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Business management

Higher level

Paper 3

29 April 2026

Zone A afternoon | **Zone B** afternoon | **Zone C** afternoon

1 hour 15 minutes

Instructions to students

- Do not open this examination paper until instructed to do so.
- Read the stimulus material carefully.
- Answer all questions.
- You are permitted access to a calculator for this paper.
- The maximum mark for this examination paper is **[25 marks]**.

Robust Beans (RB)

Read the resources and answer the questions that follow.

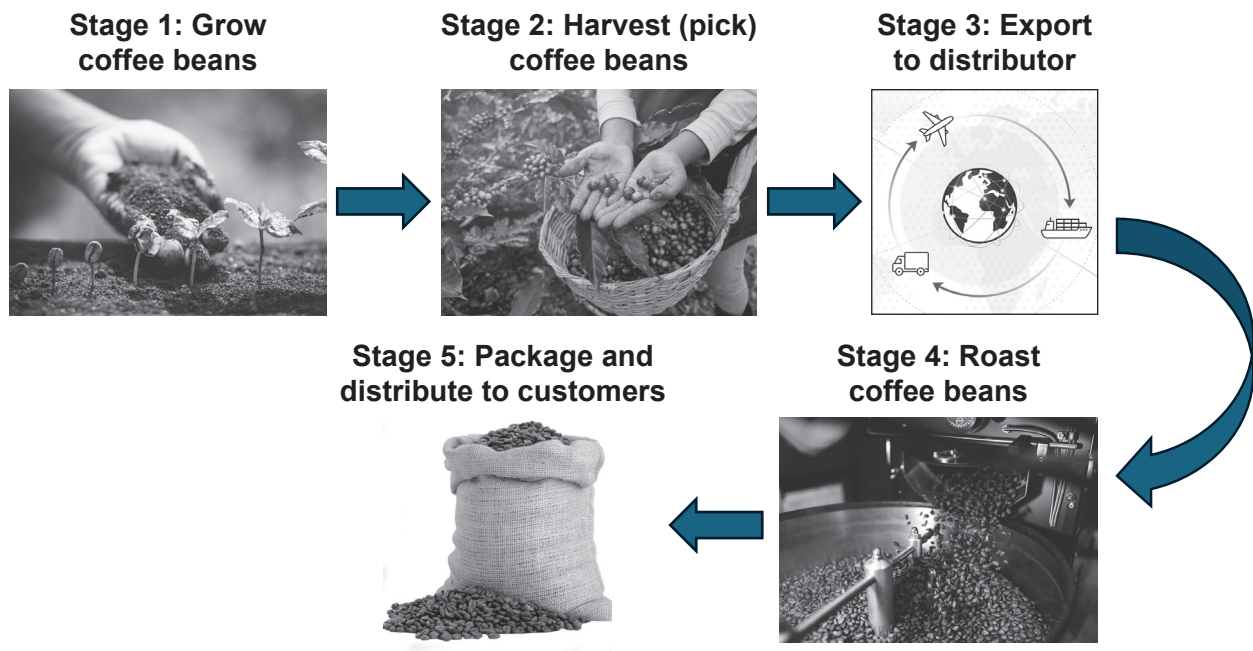
Resource 1 – Article from global trade journal for producers, *Coffee Matters*, 20 October 2024

Can Country Y's coffee industry and *RB*'s success continue?

Abe Lamidi owns *Robust Beans (RB)*, a leading coffee bean producer, sole trader and social enterprise located in Country Y. Country Y has created significant brand value from its coffee industry. There are eight other producers who are also sole traders.

Figure 1 shows the supply chain of coffee production and distribution. Coffee bean producers are typically involved in **stages 1–3**, and coffee bean distributors are involved in **stages 4–5**.

Figure 1: Stages in the supply chain of coffee production and distribution



RB is the only producer in Country Y that has B Corp certification*. It is also the market leader. Abe grows *RB*'s coffee beans in an area where the climate conditions are unpredictable. When coffee beans grown exceed international quality standards due to favourable conditions *RB* can charge premium prices. The opposite is true when bean harvests are of poor quality.

RB differentiates itself according to quality and its B Corp certification. Abe uses some of *RB*'s profits to finance schools and child healthcare in the region where most of *RB*'s employees and their families work and live. *RB* has the greatest contribution to social sustainability of all coffee bean producers in Country Y. Other coffee bean producers in Country Y have similar objectives but are not all run as social enterprises. All of the coffee bean producers in Country Y are economically unsustainable.

* B Corp certification: a certification granted to businesses that meet the highest standards of social and environmental performance, public transparency and legal accountability. To become certified, a business must meet several requirements, including a comprehensive review of its impact on all stakeholders.

Table 1 shows the market share of coffee bean production in Country Y.

