate alternative approaches to conflict resolution.</p>

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>HL 2.8 Crisis management and contingency planning</b>			
	Crisis management and contingency planning		<p>Explain the difference between crisis management and contingency planning.</p> <p>Evaluate the costs and benefits of contingency planning.</p> <p>Discuss how far it is possible to plan for a crisis.</p>

### Topic 3: Accounts and finance

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>3.1 Sources of finance</b>			
<p>Internal and external finance</p> <p>Finance in the long, medium and short term</p>		<p>Evaluate the advantages and disadvantages of each form of finance.</p> <p>Evaluate the appropriateness of a source of finance for a given situation.</p>	
<b>3.2 Investment appraisal</b>			
<p>Payback period</p> <p>Average rate of return (ARR)</p>		<p>Calculate the payback period and ARR for an investment.</p> <p>Analyse the results of the calculations.</p>	
	<p>Discounted cash flow (DCF)</p> <p>Net present value (NPV)</p>		<p>Calculate the NPV for an investment.</p> <p>Analyse the results of the calculations.</p>

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>3.3 Working capital</b>			
Working capital cycle Cash-flow forecasts Management of working capital		Define working capital and explain the working capital cycle.  Prepare a cash-flow forecast from given information.  Evaluate strategies for dealing with liquidity problems.	
<b>HL 3.4 Budgeting</b>			
	The purpose of budgets Variance analysis (Knowledge of specific budgets and variances is <b>not</b> required, for example, sales variance.)		Explain the importance of budgeting for organizations.  Calculate and interpret variances.  Analyse the role of budgets and variances in strategic planning.
<b>3.5 Final accounts</b>			
Accounts for limited companies (income statements) · Trading account · Profit and loss account · Appropriation account Balance sheets		Explain the purpose of accounts.  Construct and amend accounts from information given.  Evaluate the importance of final accounts to each stakeholder group. (Students will <b>not</b> be tested on the manufacturing account or double entry.)	
	Depreciation · Straight line · Reducing balance		Calculate depreciation using straight line and reducing balance methods.  Evaluate the strengths and weaknesses of each method.

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
	Intangible assets <ul style="list-style-type: none"> <li>· Goodwill</li> <li>· Patents and copyrights</li> <li>· Brands</li> </ul>		Explain the meaning and value to the firm of different types of intangible assets.  Understand the difficulties associated with valuing intangible assets.
	Stock valuation <ul style="list-style-type: none"> <li>· Last-in-first-out (LIFO)</li> <li>· First-in-first-out (FIFO)</li> </ul>		Make calculations of closing stock using LIFO and FIFO.  Calculate the effect of different stock valuations on profit.
<b>3.6 Ratio analysis</b>			
Profitability ratios <ul style="list-style-type: none"> <li>· Gross profit margin</li> <li>· Net profit margin</li> </ul>		Calculate ratios.  Use the ratios to interpret and analyse financial statements from the perspective of various stakeholders.  (Ratio formulae are given in the appendices and a copy of the formulae will be provided for students in examinations.)	Evaluate possible financial and other strategies to improve the values of ratios.
Liquidity ratios <ul style="list-style-type: none"> <li>· Current ratio</li> <li>· Acid test ratio</li> </ul>			
Efficiency ratios <ul style="list-style-type: none"> <li>· Stock turnover</li> <li>· Return on capital employed (ROCE)</li> </ul>	Debtor days  Creditor days		
	Shareholder ratios <ul style="list-style-type: none"> <li>· Earnings per share</li> <li>· Dividend yield</li> </ul>		
Gearing ratio			

## Topic 4: Marketing

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>4.1 The role of marketing</b>			
The market <ul style="list-style-type: none"> <li>Market size</li> <li>Market growth</li> <li>Market share</li> </ul>		Examine the characteristics of the market in which the firm is immersed.  Calculate market share from given information.	
Definition and nature of marketing <ul style="list-style-type: none"> <li>Market and product orientation</li> <li>Marketing of goods/services</li> </ul>		Define marketing and describe its relationship with other business activities.  Describe the difference between market and product orientation.  Explain the difference between the marketing of goods and services.	
	Additional marketing orientations <ul style="list-style-type: none"> <li>Social marketing</li> <li>Asset-led marketing</li> </ul>		Analyse the influence of marketing orientation on the success or failure of firms.
Marketing in non-profit organizations		Analyse the marketing techniques of non-profit organizations.	
A marketing plan		Describe the elements of a marketing plan.	

