

MRS. BARNETT'S GUIDE TO 20-MARK QUESTIONS (SECTION C)

IB BUSINESS MANAGEMENT SL/HL

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1. Paper 1 Section C and Paper 2 Section C

a. Paper 1 (HL Only: Pre-seen case study)

Paper 1 Section C is based on a case study issued in advance, as well as additional unseen material provided during the exam. Paper 1 Section C assesses syllabus content from Units 1-5, including HL extension topics. Students answer ONE compulsory extended response question primarily based on the additional stimulus material.

Most of the strategies provided below for Paper 2 (CUEGIS) can be used for answering the question in Paper 1, as the grading criteria are the same. You will NOT refer to your CUEGIS company in Paper 1 Section C - you will only refer to the case study material.

b. Paper 2 (CUEGIS)

Paper 2 Section C focuses on the concepts of change, culture, ethics, globalisation, innovation and strategy.

Fundamentally, one of the main aims of the course is to get you making connections to real world examples in the form of case studies (context). Can you use your knowledge to understand real business world examples and discuss them in a coherent manner? Can you understand the relationships between concepts, for example, how globalisation has influenced ethics, or how change requires certain strategies? You are already familiar with the acronym GECCIS, now changed into CUEGIS (Change, cUlture, Ethics, Globalisation, Innovation & Strategy).

Change: *reflecting the greater speed with which decisions need to be made and circumstances change in the operating environment of most businesses.*

Culture: *appreciating that businesses need to align a broad spectrum of individual, collective and societal goals.*

Ethics: *emphasizing the fact that the ethical considerations businesses face are substantial and near all pervasive, instead of being peripheral and isolatable.*

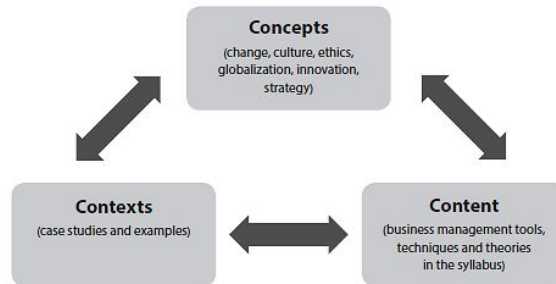
Globalization: *reflecting the interconnected patterns of production and consumption shaped by businesses and affecting them.*

Innovation: *emphasizing the need for businesses to renew themselves in the competitive, technologically advanced market place with increasingly sophisticated customers.*

Strategy: *reflecting the importance of holistic long-term planning in an operating environment with the above attributes.*

The 6 concepts have been incorporated into your Paper 2 exam, question C which is a 20 mark essay. Here you will have to discuss two concepts in relation to a real world organisation of your choice. Therefore, you must understand the concepts and also have knowledge of real world examples and case studies. It is your responsibility to take the initiative and keep up to date on the dynamic nature of business around you. A key task will be to understand how different theories that you learn (*content*) fit into each applicable *concept*, through a

case study (*context*). In other words, you must be able to recognise and pick out relevant points made considering the concepts, and discuss these based on syllabus content, supported by evidence from the context of the case.



The principal focus of questions in this section is on the concepts of change, culture, ethics, globalization, innovation and strategy that underpin the business management course.

- While the principal focus for each question is on two of the concepts, students need to draw on their knowledge of other relevant topics in the syllabus, including the HL extension.
- There is no stimulus material provided for the questions.
- Students are required to address the question in relation to one real-world organization but may use information from a range of sources, which may include real-world case studies examined in class and IA research. The real-world organization that students use in their response must not be the case study organization featured in paper 1.
- The response should consider the perspectives of individuals and societies upon which the real-world organization impacts.
- Students answer one extended response question from a choice of three.
- Assessment objective level 3 (AO3) command terms are used in each question.
- Each question hence requires: knowledge and understanding (AO1); application and analysis (AO2); synthesis and evaluation (AO3); and a variety of appropriate skills (real-world organization knowledge).
- Each question is worth 20 marks.
- Section C is worth a total of 20 marks. Marks are allocated using assessment criteria.

