

Markscheme

May 2026

Business management

Higher level

Paper 3

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

Appropriate business management theory, given the stimulus material, to meet the needs of coffee bean producers as sole traders, includes those linked to:

Maslow – any need **except** physiological could be used. For example, **security/safety** needs could be linked to *RB*'s efforts to secure the best prices for coffee bean producers. **Esteem** needs could link to coffee bean producers benefiting from being associated with *RB*. **Social** could be linked to Abe's paternalistic leadership style and the coffee-growing community. **Self-actualisation** could be linked to coffee bean producers having a sense of purpose through their work with *RB*.

McClelland – **need for affiliation** – the coffee bean producers are part of a larger group when they are affiliated with *RB*. Possible **need for achievement** – the coffee bean producers are associated with the most successful business in the industry in Country Y.

Deci and Ryan – **competence** – being affiliated with the largest coffee bean producer in Country Y that has B Corp certification could help coffee bean producers. **Relatedness** could also be applied as *RB* helps make connections in society, which could aid the coffee bean producers.

Herzberg could be applied as a hygiene factor, such as *RB*, to improve the work environment for coffee bean producers as they negotiate.

Accept any other relevant motivational theorists.

Award [0] for:

Maslow – **physiological/basic needs** is incorrect, as it does not relate to coffee bean producers, who are economically unsustainable despite *RB* negotiating prices.

Taylor

Any link which refers to the coffee producers as profitable does not achieve an application mark.

Students can be awarded [1] if they correctly identify a relevant theorist and the element of the theory is in an appropriate context. Do not credit a list of all Maslow's needs without identifying one which links to the coffee bean producers.

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

[6]

Possible HR challenges linked to leadership style, communication and motivation.

- Confusion among senior managers due to poor communication and Abe's lack of consultation. (Identification)

Resource 3 indicates that Abe appears to have made decisions before fully considering the implications of the government's decision to offer ultra-fast, reliable internet. (Application)

One-way communication and a lack of consultation can alienate staff if they have been used to a paternalistic management style, for example. Confusion or miscommunication can lead to poor decision-making and demotivation (Theoretical)

- Perceived change in leadership style is an HR challenge (Identification)

The change from "but let us be confident" in Resource 3 to "I will" in Resource 4, with Abe being more autocratic and allowing no discussion. (Application)

Changing leadership style in an organization to a more autocratic style can be a challenge, especially in a brief time, as given by Resource 3, as it could impact organizational culture and motivation. The change in style could lead to increased labour turnover or lower productivity. (Theoretical)

- Need for training or recruitment to manage the changes in Resource 4. (Identification)

RB controlling the supply chain and distributing into international markets means that they will need to recruit new specialist employees or train their existing ones. (Application)

External recruitment may change the culture in *RB*. It can also be expensive – can *RB* afford it with potential cash-flow problems ahead? Training may need to be off-the-job. Are there facilities in Country Y to do this? (Two theoretical explanations, only one is needed).

Possible Operations Management Challenges

- *RB* is looking to develop its own supply chain (roasting and distribution). (Identification)

Resource 1 indicates the supply chain of a typical coffee production process. *RB* is looking to move into stages 4-5. Resource 4 indicates that this will involve entering international markets. (Application)

New capital expenditure will be required for a business which expands its operations into new international markets and sectors, such as secondary and tertiary, which will become more complex and possibly difficult to manage. There will also be issues with exchange rates/cultural/language factors that will impact operational challenges. (Two theoretical explanations, but only one is needed).

- There may be other theoretical explanations which are correct, such as training will be needed.

N.B. the theoretical explanation does not have to be explicitly related to operations management.

- Limited, if any, knowledge of information systems given the government announcement. (Identification)

Resource 3 indicates that *RB* lacks any real understanding of critical infrastructures and data centres, and their implications, which is highlighted in Resource 2. (Application)

The creation of data centres and critical infrastructures will add a layer of complexity to an organization. Do *RB* have the employees to take advantage of these opportunities? If their competitors can use data mining, will this leave *RB* at a marketing disadvantage? (Theoretical)

Mark as 3+3

Award [1] for identification of an appropriate human resource/operations management challenge, with an additional [1] for some theoretical explanation of why this is a challenge. Award a further [1] for clear application to the resources 3 and 4.

