Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **February/March 2024**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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Clothing Company (CC)

CC is a public limited company. It operates its own branded clothing retail stores only in the US. CC has been a popular choice with both customers and investors. Revenue and profit were consistently high until 2008.

CC used to have only four main seasonal ranges: spring, summer, autumn and winter. As digital marketing and fast fashion became more popular, CC struggled to meet the changing needs of its customer base.

Originally, clothing was sourced from manufacturers, based in low-income countries, which used flow production.

Timeline of CC

2009–2010	Competition from online only retailers reduce CC's market share.
2010–2011	CC sets out new marketing objectives (see **Appendix 1**). CC invests in digital marketing and increases the number of sales promotions.
2012	CC ends its relationship with existing clothing manufacturers and begins using fast fashion specialist clothing manufacturers. These local clothing manufacturers are able to supply limited order quantities in the short lead times CC requires. CC adapts its marketing mix and begins to sell online (see **Appendix 2**).
2013	Customer feedback refers to poor quality and design innovation (see **Appendix 3**). Poor planning of introducing online selling results in disappointing sales.
2014–2015	Revenue from the largest city centre stores decreases. Profit continues to decrease. Dividend payments are reduced and share price decreases (see **Appendix 4**).
2016	Sulwar Singh is appointed Marketing Director. He has extensive experience of online sales and marketing of premium products. Sulwar introduces viral marketing campaigns and social media influencers are paid to promote the brand.
2017–2019	CC continues to lose market share. Inventories reach record high levels. The marketing objectives set in 2010 are not achieved.
2020	Sulwar loses the confidence of the board and is replaced by John Dee as Marketing Director. John is set an objective to restore CC's brand reputation.
2021–2023	John insists on new quality control procedures. The share price remains low, but stable.

Developing an operations strategy for survival and growth

The directors of CC are concerned that the business may fail. They believe it needs a new and distinctive operations strategy to reduce costs and increase efficiency.

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Appendix 1: CC's marketing objectives in 2010

- To increase sales volume by 20% by 2019.
- To revise CC's pricing strategy.
- To expand CC's customer base.

Appendix 2: Changes to CC's marketing mix in 2012

Old marketing mix	New marketing mix
• Seasonal clothing • Main target segment: 30–50 year olds • Branded with CC logo • Competitive pricing • Limited range of products • Distributed through CC shops	• Quick response to fashion changes (fast fashion) • Main target segment: 13–30 year olds • Branded with CC logo • Dynamic pricing • Large range of products • Distributed through CC shops and CC website

Appendix 3: Examples of customer feedback in 2013

'CC clothing used to be good quality. My new jumper fell apart in its first wash!'

'I don't know what counts as fashion these days, but I don't like it.'

'There's always something new every time I visit the website.'

'I was going to buy a shirt in a CC shop, then I found it much cheaper on the website.'

Appendix 4: Financial data: 2008–2020

	2008	2012	2016	2020
Revenue ($m)	100	70	60	75
Profit ($m)	10	3.5	3	1
Dividend per share ($)	2	0.75	0.5	0.25
Share price ($)	7	4	3.5	3

1 Evaluate the effectiveness of CC's marketing strategy between 2010 and 2020. [20]

2 Advise CC on an operations strategy to enable its future survival and growth. [20]

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MARK SCHEME

Maximum Mark: 40

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Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>
Evaluate the effectiveness of CC’s marketing strategy between 2010 and 2020.
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3 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
8 marks</th><th>AO4 Evaluation
7 marks</th></tr>
<tr><td></td><td>Description</td><td>Description</td><td>Description</td><td>Description</td></tr>
<tr><td>3</td><td></td><td></td><td>7–8 marks
Developed analysis of the overall strategy that identifies connections between causes, impacts and/or consequences.</td><td>6–7 marks
Effective evaluation
A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2–3 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>4–6 marks
Developed analysis of individual strategic element(s) that identifies connections between causes, impacts and/or consequences.</td><td>3–5 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1–3 marks
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
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No creditable response.</td></tr>
</table>
</td><td>20</td></tr>
</table>

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Question	Answer	Marks
1	**Indicative content:** **AO1 Knowledge and understanding** Knowledge K (max 1 mark) can be awarded for any relevant business knowledge about marketing, including: • Marketing objectives • Demand and supply • Markets (consumer, industrial, local, national and international) • Mass and niche marketing • Market segmentation • Customer relationship marketing • Market research (primary and secondary) and sampling • The marketing mix (product, price, place, promotion) • Elasticity (price, income and promotional) • Product development, including R&D • Sales forecasting • The need for the marketing strategy to be consistent with the business, the product and the market • The need for, and development of, a coordinated marketing strategy • The development of marketing strategies that are focused towards achieving specific marketing objectives • The changing role of Information Technology (IT) and Artificial Intelligence (AI) in marketing • The contents of a marketing plan: objectives, resources, research, marketing mix • The benefits and limitations of marketing planning Award DEV for any explanation of relevant business knowledge, up to a max of 2 marks. Marketing strategy is when a business plans to meet their marketing objectives K. Marketing objectives may include sales maximisation and increasing market share DEV. — 1 K for identification and 1 DEV for a point of explanation Promotion is the communication from the business to the customer K. It includes advertising, sales and direct promotion DEV. The aim of promotion is often to increase awareness of a product DEV. — 1 K for identification and 2 DEVs for two points of explanation	

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Question	Answer	Marks
1	**AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge of marketing/marketing strategy**, to CC between 2010 and 2020: Award one APP for each application of knowledge to CC between 2010 and 2020. • CC operates its own branded clothing retail stores only in the US • CC has been a popular choice with both customers and investors • Revenue and profit were consistently high until 2008 • CC used to have only four main seasonal ranges: spring, summer, autumn and winter • CC struggled to meet the changing needs of its customer base • Competition from online only retailers reduce CC's market share • New marketing objectives in 2010–11 (any data in Appendix 1) • CC invests in digital marketing and increases the number of sales promotions • CC adapts its marketing mix and begins to sell online • Revenue from the largest city centre stores decreases. Profit continues to decrease. Dividend payments are reduced and share price decreases • Sulwar Singh is appointed Marketing Director in 2016 • The marketing objectives set in 2010 are not achieved • John is set an objective to restore CC's brand reputation • Any data from Appendix 1–4 **AO3 Analysis** Analysis is likely to be based on CC's objectives in 2010 to increase sales volumes, customer base and pricing strategy (Appendix 1). Analysis of the impact of CC's marketing strategy (A1 and A2 and A3) including: • Analysis of the objective: although specific about a measure of success (percentage growth) the time frame in which the objective is to be met is 9 years in the future. The objective is measurable but too vague. The objective is perhaps too easily achievable. • Investment into digital marketing and sales promotions – too many options to measure the effectiveness of each strategy. • Changes to the marketing mix – completely changes the brands values and identity – this could alienate existing customer base	