Criterion A: Knowledge and conceptual understanding (4 marks)

Criterion B: Application (4 marks)

Criterion C: Reasoned arguments (4 marks)

Criterion D: Structure (4 marks)

Criterion E: Individuals and societies (4 marks)

2. The meaning of the CUEGIS concepts

Change: *reflecting the greater speed with which decisions need to be made and circumstances change in the operating environment of most businesses.*

Due to the conflicting forces, change must be managed within organisations if they are to move forward and remain competitive. The relative strength of these forces determines whether the change should take place. Force-field analysis is a popular management tool to aid this process. It acts as a framework for helping managers to understand the pressures for and against any change. By identifying these forces, managers are able to assess the effects that the forces may have. Managers can then plan to strengthen the forces supporting a decision for change, and reduce the impacts of opposition to change.

Consider the following example. For generations, Kodak was synonymous with photography. Founded in 1889, the company was one of the best-known brands of the twentieth century. However, with the rise of digital cameras, the market for camera films (dominated by Kodak) died a pretty quick death. Kodak, however, ignored the change, having expanded its global workforce and increased production of the old technology. By 2006 it was selling an obsolete product, and in 2013 the company filed for bankruptcy protection.

Culture: *appreciating that businesses need to align a broad spectrum of individual, collective and societal goals.*

Culture is the values, beliefs and norms of an organisation, country or other social grouping. It shapes the customs of people and how things get done. Culture-related questions relevant to the IB business management course include: What are the cultural norms in your country regarding women's rights in the workplace? What does 'equal opportunities' mean in your country? How is this translated in the workplace? What does 'inequality' mean? How important is business etiquette in your country? What about in other countries?

Language is an integral part of culture. Even countries that share a common language (such as Australia and the USA) have cultural differences embedded in their language.

Ethics: *emphasizing the fact that the ethical considerations businesses face are substantial and near all pervasive, instead of being peripheral and isolatable.*

Ethics are the socially accepted moral principles that guide decision making, based on the collective belief of what is right and what is wrong. The rather subjective nature of ethics means it is sometimes unclear what is 'right' or 'wrong', especially when looking at an issue from the perspective of various cultures. Consider the examples below: Is it morally acceptable for a business to fabricate its financial accounts if this prevents mass job losses?

Is it possible to ensure equity and equality in the workplace? Is it acceptable for a business to monitor the online activities of employees, e.g. their e-mail correspondence? Can it ever be morally acceptable to take credit for the work of others? Can acting unethically ever be 'good' for a business? Does acting ethically hinder the profitability of an organisation?

Globalization: *reflecting the interconnected patterns of production and consumption shaped by businesses and affecting them.*

Globalisation provides both opportunities and threats for businesses. Consider these examples: Globalisation considerably increases the level of competition, such as Vodafone (UK) competing with mobile operator 3, owned by Hutchison Telecom (Hong Kong). Meeting customer expectations and needs becomes increasingly more demanding. To have any competitive advantage, businesses must meet the ever-greater customer demands for quality, service, price and after-sales care. Businesses can strive to build a global presence. Li Ka-Shing, a self-made multibillionaire and Asia's richest man, has a reported wealth of over \$28.8 billion through the diversity of his global businesses in the property, food, consumer electronics, telecommunications, utilities and ports industries.

Multinational companies have greater choice of location of their production facilities. For example, Apple chose to outsource production to China due to the relatively low costs of labour and land. Mergers, acquisitions and joint ventures allow businesses to grow at a faster pace than if they were to expand organically. For example, BMW's joint venture with Brilliance China Automotive in 2003 gave the German car manufacturer direct access to the lucrative Chinese market. Multinational companies and e-commerce businesses benefit from the increased customer base that globalisation brings. With China and India embracing globalisation, there are huge opportunities for businesses that trade with the two most populated countries in the world.

Innovation: *emphasizing the need for businesses to renew themselves in the competitive, technologically advanced market place with increasingly sophisticated customers.*

Innovation in the corporate world can empower businesses and give them competitive advantages. Many of the most economically successful businesses and countries are ones that have an innovative corporate culture. Innovative entrepreneurs are those who come up with and commercialise new ideas or reinvent (redefine) old ideas. In some cases, they even create new industries, such as smartphones and tablet computers. In today's highly unpredictable business world, innovation can be an important strategy. Hence, the vast majority of large multinational companies are financially committed to innovation.

