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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.

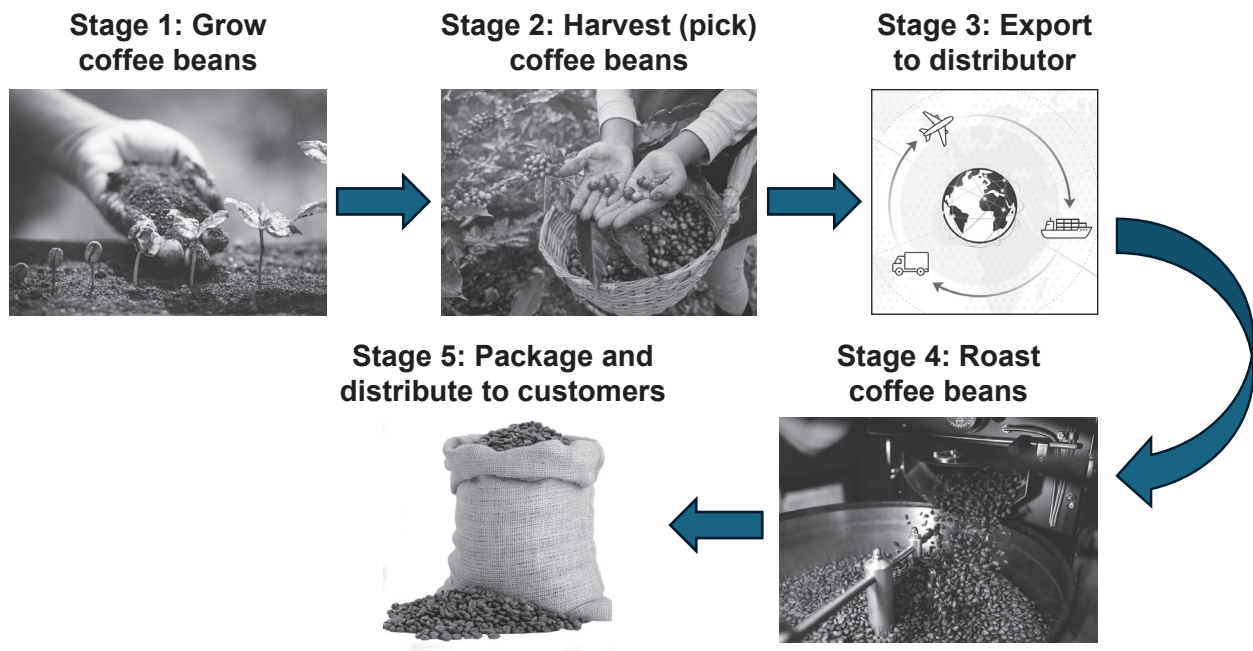
Resource 1 – Article from a global trade journal, December 2025

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

Abe Lamidi owns *Robust Beans (RB)*, a coffee bean producer, sole trader and social enterprise located in Country Y. Country Y has created significant brand value from producing coffee beans. Many other coffee bean producers in Country Y 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 the coffee beans grown exceed international quality standards due to favourable conditions, *RB* can charge premium prices. The opposite is true when coffee bean harvests are of poor quality.

RB differentiates itself according to quality and ethical objectives. 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: 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	2025	Forecast 2031
RB	40	48	60
Other eight producers (combined figures)	60	52	40

Table 2 shows the market share of global coffee distribution.

Table 2

	Market share (%)		
	2015	2025	Forecast 2031
Café du Monde	30	40	48
Other five global distributors (combined figures)	70	60	52

On behalf of all coffee bean producers in Country Y, Abe negotiates the price of coffee beans to be exported, and this price can vary. However, some insolvent coffee producers are considering an offer to sell their coffee beans to *Café du Monde*, a global coffee distributor. The prices *Café du Monde* would pay for coffee beans would be lower than those negotiated by Abe but fixed, so these producers would reduce their risk of bankruptcy.

