MINISTRY OF EDUCATION AND TECHNICAL EDUCATION
وزارة التربية والتعليم والتعليم الفني

BUSINESS ADMINISTRATION

Egyptian Baccalaureate - 2nd Year

Part One

11

BUSINESS ADMINISTRATION

Egyptian Baccalaureate - 2nd Year

Advised by INTERNATIONAL BACCALAUREATE®

The International Baccalaureate™

has reviewed the pedagogical and assessment approaches underpinning this textbook.

Ministry of Education and Technical Education

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Introduction

Business is part of everyday life. It exists in the food we buy, the services we use, the technology we rely on, and the opportunities we pursue. Behind every product, every service, and every organization are decisions about resources, people, priorities, risk, and direction. These decisions shape not only the success of businesses, but also the lives of employees, customers, communities, and the wider economy. This book invites you to understand those decisions. Business Administration in the Egyptian Baccalaureate is not a subject of memorization. It is a subject of thinking. Throughout this course, you will explore why businesses exist, how they create value, how they are structured, how they respond to different stakeholders, and how internal and external factors influence the choices they make. You will examine different forms of business ownership and consider how responsibility, control, liability, and risk shape an organization. You will explore business objectives, stakeholder interests, ethics, leadership, management, and the wider business environment. In doing so, you will begin to see how different parts of a business are connected and how one decision can influence many others. A central part of this learning is financial understanding. You will consider how costs, revenues, profit, and risk influence business decisions, and how financial and non-financial information can be interpreted responsibly to support sound judgment. You will also learn that business decisions rarely have one simple answer. Strong decisions require evidence, comparison, reasoning, and an understanding of possible consequences. The learning approach encourages you to connect concepts to realistic business situations, ask questions, analyze evidence, compare alternatives,and justify your conclusions. As your understanding develops, you will move from building strong foundational knowledge to applying that knowledge with increasing independence and confidence. Through case studies, examples, and practical applications, you will be encouraged to think from the perspective of business owners, managers, employees, customers, and other stakeholders. This will help you understand that successful business decisions must balance different interests while responding to changing conditions and opportunities. By the end of the course, you should be able to understand how businesses operate in real contexts, analyze decisions using structured reasoning, evaluate risks and opportunities, interpret financial and non-financial information, and communicate your ideas clearly and confidently. Business Administration in the Egyptian Baccalaureate is designed to help you understand how businesses are built, how they operate, and how they respond to challenges in a changing world. More importantly, it is designed to help you think like a decision-maker.

JRE TIP! How to Unpack and Answer JRE Questions

JRE questions test how you think, not how much you memorize. Use these five steps for every JRE question.

Step 1: Read the Question Slowly

Underline keywords such as evaluate, justify, compare, explain, to what extent. Ask: "What am I being asked to decide or argue?"

Step 2: Make a Clear Judgment

State your position in one or two direct sentences. Avoid vague answers like "it depends."

Step 3: Explain Your Reasoning

Connect ideas logically using words like because, therefore, as a result, this leads to.

Step 4: Support with Evidence

Use facts, examples from class, or concepts from the unit. Always explain how the evidence supports your point.

Step 5: Check Your Structure

Confirm your answer flows: judgment → reasoning → evidence.

KEY INSIGHT

Simple JRE Template - Judgment: I believe that… Reasoning: This is because… Evidence: For example… This shows that…

THINK!

Remember: clarity is stronger than length. A short, well-structured answer will always score higher than a long, unfocused one. Think. Decide. Explain. Prove.

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INTRODUCTION TO BUSINESS & PURPOSE

UNIT 1

INTRODUCTION TO BUSINESS & PURPOSE

Big Idea

Businesses exist to create value by meeting needs and wants, but the way they do this involves choices, trade-offs, and responsibility.

Essential Questions

- Why do businesses exist? What does it mean to create value?
- Who benefits from business decisions, and who is affected? Can a business satisfy everyone at the same time?

Think

A business organization begins with a structured decision, not only with the existence of a .product

LEARNING OUTCOMES

- Define what a business is and explain its purpose in society
- Distinguish between needs and wants using real-life examples
- Differentiate between goods and services
- Identify key stakeholders and explain their interests
- Analyze how business decisions affect different stakeholders
- Classify businesses according to sectors of industry
- Explain how businesses create value at different stages
- Justify opinions about the role and purpose of business using structured reasoning

UNIT BIG IDEA

Businesses exist to create value by meeting needs and wants, but the way they do this involves choices, trade-offs, and responsibility.

ESSENTIAL QUESTION

- Why do businesses exist? What does it mean to create value?
- Who benefits from business decisions, and who is affected? Can a business satisfy everyone at the same time?

UNIT OPENER CASE

Case Study: Mariam's Decision

Mariam has always loved baking. What started as a hobby quickly became something more. Friends began placing orders. Teachers asked her to cater school events. Even local cafés showed interest in her pastries.

One evening, her father asks a simple question: "Why don't you turn this into a real business?"

At first, the idea feels exciting. But as Mariam thinks more deeply, questions begin to surface: who exactly is she serving? Are her products meeting a need, or simply a want? Should she sell from home, partner with a café, or open her own shop? Who would be affected by her decisions? And what does success really mean for her?

Mariam realizes that starting a business is not just about making products. It is about making decisions.

Connecting to the Text - Formative Discussion

1. What problem or opportunity is Mariam responding to, and why might this lead her to start a business?
2. Who could be affected by Mariam's decision to turn her baking into a business, and how might they be affected differently?

THINK!

What factors should Mariam consider before deciding whether to start her business? Explain your reasoning.

Section 1: understanding business through decisions

Mariam's First Real Question

Mariam sits at her kitchen table, looking at a list of orders she has written down. At first, it feels exciting - ten orders for the weekend, then fifteen, then more requests for the following week.

Her hobby is no longer just something she enjoys. It now requires time, planning, ingredients, and commitment. Her father asks again: "Is this still just baking, or is it something more?"

If she continues, she will need to buy ingredients regularly, set prices, deliver on time, and manage customer expectations. If she stops, she keeps her freedom but loses the opportunity.

A business activity is defined by its purpose and structure, not by its size.

CONCEPT DEVELOPMENT: WHEN DOES AN ACTIVITY BECOME A BUSINESS?

Not every activity is a business. People cook, draw, teach, and create every day, but not all of these activities are businesses. An activity becomes a business when:

- It is done intentionally to provide value
- It is done consistently, not occasionally
- It involves exchange, often for money
- It requires decision-making and responsibility

Business Organization: An organized activity that provides value and assumes ongoing responsibilities.

Hobby vs. Business

Feature	Hobby	Business
Purpose	Personal enjoyment	Providing value to others
Consistency	Occasional	Regular and planned
Responsibility	Limited	Ongoing commitments
Risk	Low	Higher

KEY INSIGHT

A business is not defined by size. It is defined by purpose and structure. A business begins when an activity moves from personal choice to structured responsibility.

Exercise - Formative Check

1. What is Mariam offering: a good or a service? Why?
2. Is her product meeting a need or a want? Explain.
3. At what exact point does Mariam's baking become a business? Explain your reasoning.
4. Can an activity be a business even if it does not make a profit? Why or why not?

Remember

Making a profit is not the only requirement for defining an activity as a business organization.

Hands-on application

Task: Classifying Activities - decide whether each is a hobby or a business, and justify your answer.

Activity	Hobby or Business	Justification
Selling handmade bracelets once a year	______	______
Running a daily food delivery service	______	______
Giving free lessons to friends	______	______
Selling artwork online regularly	______	______

THINK!

At what point does a hobby become a business?

Section 2: needs, wants, and value

Mariam Looks Closer at Her Customers

Over the next week, Mariam notices her customers are not all the same. A neighbor orders pastries for her children after school. A teacher orders cakes for school events. A nearby café asks if she can supply desserts regularly. None of them truly need her pastries - they already have food at home and could buy desserts elsewhere. Mariam realizes: people are not always buying what they need. They are buying what they want.

CONCEPT DEVELOPMENT: NEEDS VS WANTS, GOODS AND SERVICES

Needs are essential for survival (food, water, basic clothing). Wants improve quality of life (desserts, branded clothing, entertainment). Most businesses, especially in modern economies, focus on wants.

Mariam's pastries are goods (physical products), but her reliability, customization, and delivery are services. Most businesses offer a combination of goods and services.

KEY INSIGHT

A business succeeds not by offering something, but by offering something that people value more than alternatives - through quality, taste, trust, convenience, or personal connection.

Exercise - Formative Check

1. Why are Mariam's customers choosing her if her products are not essential?
2. Can a want become so important that it feels like a need? Give an example from Egypt.
3. Is a business that satisfies wants less important than one that satisfies needs? Why or why not?

Hands-on application

Task: Classify each item.

Item	Need or Want	Good or Service
Baladi bread	______	______
Custom birthday cake	______	______
Uber ride in Cairo	______	______
Mobile data package	______	______
Street food (koshary)	______	______

Practice questions

1. Give two examples of needs and two examples of wants that are common in your own household.

   ....

2. Explain, in your own words, why most successful modern businesses focus on wants rather than needs.

   ....

THINK!

What makes Mariam's product valuable beyond its basic function?

Section 3: stakeholders and impact

Mariam Faces Her First Real Conflict

Mariam's business is growing. Orders are increasing, customers are happy, and a nearby café is interested in working with her regularly. But then tensions begin to appear: her mother asks her to reduce working hours to focus on school, customers expect faster delivery and lower prices, the café wants consistent supply and discounts, and a friend offers to help but expects to be paid.
Mariam realizes something new: every decision she makes satisfies someone and disappoints someone else.

Not all stakeholders seek the same outcome; this is where conflict arises.

Stakeholder
An individual or group that is affected by, or can influence, the decisions of a business organization.

CONCEPTDEVELOPMENT: WHOARESTAKEHOLDERS?

A stakeholder is any individual or group affected by a business. In Mariam's case, stakeholders include:

- Customers
- Family
- Employees or helpers
- Suppliers
- Business partners (like the café)
- The local community

A decision may benefit one stakeholder while imposing a cost or burden on another.

