BUSINESS ADMINISTRATION

Egyptian Baccalaureate - 2^{nd} Year

Part Two

11

BUSINESS ADMINISTRATION

Egyptian Baccalaureate - 2nd Year

Advised by INTERNATIONAL BACCALAUREATE

The International Baccalaureate™

has reviewed the pedagogical and assessment approaches underpinning this textbook.

© 2026 Ministry of Education and Technical Education

All rights reserved.

Copyrights and accountability for the content of this textbook remain with the Ministry of Education and Technical Education.

No part of this publication may be reproduced, stored in a retrieval system,

or transmitted in any form or by any means - electronic, mechanical, photocopying, recording,

or otherwise - without the prior written permission of the copyright holders.

Ministry of Education and Technical Education

New Administrative Capital

Cairo, Egypt

Table of Contents

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!

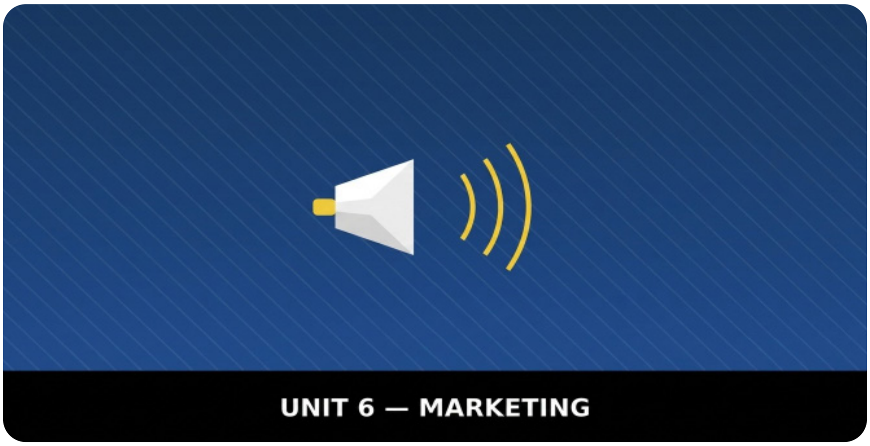
Remember: clarity is stronger than length. A short, well-structured answer will always score higher than a long, unfocused one. Think. Decide. Explain. Prove.

6

MARKETING

UNIT 6

MARKETING



Big Idea

Businesses must understand and respond to customer needs through research, targeting, and a well-designed marketing mix to compete effectively.

Effective competition begins with understanding customer needs, then selecting the target market and building an appropriate marketing mix.

Essential Questions

How do businesses identify who to sell to? What makes a marketing strategy effective?

Is price the most important factor customers consider?

LEARNING OUTCOMES

- Explain the purpose and methods of market research
- Apply market segmentation and targeting
- Explain the four elements of the marketing mix: product, price, place, promotion
- Design a marketing strategy for a small business scenario
- Evaluate marketing decisions using evidence

"Focus of Reflection: The Essence of Marketing"

1. The Marketing Mix.
2. Exchange is the essence of marketing.
3. The starting point of marketing is satisfying consumers' needs and wants.

UNIT BIG IDEA

Businesses must understand and respond to customer needs through research, targeting, and a well-designed marketing mix to compete effectively.

ESSENTIAL QUESTION

How do businesses identify who to sell to? What makes a marketing strategy effective?

Is price the most important factor customers consider?

UNIT OPENER CASE

Case Study: Who Is Mariam's Kitchen Really For?

With steady demand from the café, Mariam and Lina want to grow their direct customer base too. But when they try to describe their "typical customer," they realize they are guessing - some are parents, some are offices ordering for events, some are students craving something sweet after school.

Lina suggests they stop guessing and start asking. They create a short customer survey and review their social media messages more carefully.

Connecting to the Text - Formative Discussion

1. Why is it a problem that Mariam and Lina are only guessing who their customers are?
2. What questions should their survey ask to better understand their customers?

THINK!

Can a business market effectively to "everyone," or must it choose specific groups to focus on? Explain your reasoning.

Market research is the process of gathering information about customers and markets to support business decisions

Section 1: market research

Asking Instead of Guessing

Mariam and Lina design a short survey asking customers how they heard about the business, what they usually order, how often they buy, and what price they consider fair. They also look back through months of social media comments and order notes.

Marketing research reduces guesswork, but it is only useful if the organization acts on what it has learned.

CONCEPT DEVELOPMENT: MARKET RESEARCH

Type	Description	Best Used When…
Primary research	New data collected directly by the business	Mariam's customer survey
Secondary research	Existing data collected by others	Industry reports on Egyptian food trends
Qualitative research	Opinions, feelings, and reasons ("why")	Reading customer comments and feedback
Quantitative research	Numerical data ("how many, how often")	Order frequency and average order size

KEY INSIGHT

Market research reduces guesswork - but it is only useful if the business actually acts on what it learns.

Exercise - Formative Check

1. Mariam's survey primary or secondary research? Explain.
2. Give one example of qualitative and one example of quantitative research Mariam's Kitchen could use.
3. Why is it risky for a business to make decisions without any market research?

Practice questions

Design three survey questions Mariam's Kitchen could ask customers to better understand their needs.

....

....

....

THINK!

What is the biggest risk of relying only on informal impressions rather than structured research?

Section 2: market segmentation & targeting

Not One Customer - Several Groups

The survey results reveal three distinct groups: busy parents wanting reliable weekly orders, offices wanting larger event catering, and students wanting affordable treats after school. Trying to appeal to all three in the same way isn't working.

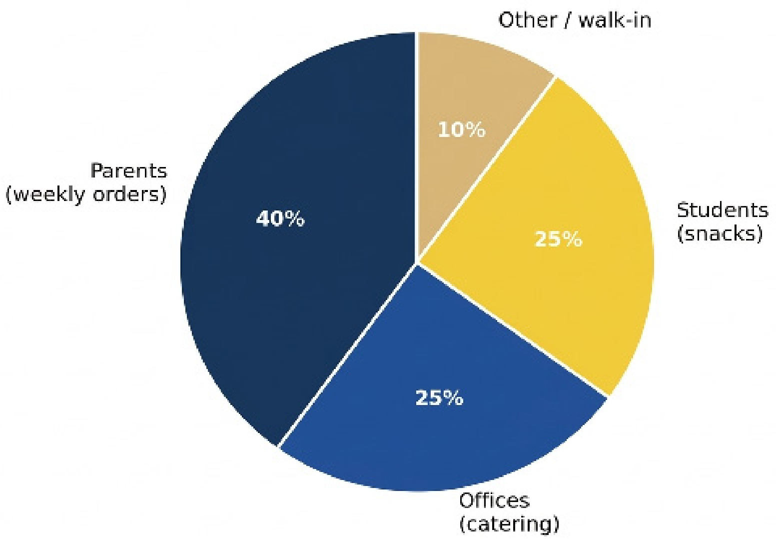
"Key Term"
Market segmentation divides customers into similar groups, while targeting identifies the group that the organization will focus on.

CONCEPT DEVELOPMENT: SEGMENTATION AND TARGETING

Market segmentation is dividing a broad market into smaller groups of customers with similar needs. Common bases for segmentation include age, income, location, and lifestyle. Targeting is choosing which segment(s) a business will focus its efforts on.

Segment	Main Need	Best Way to Reach Them
Parents	Reliability, consistency, weekly orders	Direct messaging, loyalty offers
Offices	Larger quantities, professional presentation	Corporate catering packages
Students	Affordability, convenience	Social media promotions near schools

Figure 6.1 — Mariam's Kitchen: Customer Segments by Share of Orders



The four elements of the marketing mix must work together consistently so as not to confuse the customer.

KEY INSIGHT

A business that tries to appeal equally to every segment often ends up appealing strongly to none of them.

Exercise - Formative Check

1. Which segment do you think Mariam's Kitchen should prioritize first? Justify your answer.
2. Why might using the same marketing message for parents and students be ineffective?
3. Give one other way a business could segment its market besides the examples in this section.

Hands-on application

Business	Possible Segment	Reason
A children's clothing store	______	______
A gym near a university	______	______
A luxury car dealership	______	______

THINK!

Can a small business like Mariam's Kitchen realistically target more than one segment at once?