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Question	Answer	Marks
1	• Focus on digital marketing – low/zero cost promotion – however can be unpredictable and out of the businesses control • Customer feedback in 2013 highlights customer complaints – can this data be trusted? How was this survey completed– may lack the targeting necessary to give accurate and usable data • The pricing method chosen (dynamic pricing), may have led to a reduction in revenue – which could have led to the fall in profit • Although market share is lost and inventories are high, revenue has begun to increase which signifies that customers are increasing spend per visit • Profit decreased between 2008 and 2020 even as revenue increased – although profit was not the objective of CC, likely to be important, especially as the share price is reducing • Customer satisfaction has significantly decreased – CC has developed a reputation for poor quality products. **AO4 Evaluation** Evaluation (N1 and N2 and N3) including: Evaluation will largely depend on the points raised in the analysis. • A judgement over the success of the marketing strategy between 2010 and 2020 • Discussion over how the success of the marketing strategy can be judgement and what that judgement could depend upon; link to the marketing objective in 2010, other measures of success for a public limited company (profitability, profit, shareholder objectives, other stakeholder objectives, measures of size) • The extent to which the growth in revenue of CC between 2016 and 2020 was based on the marketing strategy or other external factors • The extent to which Sulwar's experience in online marketing influenced the decisions and took the brand away from its original values • Other external influences on CC between 2010 and 2020 other than the marketing strategy (e.g. the state of the economy; economic growth) social factors (e.g. trends and fashions) • The extent to which CC updated and changed its marketing strategy between 2012 (the marketing mix) and 2020 Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

Advise CC on an operations strategy to enable its future survival and growth.

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Question	Answer	Marks
2	**Indicative content** **AO1 Knowledge and understanding** Knowledge K (max 1 mark) can be awarded for any relevant business knowledge about operations, including: • The transformational process (inputs, outputs, added value, factors of production) • Efficiency, effectiveness, productivity and sustainability • Capital and labour intensity • Operations methods (job, batch, flow, mass customisation) • Inventory management (types of inventory, buffer, re-order level, lead time, supply chain management, JIT and JIC) • Capacity utilisation • Outsourcing • Location • Scale of operations (economies and diseconomies of scale) • Quality management (quality control, quality assurance, TQM, benchmarking) • The meaning and purpose of an operations strategy • The influence of human, marketing and finance resource availability on operations decisions • The changing role of Information Technology (IT) and Artificial Intelligence (AI) in operations management • The need for flexibility with regard to volume, delivery time and specification • Process innovation: changing current processes or adopting new ways of producing products or delivering services • The main features of an ERP programme • How ERP can improve a business' efficiency in relation to: inventory control, costing and pricing, capacity utilisation, responses to change, workforce flexibility, management information • The aims and purposes of lean production (Kaizen, quality circles, simultaneous engineering, cell production, JIT manufacturing and waste management) • Operations planning (network diagrams, critical path analysis) Award DEV for any explanation of relevant business knowledge, up to a max of 2 marks. **AO2 Application** Application APP (2 marks) can be awarded for **applying knowledge of operations/operations strategy,** to CC. Award one APP for each application of knowledge. • John Dee replaces Sulwar in 2020 • John insists on new quality control procedures	

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Question	Answer	Marks
2	• The share price remains low, but stable • A new and distinctive operations strategy to reduce costs and increase efficiency is needed • CC operates its own branded clothing retail stores only in the US • CC has been a popular choice with both customers and investors • CC used to have only four main seasonal ranges: spring, summer, autumn and winter • Competition from online only retailers has reduced CC's market share • John is set an objective to restore CC's brand reputation • Any relevant data from Appendix 1–4 **AO3 Analysis** Analysis of the impact of CC's operations strategy (A1 and A2 and A3) including: • Human resources availability – are younger graduates able to understand the original target market – does their vision align with an original brand reputation and John's strategy • Marketing availability – will marketing graduates be able to create an original but improved marketing strategy which does not create the same problems 2010–16 • Revenue has dropped by 25% since 2008 (and profit has dropped by 90%) – does CC have the available funds to invest in new marketing techniques/AI/IT • Methods of regaining lost customers using the operations function • Improving flexibility and innovation within operations; increase sales volume – to increase customer retention • The use of and ERP programme – cost/benefit analysis of this and the effects of this on CC • Introduction of lean production – cost benefit analysis of this and the effects of this on CC • Any other relevant operations methods **AO4 Evaluation** Evaluation (N1 and N2 and N3) including: • A judgement about an operations strategy for CC to enable CC's survival and growth • Judgement may depend upon: market research findings, external influences in the US (PEST), internal and external influences on CC (SWOT), the reactions of potential competitors in the US, the extent of the investment to meet the new strategy • Weighing up of the relevant arguments for the different future strategies • The board of directors (and shareholders) level of risk that they would be willing to accept Accept all valid responses.	

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2

Luxury Cars (LC)

LC is a manufacturer of luxury cars based in the US. Its customers expect LC to use premium materials in its cars. Customers are willing to pay higher prices than those charged by LC's competitors. The company's reputation for 'affordable luxury' is critical to its promotional strategy.

LC's main customer markets are in the US and Europe. These two geographical areas were originally operated as individual profit centres. LC employed experienced design engineers and market research teams in each area. This ensured LC met the distinct customer needs in each area.

Timeline of LC

2009–2013	LC struggles to recover from the global financial crisis which reduced consumers' disposable incomes.
2014	New Chief Executive, Juan Pedro, appointed (see **Appendix 1**).
2015	Organisational structure changes from geographical to functional areas. Inventory management and budgets controlled centrally by US head office.
2016	LC develops an enterprise resource plan in response to budgetary constraints (see **Appendix 2**).
2017–2018	LC closes its least profitable, labour-intensive factories.
2019	LC reduces its product range.
2020	LC invests in one new capital-intensive factory financed by a bank loan.
2021	Employee contracts are changed to improve workforce flexibility (see **Appendix 3**).
2022	Labour productivity decreases and labour turnover increases.
2023	Board of Directors reviews LC's financial performance (see **Appendix 4**).