Stakeholder Interests and Conflict

Stakeholder	What They Want
Customers	Quality products, low prices, fast service
Family	Balance, stability, academic focus
Employees	Fair pay, manageable workload
Café Partner	Reliability, consistency, lower cost
Community	Fair business practices

KEY INSIGHT

A business decision is rarely about choosing what is right. It is about choosing between competing priorities. Stakeholders do not all want the same thing, and this creates tension.

Exercise - Formative Check

1. Which stakeholder is most important for Mariam's business at this stage? Why?
2. Can Mariam satisfy all stakeholders at the same time? Explain.
3. If Mariam lowers her prices, who benefits and who might be negatively affected?

Hands-on application

Decision	Who Benefits?	Who Is Negatively Affected?
Lower prices	______	______
Increase prices	______	______
Accept café contract	______	______
Reduce working hours	______	______

THINK!

If she focuses on school and reduces production, who is impacted most?

Section 4: sectors of industry and value creation

Mariam Sees the Bigger System

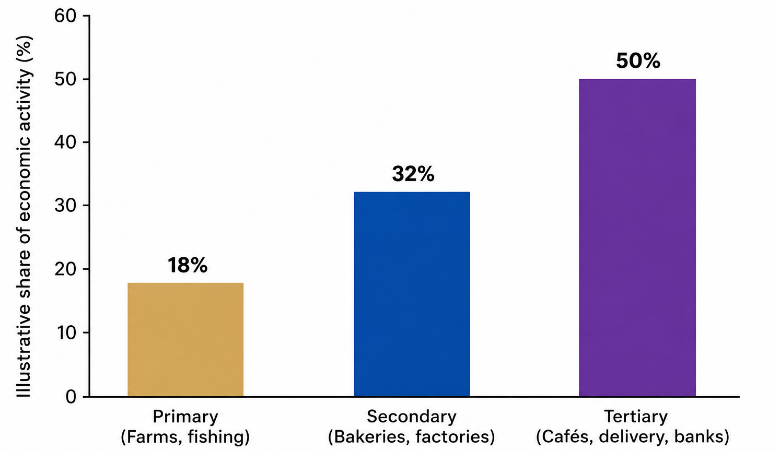
Mariam wakes up early to prepare her first large order for the café. She looks at her ingredients - flour, eggs, sugar, chocolate - and for the first time asks, "Where did all of this come from?"
The flour came from wheat grown on farms. The eggs came from poultry producers. The chocolate was imported and sold through suppliers. After baking, she delivers the pastries and the café sells them to customers. Mariam realizes: her business is not just her - it is part of a chain.

CONCEPT DEVELOPMENT: THE THREE ECONOMIC SECTORS

Sector	Definition	Examples in Egypt
Primary	Extracts natural resources directly from the Earth	Agriculture; fishing; mining
Secondary	Transforms raw materials into finished or semi-finished goods	Factories; bakeries; textile manufacturing
Tertiary	Provides services rather than goods	Cafés; delivery services; retail; banks

Remember
Value moves through an interconnected chain, from extraction to manufacturing and then to the provision of services.

Figure 1.1 — The Three Economic Sectors in a Modern Economy



Most organizations are connected to all three sectors, and value is created at every stage, not only at the point of final sale.

KEY INSIGHT

Most businesses are connected across all three sectors, and value is created at each stage - not just at the final sale.

Exercise - Formative Check

1. Which sector does Mariam's baking belong to? Why?
2. Which sector does the café belong to?
3. Can one business be part of more than one sector? Explain.

Business	Sector	Explanation
Wheat farm in Upper Egypt	______	______
Bakery in Cairo	______	______
Talabat delivery service	______	______
Food factory producing biscuits	______	______
Supermarket	______	______

Practice questions

1. List three businesses in your neighborhood and classify each into a sector of industry.

   ....

2. Explain why the tertiary sector has grown faster than the primary sector in most modern economies.

   ....

THINK!

Where is the most value created in Mariam's chain? Justify your answer.

APPLYING THE CONCEPTS: SIMPLE CASE STUDIES

Case study 1: Salma's home catering (Cairo)

Salma prepares homemade meals and sells them through Instagram. At first, she cooks only on weekends. Soon, demand increases and customers begin placing daily orders.

Task 1

1- Is Salma running a business or a hobby? Explain.

....

2- Is she meeting a need or a want?

....

Task 2 - Decision

Should Salma expand her business? Why or why not?

....

Case study 2: Mahmoud's mobile accessories shop (Giza)

Mahmoud owns a small shop selling phone accessories. A nearby competitor has opened, offering lower prices, and Mahmoud must decide how to respond.

Task 1

1- Are phone accessories a need or a want? Explain.

....

2- Which sector does Mahmoud operate in?

....

Task 2 - Decision

Should Mahmoud lower his prices, improve quality, or add delivery? Justify your answer.

....

Think!
Do not look for a single correct answer; weigh the interests of different stakeholders against the expected outcomes.

Case study 3: Nour's tutoring service (Alexandria)

Nour gives private lessons to secondary school students. As demand increases she raises her fees, and parents begin to complain that her prices are too high.

Task 1

Is tutoring a good or a service? Is it a need or a want in the Egyptian context?

....

Task 2

Should Nour lower her prices? Why or why not?

....

Case study 4: Hassan's delivery startup (Cairo)

Hassan launches a small delivery business. As orders increase, riders complain about low pay, customers complain about delays, and Hassan wants to increase profit.

Task 1

Who is affected by Hassan's decisions, and how?

....

UNIT 1 PRACTICE QUESTION BANK

Use these questions to review the whole unit. Answer in full sentences using unit vocabulary.

A. Short-Answer Questions

1. Define "business" in your own words.

   ....

2. Explain the difference between a good and a service, using one Egyptian example of each.

   ....

3. What is a stakeholder? Name four stakeholders of a small bakery.

   ....

4. Explain why value is not the same thing as price.

   ....

5. Name the three sectors of industry and give one Egyptian example of each.

   ....

B. True or False (correct the false statements)

1. A hobby becomes a business only once it earns a large profit. [True / False]
2. Needs are essential for survival, while wants improve quality of life. [True / False]
3. A business can only offer either a good or a service, never both. [True / False]
4. All stakeholders of a business always want the same outcome. [True / False]
5. The tertiary sector provides services rather than physical goods. [True / False]

Remember

Answer in complete sentences, and use the unit terminology accurately.

C. Multiple Choice

1. Which of the following best defines a stakeholder?

A. Anyone who owns shares in a company

B. Any individual or group affected by a business

C. Only the employees of a business

D. Only the customers of a business

2. A farm growing wheat belongs to which sector?

A. Primary

B. Secondary

C. Tertiary

D. Quaternary

3. Which is an example of a want rather than a need?

A. Drinking water

B. A branded pair of trainers

C. Basic clothing

D. Shelter

D. Applied / Extended Response

1. A friend tells you: "A business only exists to make money." Using ideas from this unit, explain why this statement is incomplete.

....

....

2. Choose a small business you know in your community. Identify its stakeholders and explain one conflict that might arise between two of them.

....

....

Justify & Reasoning with Evidence

JRE

Do businesses exist primarily to make profit, or to create value for society?

Understanding the question

You are not being asked what businesses do. You are being asked what they should prioritize. Businesses earn revenue, aim to make profit, and compete in markets - but they also provide goods and services, affect stakeholders, and contribute to communities.

A business may increase profit by lowering costs, but this may affect employees. It may increase prices to grow profit, but this may affect customers. It may support communities, but this may reduce short-term profit.

Key concepts you may use

- Needs and wants
- Goods and services
- Value creation
- Stakeholders and stakeholder conflict
- Sectors of industry
- Business decisions and trade-offs

Possible positions

- Profit is essential for survival and growth
- Value and social impact are equally or more important

Expectations for a strong response

- Define the purpose of business clearly
- Explain the role of profit
- Explain the role of value and stakeholders
- Use examples (e.g. Mariam, Salma, Hassan)
- Evaluate trade-offs between profit and responsibility
- Present a counterargument
- Reach a balanced and justified conclusion

Writing framework for the JRE

Section	What to Do	Guiding Question
Introduction	Define business purpose	What is the role of profit and value?
Argument 1	Profit as primary goal	Why is profit necessary?
Argument 2	Value and society	Why does impact matter?
Evaluation	Compare both views	Can both exist together?
Conclusion	Justified judgment	What should businesses prioritize?

MARKING RUBRIC - Total Marks: 20

Mark Range	Interpretation
18–20	Exceptional analytical maturity and professional-level insight
14–17	Strong reasoning with minor weaknesses
10–13	Adequate understanding but limited depth
6–9	Basic comprehension with analytical gaps
0–5	Limited reasoning and insufficient structure

SAMPLE RESPONSE

Do businesses exist primarily to make profit, or to create value for society?

Businesses exist to provide goods and services and to earn profit. Some believe profit is the main purpose of a business, while others believe creating value for society is equally important.

Profit is essential for a business to survive and grow. Without it, a business cannot pay employees, invest in resources, or continue operating. A small business like Mariam's bakery must generate profit to cover costs and expand.

However, businesses also create value for society by meeting needs and wants, providing jobs, and contributing to communities. Focusing only on profit can negatively affect stakeholders - for example, lowering costs may reduce product quality or employee satisfaction.

In conclusion, profit is important for survival, but it should not be the only goal. Businesses should aim to create value for society while maintaining profitability, allowing them to succeed in the long term while meeting the needs of different stakeholders.

KEY INSIGHT

This response demonstrates the key JRE skills: a clear judgment, logical reasoning, use of unit evidence, and a justified conclusion.

FINAL REFLECTION

If you were Mariam, what kind of business would you choose to build - and why?

....

....

2

TYPES OF BUSINESS ORGANIZATIONS

UNIT 2

TYPES OF BUSINESS ORGANIZATIONS

Big Idea

The structure of a business shapes how decisions are made, how risks are shared, and how success is achieved.

Essential Questions

- How does ownership affect decision-making in a business? What is the relationship between control and risk?
- Should a business remain small or grow into a larger structure? How do different structures impact responsibility and accountability?