Section 3: the marketing mix (product, price, place, promotion)

Designing a Strategy for Each Segment

With clearer segments in mind, Mariam and Lina begin designing specific offers: a weekly family box, a corporate catering menu, and an affordable after-school snack pack. Each needs its own approach to price, place, and promotion.

CONCEPT DEVELOPMENT: THE FOUR Ps

- Product - what is being sold, including quality, features, and packaging
- Price - how much customers pay, and how it reflects value and positioning
- Place - where and how customers can access the product
- Promotion - how the business communicates with and persuades customers

Segment	Product	Price	Place	Promotion
Parents	Weekly family box	Mid-range, subscription discount	Home delivery	Direct messages, referrals
Offices	Catering trays	Premium, bulk pricing	Office delivery	Corporate outreach
Students	Snack packs	Low, affordable	Pickup near schools	Social media ads

The four elements of the marketing mix must work together consistently so as not to confuse the customer.

KEY INSIGHT

The four Ps must work together consistently - a premium product priced cheaply, or a budget product promoted as luxury, both confuse customers and damage trust.

Exercise - Formative Check

1. Explain how the marketing mix differs between the parent segment and the student segment.
2. Why must price and promotion match the product's positioning?
3. Which of the four Ps do you think matters most for a small food business? Justify your answer.

Practice questions

1. Design a simple 4Ps marketing mix for a small business idea of your own.

   ....

2. Explain why "place" matters just as much as "product" for a delivery-based business.

   ....

THINK!

Could inconsistent marketing mix decisions actually damage customer trust? Explain with an example.

APPLYING THE CONCEPTS: SIMPLE CASE STUDIES

Case study 1: Ziad's sneaker brand (Cairo)

Ziad sells trendy sneakers online but hasn't decided whether to target teenagers or working professionals.

Task

Recommend a target segment for Ziad and justify your choice.

....

....

Case study 2: Mona's skincare line (Alexandria)

Mona prices her products as premium but promotes them using discount-focused social media ads.

Task

What is the problem with Mona's current marketing mix, and how should she fix it?

....

....

Case study 3: Ibrahim's food truck (Giza)

Ibrahim's food truck moves to a new location each week, making it hard for regular customers to find him.

Task

Which element of the marketing mix is Ibrahim struggling with, and what should he do?

....

....

Case study 4: Farida's online tutoring (Mansoura)

Farida offers the same tutoring package and price to both university applicants and young children.

Task

How could market segmentation help Farida design better offers for each group?

....

....

UNIT 6 PRACTICE QUESTION BANK

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

A. Short-Answer Questions

1. Define market research in your own words.

   ………………………………………………………………………………………

2. Explain the difference between primary and secondary research.

   ………………………………………………………………………………………

3. What is market segmentation? Give one example of a basis for segmentation.

   ………………………………………………………………………………………

4. List and briefly explain the four Ps of the marketing mix.

   ………………………………………………………………………………………

5. Why should the four Ps be consistent with one another?

   ………………………………………………………………………………………

B. True or False (correct the false statements)

1. Primary research is data that already existed before the business collected it. [True / False]
2. Targeting means choosing which customer segment(s) to focus marketing on. [True / False]
3. Price is one of the four Ps of the marketing mix. [True / False]
4. A business should always use the exact same marketing message for every customer segment. [True / False]
5. Promotion refers only to advertising on social media. [True / False]

C. Multiple Choice

1. Which is an example of secondary research?
   A. A new customer survey
   B. An industry report published by a research firm
   C. Reading direct customer messages
   D. Interviewing a customer in person

2. Dividing customers into groups by age, income, or lifestyle is called:
   A. Targeting
   B. Segmentation
   C. Promotion
   D. Distribution

3. Which of the four Ps refers to where a customer can access a product?
   A. Product
   B. Price
   C. Place
   D. Promotion

D. Applied / Extended Response

1. Choose a business you know well. Identify at least two customer segments it could target and describe a different marketing mix for each.

   ....

2. Explain why a business that skips market research is more likely to design an ineffective marketing mix.

   ....

"Remember"
Price is the amount of money paid, while value is the benefit that the buyer receives.

"Think!"
Marketing research reduces the risk of designing a good marketing mix for a customer who does not exist or for a need that is not real.

Justify & Reasoning with Evidence

JRE

Is price the most important factor influencing why customers choose one business over another?

Understanding the question

This question asks you to evaluate whether price outweighs other elements of the marketing mix - product, place, and promotion - in shaping customer choice.

Some customers are highly price-sensitive, especially for everyday goods. Others prioritize quality, convenience, or brand trust even at a higher price.

"Think!"
Is marketing ethical? When does it shift from persuasion to deception?

Key concepts you may use

- Market research
- Segmentation and targeting
- The marketing mix (4Ps)
- Customer value
- Price sensitivity

Possible positions

- Price is usually the deciding factor, especially in competitive, low-income markets
- Price is only one factor among several, and value, quality, and convenience often matter more

Price sensitivity varies by segment and product; quality, convenience, or trust may take precedence over it.

Expectations for a strong response

- Define the marketing mix and explain each element briefly
- Explain the case for price as the deciding factor
- Explain the case for other factors mattering more
- Use examples (e.g. Mariam's Kitchen, Mona, Ibrahim)
- Evaluate whether the answer depends on the type of customer or product
- Reach a balanced, justified conclusion

Writing framework for the JRE

Section	What to Do	Guiding Question
Introduction	Define the marketing mix	What role does price play among the 4Ps?
Argument 1	Case for price as most important	Why do many customers choose based on cost?
Argument 2	Case for other factors mattering more	Why might quality, place, or promotion matter more?
Evaluation	Compare both views	Does the answer depend on the customer segment?
Conclusion	Justified judgment	Is price really the most important factor?

"Think!"
What is the difference between the price of a product and the value of a product?

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 price the most important factor influencing why customers choose one business over another?

Customers consider many factors when choosing a business, and price is often assumed to be the most important. This essay considers whether that assumption is accurate.

For price-sensitive segments, such as students buying snacks from Mariam's Kitchen, price can indeed be the deciding factor, especially where similar alternatives exist nearby.

However, other segments, such as offices ordering catering, may prioritize reliability and presentation over the lowest possible price, showing that value - not price alone - drives their decision.

In conclusion, price is an important factor but not always the most important one. Its influence depends heavily on the customer segment and what else the marketing mix offers, such as convenience, quality, and trust.

KEY INSIGHT

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

FINAL REFLECTION

Think of a recent purchase you made. Was price the deciding factor, or did something else matter more? Explain.

....

....

....

7

Operations and Production Management

UNIT 7
OPERATIONS MANAGEMENT

Big Idea

Efficient operations balance productivity, quality, and cost to deliver value to customers reliably.

Essential Questions

How should a business organize its production? What is the relationship between efficiency and quality?

Should businesses prioritize speed or quality when producing goods?

High quality at a fair price = value worthy of the customer's trust.

LEARNING OUTCOMES

- Compare production methods: job, batch, and flow production
- Explain productivity and how it is measured
- Explain the purpose of quality control
- Describe the supply chain and its importance
- Apply cost-control thinking to production decisions

UNIT BIG IDEA

Efficient operations balance productivity, quality, and cost to deliver value to customers reliably.

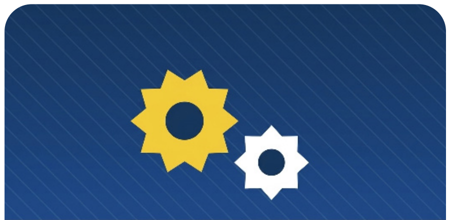
ESSENTIAL QUESTION

How should a business organize its production? What is the relationship between efficiency and quality?

Should businesses prioritize speed or quality when producing goods?

UNIT OPENER CASE

Case Study: Three Hundred Pastries a Week


Scaling Up for the Café Contract

The café now wants 300 pastries delivered every week - far more than Mariam and Dina can produce using their old one-at-a-time method. Mariam realizes the way she makes a single custom birthday cake cannot be the way she makes 300 identical pastries.

At the same time, a late flour delivery nearly ruins an order, and a batch of pastries comes out slightly overbaked, forcing Mariam to consider quality checks she never needed when working alone.

Scaling up production does not mean producing a larger quantity in the old way; rather, it requires redesigning the process and managing new risks.

Connecting to the Text - Formative Discussion

1. Why might Mariam's old production method no longer work for the café order?
2. What problems appeared this week that a larger business must manage regularly?

THINK!