A new Human Resource (HR) strategy

A recent SWOT analysis indicated to the Board of Directors that LC has lost the support of its employees when it introduces strategic changes which directly affect them.

There has been a loss of experienced workers with design and IT skills. This has led to a reduction in overall output across all factories. Productivity is 30% lower than projected. LC has received feedback from its employees (see **Appendix 5**).

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Appendix 1: press release announcing LC's new CEO in 2014

LC has appointed Juan Pedro, a former Finance Director, as its new Chief Executive. Juan is eager to use his experience to introduce strategic changes which will cut costs. Juan promises 'higher dividends will be paid to shareholders within the next ten years.'

Appendix 2: extracts from LC's enterprise resource plan in 2016

- Centralised finance department to allocate all costs and calculate profit margins.
- Monthly financial reports to be sent to head office to monitor performance and decision-making.
- Inventory holding costs to be minimised.

Appendix 3: new production employee contracts in 2021

- Change from salary to time-based contracts.
- All bonuses removed.
- Guaranteed working week reduced from 40 to 20 hours.
- All hours worked, including overtime, paid at standard hourly rate.
- LC's contribution to employee pensions reduced.

Appendix 4: ratio results based on LC's financial statements 2014 to 2023

	2014	2017	2020	2023
Gross profit margin	40%	50%	60%	40%
Operating profit margin	5%	4%	8%	6%
Rate of inventory turnover (times)	12	15	24	24
Gearing	40%	40%	65%	63%
Current ratio	1.2 : 1	1 : 1	1 : 1	1 : 1
Acid test ratio	0.4 : 1	0.7 : 1	0.8 : 1	0.8 : 1
Dividend yield	2%	1%	1%	5%

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[Turn over

Appendix 5: feedback from employees in 2024

‘The new contracts state 20 hours but I’m expected to work 45 hours most weeks with no increase in hourly rate.’

‘Why should the impact of strategic change always fall on workers?’

‘I’ve got to do two jobs now because LC’s contract only guarantees 20 hours.’

‘We are never involved in any decision making.’

‘I’ve never worked in a worse job!’

‘I feel like just another machine in the automated factory.’

Answer **both** questions.

1 Evaluate LC’s business performance between 2014 and 2023. [20]

2 Advise LC on a new HR strategy to improve employee performance. [20]

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- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
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c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
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g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion).

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer.
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

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Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
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- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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Please refer to this grid when marking both questions:

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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Question	Answer	Marks

1	**Evaluate LC's business performance between 2014 and 2023.**
	
	Indicative content:
	
	Responses may include:
	AO1 Knowledge and understanding
	• Definition or understanding of business performance
	• Definition of any concepts used in the case to show performance including:
	  • Global financial crises
	  • Appointment of a new CEO
	  • Any definition of appendix 4 ratios
	  • Bonuses, contracts, pensions
	  • Centralised – decentralised
	  • Labour productivity
	  • Capital – intensive factory
	  • Organisational structures
	  • Inventory management
	• The use of financial statements to enable strategic decision making using financial strategies to develop strategies, the contents of an annual report and their usefulness to business and other stakeholders
	• Understanding of appendix 4 concepts such as gross profit margin, current ratio, dividend yield, inventory turnover, acid test
	• The use of accounting data and ratio analysis in strategic decision making including:
	  • Assessment of business performance over time and against competitors
	  • The impact of accounting data including ratio results on business strategy
	  • The impact of debt or equity decisions on ratio results
	  • The impact of changes in dividend strategy on ratio results
	  • The impact of business growth on ratio results
	  • The impact of other business strategies on ratio results
	  • The limitations of using published accounts and ratio analysis.
	
	No other AO2, AO3 or AO4 marks can be awarded without AO1.
		20

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Question	Answer	Marks
1	**AO2 Application** Indicated by AP as 1 mark (max 2 APs), ***Application must support an assessment objective to be in context.*** • Inventory management and budgets controlled centrally by US head office • LC develops an enterprise resource plan in response to budgetary constraints • LC closes its least profitable, labour-intensive factories • LC reduces its product range • LC invests in one new capital-intensive factory financed by a bank loan • Labour productivity decreases and labour turnover increases • Evidence from Appendix 4: Financial statements • Rise and fall of GPM between 2014–2023 • Fall and rise then fall of OPM between 2014–2023 • Rate of inventory turnover doubles from 12–-24 but has remained flat in the last 2 years • Dividend yield increases by 2.5 × between 2014–2023 • Gearing increases between 2014–2023 [except for slight fall in 2023] • Current ratio remains constant at 1:1 • Acid test doubles between 2014–2023 (after 2017) • Appendix 5 evidence shows strategic changes affecting employees has caused significant negative feedback from them. **AO3 Analysis** Analysis of the impact of the HR strategy on a business (A1 and A2 and A3) including: Limited analysis A1 – candidate shows one link in the chain of analysis (max 3). Developed analysis of individual strategic element A2 – candidate shows two or more links in the chain of analysis. Developed analysis of overall strategy A3 – candidate shows a counter answer to the chain of analysis (2-sided answer).	

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Question	Answer	Marks
1	Arguments that LC's financial and accounting strategy were successful include: • Liquidity ratios: between 2014 and 2023 have stabilised: • which indicate better utilisation of working capital, indicating less raw materials/work in progress, a result of the 2015 ERP programme focusing on JIT which reduces working capital employed • Profitability ratios: between 2020 and 2023 have fallen by (GPM) 33% and (OPM) 25%: • indicate that LC may have focused on increasing inventory turnover (×2 RoIT) and gaining market share sacrificing short-term profit for long-term profitability which may have a positive impact on the market price. • Gearing ratio increased to over 50% between 2014–2023 showing a reliance on long-term borrowing – increase in costs through interest payments reducing profit and dividends to be paid to shareholders • Reduction in product range – linked to strategic objective of cost cutting and achieving 10-year plan to pay higher dividends, satisfying shareholders • Arguments that LC's financial and accounting strategy were not successful include: • Meeting long-term financial objectives – focus taken off short-term financial issues – from OPM and GPM • A focus on finance and accounting has impacted on other areas such as productivity, product range and employee performance which has led to inefficiencies and employee dissatisfaction. **AO4 Evaluation** L1 N1 limited supporting evidence – answering the question with a brief explanation L2 N2 developed supporting evidence – reason is developed further L3 N3 developed supporting evidence with context – Level 1 and 2 is answered in context. Evaluation will largely depend on the points raised in the analysis. • A judgement on the business performance between 2014–2023. • A focus on finance and accounting may lead to other intangible assets and competencies being ignored which may be more important than cost reduction. • Each geographical area will have their own requirements. These may be lost with centralised leadership brought on by a focus on finance and accounting. • The range of products may be more important than a narrow focus, especially with a USP of affordable luxury. • Weighing up the arguments about the success of financial and accounting strategies between 2014–2023. • Overall judgement required about the success of financial and accounting strategies between 2014–2023. Accept all valid responses.	