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>4.2 Marketing planning</b>			
Marketing mix <ul style="list-style-type: none"> <li>· Product</li> <li>· Place</li> <li>· Price</li> <li>· Promotion</li> <li>· People</li> <li>· Process</li> <li>· Physical evidence</li> <li>· Packaging</li> </ul>		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 effectiveness of a selected marketing mix in achieving strategic objectives.
Ethics of marketing		Discuss the ethical issues of what is marketed and how it is marketed: nationally, internationally and across cultures.	
Marketing audit		Explain the value of a marketing audit as a business tool.	
	Porter's five forces		Apply Porter's five forces model to classify and analyse competitive pressures in the marketplace.
Marketing objectives		Examine how appropriate the marketing objectives are in achieving the goals of an organization.	
Market research <ul style="list-style-type: none"> <li>· Role of market research</li> <li>· Primary and secondary research</li> </ul>		Analyse the role of market research.  Evaluate different methods of market research.	

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
	Sampling Methods of sampling Limitations of sampling Sampling errors		Evaluate different methods of sampling, for example, quota, random, stratified, cluster and snowballing.
Market segmentation and consumer profile		Analyse the usefulness of market segmentation and consumer profiles.	
Targeting		Identify possible target markets.  Apply an appropriate marketing mix to the target market(s).	
Positioning · Corporate image · Position/perception maps · Unique selling point/proposition (USP)		Construct a position map from given information.  Discuss how organizations can differentiate themselves and their products from competitors.	Develop and evaluate strategies designed to change customer perceptions.
Development of marketing strategies and tactics		Design or evaluate marketing strategies for given situations. Apply an appropriate marketing mix to the strategy.	
	Sales forecasting and trends · Seasonal, cyclical and random variation		Analyse sales trends and forecasts from given data, and evaluate the significance for marketing and resource planning.



Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>4.3 Product</b>			
Classification of products		Classify products by line range and mix.	
New product design and development		Describe the importance of innovation in an era of rapid technological change and discuss the problems of financing research and development.	
Product life cycle <ul style="list-style-type: none"> <li>· Extension strategies</li> <li>· Relationship with investment, profit and cash flow</li> </ul>		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.	
Product portfolio analysis <ul style="list-style-type: none"> <li>· Boston consulting group (BCG) matrix</li> </ul>		Apply the BCG matrix to a given situation.	Use the BCG matrix to help in developing future strategic direction.
Branding <ul style="list-style-type: none"> <li>· Brand awareness</li> <li>· Brand development</li> <li>· Brand loyalty</li> </ul>		Discuss the importance and role of branding.	
	Types of branding <ul style="list-style-type: none"> <li>· Family branding</li> <li>· Product branding</li> <li>· Company branding</li> <li>· Own label branding</li> <li>· Manufacturer's brand</li> </ul>		Distinguish between different types of branding.  Analyse the role of branding in a global market.

