Business Subject Matter Requirements

Part I: Content Domains for Subject Matter Understanding and Skill in Business

Domain 1. Business Management
Candidates demonstrate an understanding of the purpose and function of business management. Candidates understand the functions of management, organizational theory, and organizational behavior, including leadership and motivational theories. Candidates explain the importance and implications of ethical and legal behavior. They apply effective processes and procedures for making sound business decisions. They understand the basic principles and procedures required to manage service, trade, manufacturing, nonprofit, and public organizations. Candidates understand the role of managing human resources in successful business organizations.

1.1 Management Functions and Decision Making
a. Define and explain the five major management functions (i.e., goal setting, planning, organizing, leading, and controlling).
b. Understand planning and problem-solving processes within an organization and explain how competition affects these processes in formulating strategy and policy.
c. Understand major functions of an organization (e.g., accounting, marketing, operations, finance, human resources, research and development, information systems) and describe their roles and interrelationships within the organization.
d. Identify principles and methods for managing change, incorporating innovation, and using decision-making processes in business organizations.
e. Interpret quantitative and qualitative business information (e.g., charts, graphs, spreadsheets, articles, manuals, technical consumer and workplace documents).
f. Apply basic mathematical operations and define quantitative analysis and methods to facilitate decision making (e.g., dependent and independent variable analysis, estimation, forecasting, descriptive and inferential statistics, quality control methods).

1.2 Organizational Behavior and Theory
a. Demonstrate an understanding of leadership and motivational theories, styles, and qualities that foster effective leadership and positive team dynamics.
b. Understand the interrelationships among group and individual behaviors and the culture and climate of an organization.
c. Understand principles of organizational theory and compare and contrast different organizational structures.

1.3 Ethical and Social Responsibility
a. Understand procedures for developing a code of ethics and apply ethical codes to various business situations.
b. Analyze factors that affect ethical conduct and their implications in business decision making.
c. Identify and analyze issues related to ethical and social responsibility in the global marketplace.
d. Understand the social responsibilities of business organizations and the function of management in making decisions related to social responsibilities.

1.4 Business Law
a. Understand the history, sources, structure, and operations of the U.S. legal system and the basic principles of law relevant to business operations in a global economy.
b. Demonstrate an understanding of laws, regulations, and codes related to business (e.g., enforceable contracts, personal and real property, antitrust, uniform commercial code).
c. Apply knowledge of laws and regulations in various situations and explain their effect on business.
d. Recognize and differentiate between ethical and legal issues related to business.

1.5 Production and Operations Management
a. Understand the processes by which resources such as labor and raw materials are converted into finished goods and services.
b. Understand components of successful business operations (e.g., quality control, planning, resource scheduling, inventory management).
c. Explain the importance of productivity in business and identify factors that affect profitability (e.g., specialization, innovation, investment, technology).
d. Identify the interrelationships between business operations and the social dynamics of the workplace.

1.6 Human Resource Management
a. Understand and describe methods an organization can use to effectively manage its personnel policies, practices, and resources.
b. Understand and apply methods of employee recruitment and selection, development and training, performance documentation, evaluation, and termination of employment.
c. Demonstrate a basic understanding of the issues arising from legislation (e.g., Americans with Disabilities Act, Equal Employment Opportunity Commission, Family and Medical Leave Act) related to human resource management.
d. Understand regulations and apply procedures related to health and safety practices and policies.


Domain 2. Accounting and Finance
Candidates demonstrate an understanding of financial analysis and accounting concepts, principles, and procedures. Candidates analyze, apply, interpret, and communicate financial data. They understand how to make decisions using accounting data. Candidates use principles of finance to analyze business situations and apply basic principles of personal financial management.

