

# Markscheme

**May 2025**

**Business management**

**Higher level**

**Paper 3**

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1. Using **Resource 1** and an appropriate business management motivation theory, **other than** that of Maslow, describe **one** need of **STB's employees** that is being satisfied by the social enterprise. **[2]**

Appropriate theory:

**Two** of the three **needs which McClelland's theory** of acquired needs represents (**affiliation and/or achievement**).

There is also evidence that **Deci and Ryan self-determination theory (competence and relatedness)** could apply here.

Only one aspect of McClelland/Herzberg/Deci theory is required for **[1]**

Herzberg 'motivators' which include recognition and achievement (meaningful work) or any aspect of job enrichment or satisfaction (self-checking) should also be accepted as appropriate theory **but not teamwork** as this was not one of the Herzberg original motivators.

Please note that Herzberg Hygiene aspects are incorrect as these are not motivators and should not be awarded a mark.

Award 0 marks if Maslow or Taylor **or Daniel Pink** is mentioned as a theorist.

Link to STB employee needs and appropriate application from Resource 1.

Employees at STB experience an organizational culture which is based on teamwork/belonging (**affiliation or relatedness**) They have also experienced recognition/achievement through humanitarian awards (achievement/competence)

If the link to STB is just lifted from the stimulus such as 'pride in their work or 'teamwork is a feature of the organizational culture' then do not award the additional mark for the link to the theory.

**Mark as 1+1.**

*Award **[1]** for identifying appropriate application from Resource 1 which is not lifted directly*

*Award an additional **[1]** for suggesting that this is part of McClelland's (acquired needs) theory of motivation or Deci and Ryan (self-determination theory) Herzberg's motivators.*

2. Using **Resource 1** and **Resource 2**, explain **one** financial challenge **and one** human resource management challenge facing **STB**. **[6]**

Financial challenges include:

- *The first financial challenge is that STB have higher acid test ratios relative to the top five competitors as indicated in Table 1 (**Identified**)*
- *The acid test ratio which is CA – Stock/CL indicates the degree of liquidity and working capital a business has which could be used to finance new opportunities. (**Theoretically explained**)*
- *The acid test ratios for STB are forecast to be 4.0 in 2025 and an average of 1.42 for the top five competitors. The shareholders are concerned that opportunities for future profitability are being missed and require a new strategy (R2) (**Application**)*

- A second possible financial challenge from resource 1 is the need to finance the new expensive technology which will involve a further restructure which will increase costs **(Identified)**
- Resource 2 indicates that retail stores will need both new revenue and capital expenditure. Financing new capital and revenue expenditure as part of a new service with untested technology involving a restructure will be a significant cost challenge for any business. **(Theoretically explained)**
- Figures from Resource 2 (Table 1) indicate that restructuring costs are significant as profits in 2024 fell (142m – 120m), and in 2025 they are still forecasted to be below the 2023 figure (128-142). **(Application)**

*Please note for the financial challenge application involves using the data from table 1 to support the identification of the challenge beyond the lifting the figures, no new calculations are expected.*

Human resource challenges from Resource 2 include:

- The first HR challenge could be the growing dissatisfaction with the lean restructuring and/or digital Taylorism as mentioned in the excerpt from Resource 2. **(Identified)**
- Digital Taylorism and or lean restructuring can impact on the teamwork and organizational culture of an organization and reduce productivity in the short run as the transition is undertaken. **(Theoretically Explained)**
- This fall in productivity may impact **on the positioning** of STB's eye care services as they have built up very favorable brand loyalty and an organizational culture based on teamwork. **(Application)**
- The second HR challenge could be the perceived negative change (conflict) into a more autocratic leadership from the senior management. **(Identified)**
- Changing leadership styles for an organization can create some uncertainty and add to conflict in the minds of the senior leadership and employees. **(Theoretically explained)**
  - There is evidence from resource 1 that there has been little consultation and from resource 2 that the decision to suppress opinions about the lean restructuring and the Shamrock will inevitably lead to more conflict and communication issues. It jeopardizes the organizational culture which has been so successful which will be conducive at a time of the implementation of a new strategy for STB. **(Application)**
- A third possible challenge is that STB will need to employ an global external recruitment agency. **(Identification)**
- Where organizations do not have expertise or are employing specialist staff, organizations can **outsource** the task such as recruitment to a third party. **(Theoretically explained)**
- STB are offering a new service in a new market which STB does not have experience the external agency does can find appropriate staff. Resource 2 indicates the new staff will need to be in place soon as new technology will be installed soon. Outsourcing the recruitment can minimize mistakes for STB. Resource 2 indicates that there are time pressures (Application)

**Mark as [3+3].**

*Award **[1]** for identification of an appropriate challenge, **[1]** for theoretical **explanation** of why this is a challenge and **[1]** for application to STB. Award up to a maximum of **[3]** for each challenge.*

*Do not award a mark if the challenge is not taken from Resource 1 and or 2.*

*Award a maximum of **[6]** in total.*

3. Using all the resources provided and your knowledge of business management tools and theories, recommend a plan of action for *STB* that maintains sustainability over the next five years. **[17]**

Examiners are encouraged to reward different lines of inquiry if they can apply this in context. Some degree of flexibility is required as this question is open ended. The sample answer below focuses on marketing strategy/opportunity and conflict/human resource management as a basis to maintain sustainability over the next 5 years. The important aspect for examiners is to focus on a plan of action which may contain reference to two or more relevant areas of the organization.

Candidate responses should be solution-focused rather than repeating and recycling previous material from question 2 and from the stimulus material in general as part of the plan of action. If the candidate merely repeats information from question 2 and tries to discuss this only, then award up to **[2]** for criterion C.