Can a small home kitchen realistically scale up production without changing how it operates? Explain your reasoning.

Section 1: production methods

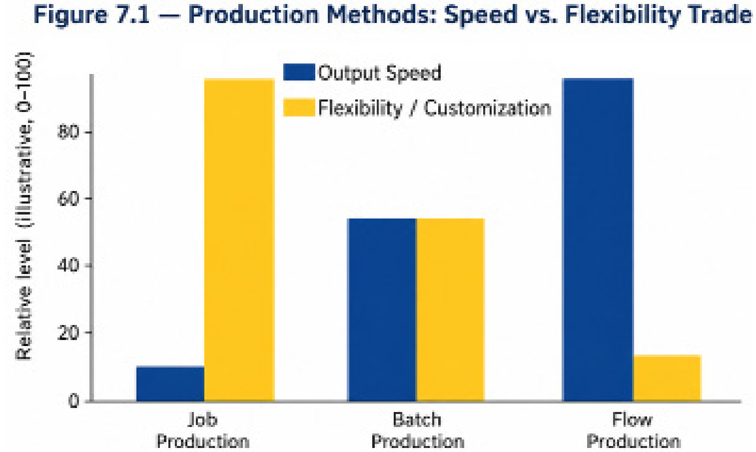
One Cake vs. Three Hundred Pastries

Mariam realizes a custom birthday cake requires a completely different process than 300 identical pastries for the café. She begins researching how larger bakeries organize their production.

CONCEPT DEVELOPMENT: PRODUCTION METHODS

Method	Description	Best Suited For
Job production	One unique item made from start to finish	Custom birthday cakes, tailored suits
Batch production	Groups (batches) of identical items made together	300 identical pastries for the café
Flow production	Continuous, standardized production, often automated	Large-scale factory food production

Figure 7.1 — Production Methods: Speed vs. Flexibility Trade



KEY INSIGHT

As order volume grows, businesses generally move from job production toward batch or flow production to increase efficiency - but this often reduces flexibility and customization.

Exercise - Formative Check

1. Which production method should Mariam's Kitchen use for the café order? Justify your answer.
2. Why is job production unsuitable for large, repeated orders?
3. What would Mariam's Kitchen lose by switching entirely to batch production for all orders?

Practice questions

Give an example of an Egyptian organization for each of the following types of production: job production, batch production, and flow production.

....

What is the main advantage of each of the following production methods: job production, batch production, and flow production?

....

Give an example of an Egyptian company that was able to use all three production methods: job production, batch production, and flow production, in collaboration with your colleagues.

....

Section 2: productivity & quality control

Faster Is Not Always Better

With batch production, Mariam and Dina produce far more pastries per hour - but the overbaked batch reminds Mariam that speed without checks creates new risks.

CONCEPT DEVELOPMENT: PRODUCTIVITY AND QUALITY CONTROL

Productivity measures output per unit of input, such as pastries produced per worker per hour. Quality control is the process of checking that products meet a required standard before they reach the customer.

- Higher productivity generally lowers cost per unit
- Quality control catches defects before they reach customers
- Poor quality control can damage reputation even if productivity is high
- Sampling - checking a portion of output - is a common quality-control method

KEY INSIGHT

Productivity and quality must be balanced together - maximizing speed alone, without quality checks, ultimately increases costs through waste, complaints, and lost trust.

Exercise - Formative Check

1. How could Mariam's Kitchen measure its productivity?
2. Suggest one quality-control step Mariam's Kitchen should add before deliveries.
3. Why might increasing speed too quickly actually reduce overall profitability?

"Remember"
Quality is the conformity of the product to the established specifications.

"Think!"
Should some quality be sacrificed to increase production volume? Under what circumstances?

"Productivity = Outputs / Inputs"

Hands-on application

Scenario	Productivity Impact	Quality Risk
Hiring a second part-time helper	______	______
Skipping the final quality check to save time	______	______
Buying a second oven	______	______

Economies of scale occur when average cost per unit falls as output increases, for example because fixed costs are spread across more units or bulk purchasing reduces input costs.

Practical Application

Conduct research with your colleagues to identify the advantages of "economies of scale" and determine the Egyptian companies that benefit from this advantage.

Section 3: supply chain & cost control

The Late Delivery Problem

The near-disaster with the late flour delivery makes Mariam realize her business now depends on a chain of suppliers she barely thought about before - and any weak link in that chain can put an entire order at risk.

CONCEPT DEVELOPMENT: SUPPLY CHAIN AND COST CONTROL

A supply chain is the sequence of businesses and processes involved in producing and delivering a product, from raw materials to the final customer. Cost control involves managing expenses so that production remains efficient and profitable.

- Reliable suppliers reduce the risk of production delays
- Backup suppliers can reduce dependence on a single source
- Buying in bulk can lower costs but increases storage needs and risk of waste
- Reviewing costs regularly helps a business spot inefficiencies early

Exercise - Formative Check

1. What went wrong in Mariam's Kitchen's supply chain this week?
2. Suggest one way Mariam's Kitchen could reduce the risk of future late deliveries.
3. What is the trade-off of buying ingredients in bulk to save money?

Practice questions

1. Draw or describe a simple supply chain for a product of your choice, from raw material to final customer.

....

2. Explain one cost-control method a small food business could use without harming quality.

....

THINK!

Should Mariam's Kitchen find a second flour supplier even if it costs slightly more? Justify your answer.

"Remember"

Buying in bulk has advantages, including reducing purchasing costs and obtaining quantity discounts. However, its main disadvantages are:
- Requires greater initial capital.
- Higher storage costs.
- Risks of spoilage and obsolescence, especially for products such as clothes..

APPLYING THE CONCEPTS: SIMPLE CASE STUDIES

Case study 1: Karim's furniture workshop (Damietta)

Karim makes custom, one-of-a-kind furniture pieces but has just received an order for 50 identical chairs.

Task

Which production method should Karim use for the chair order, and why?

....

Case study 2: Nadia's bakery chain (Cairo)

Nadia's bakery has grown to three branches, but customers are complaining that quality is inconsistent between locations.

Task

Recommend one quality-control step Nadia's bakery chain should introduce.

....

Case study 3: Youssef's auto parts supplier (Alexandria)

Youssef relies on a single overseas supplier, and a shipping delay has stopped his production line completely.

Task

What supply chain weakness does this reveal, and how could Youssef reduce this risk in future?

....

Case study 4: Heba's juice factory (Ismailia)

Heba wants to cut costs by buying cheaper fruit, but is worried this could affect the taste customers expect.

Task

Should Heba prioritize cost control or quality here? Justify your answer.

....

....

....

Special Case Study:

Karim Furniture Company in Damietta imports wood from one of the countries. During the COVID-19 pandemic, shipping was delayed for three months, resulting in production disruptions.

Task

1. Should cost control or quality be given priority here? Justify your answer.

....

.2. Discuss Karim Company’s problem through "redesigning the supply chain".

....

3. Explain the potential risks if the company continues to rely on a single source for wood supply.

....

UNIT 7 PRACTICE QUESTION BANK

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

A. Short-Answer Questions

1. Define job production, batch production, and flow production.

   ....

2. What is productivity, and how might a bakery measure it?

   ....

3. Explain the purpose of quality control.

   ....

4. What is a supply chain?

   ....

5. Give one example of a cost-control method a small business could use. ....

B. True or False (correct the false statements)

1. Job production is best suited to large volumes of identical products. [True / False]
2. Productivity measures output per unit of input.[True / False]
3. Quality control only matters for large factories, not small businesses. [True / False]
4. A supply chain includes every step from raw materials to the final customer. [True / False]
5. Buying in bulk has no disadvantages [True / False]
6. An increase in the volume of demand increases flexibility. [True / False]

C. Multiple Choice

1. Which production method best suits 300 identical pastries?

A. Job production

B. Batch production

C. No production method is needed

D. Custom production

2. Quality control is best described as:

A. Making products as fast as possible

B. Checking products meet a required standard

C. Reducing the price of products

D. Advertising a product

3. A business relying on only one supplier faces which main risk?

A. Lower costs always

B. Disruption if that supplier fails or delays

C. Guaranteed quality

D. No risk at all

4. Growth in demand volume encourages an organization to shift to:

A. Job production

B. Flow production

C. Batch production

D. "B and C" together

D. Applied / Extended Response

1. Explain how Mariam's Kitchen could redesign its kitchen layout to support batch production efficiently.

....