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Question	Answer	Marks
2	**Advise LC on a new HR strategy to improve employee performance.** **Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge (max 3 marks) can be awarded for any relevant business knowledge about HR Strategy: • Definition of HR Strategy (achieving business objectives is also accepted) • Example – HR strategy is a plan to improve efficiency through the management of employees • Definition of HRM • Approaches to human resource management • The difference between 'hard' and 'soft' HRM • Flexible working contracts: advantages and disadvantages of temporary contracts or flexible contracts including zero hours contracts, part-time, full-time, annualised hours, flexi-time, home working, shift working, job sharing, compressed working hours, the gig economy • The measurement, causes and consequences of poor employee performance • Strategies for improving employee performance • Management by Objectives (MBO) – implementation and usefulness • The changing role of Information Technology (IT) and Artificial Intelligence (AI) in HRM • Motivational theories • Human resource management • Training and development • Motivation • Management • Organisational structure • Communication • Leadership. **No other AO2, AO3 or AO4 marks can be awarded without AO1.**	**20**

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Question	Answer	Marks
2	**AO2 Application** Indicated by APP as 1 mark (max 2 APPs), ***Application must support an assessment objective to be in context.*** • ERP plan – 2016; focus on centralised control • Change of organisational structure from geographical to functional areas with centralised management control • Renegotiated contracts in Appendix 3 • 2017–18 closure of labour-intensive factories and a subsequent loss of skilled jobs • 2020 – investment into automation in capital intensive factory • Significant increase in staff turnover and a loss of experience and design skills. **AO3 Analysis** Analysis of the impact of the HR strategy on a business (A1 and A2 and A3) including: Limited analysis A1 – candidate shows one link in the chain of analysis (max 3). Developed analysis of individual strategic element A2 – candidate shows two or more links in the chain of analysis. Developed analysis of overall strategy A3 – candidate shows a counter answer to the chain of analysis (2-sided answer). Arguments may follow the following plausible scenarios, or any valid strategy based on the context • The loss of benefits in the new 2021 contracts are likely to have been influenced by financial and accounting strategies in response to the change from labour intensive to capital intensive factories. This is likely to have had a negative influence on the employees, who if highly skilled may be able to find employment in competitor factories. Strategies to improve performance could include: – Reinstating salaried contracts for skilled employees, which could improve the motivation to stay with LC as employees see a long-term future. This would reduce recruitment and training costs which would lead to lower costs in the long term. This would also help in setting accurate budgets as staffing levels would be more predictable. – Improving the contracts to provide full-time minimum hours and using bonuses and overtime payment – increase financial rewards – improve employee basic needs (Maslow) allows for focus on non-financial motivators. – Changing to an MBO from a top-down hierarchy to allow for more innovation and responsiveness to local conditions, which may increase the relationship between management and employees, which in turn is likely to mitigate the impact of lower benefits and increase the feeling of loyalty. – Training employees on quality procedures such as QA which will increase the feeling of responsibility and pride in the product, empowering employees in a non-financial method which matches the need to keep employee costs low. – Increase training in fields of AI and automation to show employees their roles are being future-proofed, which will lead to an increase in confidence and job security and a subsequent increase in employee retention figures, which leads to LC keeping the knowledge and skills of employees rather than having to retrain unskilled new hires.	

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Question	Answer	Marks
2	**AO4 Evaluation** L1 N1 limited supporting evidence – answering the question with a brief explanation. L2 N2 developed supporting evidence – reason is developed further. L3 N3 developed supporting evidence with context – Level 1 and 2 is answered in context. • A judgement about a human resource strategy for LC to improve employee performance and retention. • Judgement may depend upon: financial and budgetary constraints, impact on costs (total and per unit), external influences in the job market, internal and external influences on LC, the extent of HP's ability to relinquish control of their investment to managers, the likely effect of financial and non-financial motivators on employees. • Weighing up the relevant arguments for different HR strategies. • The reduction in short-term profit and level of financial risk that LC Board of Directors are willing to accept in their investment. Accept all valid responses.	

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **May/June 2024**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages.

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2

Clean Arena (CA)

Nala lives in country P. She left school in 2014 and started university in city A to study Business. In her first year she joined CA as a part-time cleaner. CA is a large business that cleans offices. When Nala graduated in 2018, she tried to find a management job while still working as a cleaner. As country P's economy was in recession, there were no suitable vacancies available. Fortunately, the owners of CA offered Nala the post of Operations Manager. She accepted and became a full-time employee.

Timeline of CA

2019	Nala is employed as Operations Manager.
2020	Nala recommends that CA should open a new branch in city Z. She believes the new branch could open in 10 weeks. Nala uses a network diagram to plan the opening (see **Appendix 1**). Nala is given responsibility for the management of the city Z branch.
2021	Nala implements lean production in the city Z branch (see **Appendix 2**).
2022	Nala introduces a new customer services artificial intelligence (AI) system (see **Appendix 3**).
2023	The owners of CA are concerned about the performance of the city Z branch. They ask Nala to produce a comparison between the operations of the city Z branch and the city A branch (see **Appendix 4**).
2024	The owners of CA close the city Z branch and make Nala redundant.

