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Business management

Higher level

Paper 3

29 October 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]**.

Smart Grower (SG)

Read the resources and answer the questions that follow.

Resource 1 – Excerpt from *Smart Grower (SG)*'s annual report, written by founder Musa Abaya, December 2024

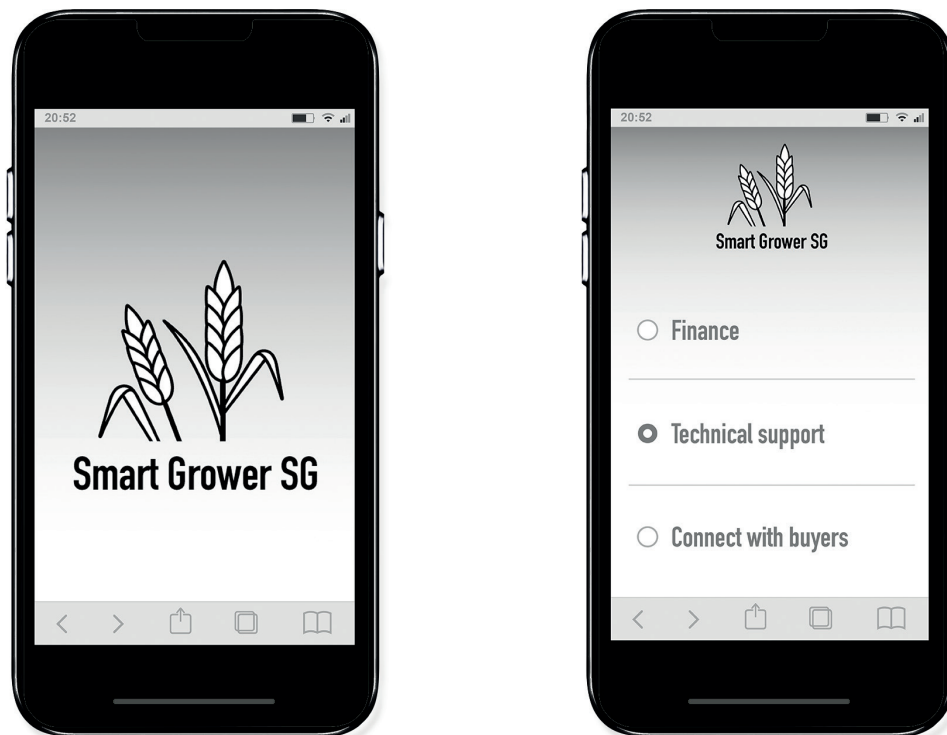
While working for the national government's Agricultural Ministry, Musa Abaya travelled all over Saint Lamuria, a large developing country. Everywhere Musa went, he heard the same problems from struggling farmers: they lacked access to affordable finance and technical support and found it difficult to find buyers who would place large orders of crops at fair prices.

Musa was very concerned. He resigned from the Agricultural Ministry and set up SG as a social enterprise in late 2023, immediately developing a mobile phone (cell phone) app to help address these issues. Musa did not have a business plan. He just wanted to help farmers.

Farmers can use the SG app for a fixed fee of \$20 per month. The farmers pay extra for each additional service. These services include:

- obtaining finance at interest rates substantially lower than those of microfinance providers
- receiving expert technical support, sometimes delivered by artificial intelligence (AI), online
- connecting with buyers who will place large orders of crops at fair prices.

Figure 1: The SG app



Since the launch of the SG app in late 2023, the farming sector has grown.

Table 1 shows the impact of SG on farmers in Saint Lamuria.

Table 1: Impact of SG on farmers in Saint Lamuria

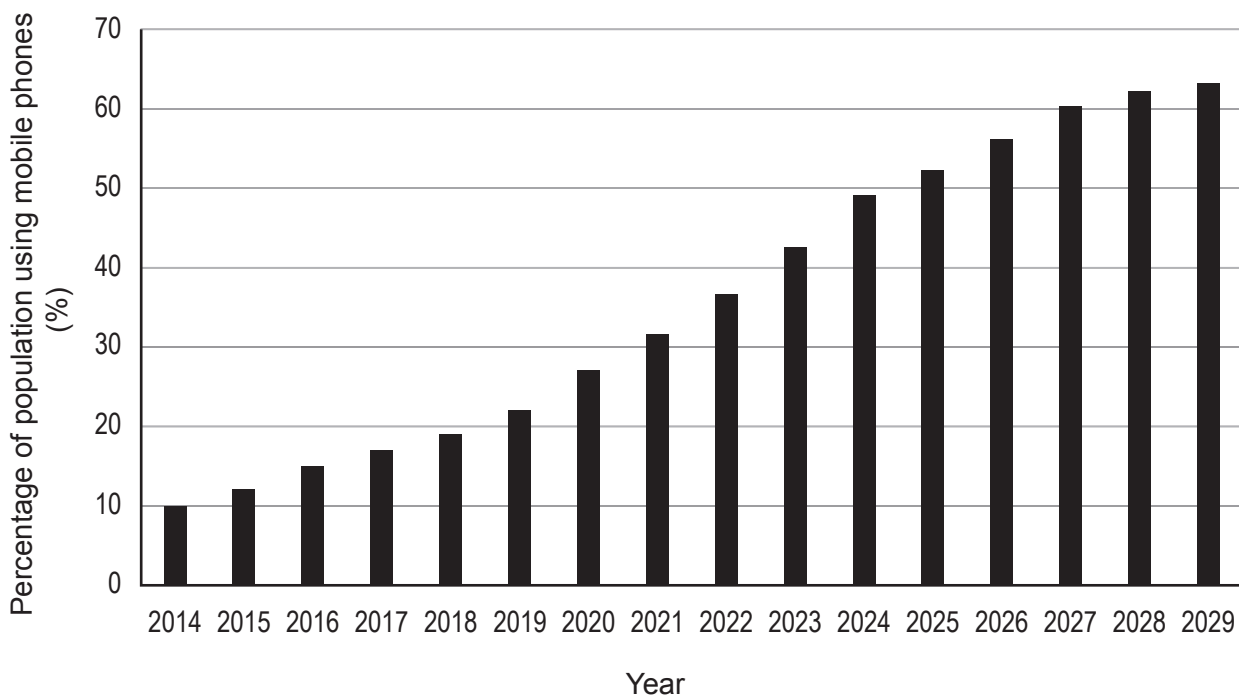
	Percentage change (%)
Improvements in productivity	+240
Land area being farmed	+15
Average profit earned by farmers	+125
Farmers reporting that they are struggling	-77
Farmers using the SG app	+57