LEARNING OUTCOMES

- Identify different types of business organizations
- Explain how ownership affects control and decision-making
- Distinguish between limited and unlimited liability
- Analyze how risk is distributed across business structures
- Compare the advantages and disadvantages of sole trader, partnership, and company
- Evaluate which business structure is most suitable in different scenarios

UNIT BIG IDEA

The structure of a business shapes how decisions are made, how risks are shared, and how success is achieved.

ESSENTIAL QUESTION

- How does ownership affect decision-making in a business? What is the relationship between control and risk?
- Should a business remain small or grow into a larger structure? How do different structures impact responsibility and accountability?

UNIT OPENER CASE

Case Study: Mariam's Next Decision

Mariam's business is growing. She now has regular customers, a café partnership opportunity, and increasing demand - but she is overwhelmed. She cannot do everything alone anymore.

Her friend Lina offers to join her. Her uncle suggests registering the business formally. A café owner proposes investing money to expand.

Mariam now faces a new question: not whether to run a business, but how to structure it. Should she stay alone and keep full control, partner with Lina and share responsibilities, or turn it into a larger company and grow faster? Each option comes with opportunity and risk.

Connecting to the Text - Formative Discussion

1. What problem is Mariam currently facing, and why can she no longer continue working alone?
2. What are the advantages and risks of staying as a sole trader in her situation?

THINK!

What could Mariam gain and lose if she accepts investment and turns the business into a company?

Section 1: sole trader - control, responsibility, and financial risk

Mariam Considers Staying Alone

"I built this," Mariam thinks. "I know every customer. I make every decision." So she decides she will continue alone. At first it feels right - full control, full independence, full profit.

But quickly, reality sets in: orders increase, mistakes happen, customers complain. And for the first time, she feels something new: pressure.

CONCEPT DEVELOPMENT: WHAT IS A SOLE TRADER?

A sole trader is a business owned and operated by one individual. It is the most common business structure in Egypt, especially among small shops, home-based businesses, informal enterprises, and freelancers:

- One owner
- Full control of decisions
- Keeps all profit
- Bears all risk

Unlimited Liability
The organization's losses may extend to the owner's personal assets.

KEY INSIGHT

Control gives freedom, but it also creates financial exposure. The most critical feature of a sole trader is unlimited liability: the business and the owner are legally the same, so financial losses affect the owner personally.

Exercise - Formative Check

1. Why might Mariam prefer to remain a sole trader?
2. What are the advantages of full control?
3. How does unlimited liability affect decision-making?
4. Can a sole trader grow without support?

Hands-on application

Situation (starting capital 15,000 EGP)	Financial Outcome
Profit of 5,000 EGP	______
Loss of 5,000 EGP	______
Business fails entirely	______
A customer defaults on payment	______

THINK!

What happens if customers stop buying?

Section 2: partnerships - shared responsibility, shared risk

Mariam Brings Lina In

After weeks of long nights and growing pressure, Mariam finally agrees to meet Lina. Lina says, "You don't have to do this alone. We can build this together."Immediately, things feel different. Before, Mariam decided everything. Now, every decision becomes a conversation: what price should they charge? Should they accept the café contract? How should profits be shared?

CONCEPT DEVELOPMENT: WHAT IS A PARTNERSHIP?

A partnership is a business owned and managed by two or more people. Partners share ownership, share responsibility, and share profits (and losses).

- Two or more owners
- Shared decision-making
- Shared profit
- Shared risk

The Trade-Off

Advantage	Financial Impact
Shared workload	Higher production and potential income
More ideas	Better decisions and growth potential
Shared profit	Each partner earns less individually
Dependence	One partner's mistake affects both

The division of work, profits, and risks requires a clear agreement among the partners.

KEY INSIGHT

Sharing work means sharing financial outcomes - both gains and losses. One partner's mistake affects both.

Exercise - Formative Check

1. What advantages does Lina bring to the business?
2. Is shared decision-making always better? Why or why not?
3. How should profit be shared fairly - equally, or based on contribution?
4. What happens if the business makes a loss?

Practice questions

1. Explain one reason a partnership might dissolve.

....

2. Would you rather run a business alone or with a partner? Justify your answer using ideas from this section.

....

THINK!

Why might disagreements occur between partners?

The division of work, profits, and risks requires a clear agreement among the partners.

Section 3: companies - limited liability and growth

The Café Owner's Offer

As the business grows further, a café owner proposes investing money in exchange for a share of ownership. Mariam's uncle explains that this would mean forming a company - a separate legal entity from its owners.

Unlike a sole trader or partnership, a company can raise money from shareholders, and its owners are protected by limited liability: if the business fails, shareholders only lose what they invested, not their personal savings.

Company:
A company is a legal entity separate from its owners, and limited liability protects their personal assets.

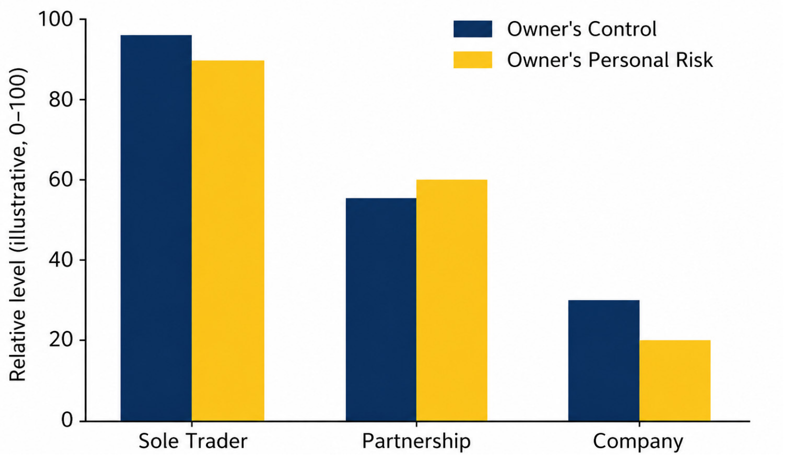
CONCEPT DEVELOPMENT: WHAT IS A COMPANY?

A company is a business that is legally separate from its owners (shareholders). It can own property, sign contracts, and be sued in its own name.

- Owned by shareholders
- Managed by directors on behalf of owners
- Limited liability protects personal assets
- Can raise larger amounts of capital
- More regulation, reporting, and formality required
- Shared risk

Feature	Sole Trader	Partnership	Company
Owners	One	Two or more	One or more shareholders
Liability	Unlimited	Usually unlimited	Limited
Control	Full, by owner	Shared between partners	Held by directors/board
Access to capital	Limited (personal funds)	Slightly higher (multiple owners)	Highest (can sell shares)
Formality	Low	Moderate	High

Figure 2.1 — Control vs. Personal Risk by Business Structure



KEY INSIGHT

As a business grows, owners often trade some control and privacy for reduced personal risk and greater access to capital.

Exercise - Formative Check

1. What does limited liability protect, and why does it matter to Mariam?
2. What might Mariam lose by accepting the café owner's investment?
3. Why do larger businesses often choose to become companies?

Practice questions

1. Explain, using one sentence each, one advantage and one disadvantage of forming a company.

....

2. A friend says: "Companies are always the best choice for a new business." Do you agree? Explain your reasoning.

....

THINK!

Should Mariam accept the café owner's investment? What would she gain, and what would she give up?

APPLYING THE CONCEPTS: SIMPLE CASE STUDIES

Case study 1: Ahmed's juice stand (Cairo)

Ahmed runs a juice stand alone. Business is strong in summer but weak in winter, and he refuses help from friends who offer to join him.

Task

1- Why does Ahmed stay alone, and what risks does he face?

....

2- Is his decision sustainable? What should Ahmed do?

....

Case study 2: Sherif & Tarek's construction supply partnership (Aswan)

Sherif and Tarek start a construction-supply partnership. Sherif wants to reinvest profits into new equipment; Tarek wants to withdraw his share of profit each month.

Task

1- What is the source of conflict between the two partners?

....

2- How could a written partnership agreement help prevent this conflict?

....

Case study 3: Laila's design company (Alexandria)

Laila's home-based design business grows quickly. Two investors offer to fund a rebrand and larger studio in exchange for shares.

Task

1- What structure would Laila need to adopt to accept this investment?

....

2- What would Laila gain and lose by accepting?

....

Case study 4: Adel's family bakery chain (6th of October City)

Adel's family has run a single bakery for years as a sole trader. They are now considering opening three more branches across the city.

Task

1- What risks would remain if Adel expands while staying a sole trader?

....

2- Recommend a structure for Adel's expansion and justify your answer.

....

Think!
A structure that was suitable for a single branch may become risky when the business expands to multiple branches.

UNIT 2 PRACTICE QUESTION BANK

Use these questions to review the whole unit. Answer in full sentences using unit vocabulary.

A. Short-Answer Questions

1. Define ‹unlimited liability' and ‹limited liability' in your own words.

....

2. List two advantages and two disadvantages of being a sole trader.

....

3. Explain why a partnership agreement is important, even between close friends.

....

4. What is a shareholder, and what do they own?

....

5. Explain how ownership structure affects who makes decisions in a business.

....

B. True or False (correct the false statements)

1. A sole trader's personal savings are protected if the business fails.	[True / False]
2. A partnership must always have exactly two owners.	[True / False]
3. A company is legally separate from the people who own it.	[True / False]
4. Limited liability means shareholders can lose more than they invested.	[True / False]
5. Companies generally face more regulation than sole traders.	[True / False]

C. Multiple Choice

1. Which structure exposes the owner to unlimited personal liability?

A. Company
B. Sole trader
C. Public shareholder
D. Cooperative only

2. What is the main benefit of forming a company rather than staying a sole trader?

A. No need to keep records
B. Limited liability and access to capital
C. No taxes are paid
D. Faster daily decision-making

3. In a partnership, profits and losses are typically:

A. Kept entirely by one partner
B. Shared between partners
C. Paid to the government
D. Not allowed to be shared

D. Applied / Extended Response

1. Imagine you are starting a business with 5,000 EGP in savings. Would you choose to be a sole trader, form a partnership, or seek shareholders? Justify your choice using concepts from this unit

....