**Possible** plans of action:

There are several possible opportunities arising from the resources which could lead to alternative plans of action. For *STB*, they could be course interlinked, and candidates should be rewarded if they combine elements of both.

For example, we could highlight 2 options.

- A marketing and strategic opportunity around the new eye care and testing services with growing competition (Option A).
- The growing employee unease and conflict with management around the lean restructuring transition and the use of digital Taylorism (Option B).

Sustainability could focus on both economic (using working capital more effectively and financing the new service) and social (alienating the existing workforce) given the context of the stimulus material.

In both options, change is clearly important

### **Option A**

The new eye care and testing service will neatly fit into the positioning of *STB*. (Resource 5) The success that they have had with the glasses can be replicated with the new service and strengthen their ethical impact through the buy one donates one aspect. (Possible tool here to explain could be Ansoff) – Market development?

Resources 5 indicates that *STB* are considering meeting the needs of more customers and eye care testing in the future with their approach to buy one donate one this will enhance their ethical credentials. However, *STB* might see a fall in profits in the future if the cost of donating outweighs revenue earned. (Costs have already increased financing the restructuring and are likely to increase further with external recruitment required and expensive eye care technology needed Resource 2). Currently, they are using premium pricing and have price inelastic demand (Resource 1), but they may have to change the pricing method if revenue and or profits does not meet the 2025 forecast.

However, there are time considerations (Resource 5) and *STB* are going to use expensive and new technology which may be untested and unreliable. Given the human resource challenges in (Resources 4 and 5), some of the pride and teamwork which will be important in delivering this new service (People in the seven Ps of the marketing mix) may be under threat although as the plan of action is over five years some of these concerns may be mitigated.

The differentiation strategy will also come under significant pressure from both competitors using 3D technology and the government in international markets who are offering free eye services in those local markets. (Resource 3)

Possible tools include reference to STEEPLE but not copying, Ansoff, Porter's generic strategies (Differentiation). Circular business models.

Ansoff is acceptable as services can be taken 'as products' in the Matrix.

Possible content includes 7P marketing mix, operating in international markets – challenges and opportunities and organizational culture. Positioning Map

Possible trade-offs (implications) may include but not limited to:

There will be an increase in marketing costs to promote the new service and to ensure that the positioning in the minds of current and new customers remains the same.

Linked to Resource 3, the implication of how to market the service given the growth of competitors and free government services to the target age group. STB may need to look at targeting a new segment.

## Option B

Conversely, *STB* will need to address the concerns (conflict and dissatisfaction Resource 1 and 5) regarding the lean restructuring, the impact of digital Taylorism and change in leadership style and present a HR plan of action for future success/sustainability given the conflict.

The lean restructuring and shift to a shamrock organization has decreased profits given the new (expensive technology) revenue and capital expenditure required. (Resource 1) *STB* will be able to offer new services in accordance with the wishes of their shareholders (Resource 2) once the new service is launched in 2026 and profits should return to previous levels once the lean restructuring has been completed.

However, conflict is present (Resources 1, 2 and 4) The pride and achievements are under threat. The organizational culture is changing. There is only one voice in (Resource 4) but there could be more. The lean restructuring (shamrock) and perceived change in leadership and management may threaten future progress, digital Taylorism is being viewed suspiciously (Resources 1 and 4) *STB* may need to carry **out additional on the job training** for both employees to explain the need for digital Taylorism and to managers in its implementation. It may also need to consider a **new financial rewards** system to remotivate some of its unhappy employees. However, unless carried out accurately and appropriately new rewards systems may increase conflict further.

There are time pressures here given the changes outlined in Resource 3 about the new competition.

With the new eye care service and outfit of the retail stores to include new managers and specialists, decision making, and **communication and management may become more complex**. Digital Taylorism may be one solution in the short term, but *STB* will need to consider other forms of management and leadership to keep *STB* socially sustainable. Some restructuring of management teams may be needed. Otherwise, *STB* may undo all the goodwill generated prior to the re-organization.

Sam's objectives/role in changing the organizational culture may need to be looked at and **more two-way communication may be necessary**.

Possible tools (STEEPLE), force field analysis (FFA) (to identify the important drivers and restrainers for change via the move to digital Taylorism for example) and Porter's generic strategies.

(It is not possible to create an appropriate FFA as there are no weightings but some reference to restrainers/drivers is acceptable.)

Business content includes but not limited to conflict resolution, organizational culture clash, digital Taylorism and its impacts on stakeholders, two-way communication or lack of. Financial reward systems

Possible trades off (implications) may include but not limited to

A change to democratic leadership from autocratic may slow down decision making at STB at a time when quick response times are needed

An introduction of performance related pay unless carried out 'fairly' by STB may increase competition between employees and lead to further conflict.

*Marks should be allocated according to the assessment criteria on pages 9–10.*

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 <b>or</b> 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 <b>or</b> 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.

Additional guidance for marks 2, 3 and 4 for criterion A: Some additional guidance will be needed.

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

For **[3]**, the candidate makes reference to at least 3 resources used in the plan

For **[4]**, the candidate makes reference to at least 4 resources used in 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 should be accepted.

A SWOT analysis which simply lifts or re-purposes/repeats resource material with no further analysis would not be considered appropriate and would be regarded as limited or descriptive

If a SWOT is used as part of the plan of action and is followed by a plan of action which is evaluated, then it could be considered appropriate (satisfactory)

**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. Relevant areas could be a consideration of two areas.

If a candidate merely discusses the two challenges in plan of action and expected impact, then award no more than **[2]**.

If a candidate 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 band.

Award **[0]** marks if the plan is incoherent or if there is only one idea.