

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 schools in Country Y. [2]

Resource 1 highlights that *RB* uses its profits to support schools and finance child healthcare in the region where most of its employees and their families work and live.

The most appropriate business management theory could be Maslow's hierarchy of needs, specifically the dimensions of safety and security OR love and belonging.

Safety and security needs are being met, as healthcare protects the health of schoolchildren, and is a prerequisite for effective learning in schools. Schools provide a safe, healthy environment.

Physiological needs are being met as schools will have clean water, proper restroom/toilet facilities, some level of climate control (heating, ventilation, air conditioning) and shelter.

Love and belonging needs are being met, as children in the families can attend school and build a supportive community. This also leads to self-esteem needs being met through education for the children of the families.

It could be argued that by applying **Maslow's Hierarchy of Needs**, *RB* satisfies the **self-actualization** needs for the students and the community in Country Y.

According to this theory, self-actualization is the drive to reach one's full potential and achieve personal growth. By using its profits to **finance schools** and provide educational opportunities, *RB* enables children in the region to acquire knowledge and develop skills that allow them to pursue their goals and realize their capabilities.

Award [1] for an appropriate Maslow need identified, with an additional [1] for describing how the need is satisfied by RB. Copying from the text cannot be accepted for the application mark.

2. Using **Resource 2** and **Resource 3**, explain **one** operations challenge **and one** marketing challenge for *RB*. [6]

Operations challenge

Identification:

One challenge is changing *RB*'s production practices, so it is (more) ethical and sustainable (**Resource 2 and Resource 3**). *RB*'s production practices are not sustainable enough.

Another challenge is changing *RB*'s production practices to improve the quality of their coffee. (**Resource 3**). *RB*'s production practices do not deliver coffee of high enough quality.

Explanation:

Production practices that are unsustainable can have a negative effect on a range of different stakeholders both locally and globally. These include environmental and social impacts of production, which have damaged the environment through deforestation and pollution.

Application:

RB's unsustainable practices contribute to 5% of global deforestation (**Resource 2**).

RB's operations are less sustainable and ethical than those of its competitors *AA* and *EE* (**Resource 3: position map**).

Sustainable producers protect the environment and help their communities (**Resource 2**).

RB's operations cause deforestation and pollution (**Resource 2**).

RB only cares about profits (is "profit-driven") (**Resource 2**).

Marketing challenge

Identification:

One challenge is that RB's positioning is not satisfactory when compared to other producers in the market (Resource 3).

Another challenge is that RB's global brand image is very poor (Resource 2).

RB should improve its positioning and global brand image. (Resource 3)

Explanation:

Positioning is how the product or service is perceived in the minds of the consumers. A product with poor positioning will not maintain revenue streams.

Brand image is the overall perception, impression, and collection of beliefs that customers form in their minds regarding a company, its products, and its services.

A poor brand image leads to revenue loss. It reduces customer trust, diminishes brand loyalty, and allows competitors to gain market share. Additional consequences include difficulty attracting new talent, increased marketing costs, and long-term damage to company credibility.

Application:

The position map shows that RB is perceived as of lower quality, ethics and sustainability than competitors AA and EE.

RB has been accused of destroying the planet, causing deforestation and pollution (Resource 2).

RB is described as profit-driven and not caring about the environment (Resource 2).

Consumers are encouraged not to buy RB's coffee (Resource 2) as it is not certified as sustainable.

Mark as [3+3].

Award [1] for identification of a challenge, [1] for theoretical explanation and [1] for application to RB.

Award up to a maximum of [3] for each challenge.

Award a maximum of [6] in total.

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]

Ideally, the five-year plan of action should focus on sustainability's three pillars (**environmental, economic and social**), covering different areas of business (human resources, finance, marketing and operations management), with application of stimulus material and providing a balanced response. Appropriate, relevant business management tools and content should be used to support the plan.

The assessment criteria for question 3 should be used to mark the responses.

Possible factors to consider in the pursuit of sustainability (social, economic and environmental):

RB's market share (Table 1) is expected to rise over time by 25% indicating potential economic sustainability during the course of the action plan. This increase in activity could help sustain/improve *RB*'s social mission of financing schools and child healthcare (Resource 1). However, unpredictable climatic conditions and fluctuating (dynamic) prices make forecasts unreliable (Resource 1).

Producing higher quality sustainable coffee should increase revenue as it would fetch higher prices as "many consumers will be happy to pay more for their coffee if it is produced using environmentally friendly practices" (Resource 5). However, the change in operations management necessary to do this would require considerable investment.

Strategic alliances with environmental organizations could help improve *RB*'s global image. Social media marketing could be used to counter criticism like the post in Resource 2. B Corp certification and winning sustainability awards like the one in Resource 4 could also help to reposition the brand. However, strategic alliances can fail, and so can social media marketing. B Corp certification comes with a cost and so does competing for sustainability awards.

The migrating workforce presents a social challenge. Applying Charles Handy's Shamrock organization, suitable motivation theories (such as equity (Adam's), expectancy (Vroom's), etc) could improve the situation. But there can be numerous pitfalls (balance) such as increasing labour costs, unexpected disputes, etc. (Resource 5)

Labour costs represent 50-65% of total production costs. Automation (mechanical harvesting, etc) would reduce these figures. However, the cost of investment would be considerable. The payback period of three and a half years must be considered; it could be suitable for a 5-year plan of action. The NPV estimated at an 8% discount rate is positive (\$60 000-\$55 000), but interest rates are difficult to predict in country Y and if the interest becomes higher than expected, the NPV could end up being negative. Additionally, there could be labour disputes if less workers were needed once the machines are purchased (Resource 5). Less financial resources could impact *RB*'s social program negatively.

Appropriate tools and theories could include:

- Ansoff matrix
- social media marketing, position maps, dynamic pricing, premium pricing, marketing mix
- financial tools (reference to payback periods, cost of investment, etc)
- market share
- Porter's generic strategies
- quality management: benchmarking, TQM, quality control and assurance, etc
- corporate social responsibility (CSR) strategies
- triple bottom line
- circular business models
- cradle to cradle design and manufacturing

- conflict between stakeholders
- industrial relations
- motivation theories
- strategic alliances
- changes in organizational structures: Charles Handy's Shamrock Organization.

Please note that tools and theories should be appropriate to a five-year plan of action to ensure sustainability.

Marks should be awarded according to the markbands and additional guidance. If the student merely repeats the stimulus as part of a general situational approach involving SWOT and or PEST with a limited plan of action (if any) then marks for criteria A-D will be limited.

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.

It is not expected that students will write “Resource 1”, “Resource 2”, etc 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 resources 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 refers to at least three resources.

For **[4]**, the student refers 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. See list of possible appropriate tools and theories on pages 5-6.

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 could 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 do not imply that **all** parts of a business (human resources, finance, marketing, operations) need to be considered.

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 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 mark bands.

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