....

2. Compare Mariam's options (staying alone, partnering with Lina, or accepting investment) and recommend one. Support your recommendation with at least two concepts from the unit.

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....

Justify & Reasoning with Evidence

JRE

Is it better for a growing business to stay under the full control of one owner, or to share ownership in exchange for support and capital?

Understanding the question

You are not simply being asked which structure is "best" in general. You are being asked how a business should weigh control against support, and independence against risk.

A sole trader keeps full control and full profit but carries full risk. A partnership shares the workload and risk but requires compromise. A company can access more capital and limits personal risk but requires giving up some control and privacy.

Key concepts you may use

- Ownership and control
- Limited vs. unlimited liability
- Risk distribution
- Access to capital
- Trade-offs between independence and support

Possible positions

- An owner should protect independence and keep full control for as long as possible
- An owner should share ownership early to reduce risk and access support for growth

Expectations for a strong response

- Define ownership structures clearly (sole trader, partnership, company)
- Explain the relationship between control and risk
- Use examples (e.g. Mariam, Ahmed, Laila)
- Evaluate trade-offs between independence and support
- Present a counterargument
- Reach a balanced and justified conclusion

Writing framework for the JRE

Section	What to Do	Guiding Question
Introduction	Define ownership and control	What is at stake when ownership changes?
Argument 1	Case for staying independent	Why might full control matter most?
Argument 2	Case for sharing ownership	Why might shared risk and capital matter more?
Evaluation	Compare both views	Does the right answer depend on the business's stage of growth?
Conclusion	Justified judgment	What should a growing business prioritize?

MARKING RUBRIC - Total Marks: 20

Mark Range	Interpretation
18–20	Exceptional analytical maturity and professional-level insight
14–17	Strong reasoning with minor weaknesses
10–13	Adequate understanding but limited depth
6–9	Basic comprehension with analytical gaps
0–5	Limited reasoning and insufficient structure

SAMPLE RESPONSE

Is it better for a growing business to stay under the full control of one owner, or to share ownership in exchange for support and capital?

A growing business must decide how much control its owner is willing to give up in exchange for support. Some believe an owner should retain full control for as long as possible, while others believe sharing ownership early reduces risk and enables growth.

Staying a sole trader allows an owner like Mariam to keep full control and full profit. This suits a business that is still small and manageable, where quick, independent decisions are valuable.

However, as a business grows, the risks of unlimited liability and limited capital become more serious. Partnering with Lina, or accepting investment to form a company, spreads risk and brings in resources the owner could not access alone - though it requires compromise and shared decision-making.

In conclusion, there is no single correct structure. A business should remain independent while it is small and low-risk, but should consider sharing ownership once growth, risk, or capital needs exceed what one person can manage alone.

KEY INSIGHT

This response demonstrates the key JRE skills: a clear judgment, logical reasoning, use of unit evidence, and a justified conclusion.

FINAL REFLECTION

If you were advising Mariam today, would you tell her to stay alone, partner with Lina, or accept the café owner's investment? Justify your advice.

....

....

3

BUSINESS OBJECTIVES & STAKEHOLDERS

UNIT 3

BUSINESS OBJECTIVES & STAKEHOLDERS

Big Idea

Businesses set objectives to guide their decisions, but different stakeholders judge success in different ways, which creates conflict that must be managed.

Essential Questions

- What should a business aim to achieve? Can profit and responsibility exist together?
- Whose interests matter most when a business makes a decision?

LEARNING OUTCOMES

- Identify five common business objectives: survival, profit, growth, market share, and social or ethical objectives.
- Explain how objectives can conflict with one another
- Map primary and secondary stakeholders of a business
- Analyze stakeholder conflict using real scenarios
- Evaluate the role of ethics and social responsibility in setting objectives
- Justify a recommended objective using structured reasoning

A good objective defines what the organization seeks to achieve, for whom, and within what timeframe.

UNIT BIG IDEA

Businesses set objectives to guide their decisions, but different stakeholders judge success in different ways, which creates conflict that must be managed.

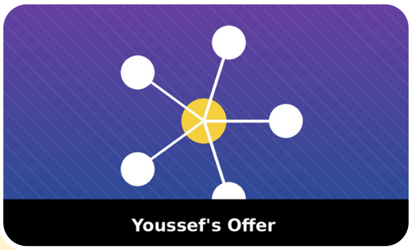
ESSENTIAL QUESTION

- What should a business aim to achieve? Can profit and responsibility exist together?

- Whose interests matter most when a business makes a decision?

UNIT OPENER CASE

Case Study: Youssef's Offer



Mariam's Kitchen, now run jointly by Mariam and Lina, has caught the attention of Youssef, a café owner willing to invest. He wants fast growth: more branches, more products, higher returns within a year.

Lina is hesitant. She worries that growing too fast will hurt the quality that made the business successful, and that their new part-time helper, Dina, would be pushed into an unmanageable workload.

Mariam realizes the business now needs something it never needed before: a clear, written objective. "What are we actually trying to achieve?" she asks. "And who decides?"

Connecting to the Text - Formative Discussion

1. What different objectives are being suggested by Youssef, Lina, and Mariam?
2. Why might it be difficult to satisfy all three points of view at once?
3. What information would Mariam and Lina need before agreeing to Youssef's offer?

THINK!

Can a business pursue rapid growth and protect quality and staff wellbeing at the same time? Explain your reasoning.

Section 1: business objectives

What Is Mariam's Kitchen Trying to Achieve?

Before responding to Youssef, Mariam and Lina sit down to define their objectives clearly for the first time. Until now, decisions were made instinctively - but formal objectives will guide every future choice.
They list possibilities: survive the next difficult month, grow steadily without losing quality, maximize profit as fast as possible, or build a respected local brand.

CONCEPT DEVELOPMENT:
COMMON BUSINESS OBJECTIVES

Business objectives are the specific goals a business sets to guide its decisions. Common objectives include:

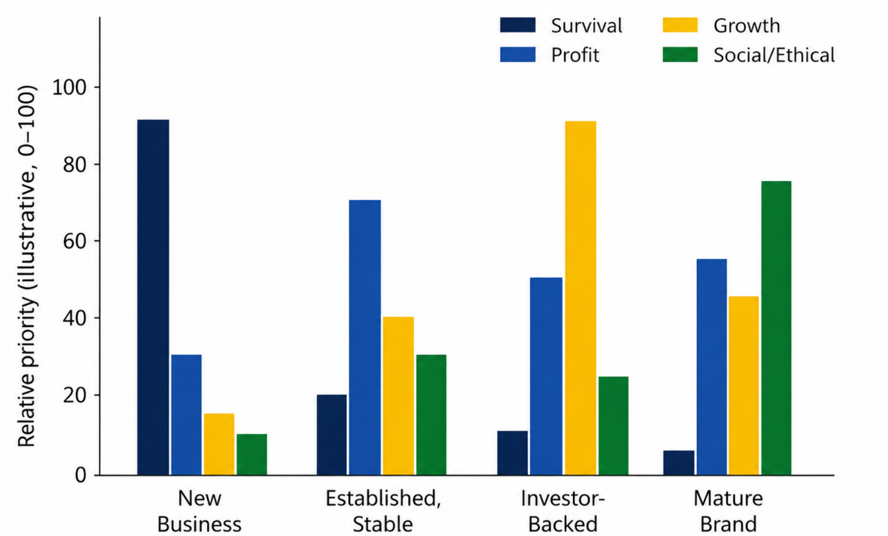
- Survival - staying operational, especially for new or struggling businesses
- Profit maximization - earning the greatest possible financial return
- Growth - increasing sales, market share, staff, or locations
- Market share - increasing the proportion of total sales a business controls in its market

- Social/ethical objectives - acting responsibly toward people and the environment

How Objectives Change with Business Stage

Business Stage	Likely Primary Objective
New business (first year)	Survival
Established, stable business	Profit or steady growth
Business with strong investment	Growth / market share
Mature, well-known business	Brand reputation / social objectives

Figure 3.1 — How Business Objectives Shift with Business Stage



Remember
The main objective often changes as the organization's stage of growth and circumstances change.

KEY INSIGHT

A business's objective is rarely fixed forever - it shifts as the business grows, and different objectives can conflict with one another.

Exercise - Formative Check

1. Which objective would you recommend for Mariam's Kitchen right now? Justify your answer.
2. Why might survival and profit maximization sometimes conflict?
3. Can a business pursue more than one objective at the same time?
4. What risks come from prioritizing growth too early?

Practice questions

1. List the five common business objectives explained in this section, in your own words.

 ....

2. Explain why a brand-new business rarely prioritizes profit maximization.

 ....

THINK!

What could Mariam's Kitchen lose by chasing growth before it is ready?

Section 2: stakeholder roles and conflict

Mapping Everyone Involved

Lina suggests they list everyone affected by the decision, not just themselves. On paper, the list grows longer than expected: Dina (their helper), regular customers, Youssef, their families, the flour and packaging suppliers, and even the neighborhood where they operate.
Some of these stakeholders will be affected directly and immediately (Dina's hours, Youssef's investment). Others will be affected more indirectly (the community's view of the brand).

Social Responsibility
A voluntary commitment that goes beyond the minimum requirements imposed by law.

CONCEPT DEVELOPMENT:
PRIMARY AND SECONDARY STAKEHOLDERS

Primary stakeholders are directly involved in or dependent on the business's daily operations, such as owners, employees, and customers.

Secondary stakeholders are affected by the business but not directly involved in its operations, such as the local community, government, and the general public.

Stakeholder	Primary or Secondary	Main Interest
Mariam and Lina (owners)	Primary	Control, profit, sustainability
Dina (helper)	Primary	Fair pay, manageable workload
Youssef (investor)	Primary	Return on investment, growth
Customers	Primary	Quality, price, reliability
Suppliers	Primary	Regular orders, on-time payment
Local community	Secondary	Local jobs, fair practices

KEY INSIGHT

Conflict is not a sign that something has gone wrong - it is a natural result of different stakeholders having legitimate but different priorities.