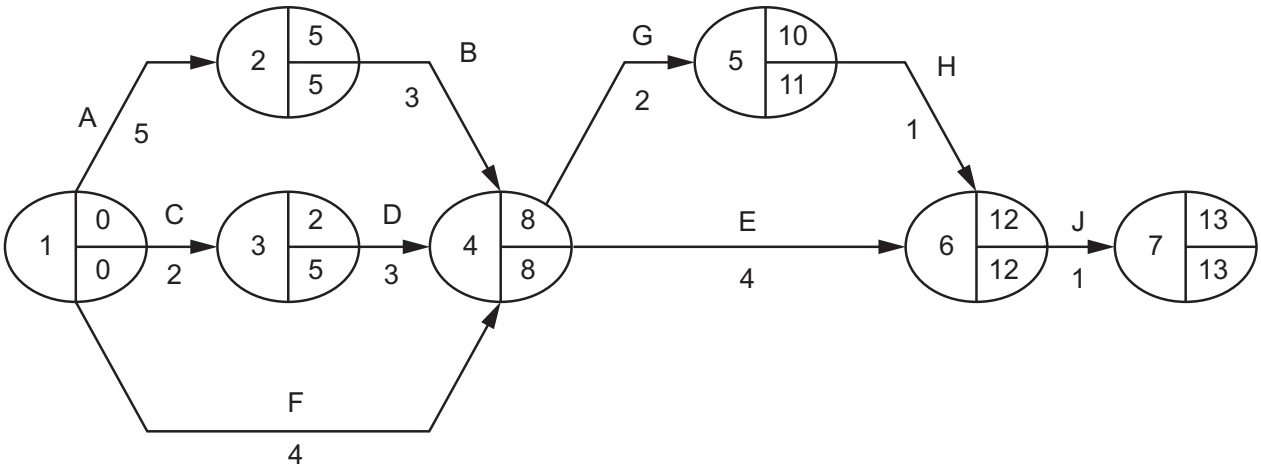
Developing a corporate plan

CA offer Nala the opportunity to buy the city Z branch at a very low price. However, to gain finance from a bank, she has been asked to create a corporate plan for the future of the city Z branch.

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Appendix 1: Network diagram used by Nala for city Z branch in 2020



Activity	Task	Duration (weeks)
A	Secondary market research of cleaning market in city Z	5
B	Primary market research of city Z target customers	3
C	Advertise for employees in city Z	2
D	Recruit and select employees in city Z	3
E	Advertising of CA in city Z	4
F	Find a suitable location in city Z	4
G	Setup office in city Z location	2
H	Open office in city Z	1
J	Bookings taken for cleaning jobs in city Z	1

Appendix 2: Lean production methods implemented by Nala at city Z branch in 2021

- Kaizen is introduced throughout the city Z branch.
- All cleaners are assigned to a quality circle, with each quality circle to include eight cleaners and one manager.
- A target to ethically recycle 90% of customers' waste.
- Inventory of cleaning materials ordered on a just in time (JIT) basis.

Appendix 3: Local news article in city Z about CA's AI system in 2022

Cleaning firm CA has made the majority of its customer service operatives redundant. The company has replaced these workers with a new 'chatbot' system that uses an online database to respond to customer needs. The system can book appointments, answer customer queries and even take complaints, most of which have been about the chatbot itself. A spokesperson from a local business which is a customer of CA is quoted as saying 'when you replace people with computers you might save money, but it's the customers who suffer.'

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Appendix 4: Comparison between the operations of the city Z branch and the city A branch of CA

	City Z branch		City A branch	
	2021	2023	2021	2023
Annual revenue ($m)	0.45	0.46	1.0	1.1
Profit for the year ($m)	0.05	(0.1)	0.2	0.5
Number of cleaners employed	18	18	24	26
Direct costs ($m)	0.3	0.32	0.5	0.5
Rate of inventory turnover	6	12	6	6

Answer **both** questions.

1 Evaluate the extent to which CA's operations strategy between 2019 and 2024 led to the failure of the city Z branch. [20]

2 Advise Nala on the most important elements to be included in a corporate plan for the future of the city Z branch. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **May/June 2024**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the May/June 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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PUBLISHED

Social Science-Specific Marking Principles
(for point-based marking)

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0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

Please refer to this grid when marking both questions.

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Question	Answer	Marks
1	**Evaluate the extent to which CA's operations strategy between 2019 and 2024 led to the failure of the city Z branch.** **AO1 Knowledge and understanding** Knowledge « (max 1 mark) can be awarded for any relevant business knowledge about operations, including: • The transformation process • Efficiency, effectiveness, productivity and sustainability • Capital intensive and labour intensive operations • Job, batch, flow and mass customisation • Managing inventory, including JIT • Capacity utilisation • Outsourcing • Location • Economies and diseconomies of scale • Quality management, including benchmarking • The influence of human, marketing and finance resource availability on operations decisions • The changing role of Information Technology (IT) and Artificial Intelligence (AI) • The need for flexibility with regard to volume, delivery time and specification • Process innovation: changing current processes or adopting new ways of producing products or delivering services • Location • Internal and external economies and diseconomies of scale • Quality management • Benchmarking • Improving flexibility and innovation • Enterprise resource planning (ERP) • Lean production • Operations planning, including critical path analysis. Award DEV for any explanation of relevant business knowledge, up to a max of 2 marks. Operations strategy involves lean production, which is about reducing waste «. One way to implement lean production is using just in time, which involves only ordering inventory when it is needed DEV. — 1 K for identification and 1 DEV for a point of explanation AI can improve the efficiency of a business because it uses a computer instead of a person «. A computer can work seven days a week for 24 hours a day DEV. Unlike a person who is legally allowed to take comfort breaks and breaks for meals DEV. — 1 K for identification and 2 DEVs for two points of explanation	**20**

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Question	Answer	Marks
1	**AO2 Application** Application APP (max 2 marks) can be awarded for **applying operations/operations strategy** to CA between 2019 and 2024 CA's operations decisions, including: • CA is Nala's first job after university, only experience before being made Operations Manager was as a cleaner for CA. • Planning opening of the new city Z branch, including: – The use of critical path analysis – 13 weeks to plan and open the branch (assuming no delays) – Float available on activities C, D, F, G and H – Critical path = A, B, E and J – No built-in time to respond to research results • Lean production methods introduced by Nala in 2021, including: – Kaizen (continuous improvement) introduced throughout city Z branch – All cleaners are placed in a quality circle, including one manager and eight cleaners in each team – A target to ethically recycle 90% of customers waste – Just in time re-ordering of cleaning materials • CA's new AI system introduced in 2022, including: – Majority of customer services operatives made redundant – Chatbot system to interact with customers – Book appointments, answer customer queries and take complaints – Poor customer/media reaction • Comparison between the operations of the city Z branch and the city A branch of CA in 2023, including: – City Z branch has lower revenue than city A – City Z branch has sightly improved revenue between 2021 and 2023 (2% increase) – City A branch has 10% improved revenue between 2021 and 2023 – City Z branch has improved revenue, same number of cleaners whereas city A branch has increased cleaners – City Z branch has a loss of $0.1m in 2023, compared to an increased profit for city A branch. – City Z branch has increased direct costs, despite introduction of lean production methods – Rate of inventory turnover has increased in city Z branch (suggesting improvement) but may not have added to cost savings.	