2. A business owner says: "I'll always choose the cheapest supplier." Explain two risks of this approach using ideas from this unit.

....

3. How can Mary's Kitchen manage its supply chain to control costs while maintaining product quality? Explain the advantages and disadvantages of your recommendations, giving reasons for your suggestions.

....

Justify & Reasoning with Evidence

JRE

Should a growing business prioritize speed of production or quality of output?

Understanding the question

This question asks you to weigh two operational priorities that can pull in opposite directions: producing quickly to meet demand, and maintaining the quality standard that built the business's reputation.

Prioritizing speed can help meet large orders and reduce cost per unit, but risks mistakes and dissatisfied customers. Prioritizing quality protects reputation but may limit how much a business can grow.

Key concepts you may use

- Production methods
- Productivity
- Quality control
- Supply chain reliability
- Cost control

Possible positions

- Speed should be prioritized, since growth and larger contracts depend on meeting demand reliably
- Quality should be prioritized, since reputation and customer trust are harder to rebuild than to maintain

Judgment Focus
Speed supports growth and reduces unit costs, but quality protects the reputation and trust that are difficult to rebuild.

Expectations for a strong response

- Define productivity and quality control clearly
- Explain the case for prioritizing speed
- Explain the case for prioritizing quality
- Use examples (e.g. Mariam's Kitchen, Nadia, Heba)
- Evaluate whether the answer depends on the type of business or order
- Reach a balanced, justified conclusion

Writing framework for the JRE

Section	What to Do	Guiding Question
Introduction	Define productivity and quality	Why can speed and quality conflict?
Argument 1	Case for prioritizing speed	Why does meeting demand matter?
Argument 2	Case for prioritizing quality	Why does reputation matter more?
Evaluation	Compare both views	Does the answer depend on the size of the order or the business's stage?
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

Model Response

"Should a growing organization prioritize production speed or output quality?"

As organizations grow, they must decide whether to prioritize the production speed needed to meet increasing demand or the quality that built their initial reputation. Both are important, but they may conflict.

Speed enables an organization such as Mary's Kitchen to fulfill large contracts, such as a weekly café order, and generate greater revenue through increased volume.

However, rushing production increases the risk of errors, as seen in the oversized baking batch. If quality declines, the organization risks losing the trust and reputation that originally attracted customers and the café.

In conclusion, quality should generally be protected as a non-negotiable minimum standard, while speed should be increased through improved organization, such as "batch production and quality control", rather than by cutting steps.

KEY INSIGHT

This response demonstrates the essential skills of a "judgment and reasoning essay": a clear judgment, logical sequencing, use of evidence from the unit, and a justified conclusion.

FINAL REFLECTION

Have you encountered an organization that sacrificed quality for speed? What impact did this have on you as a customer?

....

....

....

Many organizations have exited the competitive market, such as Bata, a company that manufactures shoes and leather products. With your colleagues, identify the reason for its exit and compare the quality of its products with the quality of other products available in the Egyptian market.

....

....

....

8

HUMAN RESOURCE MANAGEMENT

UNIT 8

HUMAN RESOURCE MANAGEMENT

Big Idea

People are a business's most valuable resource, and how they are recruited, trained, and motivated determines overall performance.

Essential Questions

How should a business recruit and develop people?

What truly motivates employees to perform well?

LEARNING OUTCOMES

- Explain the recruitment and selection process
- Explain the purpose of training
- Apply Maslow's Hierarchy of Needs to workplace motivation
- Apply Herzberg's Two-Factor Theory to workplace motivation
- Explain the purpose of performance management

Employee turnover rate is measured by the percentage of employees who leave the organization during a specific period. A lower turnover rate indicates the organization's success.

UNIT BIG IDEA

People are a business's most valuable resource, and how they are recruited, trained, and motivated determines overall performance.

ESSENTIAL QUESTION

How should a business recruit and develop people?

What truly motivates employees to perform well?

UNIT OPENER CASE

Case Study: Hiring Beyond Dina

Demand keeps growing, and Mariam's Kitchen needs a second full-time employee. Mariam has never formally recruited anyone before - Dina simply offered to help, and it worked out well.

This time, Mariam and Lina must write a job description, decide how to advertise the role, choose between candidates, and think seriously about how to keep new staff motivated once they're hired.

Connecting to the Text - Formative Discussion

1. Why can't Mariam and Lina simply repeat how they hired Dina?
2. What qualities do you think matter most for this new role?

THINK!

Is it enough to hire someone with the right skills, or does motivation matter just as much? Explain your reasoning.

Core Insight
Fair pay often prevents dissatisfaction, but recognition, growth, belonging, and responsibility support sustained motivation.

Remember
The determinants of job performance are "ability, willingness, and the work environment".

Maslow arranges needs from basic needs to self-actualization; the most prominent level varies according to the individual and the situation.

Think!
Which of the determinants of job performance ("ability, willingness, or work environment") can bring enthusiasm back to Dina?

Section 1: recruitment, selection & training

Finding the Right Person

Mariam and Lina write a short job description, post it locally and online, and receive several applications. They shortlist three candidates and prepare simple interview questions.

CONCEPT DEVELOPMENT: RECRUITMENT, SELECTION & TRAINING

- Recruitment - attracting suitable candidates to apply for a role
- Selection - choosing the best candidate through interviews or tests
- Induction - introducing a new employee to the business
- Training - developing an employee's skills and knowledge for the job

KEY INSIGHT

Recruitment decisions are expensive to reverse - hiring the wrong person costs a small business far more than the time spent selecting carefully.

The cost of careful selection is much lower than the cost of hiring the wrong person and then dealing with the consequences.

Exercise - Formative Check

1. List two questions Mariam and Lina should ask candidates in the interview.
2. Why is induction important, even for an experienced new hire?
3. What training would a new employee at Mariam's Kitchen likely need?

Practice questions

Write three interview questions you would ask a candidate applying to work in a small bakery.

....

....

THINK!

Should Mariam prioritize baking skill or reliability and attitude when choosing between candidates?

"Definition of Human Resources Management"

Astrategic process and a business function responsible for managing the human element within an organization, focusing on recruitment, selection, hiring, training and development, and performance management and evaluation.

Section 2: motivation theories

Why Do People Work Hard?

A few weeks after hiring, Mariam notices Dina seems less enthusiastic than before, even though her pay hasn't changed. Mariam wonders what actually motivates people to do their best work.

CONCEPT DEVELOPMENT: MASLOW'S HIERARCHY OF NEEDS

Abraham Maslow suggested people are motivated by a hierarchy of needs, from most basic to most advanced:

Level	Need	Workplace Example
1. Physiological	Basic survival needs	Fair wages to afford food and housing
2. Safety	Security and stability	Safe working conditions, job security
3. Social	Belonging and relationships	A friendly, supportive team
4. Esteem	Recognition and respect	Praise for good work, promotion
5. Self-actualization	Reaching one's full potential	Opportunities to learn and grow

Figure 8.1 — Maslow's Hierarchy of Needs (Workplace Application)

KEY INSIGHT

"Herzberg's Two-Factor Theory"

Herzberg distinguishes between "hygiene factors", which prevent dissatisfaction, such as pay, working conditions, policies, and job security, and "motivators", which create satisfaction and motivation, such as achievement, recognition, responsibility, and growth. Money alone rarely creates lasting motivation. Fair pay prevents dissatisfaction, while achievement, recognition, responsibility, and growth can create stronger motivation.

Exercise - Formative Check

1. Which level of Maslow's hierarchy might explain Dina's drop in enthusiasm, even with unchanged pay?
2. Give one example of a hygiene factor and one example of a motivator at Mariam's Kitchen.
3. Why might raising Dina's pay alone fail to fully re-motivate her?

Action	Maslow Level or Herzberg Factor	Likely Effect on Motivation
Giving Dina more responsibility for a new product line	______	______
Fixing a broken air conditioner in the kitchen	______	______
Publicly thanking Dina for excellent work	______	______

THINK!

What specific action should Mariam take to re-motivate Dina, based on these theories?

Section 3: performance management

Checking In, Not Just Checking Up

Mariam decides to introduce short, regular check-ins with her staff - not to criticize, but to understand how they're doing and set clear expectations together.

Performance management is an ongoing dialogue for building trust and development, not a single annual judgment.

