Introduction to business management

IB DP Business Management SL Unit 1 sections 1.1-1.6 full package (common to SL and HL)

1. Unit 1 at a glance

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IB Business Management SL Unit 1.1-1.6 (first assessment 2024; common to SL and HL; Paper 1, Paper 2 and the research project, no Paper 3): what a business is, types of entity, objectives, stakeholders, growth and multinationals.

Must-know: four functions and four sectors; sole trader, partnership, privately and publicly held, social enterprises; vision, mission, strategic, tactical; internal vs external stakeholders; average cost 50 to 40 to 42 on the repair business; five external growth methods; MNC host impacts both ways.

2. Businesses and their entities

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A business combines human, physical and financial resources into goods and services through HR, finance, marketing and operations. Sectors: primary, secondary, tertiary, quaternary - activity shifts toward the last two as economies develop. Entrepreneurs take the start-up risk; intrapreneurs innovate inside a firm.

Entities: sole trader (control, unlimited liability, thin finance); partnership (shared capital and skills, disputes, still unlimited); privately held company (limited liability, shares sold privately); publicly held (stock exchange capital, disclosure, takeover risk). Social enterprises trade for a social aim - for-profit forms including cooperatives, and non-profit NGOs.

3. Objectives and stakeholders

Objectives and stakeholders

Vision says what the business aspires to be; mission says what it does, for whom and how. Strategic objectives are long-term and whole-business; tactical objectives are the departmental steps - 30 percent local share in three years, delivered by Saturday opening within six months. CSR makes ethical aims explicit objectives.

Stakeholders: internal (owners, managers, employees) and external (customers, suppliers, financiers, government, community). Interests conflict - dividends vs wages, low prices vs supplier margins, expansion vs a quiet neighbourhood. Management prioritises, negotiates or redesigns the decision: the Saturday rota with a weekend premium.

4. Growth, evolution and multinationals

Growth, evolution and multinationals

Economies of scale cut average cost - purchasing, technical, managerial, financial, marketing; diseconomies raise it again through coordination and morale. Repair business: 1000 repairs at 50000 is 50 each; 2000 at 80000 is 40; 3000 at 126000 is 42 - the third workshop tips into diseconomies, so franchise instead.

Internal growth expands from within; external growth joins others - merger, acquisition or takeover, joint venture, strategic alliance, franchising. MNCs bring host countries jobs, tax, skills and competition against repatriated profit, pressure on local firms and cultural and environmental costs; evaluate for the specific host and horizon.

Check yourself

Check yourself

Resources, functions and sectors; entrepreneur vs intrapreneur; start-up challenges and opportunities.

The entity ladder with liability and finance compared; for-profit and non-profit social enterprises.

Vision, mission, strategic and tactical objectives; CSR; internal and external stakeholders with a resolved conflict.

Average cost 50 to 40 to 42 and what it says about scale; the five external growth methods; MNC host impacts on both sides.