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Question	Answer	Marks
1	**AO3 Analysis** Analysis is likely to be based on how operations may have affected CA's decision making (A1 and A2 and A3) between 2019 and 2024, including: • Nala's inexperience – poor decision making – too much responsibility – may have been integral to the failure of city Z branch – particularly important since city A branch has increased profitability. • Did the city Z branch open too quickly? – Is 13 weeks long enough to plan such a large investment? – poor implementation of decisions. • Critical path analysis is a useful theoretical tool, but does it have enough practical value when Nala and the business are new to the city? – increased costs – reduced profit. • Built-in float may suggest inefficiency – Was the rent paid for too long before opening? – increased costs – reduced profitability. • Employee recruitment in city Z had float – increased costs – reduced profit. • However, CPA may have led to a more efficient opening – reduced costs – increased profit. • No float between advertising and bookings – efficient. • CPA allowed Nala to focus on what areas are most important – increased efficiency. • Kaizen may have allowed more creative ideas to come from every area of the business – lower costs – however also detracts from the primary task of the cleaners (and other employees) – increased costs. • Likewise, quality circles may detract from cleaning – may theoretically (academically) increase value of workforce but could lead to wasted time not focused on primary tasks like cleaning – increased costs. Also there may be problems of bringing mainly part-time employees together for meeting – may incur additional costs for wages. Also, attendance and contributions might depend on whether workers are paid for attending or not – employees may feel resentful and become demotivated – deceased productivity. • Ethical recycling of customer waste may provide a USP to CA in city Z – however only if customers value this in the market. • Just in time ordering may decrease costs of holding inventory – however it may lead to wasted time without necessary supplies. • Chatbot system may lead to reduced indirect costs (less customer service employees needed) – however seems to have irritated customers and may lead to losing established customers going to other firms. Link between figures in Appendix 4 and operations decisions.	

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Question	Answer	Marks
1	**AO4 Evaluation** Evaluation (N1 and N2 and N3) including: Evaluation will largely depend on the points raised in the analysis. • A judgement over the extent to which operational decisions between 2019 and 2024 led to the failure of CA's city Z branch. • Discussion over the contribution of the separate and combined decisions on the eventual failure of the city Z branch, • The extent to which the decisions alone led to the failure of the city Z branch. • Other likely influences on the failure of the city Z branch, such as the state of the economy in city Z, human resource management of the cleaners and indirect staff, Nala's personality, unrealistic expectations of the board of directors of CA, marketing of CA, especially for the city Z branch, the financing given to help the city Z branch become successful etc. • The extent to which the failure of the city Z branch could be attributed to the operational decisions alone. • The extent to which CA itself was deemed successful (city A branch). Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>Exemplars for awarding evaluation:
<table>
<tr><td>No credit</td><td>L1 N1 including: (limited supporting evidence)</td><td>L2 N2 including: (developed supporting evidence)</td><td>L3 N3 including: (developed supporting evidence with context)</td></tr>
<tr><td>The operations strategy did lead to the failure of the city Z branch.</td><td>The operations strategy did lead to the failure of the city Z branch because it was poorly implemented.</td><td>The operations strategy did lead to the failure of the city Z branch because it was poorly implemented. This meant that the money spent on the lean production methods was wasted and it could have been spent on something else.</td><td>The operations strategy did lead to the failure of the city Z branch because it was poorly implemented by Nala who was inexperienced. This meant that the money spent on the lean production methods was wasted and it could have been spent on something else.</td></tr>
<tr><td>The reason the city Z branch failed was due to the marketing.</td><td>The reason the city Z branch failed was due to the marketing not the operations.</td><td>The reason the city Z branch failed was due to the marketing not the operations. This is because they did not do enough market research to back up their strategic decisions.</td><td>The reason the city Z branch failed was due to the marketing not the operations. This is because they did not do enough market research to back up their strategic decisions, such as research whether customers want 90% of their waste recycled.</td></tr>
</table></td><td></td></tr>
</table>

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Question	Answer	Marks
2	**Advise Nala on the most important elements to be included in a corporate plan for the future of the city Z branch.** **AO1 Knowledge and understanding** Knowledge K (max 1 mark) can be awarded for any relevant business knowledge about a corporate plan / corporate planning, including, including: • Knowledge of the contents of a corporate plan, including: – mission/vision – objectives – strategic planning – external influences on a business: social, legal, economic, environmental, ethical, political, technological – functional data: marketing, operations management, human resources management, financial management – contingency planning, risk management • Knowledge of the process of corporate planning, including: – a corporate plan is similar to a strategic plan – used for businesses with multiple business units or subsidiaries/parts – defines business direction – and business strategy to get there – usually refers to the broader business as a whole, not individual parts/functions – steps involved in corporate planning, such as assess your current strategy/position, identify objectives, develop your strategic plan and determine performance metrics, implement and share plan, revise and amend. Award DEV for any explanation of relevant business knowledge, up to a max of 2 marks. A corporate plan shows the objectives and strategy of a business K. It may also outline the external influences facing the business, such as economic influences DEV. — 1 K for identification and 1 DEV for a point of explanation Corporate planning involves defining the direction a business is heading K and the strategy involved in meeting its objective DEV. It is a broad plan for the entire business, not just any one function, such as marketing DEV. — 1 K for identification and 2 DEVs for two points of explanation	**20**