2.1 Accounting Principles
a. Understand the basic theory of accounting (e.g., accounting equation, classification and matching, historical cost) as it relates to the accounting cycle for a sole proprietorship, partnership, and corporation.
b. Identify components of the accounting cycle (e.g., analysis of source documents, procedures for journalizing and posting transactions to ledgers, creating financial statements, performing adjusting and closing entries).

c. Understand and apply specific accounting principles related to recognition and measurement for reporting financial performance, financial position, and cash flows (e.g., cash management, receivables and payables, inventory, investments, non-concurrent assets and liabilities, owner's equity, foreign currency).

d. Recognize the uses of computerized accounting packages and other financial software applications.

e. Interpret, prepare, and use financial accounting data to make ethical business decisions.

2.2 Principles of Finance

a. Understand basic financial analysis terminology (e.g., time value of money, interest rates, risk).

b. Apply financial analysis principles to common business situations and problems.

c. Interpret and communicate financial data in a business.

2.3 Personal Finance

a. Understand principles and procedures for personal financial management (e.g., budgeting, saving, personal income tax, investing, retirement planning, personal banking).

b. Apply consumer skills in evaluating the purchase of various consumer products (e.g., house, automobile).

c. Understand financial and investment options offered by banks, credit unions, and other financial institutions.

d. Describe how income from employment is affected by various factors (e.g., supply and demand, geographical location, level of education, type of industry, union membership, productivity, skill level, work ethic).

e. Understand principles and factors that affect credit and personal debt management (e.g., choice of credit, cost of credit, legal aspects of using credit).


Domain 3. Marketing

Candidates demonstrate an understanding of marketing principles and how to use marketing strategies to improve product and service sales. Candidates recognize the customer-oriented nature of marketing and analyze the impact of marketing activities on the individual, business, society, and the global economy. They understand the role of distribution in providing products and services to consumers. Candidates understand how customer service and promotion affect sales. Candidates understand how emerging technologies influence e-commerce and global trade.

3.1 Marketing Strategy and Concepts

a. Understand principles and procedures for developing a marketing plan and apply marketing strategies to a variety of business situations and industries.

b. Describe how the principles of market segmentation, target marketing, and positioning are used in conducting market research and related business decisions.
c. Understand and apply principles of the five P's (i.e., product, price, promotion, place/distribution, and people) to make marketing decisions while recognizing the influence of emerging technologies.
d. Recognize how cultural differences in language, values, social behavior, and business protocol can affect market strategies and concepts.
e. Identify emerging media technology trends and their impact on marketing strategies.
f. Apply appropriate mathematical procedures to analyze and solve business problems related to marketing (e.g., purchasing, sales, promotions).

3.2 Customer Service, Sales, and Promotion
a. Understand the nature, importance, strategies, and steps of the selling process.
b. Understand customer buying motives and behaviors and their relationship to the decision-making process involved in selling.
c. Understand factors affecting customer satisfaction and customer service options that are appropriate for selected types of businesses and their target markets.
d. Apply promotional strategies for marketing products and services.
e. Understand the different tools in the promotional mix (e.g., advertising, personal selling, sales promotion, public relations).
f. Recognize how cultural differences in language, values, social behavior, and business protocol can affect customer service, sales, and promotion.

3.3 Global Marketing
a. Identify political, economic, geographical, and commercial factors in global markets.
b. Recognize how cultural differences in language, values, social behavior, and business protocol can affect market behavior and marketing strategies.
c. Identify factors that affect global marketing (e.g., global alliances, balance of trade, logistics, market entry, marketing mix, trade barriers).


Domain 4. Information Technology
Candidates demonstrate an understanding of the terminology, principles, and procedures related to information technology. Candidates understand principles and procedures related to ethics, security, and data integrity in technology systems. They understand communications and networking systems and apply basic concepts of programming and systems development in business situations.

