

Markscheme

May 2026

Business management

Higher level

Paper 3

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

Resource 1 highlights that *RB* uses its profits to support schools (education) and finance child healthcare in the region where most of its employees and their families work and live. Families indirectly receive this benefit which can meet several needs.

We must also note the impact of *RB* having B Corp certification on the needs of families. With *RB* being the only coffee producer in Country Y having B Corp certification, families may meet esteem needs through being identified with an organization which meets the needs of a range of stakeholders and is the largest contributor to social sustainability in Country Y.

One appropriate business management theory could be Maslow's hierarchy of needs, specifically the dimensions of safety and security, love and belonging (social needs) and esteem needs.

Safety and security needs are being met, as the finance of schools (education) and child healthcare (doctors and medical attention) protects families from illness and provides opportunities for personal growth and opportunities to learn new skills for school children and possibly their families.

Please note if a student writes that *RB* **allows families to meet safety needs through child healthcare or security needs through financing schools** award only [1].

This is application, which is copied, repeated from the stimulus. Do not award a mark for application.

In the description of how *RB* meets the needs of families, students should highlight how security needs or safety needs are being met through financing schools and child healthcare without copying/repeating the terms financing schools and child healthcare.

Love and belonging needs (social needs) are being met, as children in the families can attend school and build a supportive community and friendships. Deci and Ryan self-determination theory through relatedness could be an appropriate theory here.

*Award [1] for an appropriate theory such as Maslow need identified for families, with an additional [1] for describing how the need is satisfied by *RB*.*

It is likely that Maslow is the most appropriate motivation theory, but if a student can apply another appropriate theory in the context of the needs that *RB* satisfies for families, award [1] appropriately.

Do not accept Maslow physiological or (psychological) or basic needs as all coffee producers are economically unsustainable.

Do not accept Herzberg hygiene factors as these are not motivators. Do not accept Taylorism.

Do not accept Expectancy theory.

When describing the need which *RB* meets for families, **accept either a description of financing schools OR child healthcare (but not copied) for [1]**. There is no need to provide both.

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

Financial Challenge

Resource 2 highlights that the prices that local producers are paid for their coffee beans are variable and uncertain, leading to unstable sales revenue. (Identified)

Students must show some application of Figure 2 –highlighting for example this variability, e.g. coffee prices from 2017 to 2018 fell and continued to fall until 2019, when they reached their lowest level, thereafter, rising until almost 2023, when they were back to \$5 per kg. (Application)

Accept any other reasonable trend that shows price variability as application. For example, students could identify that prices have decreased from 2023 until 2026 but are forecast to increase by 2028. It is not expected that students will carry out additional calculations such as percentage increases in coffee bean prices for application.

If students merely copy out prices with no reference to a possible trend, do not award [1] for application.

Variation in the prices of the products a producer sells can pose very important challenges for predicting sales revenues and for forecasting. This has implications for cash flow and the ability of social enterprises, such as *RB*, to continue to support education (finance schools) and the wellbeing of children (child healthcare) in the community. (Theoretical explanation)

Award [1] for identification and [1] for theoretical explanation of a financial challenge. Award [1] for application should clearly refer to **Resource 2 with some comment on the trend in the variable prices in coffee beans such as the application of price changes.**

HR Challenge

One human resource challenge from **Resource 3** is growing unhappiness leading to **possible conflict** with the employees at *RB*, who are seeking higher wages. This conflict may lead to demotivation. (Identified)

Expectancy theory would suggest that if employees perceive that their organization is performing well, they can expect higher compensation. (Theoretical explanation)

RB is the market leader and the only producer with B Corp certification. Some employees may feel that *RB* is not recognizing their contribution to this status and are working long hours outdoors with limited financial rewards despite *RB*'s success. (Application)

Conflict may lead to demotivation and a lack of productivity. (Theoretical Explanation)
(Minor point but possible) Resource 3 highlights that several employees have approached the HR manager who suggested that *RB* should stop supporting schools in the region and introduce profit-related pay.

This idea may demotivate some employees who are not asking for higher wages as it will impact on the social impact *RB* carries out to the benefit of all employees. (Application)

Award [1] for an identification and [1] for a theoretical explanation of a human resource challenge, with an additional [1] for some clear application to *RB* which is not copied verbatim from the stimulus.

3. Using all the resources provided and your knowledge of business management theory, recommend a five-year plan of action to ensure *RB*'s sustainability. [17]

Examiners should reward a range of possible responses linked to the stimulus.

One possible response could include a plan of action to allow *RB* to maintain its position as a market leader, continue its social impact in Country Y **and form a cooperative** with the other local producers in Country Y (based on **Resource 5**).