Exercise - Formative Check

1. Explain the difference between a primary and a secondary stakeholder using two examples.
2. Which stakeholder's interests would be most threatened by rapid growth?
3. How could Mariam and Lina reduce conflict between Youssef and Dina's interests?

Hands-on application

Decision	Stakeholder Who Benefits	Stakeholder Who Is Harmed
Accept Youssef's full investment	______	______
Reject the investment, grow slowly	______	______
Accept partial investment with conditions	______	______

THINK!

Is it possible to design a decision that satisfies every stakeholder at least partially?

Section 3: ethics and social responsibility

What Would Fast Growth Really Cost?

Lina raises a difficult point: if they grow too fast, they may need to buy cheaper ingredients, cut Dina's hours to save money, or rush orders in a way that affects quality. Mariam admits this worries her too.

They begin to ask a new kind of question - not "can we do this?" but "should we do this?"

CONCEPT DEVELOPMENT: ETHICS AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

Business ethics refers to the moral principles that guide how a business behaves - including honesty, fairness, and treatment of people. Corporate Social Responsibility (CSR) refers to a business's voluntary commitment to act in ways that benefit society and the environment, beyond what the law requires.

- Fair treatment of employees (pay, hours, safety)
- Honesty with customers about ingredients, pricing, and quality
- Responsible treatment of suppliers and payment terms
- Consideration of environmental impact
- Contribution to the local community
-

KEY INSIGHT

Ethical behavior and profit are not automatically opposites - but pursuing profit without considering ethics often creates long-term stakeholder conflict and reputational risk.

Exercise - Formative Check

1. Give one example of an ethical trade-off Mariam and Lina might face if they grow quickly.
2. Why might acting ethically help a business in the long run, even if it costs more in the short run?
3. Is it possible for a business to be highly profitable and highly ethical at the same time? Explain.

Practice questions

1. Define Corporate Social Responsibility (CSR) in your own words with one Egyptian example.

   ....

2. Explain how ignoring ethics can eventually harm a business's profit objective.

   ....

THINK!

Should Mariam and Lina accept Youssef's offer if it means cutting Dina's hours? Justify your view.

APPLYING THE CONCEPTS: SIMPLE CASE STUDIES

Case study 1: Dina's recycling startup (Port Said)

Dina's small recycling collection business struggles to survive its first year, but a competitor offers to buy her out at a low price.

Task

What should Dina's main objective be right now: survival, profit, or growth? Justify your answer.

....

Case study 2: Omar's textile workshop (Mahalla)

Omar can increase profit by paying his workers less overtime, but doing so may lower morale and increase staff turnover.

Task

1- Identify the stakeholder conflict in this scenario.

....

2- What would you advise Omar to do, and why?

....

Case study 3: Rania's organic farm (Fayoum)

Rania could earn more by using cheaper, non-organic fertilizer, but this would break the ethical promise she makes to her customers.

Task

Should Rania prioritize short-term profit or her ethical commitment? Justify your answer.

....

Case study 4: Mariam's kitchen - youssef's deadline (Cairo)

Youssef gives Mariam and Lina one week to decide whether to accept his investment on his original fast-growth terms.

Task

Recommend a response to Youssef, using at least two stakeholder groups to support your reasoning.

....

UNIT 3 PRACTICE QUESTION BANK

Use these questions to review the whole unit.
Answer in full sentences using unit vocabulary.

A. Short-Answer Questions

1. List four common business objectives.

....

2. Explain the difference between a primary stakeholder and a secondary stakeholder.

....

3. Define business ethics in your own words.

....

4. Why might a growing business's objectives change over time?

....

5. Give one example of a decision that could satisfy an investor but harm an employee.

....

B. True or False (correct the false statements)

1. Survival is usually the main objective of a brand-new business. [True / False]
2. Primary and secondary stakeholders always want the same outcome. [True / False]
3. Corporate Social Responsibility is required by law in all cases. [True / False]
4. Objectives can conflict with one another within the same business. [True / False]
5. Ethical behavior can never coexist with profitability. [True / False]

C. Multiple Choice

1. Which objective is most associated with a business in its very first year?

A. Market share

B. Survival

C. Maximum profit

D. Social responsibility only

2. A supplier is best classified as which type of stakeholder?

A. Primary

B. Secondary

C. Neither

D. Government

3. CSR stands for:

A. Company Sales Report

B. Corporate Social Responsibility

C. Customer Service Record

D. Central Supply Route

D. Applied / Extended Response

1. A business owner tells you: "My only job is to maximize profit for my investors." Using this unit, explain two reasons this view may be too narrow.

   ....

   ....

2. Design a compromise between Youssef, Lina, and Dina's interests in the opener case. Explain how your compromise addresses at least two stakeholders' concerns.

   ....

   ....

Justify & Reasoning with Evidence

JRE

Should businesses prioritize shareholder returns, or the interests of all stakeholders, when setting objectives?

Understanding the question

This question asks you to weigh two views of what a business is for: one that says a business exists mainly to generate returns for its owners/investors, and one that says a business exists to balance the interests of everyone it affects.

Prioritizing shareholder returns can drive efficiency and growth, but may come at the expense of employees, customers, or the community. Prioritizing all stakeholders can build long-term trust and stability, but may slow decision-making and reduce short-term returns.

Balance shareholder returns against the trust built by employees, customers, and the community.

Key concepts you may use

- Business objectives
- Primary and secondary stakeholders
- Stakeholder conflict
- Ethics and CSR
- Trade-offs between speed and responsibility

Possible positions

- Shareholder returns should come first, since investment funds the business's survival and growth
- All stakeholders should be weighed together, since long-term success depends on trust from employees, customers, and the community

Expectations for a strong response

- Define business objectives and stakeholders clearly
- Explain the case for prioritizing shareholders
- Explain the case for balancing all stakeholders
- Use examples (e.g. Mariam's Kitchen, Omar, Rania)
- Evaluate the trade-offs of each approach
- Reach a balanced, justified conclusion

Writing framework for the JRE

Section	What to Do	Guiding Question
Introduction	Define objectives and stakeholders	What is at stake in this decision?
Argument 1	Case for shareholders first	Why might investor returns matter most?
Argument 2	Case for all stakeholders	Why might broader responsibility matter more?
Evaluation	Compare both views	Does the answer depend on the type or size of business?
Conclusion	Justified judgment	What should businesses prioritize when setting objectives?

MARKING RUBRIC - Total Marks: 20

Mark Range	Interpretation
18–20	Exceptional analytical maturity and professional-level insight
14–17	Strong reasoning with minor weaknesses
10–13	Adequate understanding but limited depth
6–9	Basic comprehension with analytical gaps
0–5	Limited reasoning and insufficient structure

SAMPLE RESPONSE

Should businesses prioritize shareholder returns, or the interests of all stakeholders, when setting objectives?

Businesses must decide whose interests come first when setting objectives. Some argue shareholder returns should be the priority, since investment enables the business to exist. Others argue all stakeholders should be considered together.

Prioritizing shareholders can drive efficient decision-making and attract the investment a growing business like Mariam's Kitchen needs to expand. Without investors like Youssef, growth may be slow or impossible.

However, ignoring other stakeholders carries real risk. If Dina's working conditions worsen or customers notice a drop in quality, the business could lose the trust that built its reputation in the first place, ultimately harming shareholder returns too.

In conclusion, shareholder returns matter, but they are best protected in the long run by also considering employees, customers, and the community. A balanced approach reduces conflict and builds a more sustainable business.

Key Insigh

Shareholder returns are protected in the long term when the organization maintains the trust of its other stakeholders.

KEY INSIGHT

This response demonstrates the key JRE skills: a clear judgment, logical reasoning, use of unit evidence, and a justified conclusion.

FINAL REFLECTION

Which stakeholder's interests would you protect first if you were advising Mariam and Lina - and why?

....

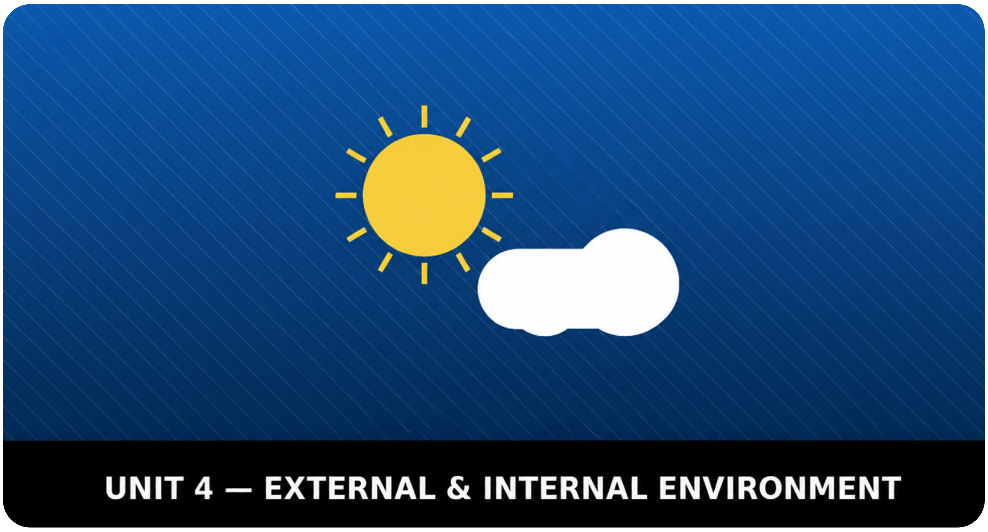
....

4

EXTERNAL & INTERNAL ENVIRONMENT

UNIT 4

EXTERNAL & INTERNAL ENVIRONMENT



Big Idea

Businesses operate within internal conditions they can control and external forces they cannot, and must adapt to survive.

Essential Questions

- What internal factors shape a business's decisions? What external forces are beyond a business's control?
- How should a business respond when its environment changes suddenly?