4.1 Computer Technology
a. Understand terminology and concepts related to computer technology (e.g., operating system, hardware and software compatibility, drivers).
b. Understand the process of evaluating, selecting, installing, and configuring computer components, peripherals, operating systems, and industry-standard application software.
c. Utilize operating systems and associated utilities for file management, backup and recovery, and execution of programs; and compare simple and multiuser operating systems.
d. Understand basic procedures for troubleshooting problems in hardware, software, and network systems.
e. Understand the impact of information on society (e.g., changes at home and in the workplace).

4.2 Information and Media Systems
a. Understand principles and procedures necessary to analyze, plan, implement, and support information and media systems.
b. Understand and apply factors affecting the ongoing management of information and media systems.

4.3 Ethics, Security, and Data Integrity
a. Understand proper ethical procedures related to information technology, including management of intellectual property.
b. Understand methods for implementing basic security plans and procedures for information systems.
c. Understand policies for managing privacy and ethical issues to ensure the integrity and accuracy of electronic data in organizations and in a technology-based society.

4.4 Network Communications
a. Understand the basic networking concepts, systems, and business models related to the creation, installation, management, and security of a network system.
b. Understand voice and data transmission media and emerging technology trends.

4.5 Programming
a. Understand programming logic, concepts, methodology, and design (e.g., interface, code, execution, test, debugging).
b. Understand how to use and customize software in business applications (e.g., word processing, spreadsheet, database, Web page editor).
c. Compare several programming languages and identify characteristics of structured programs in at least one language.

(Challenge Standards for Student Success: Career Preparation—Business Education [2000]: Standards 1.6, 4.1–4.5. Business Teacher Preparation in California: Standards of Quality and Effectiveness for Subject Matter Programs [1999]: Standards 2, 3.)

Domain 5. Economics
Candidates demonstrate an understanding of basic economic principles. Candidates understand the basic principles and applications of microeconomics and macroeconomics and recognize how economic concepts affect business in domestic and international economies.

5.1 Economic Concepts
a. Understand basic terminology, concepts, and theories related to domestic and international economics (e.g., opportunity costs, allocation of resources, scarcity, choice, circular flow, production possibilities curve).
b. Interpret economic charts and graphs.

5.2 Microeconomics
a. Apply principles of supply and demand, price, profits, and incentives in product markets.
b. Identify and understand characteristics of different economic structures (e.g., perfect competition, monopolistic competition, oligopoly, monopoly).

c. Understand and apply economic factors and concepts (e.g., law of diminishing returns, costs, competition, efficiency, profit maximization, productivity) as they relate to a business organization.

d. Understand the four input factors of production (i.e., land, labor, capital, and entrepreneurial ability) and their costs.

5.3 Macroeconomics

a. Compare and contrast different economic systems and philosophies (e.g., capitalism, socialism, communism).

b. Understand the significance of a variety of economic indicators (e.g., domestic output, unemployment, inflation, deflation).

c. Understand principles associated with money and banking (e.g., concepts of money, money supply, financial institutions, the role of the Federal Reserve).

d. Understand and evaluate the effects of fiscal and monetary policy on the U.S. economy and international trade.

e. Understand aggregate supply and demand.

f. Understand the influence of government (e.g., taxation, regulation, public vs. private goods, externalities) on business decisions.

5.4 International Economics

a. Understand factors affecting international trade (e.g., trade agreements, trade barriers—quotas and tariffs) and the relationship of international trade to domestic and international economics.

b. Recognize the role of international currency markets, including foreign exchange and monetary exchange rates.

c. Recognize how differences in culture, language, values, and social behavior affect the ethical conduct of business across national borders.


Domain 6. Business Environment and Communication

Candidates demonstrate an understanding of the business environment. Candidates understand the principles and procedures of business ownership. They understand the role of communications in a business environment. Candidates are familiar with different career paths and opportunities to develop career and employment skills. Candidates have an understanding of international business.

