Course notes

International Baccalaureate · IB Diploma · Business Management · HL

IB business management first assessment 2024

Business research project investigates one real organization through a conceptual lens. The toolkit and change, creativity, ethics and sustainability connect units; HL-only topics remain marked.

SL: Paper 1 90 min 35%, Paper 2 90 min 35%, research project 30%. HL: Paper 1 90 min 25%, Paper 2 105 min 30%, social-enterprise Paper 3 75 min 25%, research project 20%.

1 · Business organization and stakeholders

A business combines resources to provide goods or services. Ownership affects control, liability and access to finance.

Stakeholders include employees, customers, owners, suppliers and communities, whose interests may conflict.

> ■ **Checked example**
>
> A price rise may support the café's equipment fund but reduce access for low-income customers.
> A tiered offer could preserve a basic affordable meal while testing demand for optional products.

■ Limits and practice

Profit is not the only business objective. Do not assume a social enterprise has no need for revenue.

Evaluate growth using costs, control, culture and stakeholder effects, not sales alone.

Which decision most directly addresses both access and maintenance?

Answer: Keep a basic affordable meal and test optional products to support the fund.

2 · Human resources and motivation

Organizational structure sets reporting relationships and authority. Delegation passes authority for tasks while managers retain responsibility.

Motivation theories help explain behaviour; apply them to evidence about workers' needs and jobs.

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■ Checked example

Giving experienced staff responsibility for ordering stock can improve autonomy and speed. Training and clear limits reduce ordering mistakes.
Compare delegation with tighter supervision when new workers need support.

■ Limits and practice

Do not identify a leadership style as universally best.

HL also examines corporate culture and employee relations; SL students should not be assessed on those extensions as mandatory content.

Which change most directly responds to the complaint?

Answer: Delegate suitable decisions with training and clear responsibility.

3 · Finance, accounts and appraisal

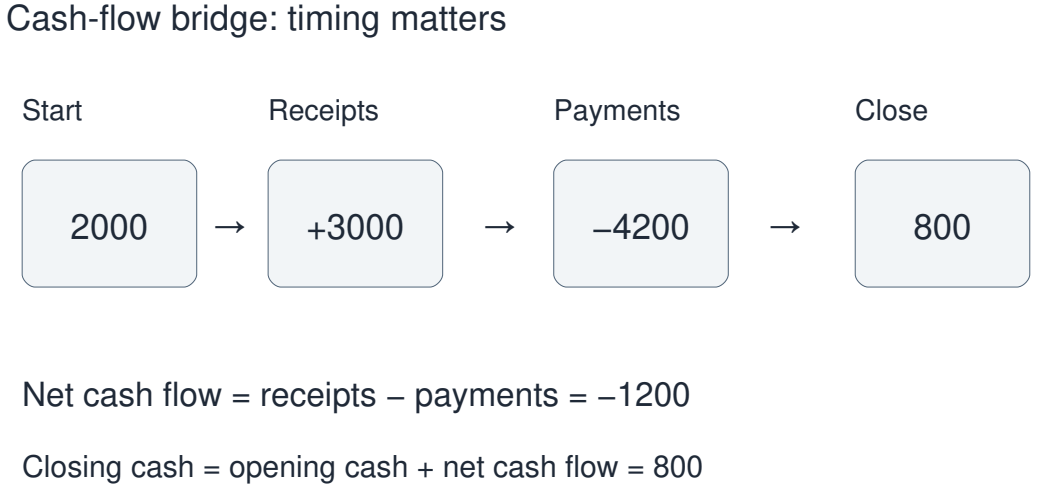
Profit compares revenue with expenses; cash flow records cash entering and leaving. Liquidity concerns meeting short-term obligations.

Finance choices differ in repayment, control, cost and suitability for the length of the need.

■ Checked example

Opening cash is 2,000, cash receipts 3,000 and payments 4,200. Net cash flow = 3,000 − 4,200 = −1,200.

Closing cash = 2,000 − 1,200 = 800. A forecast must also show when each payment occurs.