LEARNING OUTCOMES

- Distinguish between internal and external business factors
- PESTEL analyses six external factors: Political, Economic, Social, Technological, Environmental, and Legal.conditions create opportunities and threats
- Evaluate a business's ability to adapt to environmental change
- Apply contextual thinking to real Egyptian business scenarios

UNIT BIG IDEA

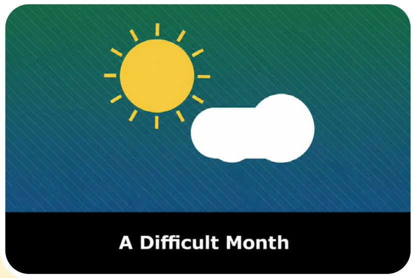
Businesses operate within internal conditions they can control and external forces they cannot, and must adapt to survive.

ESSENTIAL QUESTION

- What internal factors shape a business's decisions? What external forces are beyond a business's control?
- How should a business respond when its environment changes suddenly?

UNIT OPENER CASE

Case Study: A Difficult Month



Within the same month, several things change at once for Mariam's Kitchen. The price of flour and sugar rises sharply. A new food-safety regulation requires updated packaging labels. More customers are asking for healthier, lower-sugar options. And a delivery app offers to list their pastries for a commission fee.

None of these changes were caused by Mariam or Lina - yet all of them affect the business. Mariam realizes she needs a way to organize her thinking about forces outside her control.

Connecting to the Text - Formative Discussion

1. Which of the four changes described are inside the business's control, and which are outside it?
2. Which change do you think is the most urgent for Mariam's Kitchen to respond to? Why?

THINK!

Can a business succeed if it ignores changes happening around it? Explain your reasoning.

Section 1: internal factors

What Mariam and Lina Can Control

Before looking outward, Mariam and Lina take stock of what is happening inside their own business: their staff (just Dina, part-time), their finances (limited savings, no loan), their equipment (one home oven, aging), and their working relationship (still adjusting to shared decision-making).

CONCEPT DEVELOPMENT: WHAT ARE INTERNAL FACTORS?

Internal factors are conditions within a business that it can generally influence or control:

- Employees - skills, motivation, availability
- Finance - cash available, debt, access to credit
- Resources and equipment - machinery, technology, premises
- Management and culture - how decisions are made and communicated

KEY INSIGHT

Internal factors set the limits of what a business can realistically do in response to outside pressure - a business with weak finances has fewer options when costs rise.

Exercise - Formative Check

1. List three internal factors currently limiting Mariam's Kitchen.
2. How does having only one part-time employee affect the business's ability to respond to change?
3. Why is cash on hand an important internal factor during a price increase?

Practice questions

Explain the difference between an internal factor and an external factor, using one example of each.

....

THINK!

If Mariam's Kitchen had stronger finances, which of the four changes would be easier to manage?

Section 2: external factors - pest analysis

What Is Happening Around Them

Mariam's uncle, an accountant, introduces her to a simple tool for organizing outside forces: PESTEL analysis. Using it, she sorts the month's events into six categories.

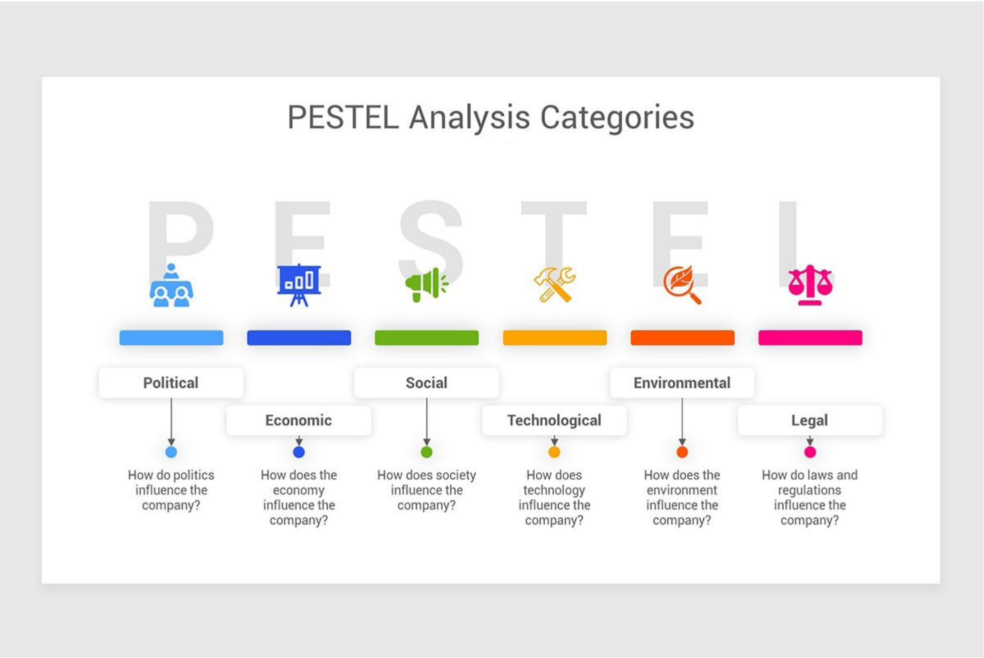
Key Term
"PESTEL" organizes external forces into six categories: "Political, Economic, Social, Technological, Environmental, and Legal."

CONCEPT DEVELOPMENT: PEST ANALYSIS

Factor	Description	Example from Mariam's Kitchen
Political	Laws, regulations, and government policy	New food-safety labeling regulation
Economic	Prices, inflation, incomes, exchange rates	Rising flour and sugar prices
Social	Culture, trends, population, lifestyle	Growing demand for healthier, lower-sugar options
Technological	New tools, platforms, and innovation	Delivery app offering to list their pastries

KEY INSIGHT

External factors cannot be controlled, but they can be anticipated and prepared for. A business that monitors PESTEL factors regularly is less likely to be caught off guard.



Exercise - Formative Check

1. Classify each of the four changes in the opener case using PEST.
2. Which PESTEL category do you think changes fastest in Egypt today? Why?
3. Give one additional political, economic, social, or technological factor that could affect a small food business.

Hands-on application

Event	PESTEL Category	Opportunity or Threat?
New minimum wage law announced	______	______
Popular healthy-eating trend on social media	______	______
A new smartphone payment app launches	______	______
Egyptian pound weakens against the dollar	______	______
Change in the country's system of government	______	______
Occurrence of earthquakes and volcanic eruptions:	______	______

THINK!

Which PESTEL factor is hardest for a small business like Mariam's Kitchen to prepare for, and why?

Section 3: market conditions, opportunities & threats

Turning Pressure Into a Plan

Looking at everything together, Mariam realizes some of the changes are threats (rising costs, new regulation) while others are opportunities (the healthy-eating trend, the delivery app). The question is no longer just what is happening, but how to respond.

CONCEPT DEVELOPMENT: OPPORTUNITIES AND THREATS

An opportunity is an external condition a business can use to its advantage. A threat is an external condition that could damage the business if not managed. The same event can be a threat to one business and an opportunity to another, depending on how it responds.

KEY INSIGHT

Businesses that treat external change only as a threat often fall behind; businesses that also look for the opportunity within the change often adapt fastest.

Exercise - Formative Check

1. Is the healthy-eating trend an opportunity or a threat for Mariam's Kitchen? Explain.
2. How could Mariam's Kitchen turn the rising ingredient costs into an opportunity?
3. Should Mariam's Kitchen join the delivery app despite the commission fee? Justify your answer.

Practice questions

1. Explain, with an example, how the same external event can be both a threat and an opportunity depending on the business.

....

2. Apply a "PESTEL analysis" to a small business operating in the country..

....

THINK!

Overall, is this month more of a threat or more of an opportunity for Mariam's Kitchen? Justify your answer using specific evidence.

APPLYING THE CONCEPTS: SIMPLE CASE STUDIES

Case study 1: Amina's clothing boutique (Cairo)

A new import tax raises the cost of the fabric Amina buys from abroad, squeezing her profit margins.

Task

1- Classify this event using PESTEL.

....

2- Suggest one way Amina could respond.

....

Case study 2: Tarek's electronics store (Alexandria)

A weaker Egyptian pound makes Tarek's imported electronics more expensive to restock.

Task

Is this an internal or external factor? Classify it using PESTEL.

....

Case study 3: Yara's fitness studio (Giza)

More people are exercising at home using fitness apps instead of visiting studios like Yara's.

Task

1- Classify this trend using PESTEL.

....

2- Is this purely a threat, or could Yara find an opportunity in it?

....

Case study 4: Khaled's logistics company (Mansoura)

New GPS-based delivery apps are making Khaled's manual route-planning system look outdated to customers.

Task

1- Classify this factor using PESTEL.

....

2- What should Khaled do in response?

....

UNIT 4 PRACTICE QUESTION BANK

Use these questions to review the whole unit. Answer in full sentences using unit vocabulary.

A. Short-Answer Questions

1. Define "internal factor" and "external factor," giving one example of each.

....

2. What does each letter in PESTEL stand for?

....

3. Explain the difference between an opportunity and a threat.

....

4. Why can a business not directly control external factors?

....

5. Give one example of a technological change affecting Egyptian small businesses today.

....

B. True or False (correct the false statements)

1. Internal factors can generally be controlled or influenced by the business. [True / False]
2. PEST stands for Political, Economic, Social, and Technological. [True / False]
3. An external event can never be both a threat and an opportunity. [True / False]
4. A business with strong finances usually has more options when responding to external change. [True / False]
5. Government regulation is an example of an internal factor. [True / False]

C. Multiple Choice

1. Which of these is an internal factor?

A. Inflation

B. New government regulation

C. Available cash and staff skills

D. A currency exchange rate change

2. A rise in the statutory minimum wage is best classified as which PESTEL factor?

A. Political B. Social C. Legal D. Technological A. Political

B. Social

C. Technological

D. Internal

3. Which best describes a market opportunity?

A. A condition that always harms every business

B. A condition a business can use to its advantage

C. Only a new law

D. Applied / Extended Response

1. Choose a real business you know. Identify one internal factor and one external (PEST) factor currently affecting it, and explain the impact of each.

....

....

2. Explain why two businesses in the same industry might respond very differently to the same external change.

....

....

Justify & Reasoning with Evidence

JRE

To what extent can a business control the environment in which it operates?