CONCEPT DEVELOPMENT: PERFORMANCE MANAGEMENT

Performance management is the ongoing process of setting expectations, monitoring progress, giving feedback, and supporting employee development - rather than judging performance only once a year.

- Clear expectations help employees know what success looks like
- Regular feedback (not just annual reviews) supports improvement
- Recognition reinforces good performance
- Support and training address performance gaps constructively

KEY INSIGHT

Performance management works best as an ongoing conversation, not a one-time judgment - it should build trust, not just measure output.

Exercise - Formative Check

1. Why might regular check-ins work better than a single annual review?
2. How does performance management connect to motivation theories from this unit?
3. What should Mariam say to Dina in their first check-in?

Practice questions

1. Design three simple questions Mariam could ask Dina during a monthly check-in.

   ....

2. Explain why performance management should focus on support, not just criticism.

   ....

THINK!

Could poorly handled performance management actually reduce motivation instead of improving it?

"Remember"

Performance appraisal is a periodic process for measuring employee productivity based on objective, predetermined criteria.

APPLYING THE CONCEPTS: SIMPLE CASE STUDIES

Case study 1: Samir's call center (Cairo)

Samir hires quickly to fill urgent vacancies but skips training, leading to frequent customer complaints.

Task

What is Samir missing in his HR process, and how should he fix it?

....

....

....

....

Case study 2: Dalia's hotel (Hurghada)

Dalia's staff have fair pay and safe conditions but seem unmotivated and disengaged at work.

Task

Using Herzberg's theory, explain why pay alone hasn't motivated Dalia's staff.

....

....

....

....

Case study 3: Wael's software startup (Cairo)

Wael's developers are well paid but frustrated by outdated computers and a stressful office environment.

Task

Which hygiene factors is Wael's startup failing to address?

....

....

....

....

Case study 4: Mervat's retail chain (Alexandria)

Mervat only reviews staff performance once a year, and employees say they rarely get feedback in between.

Task

Recommend a change to Mervat's performance management approach.

....

....

....

....

"Comprehensive Case Study: Teamwork"

Al-Araby Company managed to open five new branches across Cairo. Three months after the opening, four problems emerged:

"Selection": 40% of the new employees resigned within the first two months.

"Recruitment": There is a staff shortage in the new branches, which require the recruitment of employees.

"Training": Customer complaints increased due to delays in resolving complaints.

"Performance appraisal": Sales are 25% below the planned target.

Task

Diagnose the problem and propose solutions.

....

....

....

....

UNIT 8 PRACTICE QUESTION BANK

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

A. Short-Answer Questions

1. Explain the difference between recruitment and selection.

   ....

2. List Maslow's five levels of need in order.

   ....

3. Explain the difference between a hygiene factor and a motivator in Herzberg's theory.

   ....

4. What is performance management?

   ....

5. Give one example of a non-financial reward that could motivate an employee.

   ....

B. True or False (correct the false statements)

1. Recruitment means choosing the best candidate from a group of applicants. [True / False]
2. According to Maslow, physiological needs are more basic than esteem needs. [True / False]
3. Herzberg argued that pay alone creates strong, lasting motivation. [True / False]
4. Performance management should only happen once a year. [True / False]
5. Training helps employees develop the skills needed for their role. [True / False]
6. Recruitment is the process of attracting suitable candidates to apply for a job. [True / False]

C. Multiple Choice

1. Which term describes attracting candidates to apply for a job?

A. Selection

B. Recruitment

C. Induction

D. Appraisal

2. In Herzberg's theory, safe working conditions are an example of a:

A. Motivator

‹ B. Hygiene factor

C. Selection method

D. Performance target

3. Which level of Maslow's hierarchy involves recognition and respect?

A. Physiological

B. Safety

C. Esteem

D. Social

4. It is the final step and the main objective of the recruitment and selection process:

A. "Employment"

B. Training

C. Attraction

D. Job orientation

D. Applied / Extended Response

1. Design a short recruitment plan (advertisement, two interview questions, and one selection criterion) for Mariam's Kitchen's new role.

....

2. Explain how you would motivate a demotivated team member using both Maslow's and Herzberg's theories.

....

Justify & Reasoning with Evidence

JRE

Does money motivate employees more than anything else?

Understanding the question

This question asks you to evaluate the role of pay against other motivating factors such as recognition, growth, belonging, and working conditions.

Money is necessary to meet basic needs and can prevent dissatisfaction, but motivation theories suggest it may not be the strongest driver of sustained effort and engagement.

Money is an important foundation for meeting needs and preventing dissatisfaction, but it may not be the strongest driver of sustained effort.

Key concepts you may use

- Recruitment and selection
- Training
- Maslow's Hierarchy of Needs
- Herzberg's Two-Factor Theory
- Performance management

Possible positions

- Money is the primary motivator, since it meets essential needs and rewards effort directly
- Non-financial factors - recognition, growth, belonging - motivate more powerfully than money alone

Expectations for a strong response

- Define motivation and reference at least one theory
- Explain the case for money as the main motivator
- Explain the case for non-financial motivators
- Use examples (e.g. Dina, Dalia's hotel, Wael's startup)
- Evaluate whether the answer depends on the employee or context
- Reach a balanced, justified conclusion

Writing framework for the JRE

Section	What to Do	Guiding Question
Introduction	Define motivation	What role does money play in motivating people?
Argument 1	Case for money as key motivator	Why does pay matter so much?
Argument 2	Case for non-financial motivators	Why might recognition and growth matter more?
Evaluation	Compare both views using theory	Does the answer depend on the individual or their needs?
Conclusion	Justified judgment	Does money motivate more than anything else?

A strong answer does not choose one factor universally; rather, it links the decision to the individual's needs and the work context.

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

Does money motivate employees more than anything else?

Motivation is a central concern for any employer, and it is often assumed that money is the strongest motivator. This essay evaluates whether that assumption holds.

Money is essential, since employees like Dina need fair pay to meet basic needs, as shown by the first level of Maslow's hierarchy. Without fair pay, no other motivator is likely to succeed.

However, Herzberg's theory suggests pay is a hygiene factor - it prevents dissatisfaction but does not create strong motivation. Dina's drop in enthusiasm despite unchanged pay suggests she needs recognition, responsibility, or growth, not simply more money.

"Core Insight"

Money is a necessary foundation, but recognition, belonging, and opportunities for growth are often stronger motivators once basic needs have been met.

In conclusion, money is a necessary foundation for motivation but is rarely the most powerful driver of sustained effort. Recognition, belonging, and opportunities for growth generally motivate employees more strongly once basic needs are met.

KEY INSIGHT

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

FINAL REFLECTION

1.Think of a time you felt genuinely motivated to do something well. Was money involved, or was something else driving you?

....

....

2."Practical Case" As the Human Resources Manager at the Egyptian Spinning and Weaving Company, the employee turnover rate has increased every six months.

- Identify the problem.
- What do you suggest to improve the selection and hiring process?

....

....

3. "Discuss" A satisfied employee = a satisfied customer. To what extent do you agree with this statement in service companies such as "WE"?

....

....

FINANCE & BUSINESS PERFORMANCE

UNIT 9

FINANCE & BUSINESS PERFORMANCE

Big Idea

Financial literacy allows businesses to understand performance, make informed decisions, and manage risk responsibly.

Essential Questions

How do businesses know if they are financially healthy?

What is the relationship between revenue, cost, and profit?

LEARNING OUTCOMES

- Distinguish between fixed and variable costs
- Calculate revenue, cost, and profit
- Calculate and interpret a break-even point
- Explain cash flow and budgeting
- Explain simple tax obligations for a small business

UNIT BIG IDEA

Financial literacy allows businesses to understand performance, make informed decisions, and manage risk responsibly.

ESSENTIAL QUESTION

How do businesses know if they are financially healthy?

What is the relationship between revenue, cost, and profit?

UNIT OPENER CASE

Case Study: The Expansion Loan

To buy a second oven and expand production, Mariam's Kitchen needs a loan. The bank asks a question Mariam has never had to answer precisely before: ‹How many pastries do you need to sell each month just to break even?'

Mariam realizes she has never separated her costs clearly, calculated her actual profit margin, or planned a cash flow forecast. Before approaching the bank again, she and Lina must get their numbers in order.

A lender does not look only at profit; rather, they consider the organization's ability to cover its costs and generate sufficient cash to make repayments.