Innovation can apply to all aspects of business activities, not just products. For example, innovation is integral to kaizen. Management guru Michael Porter said that innovation is essential for the prospects of a business and for the economic prosperity of a country. Innovation requires managers to think creatively and more holistically about their entire business operations.

For example, many hotels and restaurants use customer feedback forms to improve their services. Schools often use assessment data to measure student performance and to take appropriate actions for continuous improvements to student learning.

Strategy: *reflecting the importance of holistic long-term planning in an operating environment with the above attributes.*

Strategy is about devising plans to achieve an organisation's long-term goals. There are three stages to the strategic process (see figure).

Stage 1: strategic analysis

Determining the current position of an organisation (where is the business now?)

Most organisations strive to anticipate the future needs of their stakeholders in order to be successful. Strategic analysis is a thorough review of an organisation's current situation. It is concerned with examining an organisation's vision, mission, aims and objectives. Strategic analysis is vital for the prosperity of a business because managers can become too focused on current needs, so fail to see the future direction of the organisation. It can help to provide a clear framework to aid decision making and this can help to allocate resources more effectively. It can also involve, inform and inspire those affected by the process.

Stage 2: strategic choice

Determining the desired future of the organisation (where does the business want to be?)

Ancient Chinese philosopher Lao Tzu, in the Tao te Ching (a text in the IB philosophy course) said that 'A journey of a thousand miles must begin with a single step'. Strategic choice is concerned with generating strategic options for the organisation so it can move on. It requires an assessment of the financial costs and benefits of the available choices and a consideration of qualitative factors before selecting the most appropriate strategy.

Stage 3: strategic implementation

Determining how to get the organisation to where it wants to be (how does the business get there?)

Strategic implementation is about putting the strategic choice into practice and developing the strategy. Implementing strategy usually involves change and change management. Effective leadership is at the heart of successful change management and strategic implementation.

The CUEGIS concepts give you a framework or structure to apply your knowledge to different contexts. You should become familiar with them and practise applying them to your learning.



3. How to apply the concepts and work with them throughout the course

Although the examination questions in paper 2, section C will ask you to discuss only two of the concepts in the context of your chosen organization(s), you should select organizations to which several of the concepts apply so that you have flexibility to apply your knowledge in a way required by the specifics of your chosen examination question.

Although large multinational companies are likely to lend themselves well to paper 2, section C questions, suitably selected national or local businesses or social enterprises may be conceptually equally interesting.

After selecting an organization, you then need to study the change, culture, ethics, globalization, strategy or innovation aspects of the case holistically: what is going on in the organization with respect to, say, cultural clashes or responses to globalization? Researching answers through concrete events or decisions is strongly advisable. You should also think which business management tools, techniques or theories would help you to understand the situation and issues facing the organization better, and use these to support your analysis. Finally, you need to identify and examine what other perspectives on the case are possible, from the viewpoint of different stakeholders within and outside the organization.

Over the course you will build a portfolio of one to three business organizations. You are to find cases (context) about the business which relate to applicable CUEGIS concepts and the corresponding sub-unit theory of the syllabus (content).

This means that at the end of a sub-unit including a CUEGIS Learning outcome, you are to find information on that unit's theory about your company, then find relevant articles which relate to the concepts and which can have an impact on your company regarding the selected theory.

4. Organizing Your Essay

(Criterion D: Structure)

an introduction

a body

a conclusion (AO3)

fit-for-purpose paragraphs.