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■ Limits and practice

A profitable investment may have a long payback and a cash shortage before benefits arrive.

HL adds debt/equity ratios and budgets; do not infer these requirements from an SL cash-flow exercise.

What is closing cash in this example?

Answer: 800, despite a negative net cash flow in the period.

4 · Marketing decisions

Segmentation groups customers with similar needs. Targeting chooses groups, and positioning defines the intended perception relative to rivals.

Primary research is gathered for the current purpose; secondary research was collected for another purpose.

■ Checked example

Before a launch, sample potential users as well as existing customers. Compare preferences with willingness to pay and actual trial purchases.
Align product, price, place, promotion, people, process and physical evidence with the chosen position.

■ Limits and practice

Large biased samples remain biased. Survey intention is not the same as purchase behaviour.

HL includes sales forecasting and international marketing: test assumptions and local context rather than transplanting one successful campaign.

Why is the customer-only survey weak for the new market?

Answer: It excludes non-customers whose needs may differ.

5 · Operations and break-even decisions

Operations transform inputs into outputs. Job, batch and flow production suit different volumes and levels of customization.

Break-even output equals fixed cost divided by contribution per unit when the simplifying assumptions hold.

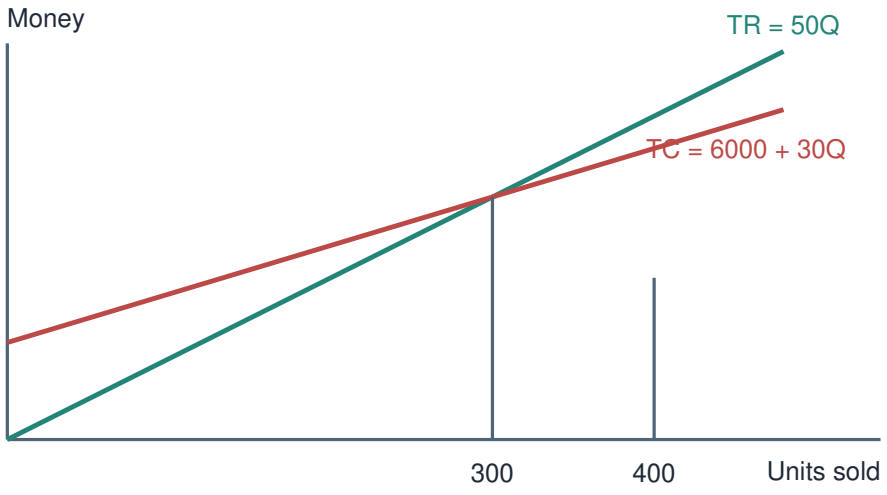
■ Checked example

Fixed cost is 6,000, selling price is 50 and variable cost per unit is 30. Contribution = $50 - 30 = 20$.

Break-even output = $6{,}000/20 = 300$ units. At 400 units, margin of safety = $400 - 300 = 100$ units.

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Break-even under constant unit price and cost



Break-even: 300 units. Margin of safety at 400 units: 100.

■ Limits and practice

Break-even assumes stable unit prices and costs and that output is sold. It does not prove demand exists.

HL adds lean quality, planning, contingency, R&D and information systems; evaluation must connect these to context.

How many units must be sold to break even in this model?

Answer: 300 units.

HL toolkit/P3 · Social-enterprise action planning

A social enterprise combines a social purpose with trading activity. Sustainability includes financial viability and impacts on people and the environment.

Use business tools only when they answer a decision: an attractive diagram without evidence does not justify a plan.

■ Checked example

Start with an affordable repair service, a trained volunteer rota and a small working-capital reserve.

Monitor repeat use, repair success, cash balance and volunteer retention; name triggers for changing the plan.

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Limits and practice

A five-year plan cannot assume unlimited funding or ignore staffing.

Use all provided resources and explain the sequence, trade-offs and risks, rather than listing disconnected recommendations.

Which measure checks financial viability most directly?

Answer: A cash-flow forecast with realistic receipts, payments and a reserve.

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