Connecting to the Text - Formative Discussion

1. Why does the bank want to know Mariam's Kitchen's break-even point before approving a loan?
2. What financial information should Mariam and Lina gather before their next meeting with the bank?

THINK!

Why might a profitable-looking business still struggle to get a loan approved? Explain your reasoning.

Section 1: revenue, cost, and profit

Separating the Numbers

Mariam and Lina sit down with their receipts and order records. They begin sorting their expenses into two categories: costs that stay the same no matter how much they sell, and costs that rise and fall with production.

"Separating the Numbers"

Mary and Lina sit down with the receipts and order records and begin classifying expenses into costs that remain fixed regardless of changes in sales volume, and costs that increase or decrease with the volume of production or sales.

CONCEPT DEVELOPMENT: FIXED AND VARIABLE COSTS

Revenue is the total income from sales (price × quantity sold). Profit is what remains after all costs are subtracted from revenue: Profit = Revenue − Total Costs.

Cost Type	Description	Mariam's Kitchen Example
Fixed costs	Stay the same regardless of output	Kitchen rent, oven lease
Variable costs	Change directly with output	Flour, sugar, packaging

KEY INSIGHT

Understanding the difference between fixed and variable costs is the foundation for almost every other financial decision a business makes, including pricing and break-even analysis.

Exercise: "Formative Assessment"

1. Classify kitchen rent, flour, and delivery fuel as "fixed or variable costs".

2. If 500 units are sold at a price of EGP 15 per unit and total costs are EGP 5,500, calculate the profit.

3. Why should fixed costs be tracked even in a month with low sales?

Practice questions

1. List three fixed costs and three variable costs a small food business might have.

   ....

   ....

2. A business earns 20,000 EGP revenue and has 14,500 EGP in total costs. Calculate the profit.

   ....

   ....

THINK!

Why might a business with high revenue still make very little profit?

Section 2: break-even analysis

How Many Pastries Are Enough?

Using their separated costs, Mariam and Lina calculate exactly how many pastries they need to sell each month before they start making a profit - the number the bank asked about.

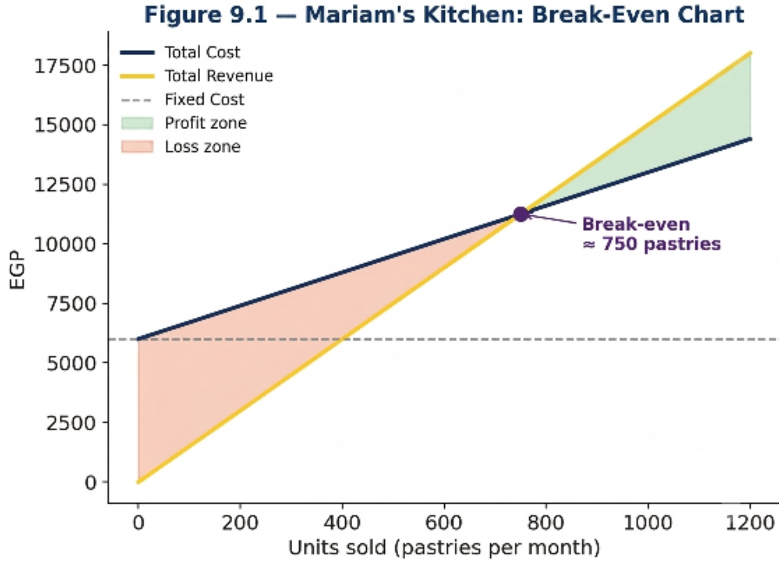
CONCEPT DEVELOPMENT: BREAK-EVEN POINT

The break-even point is the level of sales at which total revenue equals total costs - the business makes neither a profit nor a loss. It is calculated as:

Break-even point (units) = Fixed Costs ÷ (Selling Price per Unit − Variable Cost per Unit)

Break-even Point in Units = Fixed Costs ÷ (Unit Selling Price − Unit Variable Cost)

Figure 9.1 — Mariam's Kitchen: Break-Even Chart



KEY INSIGHT

The break-even point tells a business the minimum performance needed just to survive - everything sold beyond it contributes to profit.

The break-even point determines the minimum sales needed to cover all costs; sales beyond that point contribute to profit.

Fixed costs decrease per unit as production volume increases, and profits increase. This is the essence of economies of scale.

Think!
After conducting market research, Mary found that the market can absorb 10,000 cakes per year, which is the same as her break-even volume. Should she continue with the project?

Exercise - Formative Check

1. If Mariam's Kitchen has fixed costs of 6,000 EGP per month, sells pastries at 15 EGP, and variable cost per pastry is 7 EGP, calculate the break-even point in units.
2. What happens to the break-even point if fixed costs rise (for example, from buying a second oven)?
3. Why is knowing the break-even point useful before taking out a loan?

Hands-on application

Scenario	Effect on Break-Even Point (Higher / Lower / No Change)
Selling price increases	______
Variable cost per unit increases	______
Fixed costs decrease	______

THINK!

Is a lower break-even point always better for a business? Explain.

"Numerical Application"

In Mary's Kitchen example:
Unit contribution margin = 15 − 7 = "8 Egyptian pounds".
Therefore, the break-even point = 6,000 ÷ 8 = "750 units per month".

Remember

"Key Financial Statements and Data":

1."Income Statement": Shows the amount of revenues and expenses and net profit before and after tax.

2. "Balance Sheet": Shows the two sides of assets and liabilities.

3. "Cash Flow Statement": A financial report that shows the movement of money flowing into and out of the organization during a specific period.

4. "Liquidity": A financial measure that assesses a company's ability to meet its short-term obligations and convert its assets into cash quickly without incurring losses.

Section 3: cash flow, budgeting & simple tax

Profitable on Paper, Short on Cash

Mariam is confused: her records show the business made a profit last month, yet she barely had enough cash to pay the flour supplier on time. Lina explains that profit and cash are not the same thing - some customers, like the café, pay 30 days after delivery.

CONCEPT DEVELOPMENT: CASH FLOW AND BUDGETING

Cash flow is the movement of money in and out of a business over time. A business can be profitable on paper but still run out of cash if payments are delayed. A budget is a financial plan estimating future income and expenses over a period of time.

- Cash inflows - money received (sales, loans, investment)
- Cash outflows - money paid out (rent, ingredients, wages)
- A cash flow forecast predicts future inflows and outflows to avoid shortfalls
- A budget helps a business plan spending and identify problems in advance

Performance measures and liquidity measures are financial, such as profit, and non-financial, such as customer satisfaction and the quality of operations and production.

Simple Tax Awareness

Concept	Explanation
Taxable profit	Profit remaining after allowable business expenses are deducted
Why it matters	Businesses must set aside funds to meet tax obligations, or risk cash shortfalls

An organization may make profits and still fail if it runs out of cash; therefore, the timing of cash inflows and outflows is as important as the amount of profit.

Exercise - Formative Check

1. Why did Mariam's Kitchen struggle with cash despite being profitable?
2. Suggest one way Mariam's Kitchen could improve its cash flow (e.g. related to the café's 30-day payment terms).
3. Why should a business set aside money for tax rather than spending all of its profit immediately?

Practice questions

1. Explain the difference between profit and cash flow in your own words.

   ....

2. List two reasons a business might run out of cash even while being profitable.

   ....

THINK!

Should Mariam's Kitchen ask the café to pay faster, or find another way to manage the cash gap? Justify your answer.

APPLYING THE CONCEPTS: SIMPLE CASE STUDIES

Case study 1: Nabil's print shop (Cairo)

Nabil has fixed costs of 4,000 EGP per month, charges 20 EGP per print job, and has variable costs of 8 EGP per job.

Task

Calculate Nabil's break-even point in units.

....

....

Case study 2: Salwa's flower shop (Alexandria)

Salwa's shop shows a profit on paper, but she cannot pay her supplier because most customers pay by bank transfer after 20 days.

Task

Explain Salwa's problem using the concept of cash flow.

....

....

Case study 3: Fady's car wash (Giza)

Fady has never created a budget and often overspends on supplies early in the month, leaving too little for wages later.

Task

How could a monthly budget help Fady avoid this problem?

....

....

Case study 4: Mariam's kitchen - the loan decision (Cairo)

Mariam's Kitchen calculates a break-even point well within its current sales, but the loan repayments would add a new fixed cost each month.