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>4.4 Price</b>			
Pricing strategies <ul style="list-style-type: none"> <li>• Cost-based                             <ul style="list-style-type: none"> <li>– Cost-plus</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>– Marginal cost pricing</li> <li>– Contribution pricing</li> <li>– Absorption cost and full-cost pricing</li> </ul>	Analyse the appropriateness of each pricing strategy.	Analyse the appropriateness of each pricing policy.
<ul style="list-style-type: none"> <li>• Competition-based                             <ul style="list-style-type: none"> <li>– Price leadership</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>– Predatory</li> <li>– Going rate</li> </ul>		
<ul style="list-style-type: none"> <li>• Market-based                             <ul style="list-style-type: none"> <li>– Penetration</li> <li>– Skimming</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>– Price discrimination</li> <li>– Loss leader</li> <li>– Psychological</li> <li>– Promotional pricing</li> </ul>		
	Supply and demand <ul style="list-style-type: none"> <li>• Price determination</li> </ul>		Evaluate the impact of changes in the conditions of supply and demand.  (Diagrams are <b>not</b> required.)
	Elasticity <ul style="list-style-type: none"> <li>• Price elasticity</li> <li>• Income elasticity</li> <li>• Cross-elasticity</li> <li>• Advertising elasticity</li> <li>• Relationship of elasticity with product life cycle</li> </ul>		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.
<b>4.5 Promotion</b>			
Types of promotion <ul style="list-style-type: none"> <li>• Above the line</li> <li>• Below the line</li> </ul>		Distinguish between the different types of promotion.  Analyse the various promotional tools and discuss their effectiveness.	
Promotional mix		Prepare an appropriate promotional mix.	

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>4.6 Place (distribution)</b>			
Channels of distribution Distribution strategy		Discuss the effectiveness of different types of distribution channels.	Evaluate the effectiveness of different types of distribution channels including producers, wholesalers, agents and retailers.
	Supply chain management/logistics		Examine how organizations can increase the efficiency of the supply chain.
<b>4.7 International marketing</b>			
Entry into international markets		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.	
<b>4.8 E-commerce</b>			
Business-to-business (B2B) Business-to-customers (B2C)		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

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>5.1 Production methods</b>			
Job, batch, line and flow, and mass production		Describe and compare the features and applications of each method.	
	Cell production, teamwork and productivity implications		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 need for organizations to use more than one method of production.
<b>5.2 Costs and revenues</b>			
Types of costs · Fixed · Variable · Semi-variable · Direct · Indirect/overheads		Define, explain and give examples of each different type of cost.	
Revenue		Explain the meaning of revenue and comment on possible sources of revenue for different firms.	
Contribution to fixed costs		Explain and calculate the contribution to fixed costs.	

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
	Cost and profit centres Contribution analysis for multi-product firms		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.
<b>5.3 Break-even analysis</b>			
Break-even quantity Profit or loss Margin of safety		Use graphical and quantitative methods to calculate the break-even quantity, profit and margin of safety.	
	Changes in break-even Limitations of break-even analysis Target profit and revenue		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.
<b>5.4 Quality assurance</b>			
Quality control and quality assurance Total quality culture		Analyse the move from traditional quality control methods to total quality management (TQM).	

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
	<p>Continuous improvement</p> <p>Benchmarking</p> <p>National and international quality standards</p>		<p>Explain the role of Kaizen in quality improvement.</p> <p>Evaluate different approaches to quality improvement.</p> <p>Explain the role of local and national standards in assuring quality for consumers.</p>
<b>5.5 Location</b>			
<p>Location of production</p> <ul style="list-style-type: none"> <li>· National</li> <li>· International</li> </ul>		<p>Explain the causes and consequences of location and relocation, both domestically and internationally.</p>	
	<p>Impact of globalization on location</p>		<p>Consider the effects of globalization on location.</p> <p>Analyse the impact of location on different areas of business activity (such as marketing, production, finance and human resources).</p>
<b>HL 5.6 Innovation</b>			
	<p>Research and development (R&amp;D)</p> <p>Patents, copyrights and trademarks (intellectual property rights)</p> <p>Factors affecting innovation</p>		<p>Explain the importance of R&amp;D for a business.</p> <p>Explain the role and importance of intellectual property rights for a business.</p> <p>Analyse the factors affecting innovation.</p>