Testimonial from Abebe, a farmer

“The impact of the SG app on my family has been life changing. The profits from using the app have allowed both of my children to attend school. My community can afford safe housing and medical visits to a doctor. Our lives have improved dramatically, and our struggles have now been replaced with opportunities.”

Musa began hearing more stories like Abebe’s on social media as an increasing number of farmers started to use the SG app. This number increased even further with the rapid growth of mobile phone use in Saint Lamuria (see **Figure 2**). Thinking that the SG app was price inelastic, at \$20 per month, Musa was confident of future growth.

Figure 2: Percentage of mobile phone users as a proportion of the total population in Saint Lamuria, 2014–2025 and forecasted to 2029



Resource 2 – SG’s human resource (HR) manager’s email to Musa, 25 July 2025, 10:30

From: hrmanager@SmartG.com

To: musaabaya@SmartG.com

Subject: Increased complaints and wait times

Dear Musa

We are getting increased reports from farmers who are waiting for up to three hours to access technical support on the SG app. Our customer service team is overworked, and some employees have resigned as they found SG’s on-the-job training confusing. What happened to the external induction training we were promised?

Shrii

HR Manager

Resource 3 – SG’s operations manager’s email to Musa, 25 July 2025, 10:35

From: opmanager@SmartG.com

To: musaabaya@SmartG.com

Subject: Crisis management action NEEDED!!

Musa, we need an urgent meeting! I have been contacted by an anonymous hacker* who has threatened to release personal data about farmers that they obtained from the SG app. Really concerned. We also do not own the copyright on our app. We need a contingency plan.

Secondly, we are hearing through social media that a wealthy and technologically experienced business angel group, *Ventura*, located outside Saint Lamuria, is planning to launch a competitor service: a free app that offers almost the same services as SG other than access to buyers.

Tuma

Operations Manager

Resource 4 – Report on deforestation due to farming in Saint Lamuria, July 2025

Deforestation is a form of environmental damage that has widespread and far-reaching consequences for the environment. In Saint Lamuria, it has led to the local population having less access to clean water.

Some stakeholders, such as pressure groups and the national government, have identified the rapid growth in land being farmed as a major contributor to deforestation in Saint Lamuria.

The use of the SG app has been identified as the main reason for the increase in land being farmed in Saint Lamuria. As a result, the government is considering banning the SG app. SG has been given 180 days to respond.

Resource 5 – Musa’s concluding notes from strategy meeting, August 2025

The meeting finished with agreement that SG has grown too quickly.

Our social impact on struggling farmers has been significant, but we must be aware of the threats to SG’s sustainability. The government’s threat to ban the SG app is another concern. Planning remains an issue.

We will need to think of new ideas given the new competition from *Ventura* and the need to grow sustainably. Dynamic pricing on the SG app or data mining from our growing database have been suggested, but Saint Lamuria’s internet is not reliable enough. Artificial intelligence (AI) is a potential challenge and opportunity for us.

I am concerned that we lack expertise. Should we look for a partner?

* hacker: a person who uses computers to gain unauthorized access to data

1. Using an appropriate business management motivation theory, describe **one** human need that SG meets by offering the SG app to farmers. [2]
2. Using **Resource 2** and **Resource 3**, explain **one** human resource challenge **and one** operations management challenge facing SG. [6]
3. Using all the resources provided and your knowledge of business management tools and theories, recommend a plan of action to ensure that SG can continue to support struggling farmers. [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:

- Figure 1** Koktong, S., n.d. *Smartphone similar to iphone 13*. [image online] Available at: <https://www.gettyimages.co.uk/detail/photo/smartphone-similar-to-iphone-13-with-blank-white-royalty-free-image/1405838999> [Accessed 24 April 2023]. Source adapted.
- Figure 2** Degenhard, J., 2024. *Number of smartphone users worldwide 2014-2029*. [online] Available at: <https://www.statista.com/forecasts/1143723/smartphone-users-in-the-world> [Accessed 25 February 2025]. Source adapted.