Task

Should Mariam's Kitchen take the loan? Use the concepts from this unit to justify your recommendation.

....

B. True or False (correct the false statements)

1. All small businesses should aim to produce a volume greater than the break-even point in order to make profits. All small businesses should aim to produce a volume greater than the break-even point in order to make profits. [True / False]
2. Fixed costs change directly with the level of output. [True / False]
3. Profit equals revenue minus total costs. [True / False]
4. A business can be profitable on paper but still run out of cash. [True / False]
5. The break-even point is where total revenue exceeds total costs. [True / False]
6. A budget is a plan estimating future income and expenses. [True / False]
7. Variable costs are related to sales. [True / False]
8. All small businesses should aim to produce a volume greater than the break-even point in order to make profits. [True / False]

UNIT 9 PRACTICE QUESTION BANK

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

A. Short-Answer Questions

1. Define fixed cost and variable cost, with one example of each.

   ....

2. Write the formula for profit.

   ....

3. Write the formula for the break-even point.

   ....

4. Explain the difference between profit and cash flow.

   ....

5. What is a budget, and why is it useful?

   ....

C. Multiple Choice

1. Which of the following is a variable cost for a bakery?

A. Oven lease

B. Flour

C. Kitchen rent

D. Business registration fee

2. If fixed costs rise, the break-even point will generally:

A. Decrease

B. Increase

C. Stay exactly the same

D. Become negative

3. A business that is profitable but has no cash to pay suppliers is experiencing a problem with:

A. Break-even analysis

B. Cash flow

C. Market segmentation

D. Quality control

4. If fixed costs are EGP 10,000 per month, variable cost per unit is EGP 200, and the selling price per unit is EGP 300, choose the break-even point in units:

A. 200 units

B. 300 units

C. 100 units

D. 50 units

5. All small businesses should aim to produce a volume that is:

A. Small

B. Large

C. Equal to the break-even point

D. Maximum

D. Applied / Extended Response

1. A small shop has fixed costs of 8,000 EGP per month, sells items at 25 EGP, and variable cost per item is 10 EGP. Calculate the break-even point and explain what it means for the business.

....

....

....

2. Explain, using Mariam's Kitchen's loan decision, why break-even analysis is useful before taking on new fixed costs like a loan repayment.

....

....

....

Justify & Reasoning with Evidence

JRE

Is profit the best measure of a business's success?

Understanding the question

This question asks you to evaluate whether profit alone tells the full story of how well a business is performing, or whether other measures - cash flow, growth, customer satisfaction, ethical impact - matter just as much.

Profit is essential and easy to measure, but a business can be profitable on paper while facing serious cash flow problems, poor staff morale, or damaged customer trust.

Key concepts you may use

- Revenue, cost, and profit
- Break-even analysis
- Cash flow
- Budgeting
- Non-financial performance measures

Possible positions

- Profit is the best measure, since it ultimately determines a business''s survival and ability to grow
- Profit alone is an incomplete measure, since cash flow, stakeholder trust, and sustainability matter equally

Expectations for a strong response

- Define profit clearly and distinguish it from cash flow
- Explain the case for profit as the best measure of success
- Explain the case for considering other measures too
- Use examples (e.g. Mariam's Kitchen, SalwaA business is only as reliable as its weakest supply chain link - managing suppliers is as important as managing the kitchen itself.s flower shop)
- Evaluate the limitations of using profit alone
- Reach a balanced, justified conclusion

Writing framework for the JRE

Section	What to Do	Guiding Question
Introduction	Define profit and success	What does ‹success' mean for a business?
Argument 1	Case for profit as the best measure	Why is profit essential to survival?
Argument 2	Case for broader measures	Why might profit alone be misleading?
Evaluation	Compare both views	Can profit and other measures be used together?
Conclusion	Justified judgment	Is profit the best single measure of success?

Profit, liquidity, and non-financial measures can be combined into a single performance dashboard instead of relying on a single figure.

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 profit the best measure of a business's success?

Profit is often treated as the ultimate measure of business success, since it shows whether a business earns more than it spends. This essay evaluates whether profit alone is sufficient.

Profit is essential because, without it, a business like Mariam's Kitchen cannot survive, repay loans, or reinvest in growth. It is also relatively simple to calculate and compare over time.

However, Salwa's flower shop shows that a profitable business can still fail if it runs out of cash. Profit also says nothing about employee motivation, customer satisfaction, or ethical practice, all of which affect long-term success.

In conclusion, profit is a necessary but incomplete measure of success. A fuller picture requires also considering cash flow, stakeholder wellbeing, and sustainability alongside profit.

KEY INSIGHT

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

FINAL REFLECTION

1. If you owned a business, would you judge its success mainly by profit, or would you weigh it equally with other measures? Explain.

....

....

....

2. Discuss with your colleagues:

- Long-term measures and short-term measures.
- Financial and non-financial measures, and which are more important to the organization.

....

....

....

10

STRATEGY, ANALYSIS & DECISION-MAKING

UNIT 10

STRATEGY, ANALYSIS & DECISION-MAKING

Big Idea

Strategic decisions require weighing internal capability against external conditions, using structured tools, and accepting risk and uncertainty.

Essential Questions

How should a business decide its future direction?

What are the limits of data in business decision-making?

LEARNING OUTCOMES

- Apply SWOT analysis to a business scenario
- Explain decision-making frameworks and the role of risk
- Evaluate the limitations of business data
- Apply strategic thinking to a capstone business decision
- Justify a final strategic recommendation using evidence from across the course

The decision to franchise expands the brand's reach to other parties; therefore, the scope of outcomes increases, while direct control decreases and reputational risks increase.

UNIT BIG IDEA

Strategic decisions require weighing internal capability against external conditions, using structured tools, and accepting risk and uncertainty.

ESSENTIAL QUESTION

How should a business decide its future direction?

What are the limits of data in business decision-making?

UNIT OPENER CASE

Case Study: The Franchise Offer

A regional retail group offers Mariam's Kitchen the chance to franchise: opening branded kiosks across Cairo under their brand name, funded mostly by franchisees, with Mariam and Lina earning a fee per location.

It's the biggest decision they've faced. Sales data from the past year look strong, but Mariam and Lina know their numbers are based on only twelve months of a business that has changed constantly - new products, new staff, new prices. Can this data really predict what will happen at ten new locations they don't control day-to-day?

Connecting to the Text - Formative Discussion

1. What makes the franchise decision different from every earlier decision Mariam's Kitchen has faced?
2. Why might one year of sales data not be enough to safely predict success at ten new locations?

THINK!

Should Mariam and Lina trust their data enough to franchise, or is the decision too uncertain to rely on data alone?

Section 1: SWOT analysis

Looking at the Whole Picture

Before responding to the franchise group, Mariam and Lina decide to map out their situation honestly - not just the good parts, but the weaknesses and dangers too.

CONCEPT DEVELOPMENT: SWOT ANALYSIS

Category	Mariam's Kitchen Example
Strengths (internal)	Strong local reputation; loyal customers; consistent quality
Weaknesses (internal)	Limited management experience; small team; no experience running remote locations
Opportunities (external)	Franchise brand recognition; access to new customers across Cairo
Threats (external)	Loss of quality control; brand damage if a franchisee performs poorly

Figure 10.1 — SWOT Analysis: Mariam's Kitchen Franchise Decision

"Strengths and Weaknesses" are internal factors, while "Opportunities and Threats" are external factors.

"Think!" The SWOT tool does not make the decision automatically; rather, it organizes the evidence on which the judgment is based.

KEY INSIGHT

SWOT analysis is only useful if a business is honest about its weaknesses and threats, not just its strengths and opportunities.

Exercise - Formative Check

1. Which SWOT category do you think poses the biggest risk to Mariam's Kitchen's franchise decision?
2. Explain the difference between a weakness and a threat, using one example of each.
3. How could Mariam's Kitchen turn one of its weaknesses into a strength before franchising?

Practice questions

1.Complete a simple SWOT analysis (one point per box) for a business idea of your own.

....

....

....

THINK!

Does Mariam's Kitchen's SWOT analysis suggest it is ready to franchise? Justify your answer.

Section 2: decision-making frameworks & risk

Formal Balancing of Alternatives

Mary and Lina realize that the decision is too important to be left to guesswork. They need to break down the alternatives and identify the advantages and disadvantages of each alternative before making a choice.