1. Introduction

Introduce:

- the business (some general background information, just some sentences)
- the 2-3 concepts (brief definitions of these, some sentences each)
- the content (the theory in terms of e.g. models/tools/chapters/theories) with definitions

2. Main body

Apply 'PIES':

2.1 Make your POINT and ILLUSTRATE it with examples of your business (Criterion B)

2.2. EVALUATE (balanced) in line with the concepts/theory/question (Criterion A & C)

2.3 Discuss the impact on STAKEHOLDERS (Criterion E)

3. Conclusion

- Make sure you answer the question explicitly, justifying your answer based on the points made in the main body (Criterion C)

5. Assessment matrix

Marks	Criterion A: Knowledge and conceptual understanding
0	The work does not reach a standard described by the descriptors below.
1	Superficial knowledge of the given concepts is demonstrated. Business management content is not selected or the content selected is irrelevant.
2	Satisfactory understanding of one or both of the given concepts is demonstrated. Some business management content selected is relevant. The relevant content is satisfactorily explained.
3	Good understanding of one or both of the given concepts is demonstrated. The business management content selected is relevant, though it may not be sufficient. The relevant content is generally well explained, though the explanation may lack some depth or breadth.
4	Good understanding of both of the given concepts is demonstrated. The business management content selected is relevant, sufficient and well explained.
Marks	Criterion B: Application
0	The work does not reach a standard described by the descriptors below.
1	The given concepts and/or any relevant business management content are connected to the real-world organization(s), but this connection is inappropriate or superficial.
2	The given concepts and/or relevant business management content are connected appropriately to the real-world organization(s), but this connection is not developed.
3	The given concepts and relevant business management content are generally well applied to explain the situation and issues of the real-world organization(s), though the explanation may lack some depth or breadth. Examples are provided.
4	The given concepts and relevant business management content are well applied to explain the situation and issues of the real-world organization(s). Examples are appropriate and illustrative.
Marks	Criterion C: Reasoned arguments
0	The work does not reach a standard described by the descriptors below.
1	Statements are made but these are superficial.
2	Relevant arguments are made but these are mostly unjustified.
3	Relevant arguments are made and these are mostly justified.
4	Relevant, balanced arguments are made and these are well justified.

Marks	Criterion D: Structure
0	The work does not reach a standard described by the descriptors below.
1	Two or fewer of the structural elements are present, and few ideas are clearly organized.
2	Three of the structural elements are present, or most ideas are clearly organized.
3	Three or four of the structural elements are present, and most ideas are clearly organized.
4	All of the structural elements are present, and ideas are clearly organized.
Marks	Criterion E: Individuals and societies
0	The work does not reach a standard described by the descriptors below.
1	One individual or group perspective is considered superficially or inappropriately.
2	One relevant individual or group perspective is considered appropriately, or two relevant individual or group perspectives are considered superficially or inappropriately.
3	At least two relevant individual or group perspectives are considered appropriately.
4	Balanced consideration is given to relevant individual and group perspectives.
Total	

6. Interpreting the IB Mark Bands for 20-mark Questions:

Criterion A: Knowledge and conceptual understanding

Marks	Level descriptor
0	The work does not reach a standard described by the descriptors below.
1	Superficial knowledge of the given concepts is demonstrated. Business management content is not selected or the content selected is irrelevant.
2	Satisfactory understanding of one or both of the given concepts is demonstrated. Some business management content selected is relevant. The relevant content is satisfactorily explained.
3	Good understanding of one or both of the given concepts is demonstrated. The business management content selected is relevant, though it may not be sufficient. The relevant content is generally well explained, though the explanation may lack some depth or breadth.
4	Good understanding of both of the given concepts is demonstrated. The business management content selected is relevant, sufficient and well explained.

“this is the part where your knowledge of syllabus content is being tested.”

Criterion A: Knowledge and conceptual understanding (out of 4)

This criterion addresses the extent to which the candidate demonstrates knowledge and understanding of **the given concepts and relevant business management content** (theories, techniques or tools, depending on the requirements of the question).

Exam Tip

- **Briefly define the two concepts in the introductory paragraph**
- **Relate the discussion of the examples to the concepts throughout the response**
- **Consider causes, effects, and implications**

Criterion B: Application

Marks	Level descriptor
0	The work does not reach a standard described by the descriptors below.
1	The given concepts and/or any relevant business management content are connected to the real-world organisation(s), but this connection is inappropriate or superficial.
2	The given concepts and/or relevant business management content are connected appropriately to the real-world organisation(s), but this connection is not developed.
3	The given concepts and relevant business management content are generally well applied to explain the situation and issues of the real-world organisation(s), though the explanation may lack some depth or breadth. Examples are provided.
4	The given concepts and relevant business management content are well applied to explain the situation and issues of the real-world organisation(s). Examples are appropriate and illustrative.