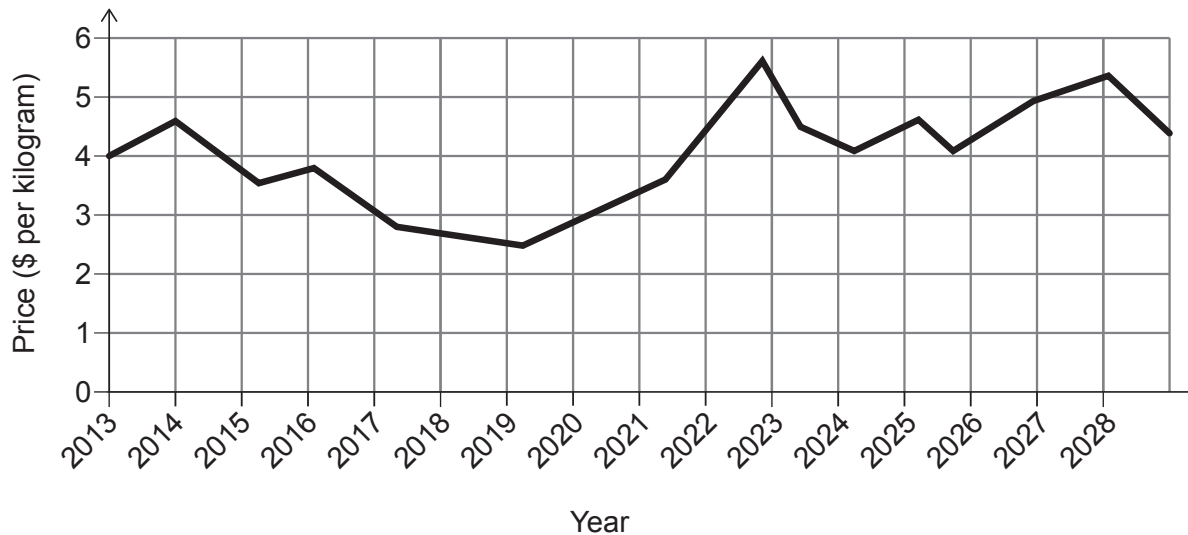
Abe is concerned that *Café du Monde*'s offer will be negative for producers in Country Y and significantly reduce the social impact of the country's coffee industry.

Resource 2 – Newspaper article, February 2026

Information from a global trade journal publication indicates that coffee bean prices are too unpredictable for producers in Country Y. *RB* and other coffee producers have stated that sales forecasting is too difficult.

Figure 2 shows coffee bean prices received by producers in Country Y since 2013, with forecasted prices negotiated by Abe for 2027 and 2028.

Figure 2



Resource 3 – Email to Abe from *RB*'s human resources (HR) manager, March 2026

From: HRM@RobustBeans.com

To: Abe@RobustBeans.com

Abe,

Several employees have approached me. They are unhappy about working long hours outdoors and expect higher wages to reflect *RB*'s market leadership. Employees feel undervalued and demand higher wages to support their families. I recommend that *RB* stop supporting schools in the region so that it can pay employees more and introduce profit-related pay.

Bella

HR Manager

Resource 4 – Breaking news from Country Y’s national news media, March 2026

Breaking

News

Café du Monde has made a better offer to purchase all the coffee beans grown by coffee producers in Country Y—apart from those produced by *RB*. Coffee producers have three months to accept *Café du Monde*’s offer.

In a confidential internal (leaked) report from *Café du Monde*, the CEO expressed doubt about *RB*’s paternalistic leadership and its ability to support and represent all producers in Country Y. *RB* has been approached for comment.

Resource 5 – Minutes of emergency meeting at *RB* in response to *Café du Monde*’s offer and leaked report, April 2026

Abe is extremely concerned about *Café du Monde*’s offer and the leaked report, which will disrupt the coffee industry in Country Y. Communities that are supported by the profits of coffee bean exports will be severely affected.

Abe has called a crisis management meeting of all coffee bean producers in Country Y.

He proposes forming a new single business entity for *RB* and all coffee producers in Country Y, which will provide greater support for all and maintain their social enterprise approach. The new business entity would trade with any global distributors other than *Café du Monde*.

1. Using **Resource 1** and an appropriate business management motivation theory, describe **one** need that *RB* satisfies for families in Country Y. [2]
2. Using **Resource 2** and **Resource 3**, explain **one** financial challenge **and one** human resource 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 to ensure *RB*’s sustainability. [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.

ArtRachen01, 2023. *Coffee beans roasted from the machine - stock photo*. [image online] Available at: <https://www.gettyimages.ie/detail/photo/coffee-beans-roasted-from-the-machine-royalty-free-image/1725921035> [Accessed 22 April 2025]. Source adapted.

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.