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Question	Answer	Marks
2	**AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge of a corporate plan or corporate planning,** to CA and/or the city Z branch, including: • Nala has experience as a cleaner, Operations Manager with CA and planning and management of a branch of CA. • Nala has contacts that she built up (employees, customers, local information) in her role with CA. • Data from the timeline. • Data from the appendices. • A corporate plan is required by the bank to finance her new start-up.	
	AO3 Analysis Analysis is likely to be based on the elements of a corporate plan or corporate planning (A1 and A2 and A3) for CA and/or the city Z branch. Arguments of what should (or should not) be included in Nala's corporate plan for a new cleaning business, including: • Mission/vision – to give the business direction – important for a new business and to convince the bank to provide finance for the new business – however this might not be useful as the separate business has not been set up yet. • Objectives – likely to be Nala's own objectives, unless she is planning to bring in shareholders – a new business is likely to focus on survival and/or providing Nala with enough income to survive. • Strategic planning – likely to be one of the most important elements of Nala's corporate plan as this will give the bank an idea of how she plans to achieve her objectives and repay any finance loaned – Nala may have more experience of her strategy than many start-up businesses as she has managed the city Z branch for the past four years (she has expertise). • External influences on a business – may be less important to inform the bank/Nala as these will be common to all businesses in city Z and/or market. However, Nala may need to provide evidence to the bank (and other stakeholders) that she has recognised these influences. • Functional data: – Marketing – to prove that Nala understands the cleaning market in city Z and to show that she has a plan to reach her target market in sufficient numbers to meet her objectives. – Operations management – Nala's area of expertise (as a previous Operations Manager of CA) and important to show that she is able to deliver a service sector product. – Human resources management – as a business offering a service in city Z, the management of people will be important to allowing Nala to meet her objectives and implement the business strategy. – Financial management – important as Nala's main purpose in preparing a corporate plan is to raise finance to fund her business.	

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Question	Answer	Marks
2	**AO4 Evaluation** Evaluation (N1 and N2 and N3) including: Evaluation will largely depend on the points raised in the analysis. • A judgement over what Nala should include in a corporate plan for her new cleaning business. • What the judgement may depend upon; further data about the market in city Z for cleaning services, external influences, such as the economy, legal issues, fashions/trends, demographic changes, ethical influences, environmental influences, political influences, technological influences, the prior history of Nala with CA and other stakeholders whom she may need to interact with in her new business. • Weighing up of the relevant pieces of data needed for Nala's corporate plan and its use in financing the new business. • Weighing up of the relevant arguments for the use of other data instead of (or in tandem with) the corporate plan. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>Exemplars for awarding evaluation
<table>
<tr><td>No credit</td><td>L1 N1 including: (limited supporting evidence)</td><td>L2 N2 including: (developed supporting evidence)</td><td>L3 N3 (developed supporting evidence with context)</td></tr>
<tr><td>The most important element to be included in a corporate plan for the future of the city Z branch is the objective.</td><td>The most important element to be included in a corporate plan for the future of the city Z branch is the objective to survive the first few months.</td><td>The most important element to be included in a corporate plan for the future of the city Z branch is the objective to survive the first few months. Without this, Nala is unlikely to be able to make the branch successful.</td><td>The most important element to be included in a corporate plan for the future of the city Z branch is the objective to survive the first few months. Without this, Nala is unlikely to be able to make the branch successful because she is too inexperienced.</td></tr>
<tr><td>It is important to include all of the sections such as marketing, production, HRM and finance.</td><td>It is most important to include all of the sections such as marketing, production, HRM and finance.</td><td>It is most important to include sections on marketing, production, HRM and finance, because they all influence one another and the business as a whole.</td><td>It is most important to include sections on marketing, production, HRM and finance, because they all influence one another and the business as a whole so it is the best way to get finance from the bank.</td></tr>
</table></td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/43**

Paper 4 Business Strategy **May/June 2024**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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2

Kitchen Favourites (KF)

KF was set up by Liam and Samir as a limited company. It operates a 'cloud kitchen' business. Cloud kitchens are facilities rented to catering businesses that operate a delivery service. KF rents out kitchen space and provides support workers. The catering businesses cook meals in the cloud kitchens which they then deliver to consumers.

Liam and Samir's objectives are to exploit rapid growth in the sector and maximise the profits made by KF.

Timeline of KF

2018	KF's first cloud kitchen rents space to five catering businesses (see **Appendix 1**).
2019–2020	Global pandemic drives up growth of the food delivery market. A second cloud kitchen is opened and all spaces are rented out. KF starts its own delivery service for the catering businesses in both cloud kitchens. KF employs delivery riders on zero-hours contracts. Approximately 45 riders on electric bikes are used each week.
2021	KF opens a third cloud kitchen. Delivery riders increase to 75. KF develops an app to track delivery riders and improve efficiency (see **Appendix 2**). Delivery riders are unhappy about the tracking data provided by the app (see **Appendix 3**).
2022	Orders for takeaway food from households decline. The government introduces legislation banning zero-hours contracts by the end of 2023.
2023	One cloud kitchen is closed as the delivery market continues to shrink. KF responds to the changes in legislation on zero-hours contracts (see **Appendix 4**).

Developing a new business strategy

Liam and Samir are concerned about the decline in the food delivery market and want to secure the future of KF. Liam thinks that Ansoff's matrix is the best approach to develop a business growth strategy. However, Samir wants to consider other approaches to develop business strategy.

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Appendix 1: Extract from KF's business plan 2018 – Human Resources

- Two directors – Liam and Samir
- One office manager – full time contract $21 000 per year
- 15 kitchen support workers – flexitime contracts $10.50 per hour

Appendix 2: Extract from delivery app functionality report 2021

The app communicates between the kitchen, the delivery rider, and the consumer to provide real-time tracking. The map function provides the quickest routes across the target area for delivery riders to use. Management can track speed, time and efficiency of the delivery riders both on delivery and on return to KF kitchen through the data provided by the algorithms.

Appendix 3: Feedback from delivery riders 2021

- The new delivery app has introduced time targets that are unreasonable.
- We are getting abused by customers who claim food is late, but the app is not calculating times correctly.
- Our performance and bonuses are not being judged fairly.

Appendix: 4 KF's response to the government ban on zero-hours contracts 2023

New legislation banning zero-hours contracts meant that KF had to make a decision between the following two options:

- 25 of the current 75 delivery riders would become full-time employees of KF

  or

- all 75 would become self-employed and part of the gig economy.

Liam and Samir decided that all 75 delivery riders should become self-employed and operate within the gig economy.

Answer **both** questions.