“this is the part where application of knowledge is being tested.”

Criterion B: Application (out of 4)

This criterion addresses the extent to which the candidate is able to **apply the given concepts** and the relevant business management content (theories, techniques or tools, depending on the requirements of the question) **to his or her chosen real-world organization(s)**.

Exam Tip

- Provide some brief, relevant facts about the company.
- Provide relevant examples and clearly explain HOW that example links with the concept and content

Criterion C: Reasoned arguments

Marks	Level descriptor
0	The work does not reach a standard described by the descriptors below.
1	Statements are made but these are superficial.
2	Relevant arguments are made but these are mostly unjustified.
3	Relevant arguments are made and these are mostly justified.
4	Relevant, balanced arguments are made and these are well justified.

“this is the part where you justify your argument through analysis.”

Criterion C: Reasoned arguments (out of 4)

This criterion assesses the extent to which the candidate makes **reasoned arguments**. This includes making relevant and balanced arguments by, for example, exploring different practices, weighing up their strengths and weaknesses, comparing and contrasting them or considering their implications, depending on the requirements of the question. It also includes justifying the arguments by presenting reasonable evidence or other support for the claims made.

Exam Tip

- **Clearly identify your CLAIM as the topic sentence.**
- **Provide specific examples in each paragraph to support the claim**
- **Arguments developed should be balanced and discuss both concepts, supported by specific examples and course theory.**

Criterion D: Structure

Marks	Level descriptor
0	The work does not reach a standard described by the descriptors below.
1	Two or fewer of the structural elements are present, and few ideas are clearly organised.
2	Three of the structural elements are present, or most ideas are clearly organised.
3	Three or four of the structural elements are present, and most ideas are clearly organised.
4	All of the structural elements are present, and ideas are clearly organised.

“this is the part where they are testing your academic professionalism.”

Criterion D: Structure (out of 4)

This criterion assesses the extent to which the candidate **organizes** his or her ideas with clarity, and presents a structured piece of writing comprised of:

* an introduction * a body, made up of *fit-for-purpose paragraphs * a conclusion

Exam Tip

- **Introduction: the brief explanations of the two concepts offered in the initial paragraph, followed by an introduction of the company**
- **Body paragraphs should have clear topic sentences/claim statements**
- **Conclusion should sum up the arguments made and draw a meaningful conclusion based on examination in the body.**

Criterion E: Individuals and society

Marks	Level descriptor
0	The work does not reach a standard described by the descriptors below.
1	One individual or group perspective is considered superficially or inappropriately.
2	One relevant individual or group perspective is considered appropriately, or two relevant individual or group perspectives are considered superficially or inappropriately.
3	At least two relevant individual or group perspectives are considered appropriately.
4	Balanced consideration is given to relevant individual and group perspectives.

“They are leading you down one particular way to L4 (2 relevant stakeholder perspectives on each side).”

Criterion E: Individuals and societies (out of 4)

This criterion assesses the **extent to which** the candidate is able to give balanced consideration to the perspectives of a **range of relevant stakeholders**, including individuals and groups internal and external to the organization.

Exam Tip

- **The perspectives of the different stakeholders should be considered in the response.**
- **Remember that the environment can be considered a stakeholder**
- **It is important to determine who the major stakeholders are and to discuss their perspectives. You may choose to mention the stakeholders that you are planning to examine in the introductory paragraph.**
- **To earn 4 marks, the answer must consider the perspective of relevant stakeholders. This includes groups (such as customers, local community etc) as well as individuals (specific employees, etc.).**

Tips and Tricks

- You do not have to memorize definitions to score full marks.
- Present one argument per paragraph if possible.
- You must link the arguments to the question so **do not invent ideas** you cannot back up.
- Leave a line between paragraphs so the arguments are visually obvious.
- If you can still ask 'Why?' at certain places in the paragraph, then you have not fully explained your argument.
- The explanation needs to be detailed and show real understanding of the concepts and the syllabus and of how those apply to the organisation in question.
- Create a planning document. Use an outline to organize your arguments, claims, and justification (course content) and write down phrases/key words/examples to remind you what you should include in your answer. Later on you can arrange those in clear and balanced paragraphs.