Building the Concept: Stages of Decision-Making

A decision-making framework is a structured process for comparing alternatives against clear criteria. It includes: defining the decision, identifying the alternatives, evaluating risks and returns, and selecting the alternative that best fits the objectives.

Alternative	Potential Return	Potential Risk
Accept the full offer	Rapid growth and expansion, and increased profits	Loss of quality control and damage to reputation and control
Reject the offer and grow independently	Control and a good reputation	Loss of the opportunity and slower growth
Reject the offer and grow independently	Entering new markets with a low profit margin	Lower risks that are easier to manage

KEY INSIGHT

A decision-making framework does not remove risk; it helps a business compare alternatives consistently using clear criteria, expected returns, and potential risks.

Exercise - Formative Assessment

1. Which alternative would you recommend? Why?
2. Why is a small-scale trial less risky?
3. What criteria should be used to judge the success of the trial?

Practice questions

?

List three criteria a business should use when comparing strategic options in a decision-making framework.

....

....

....

THINK!

Does the SWOT analysis indicate that Mary's Kitchen is ready to franchise? Justify your answer.

Section 3: limitations of business data & strategic thinking

What the Numbers Can't Tell Them

Mariam looks again at their strong sales data and asks Lina a hard question: does this data actually tell them anything about ten new locations run by people they've never met, in neighborhoods they don't know?

CONCEPT DEVELOPMENT: LIMITATIONS OF BUSINESS DATA

- Past performance does not guarantee future results, especially in new or different conditions
- Small sample sizes (like one year of data from one location) may not represent a larger, different context
- Data can be incomplete, outdated, or influenced by factors that no longer apply
- Numbers alone cannot capture judgment, culture, or relationships - all of which affect strategic outcomes

KEY INSIGHT

Good strategic thinking combines data with judgment - data can inform a decision, but it cannot make the decision alone.

Exercise - Formative Check

1. Why might Mariam's Kitchen's one year of sales data be a limited basis for the franchise decision?
2. Give one non-data factor Mariam and Lina should consider before franchising.
3. How does this section connect back to the unit's essential question about the limits of data?

Practice questions

1. Explain, using an example, why ‹the data looks good' is not always enough to justify a major business decision.

....

2. Summarize, in 3–4 sentences, what you believe Mariam and Lina should ultimately decide about the franchise offer - and why.

....

THINK!

Should Mariam's Kitchen make its final decision based mainly on data, mainly on judgment, or a combination of both?

APPLYING THE CONCEPTS: SIMPLE CASE STUDIES

Case study 1: Nabil's print shop (Cairo)

Nabil's single gym is profitable, and a franchise group wants to open five more under his brand within a year.

Task

Complete a mini SWOT (one strength, one weakness, one opportunity, one threat) for Tamer's decision.

....

....

Case study 2: Yasmin's e-commerce platform (Alexandria)

Yasmin's sales data from the last three months looks excellent, but it was collected entirely during a seasonal holiday period.

Task

Explain why this data may be a limited basis for planning the whole year ahead.

....

....

Case study 3: Hossam's family farm (Beheira)

Hossam's family must decide between continuing traditional crops or investing heavily in new export-focused produce.

Task

Identify one risk and one potential reward of Hossam's family switching to export-focused produce.

....

....

Case study 4: Mariam's kitchen - the final decision (Cairo)

Mariam and Lina must now respond to the franchise group with a final, justified decision.

Task - Capstone

Using SWOT, risk, and the limits of data, recommend a final decision for Mariam's Kitchen and justify it fully.

....

....

"Final Task"

Use "SWOT analysis", risk assessment, and the limitations of the available data to reach a clear and defensible recommendation.

UNIT 10 PRACTICE QUESTION BANK

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

A. Short-Answer Questions

1. What does SWOT stand for?

   ....

2. Explain the difference between an internal and an external factor within a SWOT analysis.

   ....

3. List the basic steps of a decision-making framework.

   ....

4. Give one reason business data can be a limited basis for decision-making.

   ....

5. Why is risk an unavoidable part of strategic decision-making?

   ....

B. True or False (correct the false statements)

1. Strengths and weaknesses are internal factors in a SWOT analysis. [True / False]
2. Opportunities and threats are internal factors in a SWOT analysis. [True / False]
3. Past sales data always accurately predicts future performance. [True / False]
4. A decision-making framework removes all risk from a decision. [True / False]
5. Strategic thinking should combine data with judgment. [True / False]

"Remember"
Risk does not mean error; rather, it is the possibility of a negative outcome that should be assessed and weighed against the potential return.

C. Multiple Choice

1. In SWOT analysis, ‹threats' refers to:

A. Internal weaknesses

B. External risks facing the business

C. Internal strengths

D. A type of financial statement

2. Which is a limitation of using only one year of sales data to plan a major expansion?

A. It is always too expensive to collect

B. It may not represent future or different conditions

C. It cannot be written down

D. It is illegal to use

3. A structured decision-making framework mainly helps a business to:

A. Eliminate all risk

B. Compare options against clear criteria

C. Avoid making any decision

D. Guarantee success

D. Applied / Extended Response

1. Choose a real or imagined business expansion decision. Apply SWOT analysis and recommend whether the business should proceed.

   ....

2. Write a short paragraph (5–6 sentences) giving Mariam and Lina your final recommendation on the franchise offer, using at least three concepts from across this course.

   ....

Justify & Reasoning with Evidence

JRE

When making a major strategic decision, should a business rely more on data or on judgment?

Understanding the question

This capstone question asks you to weigh the strengths and limits of two sources of strategic guidance: measurable data (such as sales figures) and human judgment (experience, intuition, and understanding of context).

Data offers objectivity and evidence but can be limited, incomplete, or drawn from conditions that no longer apply. Judgment draws on experience and context but can be biased or overconfident.

Key concepts you may use

- SWOT analysis
- Decision-making frameworks
- Risk
- Limitations of business data
- Strategic thinking

Possible positions

- Data should be prioritized, since it provides objective, measurable evidence rather than opinion
- Judgment should be prioritized, since data is often limited and cannot capture context, culture, or human relationships

Expectations for a strong response

- Define data-driven decision-making and judgment-based decision-making
- Explain the case for prioritizing data
- Explain the case for prioritizing judgment
- Use examples from across the course (e.g. Mariam's Kitchen, Yasmin, Hossam)
- Evaluate whether the best approach combines both
- Reach a balanced, justified conclusion

Writing framework for the JRE

Section	What to Do	Guiding Question
Introduction	Define data and judgment in decision-making	Why can they lead to different conclusions?
Argument 1	Case for prioritizing data	Why is objective evidence valuable?
Argument 2	Case for prioritizing judgment	Why can data be insufficient alone?
Evaluation	Compare both views	Can a business rely on both at once?
Conclusion	Justified judgment	Should data or judgment lead major strategic decisions?

"Key Insight"
Use data as evidence, and assumptions to explain its validity and limitations in the specific context.

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

When making a major strategic decision, should a business rely more on data or on judgment?

Major strategic decisions, such as Mariam's Kitchen's franchise offer, raise the question of whether businesses should trust data or judgment more when the future is uncertain.

Data provides objective, measurable evidence. Mariam's Kitchen's strong sales figures offer real reassurance that its product and brand are valued by customers, which is not simply a guess.

However, as this unit shows, data has real limits - one year of sales from a single location cannot fully predict outcomes across ten new locations run by different people in different neighborhoods. Judgment is needed to interpret what the data does and does not show.

In conclusion, neither data nor judgment alone is sufficient for major strategic decisions. The strongest decisions use data as evidence while relying on judgment to interpret its limits - exactly the kind of structured reasoning this course has developed throughout every unit.

KEY INSIGHT

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

FINAL REFLECTION

Looking back across this entire course, which unit changed the way you think about business the most - 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.

Reviewed by:

Prof. Helal Abd El Fatah Afify
Prof. Mostafa Mohamed Abdel Naby
Dr. Naeema Attia Mohammed Attia
Dr. Hesham Amin Emam Amin
Ms. Amira Awaad

Linguistic review by

Dr. Ghada Elsayed Mohamed

Designed by

Ms. Reham Mustafa Mohamed

General Supervision

Dr. Gebriel Anwer Hemeida

Head of the Central Administration for Curriculum Development

الإدارة المركزية لتطوير المناهج

CACD

Central Administration Of Curriculum Development