6.1 Entrepreneurship

a. Understand principles and procedures related to business ownership (e.g., sole proprietorship, limited partnership, franchise, corporation).

b. Identify and appraise the unique contributions of entrepreneurs to the U.S. economy.

c. Recognize the characteristics of entrepreneurs and evaluate the advantages and disadvantages of various types of business ownership.
d. Understand how to create a business plan and understand the processes necessary to operate a start-up business (e.g., business planning, financial planning, location analysis, marketing, operations management, human resource management, public relations, seeking government assistance) within the legal and economic environment in which a new venture operates.

6.2 Business Communications
a. Compare and contrast appropriate types of communication (e.g., telephone, electronic, inter-office, written, verbal, nonverbal) and demonstrate an understanding of etiquette in personal and professional situations.
b. Demonstrate an understanding of active listening techniques in a variety of settings.
c. Understand the effects of cultural, organizational, technological, and behavioral characteristics on the selection of communication strategies and methods.
d. Compose effective oral and written business communications that demonstrate English language conventions and the use of critical-thinking, decision-making, and problem-solving skills.
e. Demonstrate an understanding of software applications used to produce documents and presentations (e.g., word processing, desktop publishing, database, spreadsheet, multimedia, presentation software).
f. Identify basic inputting technology and keyboarding skills used to access, generate, format, and manipulate text and data.
g. Identify and use multiple resources (e.g., oral, written, electronic; primary and secondary) and critically evaluate the quality of sources.

6.3 Career Development
a. Understand employment skills necessary to be productive in a workforce in a culturally diverse global environment (e.g., ability to adapt to change, positive attitude, teamwork skills, ability to manage time effectively, good work ethic).
b. Understand career preparation principles to help set career goals and examine interests and aptitudes related to career options.
c. Demonstrate knowledge of career opportunities (traditional and nontraditional) and the education, training, and experience required for various careers.
d. Demonstrate knowledge of job acquisition skills (e.g., job search methods, interviewing techniques, appropriate professional image, occupational networking, résumé and career portfolio development, correspondence).

6.4 International Business
a. Understand the importance of international business and its influence on careers and businesses at the local, state, national, and international levels.
b. Recognize international business activities, including operating strategies for business functions (e.g., human resource management, management, production systems, marketing, information systems).
c. Describe the social, cultural, political, geographical, and legal factors that shape the international business environment and influence international business communications and decision making (e.g., entry strategies, business opportunities, operating and security considerations).

Part II: Subject Matter Skills and Abilities
Applicable to the Content Domains in Business

Candidates understand and are able to effectively communicate the central role that business plays in the lives of all individuals. They understand the skills, attitudes, and knowledge that students need to compete and succeed in a rapidly changing global marketplace. Candidates apply critical thinking and creativity to investigate and solve business-related problems. They understand how to collect and analyze business information, make business decisions, and implement those decisions by communicating and interacting effectively in a diverse workplace.

Candidates understand the organizational, team, leadership, and communication skills needed to work effectively with business and community leaders. They understand the fundamentals of supervising, advising, and supporting people. Candidates understand the characteristics, functions, and organizational structures of leadership organizations. They are able to effectively network in individual and group settings in educational institutions, the community, and industry. Candidates understand the need to include all stakeholders and are able to respond to issues related to diversity and equity in business.

Candidates understand historical events, current research, and recent developments in business. They are familiar with social, economic, legal, and ethical issues in the field. They apply strategies (e.g., accessing resources, joining professional organizations) for staying abreast of current issues and developments in business. They are able to identify industry trends and job opportunities, employers' expectations, and the personal characteristics (e.g., appropriate work habits, social and communication skills) necessary for a successful career in business. They apply their knowledge to assist in career planning and development and in applying for, obtaining, maintaining, and exiting employment in business and related fields.

Candidates understand the interrelationships and connections among the various subdisciplines of business and the integration of business and other disciplines commonly taught in public schools. They understand the importance of technology, reading, writing, mathematics, speaking, and active listening skills and how to apply this knowledge in a variety of business situations.