Advice on timing

- You have about 30-40 minutes to answer.
- On IB answer paper (a bit narrower than normal A4) the average person with average-sized writing can write nearly 4-5 sides of paper.

Remember KARS I

CUEGIS Essay
IB Business Management

1 essay • 5 criteria • 30 minutes

The CUEGIS essay is featured in Paper 2 Section C of the IB Business Management examination. Planning and writing an essay that covers 5 broad criteria, within a span of 30 minutes under exam conditions can be very challenging for students.

The **KARS I** mnemonic summarizes the assessment criteria for the CUEGIS essay and provides a framework for students to develop an understanding of what is required from each of the 5 criteria.

- K** **Knowledge and conceptual understanding**
 - ✓ Think about which business management **theories, tools and concepts** are most appropriate for answering the essay title with respect to your chosen firm.
 - ✓ Show an understanding of the **CUEGIS concepts** indicated in the title.
- A** **Application**
 - ✓ **Relate** the business theories, tools and concepts to **your chosen organization**.
 - ✓ Use a range of **facts, quotations, statistics** about your chosen organization as supporting evidence for your reasoned arguments.
- R** **Reasoned arguments**
 - ✓ **Justify** your points with respect to the title and your chosen organization.
 - ✓ Always **explain why** you made a particular point.
why did you state that franchising is a good strategy for your chosen firm?
- S** **Structure**
 - ✓ Include an **introduction and conclusion**, both linked to the title.
 - ✓ **Fit-for-purpose** body paragraphs that build towards the conclusion.
make a point, provide supporting evidence and justify with explanations
- I** **Individuals and societies**
 - ✓ Relate the points made in your essay to the impact on **stakeholders**.
 - ✓ Reason upon any **benefits and threats** in the short- and long-run.
how would a firm's ethical decisions impact other local businesses?

7. Student Marking Checklist for 20-Mark Questions

<p>Criterion A: Knowledge and understanding (4 marks)</p> <ul style="list-style-type: none"> ✓ Concepts are fully explained ✓ Business Management theory is relevant and fully explained using appropriate business terminology ✓ Explicit connections are made between the concepts and the theory 	
<p>Criterion B: Application (4 marks)</p> <ul style="list-style-type: none"> ✓ Concepts are clearly applied to the organisation and fully developed (explained) ✓ Business Management theory / tools are clearly applied to the organisation and fully developed (explained) ✓ Examples are directly related to the concepts and theory. 	
<p>Criterion C: Reasoned arguments (4 marks)</p> <ul style="list-style-type: none"> ✓ Relevant and <u>balanced</u> (both sides) arguments e.g. exploring different practices; weighing up strengths and weaknesses, comparing and contrasting arguments; long and short-term implications ✓ Specific examples are used in justifications 	
<p>Criterion D: Structure (4 marks)</p> <ul style="list-style-type: none"> ✓ Introduction: introduces the question, concepts and the organisation ✓ Body: Addresses the impact of the two concepts on the organisation (referring to business theory); balanced discussion; the impact on at least two relevant stakeholder groups (at least one internal and one external) ✓ Conclusion: answers the question; justifies the answer by highlighting the most significant impacts on two different stakeholder groups 	
<p>Criterion E: Individuals and Societies (4 marks)</p> <ul style="list-style-type: none"> ✓ Balanced consideration given to the perspectives at least two stakeholder groups (internal and external) 	