Table 1

	Market share (%)		
	2015	2024	Forecast 2032
RB	40	48	60
Other eight producers (combined figures)	60	52	40

Café du Monde (CDM) is a global coffee roaster and distributor. **Table 2** shows CDM's market share.

Table 2

Market share (%)		
2015	2024	2032 forecast
30	40	48

Abe uses a paternalistic leadership style. On behalf of all coffee bean producers in Country Y, Abe negotiates the price of coffee beans to be exported. However, some insolvent coffee producers are considering an offer to sell their coffee beans to CDM. The prices CDM would pay for coffee beans would be lower than those negotiated by Abe but fixed, so these producers would reduce their risk of bankruptcy.

An emergency meeting of all coffee bean producers was called to discuss CDM's offer. After a vote, all the other coffee bean producers in Country Y decided to form a cooperative called *Unidos*. RB was not included.

Abe is concerned that CDM's offer and the creation of the cooperative will be negative for producers in Country Y and will significantly reduce the social impact of the country's coffee industry.

Resource 2 – An announcement from Country Y’s government, 2 November 2024

Breaking

News

From 2026, ultra-fast stable internet will be available at no cost to all citizens of Country Y. Critical infrastructure will be created and data mining will be possible. The impact on marketing and operations management in Country Y will be considerable.

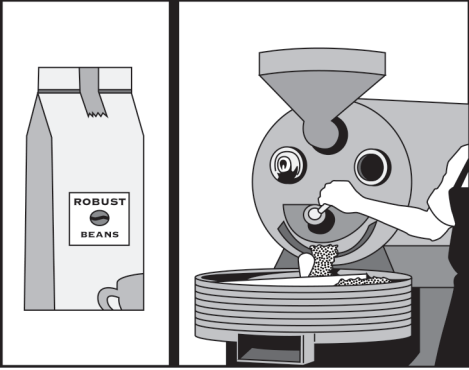
Resource 3 – Reactions from the crisis meeting between Abe and RB’s senior management after the decision to form *Unidos*, 4 November 2024

● “*Unidos*’ decision is disappointing. The government’s announcement has created new information systems opportunities. I am not sure what these are, but let us be confident that *RB* will thrive and not just survive.”

● “The meeting finished with *RB*’s senior managers confused. Abe’s communication and leadership style is clearly changing. The operations senior manager was furious. She argued that *RB* should negotiate a new offer with *CDM*.”

● “Abe rejected this. No further discussion was allowed.”

Resource 4 – Social media post by Abe, 15 March 2025





@Abe_RobustBeans

15 March 2025

 105
  36
 ...

RB's new vision is Thrive and Survive (TAS).

I will obtain loans from the United Nations for equipment to roast and package our coffee beans. We will distribute them into international markets, which will allow *RB* to control the final stages of the supply chain and grow.

There will be short-term cash flow problems. I will reduce our support for healthcare in Country Y but not for education. When TAS becomes successful, I will double support for education and healthcare.

Resource 5 – Excerpt from an article in *Coffee Matters*, November 2025

The global trade journal *Coffee Matters* returns to *RB* one year later to review their new vision. Abe refuses to be interviewed. Some senior managers are willing to speak secretly.

- Sales targets have not been met.
- Managers are unhappy and think all activity is being digitally monitored.
- Labour turnover is increasing.
- *RB* could lose its B Corp certification, given the reduction in healthcare spending.

1. Using **Resource 1** and an appropriate business management theory, describe **one** need that *RB* satisfies for coffee bean producers in Country Y. [2]

2. Using **Resource 3** and **Resource 4**, explain **one** human resource challenge and **one** operations management challenge for *RB*. [6]

3. Using all the resources provided and your knowledge of business management tools and theories, recommend a five-year plan of action for *RB* to implement TAS sustainably. [17]

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References:

Figure 1

ArtRachen01, 2018. *Plant Coffee seedlings in nature Close-Up Of Fresh Green Plant - stock photo*. [image online] Available at: <https://www.gettyimages.ie/detail/photo/plant-coffee-seedlings-in-nature-close-up-of-fresh-royalty-free-image/940114248> [Accessed 22 April 2025]. Source adapted.

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MooseD, 2024. *Online shopping world with Ecommerce, logistics, delivery icons - stock illustration*. [image online] Available at: <https://www.gettyimages.ie/detail/illustration/online-shopping-world-with-ecommerce-royalty-free-illustration/2159628272> [Accessed 25 April 2025]. Source adapted.

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KingJC, 2013. *Bag of coffee beans isolated on white background - stock photo*. [image online] Available at: <https://www.gettyimages.ie/detail/photo/bag-of-coffee-beans-isolated-on-white-background-royalty-free-image/181663832> [Accessed 22 April 2025]. Source adapted.