The stimulus indicates that other producers in Country Y could break away from the current situation and create their own deal with *Café du Monde* (**Resource 4**), so a plan of action for *RB* could be to go it alone and work with the other five global distributors. This is possible, although perhaps riskier. There is evidence from **Table 1** that *RB*'s market share is forecasted to increase to 60% of the market by 2031.

Possible response 1

RB attempts to form a cooperative with the local producers.

In the face of the challenge from **Resource 3** and the offer from *Café du Monde* to the local producers, *RB* could try to form a cooperative (**Resource 5**). This would be an appropriate business entity.

Please note Partnership could also be considered as well as joint venture but students would have to show that a joint venture could be less formal. If the student uses the term merger and explains how a merger could operate between many coffee producers, then do accept this term. It is unlikely that a merger would be appropriate. Maintaining a merger under these circumstances could be very difficult but this could come through the analysis. Does Abe need some guarantees that the coffee producers will adhere to a more informal arrangement?

Positive points in the analysis: Cooperatives allow for a more formal and larger business entity. Bigger scope for economies of scale. The ability to negotiate a different pricing strategy/method as a cooperative with *Café du Monde*, which could lead to smoother cash flow for all producers.

Café du Monde's market share growth (**Resource 1**) has clearly had a negative impact to the future social sustainability of Country Y. A Cooperative allows *RB* and local producers in Country Y to continue their social impact (**Resource 5**) and have a more certain cash flow.

Negative points in the analysis: The formation of a cooperative may force Abe to change his leadership style. There have been some concerns that *RB*'s and hence Abe's paternalistic style may not be appropriate. The new cooperative may have to implement a democratic or situational leadership style.

The formation of a cooperative does not address the issue of low wages and possible conflict in the short term (**Resource 3**). This could be considered a tradeoff.

The cooperative will need to be set up and managed. Agreements need to be made. Abe may need to draw up an FFA to identify the drivers and restrainers for a move to a cooperative. He will need to consult widely to do so. This will take additional time and resources, and the local producers are impatient and economically unsustainable. Some local producers may not stick to the cooperative agreement and trade directly with *Café du Monde*. These are all potential trade-offs of plan of action 1.

Clearly, *Café du Monde* has some concerns about Abe's leadership that would undermine the future of the cooperative if it were to trade with *Café du Monde*.

N.B. Do not penalize if students do not use the term “cooperative”. It is fine for them to mention “agreement” if there is some explanation of what a new business entity or agreement could look like.

Possible tools that could be used to support the decision to form a cooperative FFA.

Marks should be awarded according to the markbands and additional guidance given. If the student merely repeats stimulus as part of a general situational approach involving SWOT and/or PEST with a limited plan of action (if any), then the mark for criterion A should be [1] only if no other tools or theory is provided.

If the student addresses only the challenges in question 2 as part of the plan of action, then award only [2] for criterion C.

Possible theory includes leadership, cash flow, business entity, financial rewards, motivation.

Possible response 2. Students may not consider the creation of a single entity and take a different path to a plan of action.

RB looks at the possibility of growing organically on their own.

Given the offer in **Resource 4** and the tough position from *Café du Monde*, *RB* tries to enter international markets on its own or forms strategic alliances with the other five global distributors. Other coffee producers in Country Y would be left on their own.

RB produces a crop that has a variable price according to **Resource 2**. **Resource 1** indicates that *RB*’s coffee beans have quality and that Country Y has significant brand value. One possible idea is that *RB* positions itself as a global premium ethical brand and seeks some agreement with the other five coffee distributors from **Table 2**. B Corp certification will enhance *RB*’s positioning within this group.

Positives: Avoids any more conflict with local producers, as the wages issue becomes *Café du Monde*’s and not *RBRB*’s. *RB* could set up a strategic alliances with the other five global distributors to tap into their knowledge and experience of distribution. There could also be some marketing economies of scale.

Negatives: This move is risky given the falling market share (**Table 2**) of the other five distributors, and adds complexity to the business model for *RB*.

The Ansoff matrix could be used here – product development? *RB* could capture some of the supply chain by investing in stages 3 and 4 of the supply chain (**Figure 1**), but this would require additional capital; thus, given the riskiness of the venture, the social impact on Country Y could be reduced.

Additional capital to finance the setting up and management of the new supply chain may come from the finance/support for schools and child healthcare in the local community. *RB* will inadvertently undermine its own positioning as an ethical brand if it reduces its social impact. Goodwill will be lost. Such a move could also have a significant impact on social sustainability and challenge *RB*’s B Corp certification.

Tools include the Ansoff matrix – product or market development?

Theory includes but is not limited to entering and operating international markets, revenue and capital expenditure, positioning, brand value. The reasons for a company to grow.

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 or STEEPLE 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 appropriate.

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 question the reliability of the stimulus before making a successful plan of action, **please do not consider this as a trade-off**.

Criterion D: Sequencing of ideas and plan of action

To what extent are the student's 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 criterion 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 markbands.

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