8. Overview CUEGIS Learning outcomes

Unit	Sub-unit of the syllabus	CUEGIS Learning outcome	C	U	E	G	I	S
1. Business organization and environment	1.3 Organizational objectives	The need for organizations to change objectives and innovate in response to changes in internal and external environments	√					√
	1.5 External environment	Consequences of a change in any of the STEEPLE factors for a business's objectives and strategy	√					√
	1.6 Growth and evolution	The role and impact of globalization on the growth and evolution (change) of businesses	√			√		
2. Human resources	2.1 Functions and evolution of human resource management	How innovation, ethical considerations and cultural differences may influence human resource practices and strategies in an organization		√	√		√	√
	2.2 Organizational structures	How cultural differences and innovation in communication technologies may impact on communication in an organization		√			√	
	2.3 Leadership and management	How ethical considerations and cultural differences may influence leadership and management styles in an organization		√	√			
	2.6 Industrial/employee relations (HL only)	How innovation, ethical considerations and cultural differences may influence employer–employee relations in an organization		√	√		√	
4. Marketing	4.1 The role of marketing	How innovation, ethical considerations and cultural differences may influence marketing practices and strategies in an organization		√	√		√	√
	4.5 The four Ps (product, price, promotion, place)	The impact of changing technology (innovation) on promotional strategies (such as viral marketing, social media marketing and social networking)	√					√
	4.7 International marketing (HL only)	The strategic and operational implications of, the role of cultural differences in, and the implications of globalization on, international marketing (AO3).		√		√		√
5. Operations management	5.1 The role of operations management	Operations management strategies and practices for ecological, social (human resource) and economic sustainability (ethics)			√			√
	5.6 Research and Development (HL only)	How pace of change in an industry, organizational culture and ethical considerations may influence research and development practices and strategies in an organization	√	√	√			√

9. Exemplars

1. The Question:

With reference to an organization of your choice, examine the influence of organizational culture on business ethics.

The Answer:

Fairprice is a form of social enterprise. Founded in 1973, Fairprice is a retail co-operative with network of more than 160 outlets in Singapore. A co-operative is a non-profit organization as its main focus is to create value or benefit for its key stakeholders, the members of the co-operative, by providing goods or services at cost-price. Fairprice was founded by the labour movement to represent workers and its mission is to provide, customers with the best value, quality products and excellent service. Its mission has a huge impact on organizational culture and this influences Fairprice's business ethics.

Culture refers to the values, beliefs and customs of people and organizations. The corporate culture at Fairprice is shaped by its aim to carry out certain social objectives and responsibilities, based on helping the local community. Fairprice values its members and looks after their interests as a priority. It has all-inclusive corporate culture with no discrimination in its recruitment policies. For example, it helps ex-convicts and former drug addicts to find employment and to re-integrate into the society. However, for the majority of the Singaporean people, the issue of ex-convicts remains a social taboo and it is still a long way for a general social acceptance of Fairprice's practice.

Ethics refers to the socially accepted moral principles that determine business decision making. Fairprice's business ethics is based on protecting the welfare of its worker- members and contributing any surplus back into the local community. Fairprice abides by an ethos of "individual member comes first", which has helped it to establish a positive brand image and customer loyalty. For example, Fairprice's business ethics include care for the elderly. It offers a Seniors Discount Scheme to senior citizens above 60, who enjoyed a 2% additional discount every Tuesday. Each member also accumulates points from their purchases which can be redeemed for certain household items. Thus, Fairprice's uses market segmentation, targeting various segments with discounts. Although Fairprice acts ethically, there are challenges in finding suppliers who have good ethical practices.

Fairprice's corporate culture and ethics are intertwined, with Confucian values of benevolence. Its leaders are paternalistic and perceived as providers of their people's welfare. Unlike its profit-driven competitors (such as Cold Storage, Giant, Jason Marketplace, Isetan and Shop N Save), Fairprice has cut prices on over 400 grocery items. This pricing strategy helped worker-members pull through during the recent economic downturn in Singapore. In July 2016, Fairprice launched new retail format, called FairPrice Shop for lower income groups, offering a smaller but more affordable range of products. For example, the fresh vegetable products in this range are 5% to 10% cheaper than Fairprice's main competitors. This ethical practice will have a positive impact on lower-income customers.

Fairprice's focus on ethical behaviour and its benevolent culture have proved to be highly successful. Today, it is Singapore's largest supermarket chain. Since Fairprice is less profit-driven, its prices have proven to be really attractive, making it difficult for other retailers to compete. In fact, Fairprice is so successful that French hypermarket giant Carrefour pulled out of Singapore after 15 years of operation.