Content		Learning outcomes	
HL/SL core	HL extension	HL/SL core	HL additional
<b>5.7 Production planning</b>			
Stock control <ul style="list-style-type: none"> <li>· Just-in-case</li> <li>· Just-in-time</li> </ul>	Traditional stock control (usage patterns, lead times, buffer stocks and re-order levels)  Optimum stock levels  Capacity utilization	Explain the difference between just-in-case and just-in-time.	Recognize 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.
	Outsourcing and subcontracting		Explain outsourcing and subcontracting.  Discuss the arguments for and against outsourcing and subcontracting, compared with provision by the firm itself.
	Make-or-buy decisions		Make appropriate calculations to support a decision to make or buy.
<b>HL 5.8 Project management</b>			
	Critical path analysis		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.

## HL only

### Topic 6: Business strategy

This topic does not add new content to the Diploma Programme business and management course, but gathers together and synthesizes business ideas, concepts and techniques from the topics in the HL course. The use of these ideas, concepts and techniques will allow informed decisions to be made about the future direction of an organization. This will be assessed through a question in section C of paper 1 requiring a strategic response.

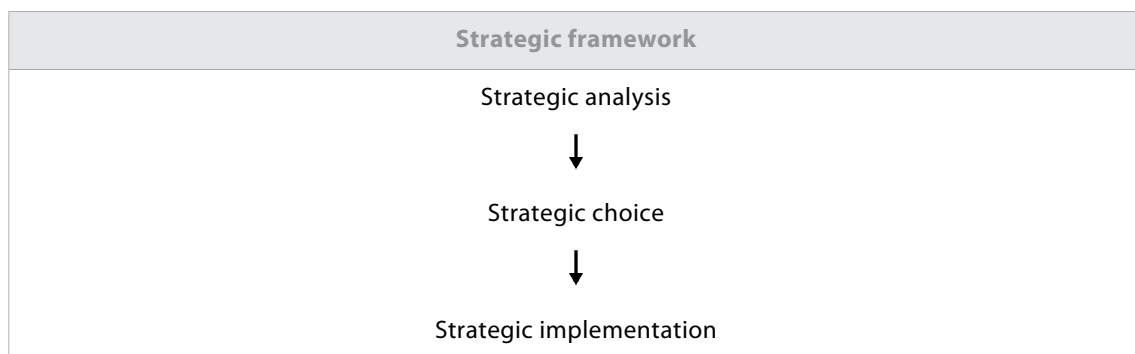
Cross-referencing to other topics is shown throughout the three stages of the strategic framework (figure 1). It provides a framework for students to think in an integrated and holistic fashion about the future strategy of an organization, given a range of information about the present and the past. The skills developed in this topic are particularly relevant when taking a case-study approach to learning and assessment, and in preparation for the internal assessment. The strategic framework is useful as a tool for synoptic assessment and revision. However, it is expected that this approach will be little more than a formalization of existing good practice.

Materials used to present the topic should allow the student to apply business theories learned in the classroom to real-life situations. Source materials might include business case studies, biographies, the Internet, and newspaper/magazine articles about management action and reaction to issues or challenges facing individual firms and industries.

Strategy is about asking questions: what, why, when, how, where and who?

Strategic management is the management of the long-term activities of the business, which includes the integration of strategic analysis, strategic choice and strategic implementation.

Figure 1



#### Stage 1: Strategic analysis—where is the business now?

Deciding where the business is now involves an analysis of its internal and external situation. This analysis will dictate the nature of future strategy. The opportunities and threats faced will vary according to the nature of the business. An analysis of the present market and the firm's competitive situation will influence the aims, objectives and core principles. The starting point for this analysis will probably be through the use of a SWOT and PEST analysis (topics 1.5, 1.6).

Questions to be considered **may** include the following.