Do not award an application mark if the student only copies out the stimulus material.

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

Important considerations to the plan of action for *RB* to implement TAS sustainably.

TAS represents a considerable shift in the scale of operations for *RB*.

(Resource 4 indicates that *RB* will now be responsible for the whole supply chain) shown in Figure 1.

RB now must plan for considerable growth. It has been the market leader in Country Y, but with the split between *RB* and Unidos, its dominance in the industry in Country Y is under threat. *RB* have limited or no knowledge of full supply chain management, let alone international market presence.

All other coffee producers in Country Y are now isolating *RB* and Abe. (Resource 3)

Analysis in the plan of action – Positive aspects of TAS and implications for *RB* to implement it sustainably

TAS and moving into international markets, which could be very profitable for *RB*, capturing more of the value added in the supply chain. Resource 5 only focuses on one year. TAS could improve the economic sustainability for *RB* and social sustainability of Country Y.

The longer-term impact on *RB* and Country Y could be considerable. TAS could lead to more funds for education and health and other stakeholders in Country Y such as suppliers and employees would benefit from an enlarged *RB*. B Corp Certification could be maintained and built upon

RB still has a strong differentiation focus through B Corp certification and is still the market leader in Country Y as a social enterprise. TAS will still be influenced by this, and if maintained, will be beneficial for the five-year plan. B Corp certification could also generate strong interest from angel investors and other external sources of finance.

Profit growth for *RB* could be considerable. The other now competing producers do not have a B Corp certification and are willing to accept the terms offered by Café Du Monde, which might give stable but lower cash inflows than the ones negotiated by *RB*. *RB*'s market share and leadership in Country Y could increase further, increasing the likelihood of TAS's success.

Trade-off implications arising from the positive analysis.

There are significant trade-offs, as TAS will initially increase capital expenditure. *RB* will become more complex to manage and may have to set up offshoring facilities in other markets it is targeting as they enter international markets.

One Possible plan of action – Negative points or limitations impacting on *RB* to implement TAS sustainably.

At the centre of the plan of action is the concept of change. Currently, the change experienced by *RB*, as Resource 5 suggests, is not positive. The senior managers need to speak to Abe as a group and quickly.

There is a compelling case for *RB* to prepare an FFA review and a Gantt Chart to plan activities, enabling it to deliver on its intention to control the supply chain, expand into international markets, and fulfil the vision statement of TAS. Abe needs to consider letting others share in his vision and discuss operations. Abe's autocratic leadership shift highlighted in Resource 4, is limiting TAS's potential by blocking sensible suggestions from his senior management team

Abe will also need to consider a way to deal with the expected short-term cash flow problems and a way to deal with backlash / negative publicity from reducing support for healthcare in Country Y, as suggested by Resource 4. There are possible threats to *RB*'s B Corp certification and impact on Country Y from developing TAS if the social impact funds used to finance TAS are not returned.

(Students are expected only to highlight the need for planning and not create their own FFA or Gantt Chart – use of tools in the plan of action).

TAS looks like a market development strategy under the Ansoff matrix (possible theory), but it could be a differentiation strategy as *RB* has not sold in international markets OR operations in the secondary sector.

The learning curve for *RB* has been and will continue to be very steep, and Abe will need to introduce off-the-job training for himself and his senior management team.

This could cause some disruption. Abe and the senior managers must consider the way forward, as TAS will take all their resources and time to develop in an industry where they have experience with stages 1-3 but not 4-5 (Resource 1).

The plan of action must have a clear commitment to provide clearer one-way and possibly two-way communication. The change identified in Resource 3 is worrying. Also, we must note the threats identified in Resource 5 and need addressing, such as the threat of digital Taylorism, labour turnover increasing, and sales targets not being met. Marketing and new human resource strategies may be required.