In conclusion, there is a strong influence of Fairprice's organizational culture on its business ethics such as employment practices and pricing and promotional strategies. Fairprice's organizational culture in turn is shaped by its social objectives for protecting the welfare of its stakeholders. Fairprice's perseverance in pursuing these social objectives even in difficult economic times has become its unique selling point. Fairprice's ability to drive out competitors, intentionally or otherwise, despite being not a profit-driven business organization could be a model for others.

2. The Question:

With reference to an organization of your choice, evaluate different strategies businesses can adopt to respond to issues of globalisation.

The Answer:

Kettlinger Furniture Company (KFC) of Savannah, Georgia is an interesting example of how one organization developed several strategies in response to issues stemming from the globalization of furniture manufacturing by such large firms as Ikea. In this case, globalization refers to significant growth of a small number of furniture manufacturers who now sell in most countries of the world. Benefiting from economies of scale and able to set up manufacturing facilities where costs are low, companies such as Ikea can manufacture furniture at significantly lower prices than small manufacturers like Kettlinger. These small companies have to develop successful strategies --long-term plans to make the most efficient use of resources and to gain competitive advantage to compete in this environment or they will go out of business. As sales gradually decline, their products become un-competitively priced, and employees lose motivation as they see the company's position deteriorate. KFC is one example of a small manufacturing company that developed two strategies, one for marketing and one for human resources, so that the company could survive in the twenty-first century. It went local.

Kettlinger is an old company that thrived for many years before it almost filed for bankruptcy in 1997. Founded in 1768, the business originally manufactured high quality furniture for sale to wealthy Georgians. After World War II, however, the company decided to widen its product range and expand. America was experiencing vast social changes. Americans were building many new houses and, for the first time, "suburbs" --and all these houses needed furniture. Throughout the 1950s and 1960s, this move into large-scale manufacturing was very successful, and the company's sales and profits grew significantly.

In the 1980s, however as the US economy started to weaken because of global competition from Europe and Japan, the mass manufacturing at KFC began to experience difficulties. With each year, profits were lower and lower. Frank Kettlinger, CEO in 1997, contemplated filing for bankruptcy. However, closing down his family's two hundred year-old business would have been personally devastating for him. As an individual, he would feel like a failure.

Instead Kettlinger decided to re-focus the business, and he did so with two strategies: one for marketing and one for human resources. The marketing strategy was straight-forward: KFC would return to being a small manufacturer of European and colonial style hand-crafted furniture. This was a "niche" strategy, but it would achieve several benefits for the company: It would build on its historic strengths and allow the business to remain open and provide a living for family members. The big factory facility was sold to pay off debts, and all four Ps of the marketing mix were realigned to support the shift: a narrowing of the product range, an increase in pricing (to cover the higher costs of hand crafted manufacturing and for psychological affect), promotion shifted to advertising in high-end architectural magazines.

The more complicated problem for the business was human resources, as many employees were unqualified to make really high quality furniture. KFC adopted a competency-based management strategy that assessed the current work force, analyzed the needs according to the revised strategy of the business and then started pulling in various process to provide KFC the right workforce: letting go of workers no longer needed, re-training the select few that would remain, recruiting certain employees from other companies when specialized talent was required. Because training would now become a major part of employment at KFC, the company carefully selected employees not only for their talents as workers, but also for their loyalty to the firm. Although Frank regretted the toll on individual employees who lost their jobs, he knew that if the company did not make these major changes, all

employees would have soon been out of jobs anyway. At least some would keep their jobs and, actually benefit from the new marketing and human resource strategies.

Though it was a very difficult process for KFC and the Kettlinger family to restructure their business, the pressures of globalization left it almost no choice. By the 1990s, KFC was too small to compete with companies like Ikea. By revising its marketing strategy, the company returned to its niche marketing, where it could compete. "Going local" in response to globalization also meant changing attitudes towards workers: relationship with workers was now characterized by a paternalistic leadership style, two way loyalty, and a "we are all a family" environment. As KFC shed its mass manufacturing past, the "go local" attitude began to show up in all aspects of operations, including things like which suppliers were used and the types and variety of below-the-line promotions, which now almost always had a local community building character. Globalization is killing many small organizations, but some are successfully responding by becoming smaller, more focused,, more local. KFC is one such firm.