- Is the business new or established? (Topic 1.2)
- Who are the stakeholders? (Topic 1.4)



- Is the business in the profit or not-for-profit sector?
  - Types of organization (Topic 1.2)
- What are the objectives of the organization? (Topic 1.3)
- How does the vision/mission statement reflect what the organization is doing now and where it is heading? (Topic 1.3)
- What are the attitudes of the business to risk? (Topics 1.3, 2.4, 2.6)
- What is the firm's present financial situation, and is it conducive to change? (Topics 1.8, 3.5)
  - Financial analysis and ratio analysis (Topics 3.5, 3.6)
- Is the present product portfolio adequate and appropriate?
  - Boston matrix (Topic 4.3)
- What are the resources available to the business? (Topic 1.1)
- What are the competitive forces facing the business in the market?
  - Porter's five forces market analysis (Topic 4.2)
- Should the organization enter international markets? (Topic 4.7)

### **Stage 2: Strategic choice—where is the business aiming to be?**

Once the business has identified its position in the market, it needs to consider its objectives in the short, medium and long term. To achieve this, the business must examine market opportunities and threats, and then plan for the future.

Questions to be considered **may** include the following.

- Why are business plans important? (Topic 1.6)
- How are markets developing?
  - Sales forecasting (Topic 4.2)
- Which new market opportunities are available?
  - Market research (Topic 4.2)
- What are the future directions available to the firm? (Topic 1.7)
- When is expansion desirable and achievable?
  - Small versus large organizations (Topic 1.7)
  - Cash-flow forecasts (Topic 3.3)
  - Gearing (Topic 3.6)
  - Sources of finance (Topic 3.1)
  - Human resource planning (Topic 2.1)

- How can the core competencies of the business be developed?
  - Potential growth strategies—such as Ansoff’s matrix (Topic 1.7)
  - Investment appraisal (Topic 3.2)
- What are competitors doing, and how can their offer be matched or improved upon?
  - Benchmarking (Topic 5.4)
- How do the processes of decision-making help to direct the business?
  - Scientific and formal decision-making (Topic 1.6)
  - Decision trees (Topic 1.6)
  - Force field analysis (Topic 1.8)
- What are the measures of success?
  - Return on capital employed (Topic 3.6)
  - Market share (Topic 4.1)
  - Motivation and productivity (Topic 2.5)

**Stage 3: Strategic implementation—how is the business going to achieve its objectives?**

Having decided on the future direction of the business, its mission, aims and objectives, how will the business put its strategies into operation?

Questions to be considered **may** include the following.

- How can the firm develop competitive advantage?
  - Porter’s generic strategies (Topic 1.7)
- Which new products and/or services should be developed? (Topic 4.3)
- Which new technologies could be applied? (Topics 1.6, 2.3, 4.3)
- How can differentiation be achieved? (Topic 4)
- How should the business plan for changes in the size and nature of business operations?
  - Workforce planning (Topic 2.1)
  - Recruitment and training (Topic 2.1)
  - Developing flexible working patterns (Topic 2.1)
  - Homeworking (Topic 2.1)
  - Investment appraisal (Topic 3.2)
- What is the appropriate scale of operation?
  - Economies and diseconomies of scale (Topic 1.7)

- Which growth methods can and should be selected?
  - Internal/organic growth (Topic 1.7)
  - External growth: mergers and acquisitions (Topic 1.7)
  - Globalization of sales, manufacturing and operations (Topic 1.9)
- Which marketing strategies can be implemented?
  - Market leadership and market penetration pricing (Topic 4.4)
  - Segmentation, targeting and positioning (Topic 4.2)
  - Distribution chain management (Topic 4.6)
  - E-commerce (Topic 4.8)
- What is the appropriate organizational structure?
  - Flattening hierarchies (Topic 2.2)
  - Decentralization (Topic 2.2)
  - Flexible organization structures such as Handy's shamrock (Topic 2.1)
- What is the appropriate management and leadership style? (Topic 2.4)
- How should the firm incorporate social responsibility and ethical approaches? (Topic 1.3)
- How can change be managed effectively?
  - Developing a change culture (Topic 1.8)
  - Contingency planning and crisis management (Topic 2.8)