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Business management

Higher level

Paper 3

30 April 2025

Zone A afternoon | Zone B afternoon | Zone C afternoon

1 hour 15 minutes

Instructions to candidates

- 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]**.

See to Believe (STB)

Read the resources and answer the questions that follow.

Resource 1 – The background of See to Believe (STB) (excerpt from a business journal, October 2024)

STB is a for-profit social enterprise. STB utilizes raw materials from used glasses (spectacles) to manufacture new luxury glasses, which it sells in its own retail outlets in over 30 countries. Using a premium pricing method, STB’s glasses are price inelastic in demand, and targets customers aged between 18 and 30.



With every pair of luxury glasses sold, STB donates one pair of cheaper (inexpensive) reading glasses to a child with poor eyesight. Sam Semler, the chief executive officer (CEO), struggled to read as a child because of a lack of eye care and testing services in his country. Sam is passionate about raising awareness of global issues such as poor eyesight and inadequate eye testing – he recently stated that approximately 1.1 billion people worldwide cannot access eye care services but that 90% of vision and eye problems can be prevented or cured.

So far, STB has donated 10 million pairs of glasses and has won humanitarian awards for its ethical objectives and accomplishments from an international non-governmental organization (NGO).

Employees at STB take pride in their work. Teamwork is a feature of the organizational culture. In 2026, STB will introduce, in its existing markets, a new premium eye care and testing service.

The new service will require new expensive eye care technology. In 2024, Sam began an extensive lean restructuring (shamrock organization) of STB and implemented a new management system based on digital Taylorism. A lack of consultation led to conflict.

Table 1 shows selected actual and forecasted financial information for STB and its top five competitors.

Year	STB profit (\$ m)	Top five competitors' average profit (\$ m)	STB acid test (quick) ratio	Top five competitors' average acid test (quick) ratio
2022	124	88	3.5	1.8
2023	142	82	3.0	2.0
2024	120	90	4.2	1.64
2025*	128	84	4.0	1.42

* Forecast figures

Resource 2 – Excerpt from the minutes of a financial meeting with *STB*'s senior managers chaired by Sam Semler, November 2024

- Our shareholders seem satisfied but are concerned about our acid test (quick) ratios. They request a STEEPLE analysis to identify a new strategy.
- Each of our retail stores will introduce the new premium eye care and testing service. The services will need a full-time manager, and optometrists and specialist technicians will be contracted as required. *STB* will need to use a global external recruitment agency to find these employees.
- New expensive eye care technology will also need to be quickly installed.
- *STB*'s senior managers were instructed to remind employees that they should keep opinions about the lean restructuring (shamrock organization) and the adoption of digital Taylorism to themselves.

Some senior managers were surprised by Sam's change to a more autocratic leadership style.

Resource 3 – Excerpt from STEEPLE analysis February 2025

Ongoing market research has indicated that customers trust *STB*'s positioning. The new premium eye care and testing service as part of a differentiation focus strategy is strongly supported. Social media reviews have been positive. However, many governments in our international markets are considering offering free eye tests for people under 30.

Several competitors are using new 3D printing technology to produce just-in-time (JIT) glasses and offering low-cost eye tests. After an eye test, glasses can be produced in store in under 30 minutes. These glasses and tests are priced significantly lower than those of *STB*.

Resource 4 – Social media post from an anonymous employee, 24 March 2025

 **@RedFlagSTB** 24 Mar 2025  24  13 ...

I'm a human, not a robot!!! 😞

Working at *STB* is emotionally TOXIC. A hostile place to work! The teamwork and pride of working for *STB* no longer exist!

This lean restructuring has meant that some of my best friends, LOYAL FULL-TIME WORKERS, have been replaced by anonymous temporary contract workers or robots.

My manager monitors my work emails. Rumour has it that soon we will have to scan our identification cards every time we enter and exit the toilet!! 😞

I might get into trouble for writing this, but who can we complain to?

Resource 5 – Sam’s email to shareholders, 28 April 2025

From: CEO@SeetoBelieve.com

To: shareholders@SeetoBelieve.com

Dear all,

Our STEEPLE analysis and follow-up with focus groups suggest that we could position our premium eye care and testing services in the same way as our glasses. Buy one eye care and testing package and donate one. However, *STB* has discovered that some of the new technology which is untested has become unreliable. Our new strategy may take longer than we thought.

You may have seen a social media post complaining about the lean restructuring and close supervision, which was featured on the evening news on 26 March. We have identified the employee and, after an investigation, removed them. Warnings have been issued to all employees about expressing opinions about *STB* online.

Sam Semler
CEO, See to Believe

CONFIDENTIAL: This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed.

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

Companies, products, or individuals named in the stimulus are fictitious and any similarities with actual entities are purely coincidental.

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References:

Resource 1 [image of glasses] yasinguneysu, 2010. *Optical Black Eyewear Series - stock photo*. [image online] Available at: <https://www.gettyimages.co.uk/detail/photo/optical-black-eyewear-series-royalty-free-image/182903160?phrase=olded+glasses&adppopup=true> [Accessed 8 August 2024].