The above ideas are not the only possibilities. It is important that creative ideas which show critical thinking is awarded.

In the plan of action, students should not argue that *RB* needs a new vision. The question asks how Abe will make TAS sustainable. Any relevant analysis to improve the implementation of TAS should be credited.

Marks should be allocated according to the assessment criteria on pages 7–9.

The following assessment criteria will be used for question 3.

Criterion A: Use of resource materials

To what extent does the student use the resource materials provided to effectively support the recommended plan of action?

Marks	Level descriptor
0	The response does not reach a standard described by the descriptors below.
1	The response makes limited reference to the resource materials provided or the resources identified have been used ineffectively to support the recommended plan of action.
2	The response makes some reference to the resource materials provided or the resources identified have been used in a superficial way to support the recommended plan of action.
3	The response makes reference to most of the resource materials provided to support the recommended plan of action.
4	The response makes reference to all resource materials provided to effectively support the recommended plan of action.

Criterion A

It is not expected that students will write Resource 1, Resource 2 explicitly in their plans of action. Implied use of resources is acceptable.

Use of materials in the plan should go beyond just mentioning the resource number/item. If a student merely describes the resource or lists them in a SWOT or STEEPLE framework with no analysis, then **[1]** only should be awarded even if the student uses all resources.

For **[2]**, some reference means at least two resources are used in the plan.

For **[3]**, the student makes reference to at least three resources.

For **[4]**, the student makes reference to at least four resources and links or synthesises the resources effectively supporting the plan.

Criterion B: Business management tools and theories

To what extent does the student's plan of action effectively apply appropriate business management tools and theories?

Marks	Level descriptor
0	The work does not reach a standard described by the descriptors below.
1	The response demonstrates limited application of appropriate business management tools and theories.
2	The response superficially applies appropriate business management tools and theories.
3	The response satisfactorily applies appropriate business management tools and theories.
4	The response effectively applies appropriate business management tools and theories.

Appropriate tools can be identified from the toolkit, but any theory (business content) which is used as a decision-making tool or applied to the plan of action should be accepted.

Criterion B

A SWOT analysis, which simply copies the stimulus/resource material and repeats with no further evaluation, would not be considered appropriate for a plan of action, as it is a situational tool only. If a SWOT is followed by a separate plan of action, which is evaluated and not merely repeating the stimulus, then the SWOT would be considered an appropriate use.

Criterion C: Evaluation

To what extent does the student effectively evaluate the expected impact of their plan of action on the relevant areas of the business?

Marks	Level descriptor
0	The work does not reach a standard described by the descriptors below.
1–2	The response is largely descriptive with limited analysis or evaluation of the expected impact of their plan of action. There is limited reference to the relevant areas of the business.
3–4	The response analyses the expected impact of their plan of action with some reference to the relevant areas of the business. There is some evidence of evaluation, but it is not sustained.
5–6	The student effectively evaluates the expected impact of their plan of action on the relevant areas of the business and considers the trade-offs between those areas.

Relevant areas of an action plan should include two distinct areas.

If a student writes that we may need more information or questions the reliability of the stimulus before making a successful plan of action, **please do not consider this a trade-off.**

Criterion D: Sequencing of ideas and plan of action

To what extent are the students' ideas and plan of action sequenced in a clear and coherent manner?

Marks	Level descriptor
0	The response does not reach a standard described by the descriptors below.
1	The response is limited in its sequencing of ideas and plan of action.
2	The response consists of ideas and a plan of action, but these are not always sequenced in a clear manner.
3	The response effectively sequences appropriate ideas and a plan of action in a clear and coherent manner.

Please note that weak performance in criteria A, B, and C does not imply that the mark for criterion D will be weak. A descriptive, inappropriate one-sided plan of action could still be clear and coherent and thus should be awarded **[2]** as per the markband.

If the response is appropriate, balanced, appropriately well sequenced and well-structured with clear and consistent ideas, then award **[3]**.