Understanding the question

This question asks you to evaluate the balance of control a business has over its own success. Internal factors are largely within a business's control; external (PESTEL) factors generally are not - but businesses can still choose how they respond.

A business with strong internal factors (finance, skilled staff, adaptable management) may be better positioned to respond to external shocks than a weaker business facing the same conditions.

Key concepts you may use

- Internal factors
- External (PESTEL) factors
- Opportunities and threats
- Adaptability
- Market conditions

Possible positions

- Businesses have real control through how they prepare and respond, even if they cannot control external events themselves
- Businesses are ultimately at the mercy of forces far larger than themselves, and control is often an illusion

Expectations for a strong response

- Distinguish clearly between internal and external factors
- Explain how PEST factors limit direct control
- Explain how internal strength affects a business's ability to respond
- Use examples (e.g. Mariam's Kitchen, Tarek, Khaled)
- Evaluate the limits of a business's control
- Reach a balanced, justified conclusion

Writing framework for the JRE

Section	What to Do	Guiding Question
Introduction	Define internal and external factors	What does "control" mean for a business?
Argument 1	Case for real control through response	How does preparation change outcomes?
Argument 2	Case for limited control	What forces truly cannot be influenced?
Evaluation	Compare both views	Does control depend more on internal strength or luck?
Conclusion	Justified judgment	How much control does a business really have?

MARKING RUBRIC - Total Marks: 20

Mark Range	Interpretation
18–20	Exceptional analytical maturity and professional-level insight
14–17	Strong reasoning with minor weaknesses
10–13	Adequate understanding but limited depth
6–9	Basic comprehension with analytical gaps
0–5	Limited reasoning and insufficient structure

SAMPLE RESPONSE

To what extent can a business control the environment in which it operates?

Businesses cannot control external forces such as government regulation, inflation, or changing trends, but they can control how they prepare for and respond to them, which raises the question of how much control they truly have.

Internal factors like finance, staffing, and management give a business real influence over its own resilience. Mariam's Kitchen cannot stop flour prices from rising, but strong cash reserves would give it more options when they do.

However, external shocks can still overwhelm even well-prepared businesses. A sudden, extreme currency devaluation, for example, could damage a business regardless of how well it is internally managed.

In conclusion, businesses have meaningful but limited control. They cannot control the external environment itself, but strong internal management significantly shapes how well they survive and adapt to it.

KEY INSIGHT

This response demonstrates the key JRE skills: a clear judgment, logical reasoning, use of unit evidence, and a justified conclusion.

FINAL REFLECTION

Which of the four PESTEL factors do you think Egyptian small businesses find hardest to prepare for, and why?

....

....

5

MANAGEMENT & LEADERSHIP

UNIT 5

MANAGEMENT & LEADERSHIP

Management organizes work and resources, while leadership guides and motivates people; a business organization needs both.

Big Idea

Effective management functions and leadership style directly shape how well a team performs and how people feel about their work.

Essential Questions

- What does it mean to manage a business well? Are leaders born, or made?
- How does leadership style affect employees and outcomes?

LEARNING OUTCOMES

- Explain the four functions of management: planning, organizing, leading, controlling
- Compare leadership styles: autocratic, democratic, laissez-faire, situational
- Apply management functions to real scenarios
- Evaluate the effectiveness of different leadership styles
- Analyze how decisions are made under pressure

UNIT BIG IDEA

Effective management functions and leadership style directly shape how well a team performs and how people feel about their work.

ESSENTIAL QUESTION

- What does it mean to manage a business well? Are leaders born, or made?
- How does leadership style affect employees and outcomes?

UNIT OPENER CASE

Case Study: Mariam Becomes a Manager

With the café contract secured, Mariam and Lina hire their first full-time employee, Dina. For the first time, Mariam is not just baking - she is managing someone else's time, training, and performance.

On Dina's first day, Mariam realizes she has never actually planned a schedule, organized a workflow, or decided how much freedom to give an employee. She wonders whether to direct every step closely, or trust Dina to find her own way.

Connecting to the Text - Formative Discussion

1. What new responsibilities does Mariam take on by becoming anemployer?
2. What could go wrong if Mariam manages Dina poorly in the first weeks?

THINK!

Should a new manager give a new employee close direction, or independence, in their first weeks? Explain your reasoning.

Section 1: the four functions of management

Mariam quickly realizes that managing Dina requires more than just showing her recipes. She needs to plan Dina's schedule around order volumes, organize the kitchen so tasks don't overlap, lead by explaining the standards she expects, and control quality by checking finished orders before delivery.

CONCEPT DEVELOPMENT:

- Planning - setting goals and deciding how to achieve them
- Organizing - arranging resources, tasks, and people effectively
- Leading - motivating, directing, and communicating with people
- Controlling - monitoring performance and correcting problems

Function	Mariam's Kitchen Example
Planning	Deciding how many pastries to prepare each day
Organizing	Assigning Dina to prep while Mariam handles orders
Leading	Explaining quality standards and encouraging Dina
Controlling	Checking finished trays before they leave the kitchen

KEY INSIGHT

The four functions of management work together continuously - a weakness in one (such as poor planning) often creates problems in the others.

Exercise - Formative Check

1. Give one example of planning, organizing, leading, and controlling at Mariam's Kitchen.
2. What might happen if Mariam only focuses on controlling and never plans ahead?
3. Which function do you think is hardest for a first-time manager? Why?

Management functions work together in an interconnected and sequential way, and weakness in one function can create problems in the others.

Practice questions

Choose a school event you have helped organize. Identify one example of planning, organizing, leading, and controlling from that experience.

....

THINK!

Which management function is Mariam most likely to struggle with in her first month?

Section 2: leadership styles

How Should Mariam Lead Dina?

Mariam experiments with different approaches. On busy days, she finds herself giving Dina exact instructions for every task. On quieter days, she lets Dina decide how to organize her own work. She begins to notice that neither approach works all the time.

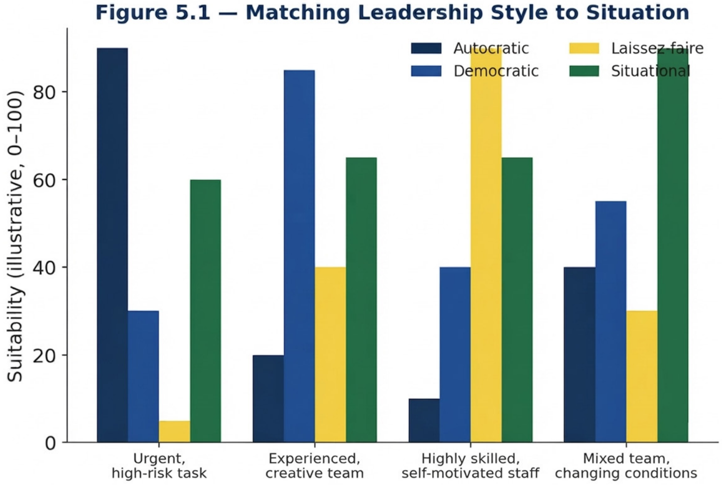
CONCEPT DEVELOPMENT: LEADERSHIP STYLES

Leadership style describes how a manager directs, motivates, and involves employees in decisions.

Style	Description	Best Used When…
Autocratic	Manager makes decisions alone; little employee input	Time is short, mistakes are costly, staff are new
Democratic	Manager involves employees in decisions	Staff are experienced; creativity and buy-in matter
Laissez-faire	Manager gives minimal direction; staff self-manage	Staff are highly skilled and self-motivated
Situational	Manager adapts style to the situation and person	Conditions or staff experience vary frequently

Key Insight
There is no single leadership style that is always best; an effective manager adapts their style to the task, the people involved, and the level of pressure.

Figure 5.1 — Matching Leadership Style to Situation



KEY INSIGHT

No single leadership style is best in every situation - the most effective managers adapt their style to the task, the people, and the pressure of the moment.

Exercise - Formative Check

1. Which leadership style did Mariam use on busy days? Was it appropriate?
2. Give an example of a situation where a laissez-faire style could fail.
3. Why might a new employee like Dina respond better to a more autocratic style at first?

Hands-on application

Scenario	Most Appropriate Leadership Style	Justification
Most Appropriate Leadership Style	______	______
A new team must finish a project under a tight deadline	______	______
An organization is undergoing a major vision change	______	______
Experienced employees working independently on routine tasks	______	______

THINK!

As Dina gains experience, should Mariam's leadership style change? Explain.

Section 3: decision-making in management

A Decision Under Pressure

One afternoon, an ingredient delivery is late and a large order is due in two hours. Mariam must decide quickly: substitute ingredients, delay the order, or ask a nearby shop for help. She has no time for a long discussion with Lina or Dina.

CONCEPT DEVELOPMENT: DECISION-MAKING IN MANAGEMENT

Managers make two broad types of decisions:

- Routine decisions - repeated, low-risk choices that can follow a standard process
- Non-routine decisions - new, high-pressure, or high-risk choices that require judgment

Reliable information and clear objectives support effective decision-making under the pressures of the business environment.

KEY INSIGHT

Good decision-making under pressure depends on having clear objectives and reliable information gathered in advance - which is why planning and controlling support good leadership.

Exercise - Formative Check

1. Is Mariam's ingredient-shortage decision routine or non-routine? Explain.
2. What information would help Mariam decide quickly and confidently?
3. How might Mariam's leadership style affect how she involves Dina in this decision?

Practice questions

1. Describe one routine and one non-routine decision a small business owner might face in a typical week.

....

2. Explain why non-routine decisions are usually more stressful to make than routine ones.

....

THINK!

Should Mariam make this decision alone, or quickly consult Dina and Lina? Justify your answer.

APPLYING THE CONCEPTS: SIMPLE CASE STUDIES

Case study 1: Hana's restaurant expansion (Cairo)

As Hana opens a second restaurant location, she struggles to plan staff schedules across two sites at once.

Task

Which management function is Hana struggling with most, and what should she do?

....

Case study 2: Sherif's construction site (Aswan)

Sherif makes every safety decision himself without asking his experienced site supervisors for input.

Task

1- Which leadership style is Sherif using?

....

2- Is it appropriate here? Justify your answer.

....

Case study 3: Laila's design agency (Alexandria)

Laila gives her senior designers almost total freedom, but a junior intern feels lost without direction.

Task

What leadership approach would work better for the intern than for the senior designers?

....

Case study 4: Adel's factory (6th of October City)

A machine breaks down mid-shift and Adel must decide within minutes whether to halt production or continue with a workaround.

Task

1- Is this a routine or non-routine decision?

....

2- What should Adel prioritize when deciding?

....

3- How would relying on the workaround affect costs?

....

UNIT 5 PRACTICE QUESTION BANK

Use these questions to review the whole unit. Answer in full sentences using unit vocabulary.

A. Short-Answer Questions

1. Name and briefly explain the four functions of management.

   ....

2. List the four leadership styles covered in this unit.

   ....

3. Explain the difference between a routine and a non-routine decision.

   ....

4. Why might a manager need to change leadership style depending on the situation?

   ....

5. Give one risk of using an autocratic style with highly experienced staff.

   ....

B. True or False (correct the false statements)

1. Planning, organizing, leading, and controlling are the four functions of management. [True / False]
2. An autocratic leader typically involves employees heavily in decisions. [True / False]
3. A laissez-faire style works best with new, inexperienced staff. [True / False]
4. Situational leadership means adapting your style to the circumstances. [True / False]
5. All management decisions are routine and low-risk. [True / False]

C. Multiple Choice

1. Checking finished pastries before delivery is an example of which management function?

A. Planning

B. Organizing

C. Leading

D. Controlling

2. Which leadership style gives employees the most independence?

A. Autocratic

B. Democratic

C. Laissez-faire

D. Controlling

3. A sudden equipment failure requiring an immediate decision is best described as:

A. A routine decision

B. A non-routine decision

C. Not a decision at all

D. A planning function

D. Applied / Extended Response

1. Describe a leader or manager you have observed (a coach, teacher, or family business owner). Identify their leadership style and evaluate its effectiveness.

....

....

2. Design a short plan showing how Mariam should use all four management functions to prepare Dina for her first solo shift.

....

....

Justify & Reasoning with Evidence

JRE

Which matters more for a small business's success: strong management systems, or strong leadership of people?

Understanding the question

This question asks you to weigh two related but different ideas: management (planning, organizing, and controlling resources and processes) and leadership (motivating and directing people).

A business could have excellent systems but a demotivated team, or a highly motivated team without organization or structure. Both extremes carry risk.

Key concepts you may use

- Functions of management
- Leadership styles
- Decision-making
- Motivation and communication
- Routine vs non-routine decisions

Possible positions

- Strong management systems matter most, since they create consistency and reduce mistakes
- Strong leadership matters most, since motivated, well-led people ultimately drive a business's results

Expectations for a strong response

- Define management and leadership clearly, showing they are related but distinct
- Explain the case for prioritizing management systems
- Explain the case for prioritizing leadership
- Use examples (e.g. Mariam's Kitchen, Hana, Sherif)
- Evaluate whether the answer depends on business size or stage
- Reach a balanced, justified conclusion

Writing framework for the JRE

Section	What to Do	Guiding Question
Introduction	Define management and leadership	How are they different but connected?
Argument 1	Case for management systems	Why do consistent processes matter?
Argument 2	Case for leadership of people	Why does motivation and direction matter more?
Evaluation	Compare both views	Does the answer change with business size?
Conclusion	Justified judgment	What matters most for a small business's success?

MARKING RUBRIC - Total Marks: 20

Mark Range	Interpretation
18–20	Exceptional analytical maturity and professional-level insight
14–17	Strong reasoning with minor weaknesses
10–13	Adequate understanding but limited depth
6–9	Basic comprehension with analytical gaps
0–5	Limited reasoning and insufficient structure

KEY INSIGHT

This response demonstrates the key JRE skills: a clear judgment, logical reasoning, use of unit evidence, and a justified conclusion.

FINAL REFLECTION

Which management or leadership idea in this unit would most improve Mariam's Kitchen, and why?

....

....

GLOSSARY OF KEY TERMS

Key business terms from across all ten units, in alphabetical order.

Term	Definition
Autocratic leadership	A leadership style in which the manager makes decisions alone with little employee input.
Batch production	A production method in which identical items are made together in groups.
Break-even point	The level of sales at which total revenue equals total costs, so the business makes neither a profit nor a loss.
Budget	A financial plan estimating future income and expenses over a period of time.
Business	An organization that provides goods or services, intentionally and consistently, in exchange for value.
Business ethics	The moral principles that guide how a business behaves, including honesty and fairness.
Business objective	A specific goal that guides a business's decisions, such as survival, profit, or growth.
Cash flow	The movement of money in and out of a business over time.
Company	A business that is legally separate from its owners (shareholders), offering limited liability.
Corporate Social Responsibility (CSR)	A business's voluntary commitment to act in ways that benefit society and the environment beyond legal requirements.
Decision-making framework	A structured process for comparing options against clear criteria rather than relying on instinct alone.
Democratic leadership	A leadership style in which the manager involves employees in decision-making.
External factors	Conditions outside a business that it cannot directly control, such as the economy or government policy.
Fixed costs	Costs that stay the same regardless of how much a business produces or sells.
Flow production	A continuous, often automated production method used for large-scale, standardized output.
Goods	Physical, tangible products that customers can touch and own.
Herzberg's Two-Factor Theory	A motivation theory distinguishing hygiene factors (which prevent dissatisfaction) from motivators (which create genuine motivation).
Hygiene factor	In Herzberg's theory, a workplace factor (such as pay or safety) that prevents dissatisfaction but does not itself motivate.
Internal factors	Conditions within a business that it can generally influence or control, such as staff and finance.
Job production	A production method in which a single, unique item is made from start to finish.
Laissez-faire leadership	A leadership style in which the manager gives minimal direction and allows staff to self-manage.

Term	Definition
Limited liability	Legal protection meaning an owner's losses are limited to the amount they invested in the business.
Management functions	The four core tasks of managing a business: planning, organizing, leading, and controlling.
Market research	The process of gathering information about customers and markets to support business decisions.
Market segmentation	Dividing a broad market into smaller groups of customers with similar needs.
Marketing mix (4Ps)	The four elements a business manages to reach customers: product, price, place, and promotion.
Maslow's Hierarchy of Needs	A theory that people are motivated by a hierarchy of needs, from basic survival needs to self-actualization.
Motivator	In Herzberg's theory, a workplace factor (such as recognition or responsibility) that creates genuine motivation.
Needs	Goods or services essential for survival, such as food, water, and basic shelter.
Non-routine decision	A new, high-pressure, or high-risk decision that requires judgment rather than a standard process.
Opportunity	An external condition a business can use to its advantage.
Partnership	A business owned and managed by two or more people who share ownership, responsibility, and profit.
Performance management	The ongoing process of setting expectations, monitoring progress, and giving feedback to employees.
PEST analysis	A tool for analyzing external factors affecting a business: Political, Economic, Social, and Technological.
Place (marketing)	The element of the marketing mix concerned with where and how customers access a product.
Politics/Political factors	Government laws, regulations, and policy that affect how a business can operate.
Price (marketing)	The element of the marketing mix concerned with how much customers pay for a product.
Primary research	New data collected directly by a business, such as through a survey.
Primary sector	The part of the economy that extracts natural resources directly from the Earth, such as farming or fishing.
Primary stakeholder	A stakeholder directly involved in or dependent on a business's daily operations.
Product (marketing)	The element of the marketing mix concerned with what is being sold, including quality and features.
Production method	The approach a business uses to make its products: job, batch, or flow production.
Productivity	A measure of output per unit of input, such as items produced per worker per hour.
Profit	The amount remaining after a business subtracts its total costs from its revenue.

Term	Definition
Promotion (marketing)	The element of the marketing mix concerned with how a business communicates with and persuades customers.
Qualitative research	Research that gathers opinions, feelings, and reasons rather than numerical data.
Quality control	The process of checking that products meet a required standard before reaching the customer.
Quantitative research	Research that gathers numerical data, such as how many or how often.
Recruitment	The process of attracting suitable candidates to apply for a job role.
Revenue	The total income a business earns from sales (price multiplied by quantity sold).
Risk (business)	The chance that a decision or event will lead to a negative financial or operational outcome.
Routine decision	A repeated, low-risk decision that can follow a standard process.
Secondary research	Existing data that was collected by others, such as an industry report.
Secondary sector	The part of the economy that transforms raw materials into finished or semi-finished goods.
Secondary stakeholder	A stakeholder affected by a business but not directly involved in its daily operations.
Sectors of industry	The three broad categories of economic activity: primary, secondary, and tertiary.
Selection	The process of choosing the best candidate for a job, often through interviews or tests.
Services	Intangible actions or benefits that customers experience rather than own physically.
Shareholder	An individual or entity that owns shares (a portion of ownership) in a company.
Situational leadership	A leadership style in which the manager adapts their approach to the specific situation and people involved.
Sole trader	A business owned and operated by a single individual, who has unlimited liability.
Stakeholder	:Any individual or group that can affect, or is affected by, a business’s decisions and activities.
Stakeholder conflict	A situation in which different stakeholders want different, competing outcomes from a business decision.
Strategic thinking	The ability to weigh internal capability against external conditions to guide a business's future direction.
Supply chain	The sequence of businesses and processes involved in producing and delivering a product to the final customer.
SWOT analysis	A tool for evaluating a business's Strengths, Weaknesses, Opportunities, and Threats.
Targeting	The process of choosing which customer segment(s) a business will focus its marketing on.

Term	Definition
Tertiary sector	The part of the economy that provides services rather than physical goods.
Threat	An external condition that could damage a business if not managed.
Training	The process of developing an employee's skills and knowledge for their role.
Unlimited liability	A legal condition in which an owner is personally responsible for all of a business's debts.
Value (business)	The benefit a customer perceives from a product or service, which may come from quality, trust, or convenience, not price alone.
Value chain	The sequence of stages - from raw material to final sale - through which a product gains value.
Variable costs	Costs that change directly with the level of a business's output.
Wants	Goods or services that are not essential for survival but improve quality of life.

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