1 Evaluate KF's approach to human resource management (HRM) between 2018–2023. [20]

2 Advise KF whether using Ansoff's matrix is sufficient to develop a successful growth strategy. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/43**

Paper 4 Business Strategy **May/June 2024**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the May/June 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion).

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer.
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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Please refer to this grid for the marking of each question.

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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Question	Answer	Marks
1	**Evaluate KF's approach to human resource management (HRM) between 2018-2023.** **Please refer to the marking grid at the start of the mark scheme.** **Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge (max 1 mark) can be awarded for any relevant business knowledge about human resources, including: • Purpose and roles of HRM • Workforce planning • Recruitment and selection • Redundancy and dismissal • Morale and welfare • Training and development • Management and workforce relations • Motivation as a tool of management and leadership • Motivation theories • Motivation in practice • Management and managers • Organisational structure • Business communication • Leadership • The difference between hard and soft HRM • Flexible working contracts: advantages and disadvantages of temporary contracts or flexible contracts including zero hours contracts, part-time, full-time, annualised hours, flexi-time, home working, shift working, job sharing, compressed working hours, the gig economy • The measurement, causes and consequences of poor employee performance • Strategies for improving employee performance • Management by objectives • The changing role of IT and AI in HRM. Knowledge and understanding (max 2 marks) DEV can be awarded for any relevant business knowledge and understanding about marketing strategy.	**20**

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Question	Answer	Marks
1	**AO2 Application** Application APP (max 1 mark) can be awarded for any relevant use of context linked to KF's Human Resources. Application APP (2 marks) can be awarded for **applying knowledge of HR strategy,** to KF between 2018 and 2023: • Small staff – one office manager, 15 kitchen support workers • Use of full-time contracts and flexi-time contracts • Objectives of growth and profit maximisation • New delivery service – 45 riders hired, increasing to 75 • Use zero-hours contracts • Use of tracking software for staff performance • Tracks speed, efficiency of deliveries • Unreasonable time targets • Bad timing within the app • Bonuses and performance judged unfairly • Compliance with new legislation banning zero-hours contracts • Staff moved to self employed and will operate as part of the gig economy • Use of performance data to judge staff for restructure.	

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Question	Answer	Marks
1	**AO3 Analysis** Analysis is likely to be based on KF's objectives in 2018 to exploit rapid growth in the sector and maximise profits. Analysis of the impact of KFs HR strategy (A1 and A2 and A3) including: • KF operates a simple organisation structure that supports the restaurants renting the space – keeping their costs low to aid profit maximisation and growth. • Kitchen support workers are supplied on zero-hours contracts – keeping costs low on wages. • The launch of their own delivery service is easy through the use of zero-hours contracts meaning they do not have to pay full-time wages – keeping staff costs low. • Expansion (and contraction) of the business has been easy due to the flexible working practices KF uses – it is easy to reduce or increase hours/contracts. • By using zero-hours contracts KF doesn't have to provide paid holiday or benefits – again saving KF costs and helping keep profits high. • Office manager will spend a lot of time planning the staff on zero-hours contracts – matching the demand from restaurants to the staff available. • The use of the zero-hours contracts means that calculating the pay for these workers takes longer – this needs to be accurate. • The delivery app provides key performance indicators that Liam and Samir can use to evaluate the performance of their riders – this can then be used to help decide who continues to be used for work. • The new technology in the app may not be working properly or staff may not be using it properly – This may need further investigation – leading to costs of redevelopment and/or training for staff. • The problems with the app may be causing issues with business reputation – leading to further costs. • KF are complying with the law change on zero-hours contracts – which has implications on the current staff. • Once the new legislation starts, KF will have much less responsibility for the staff – decreasing the cost of running the business. • Once riders are self-employed, albeit with an insecure income, what will the impact be on customer service and efficiency of deliveries – will this increase or will the riders not care as much?	

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Question	Answer	Marks
1	**AO4 Evaluation** Evaluation (N1 and N2 and N3) including: Evaluation will largely depend on the points raised in the analysis. • The use of zero-hours contracts has helped KF keep costs down but it may cause motivation issues with staff if there are not enough hours for people to earn 'full-time' money. • Aiming for profit maximisation has kept Liam and Samir focused on lower costs – decisions about ZHC, the tracking app, the business model have all been designed to keep costs low and make this objective achievable. But has the pursuance of this meant HR has been very 'hard'? • The use of the gig economy means that expansion is much easier for KF but they have little control over who and how many riders are available at any one time, this might upset the restaurants who may not have a delivery rider available to deliver food. • The issues with the app are causing problems with staff – how useful is the technology if it is inaccurate? Will this mean less riders log on – they are not employees, so they don't have to. This could lead to KF not having enough riders and having to use a third party (Deliveroo for example). • KF are responding to the change in law but this is going to increase their costs – affecting the prices for its clients – and will require a new training structure and recruitment process this will also influence its profit maximisation objective. • KF approach to HR has been successful in keeping the costs low. How they approach the HR from 2023 onwards may need to change given the potential growth strategies. Accept all valid responses.	

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Question	Answer	Marks
2	**Advise KF whether using Ansoff's matrix is sufficient to develop a successful growth strategy.** **Please refer to the marking grid at the start of the mark scheme** **Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge K (max 1 mark) can be awarded for any relevant business knowledge about business strategy and Ansoff's Matrix as well as the alternative strategies including: • The meaning and purpose of business strategy • The meaning and purpose of strategic management: analysis, choice and implementation • Approaches to develop business strategy, including: – blue ocean strategy – scenario planning – PEST analysis – Porter's five forces – core competence framework – SWOT – force field analysis – decision trees. Award DEV for any explanation of relevant business knowledge, up to a max of 2 marks.	**20**

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Question	Answer	Marks
2	**AO2 Application** Application (1 mark) can be awarded for **applying knowledge of Ansoff's matrix/business strategy,** to KF. Application (2 marks) can be awarded for **applying knowledge of HR strategy,** to KF between 2018 and 2023: • Delivery market is shrinking back to pre-pandemic levels, limiting growth opportunities. • Changes in legislation change the model of using zero-hours/gig-economy workers. • Any element of the case study/appendices including: – Small staff – one office manager, 15 kitchen support workers – Use of full-time contracts and flexi-time contracts – Objectives of growth and profit maximisation – New delivery service – 45 riders hired, increasing to 75 – Use zero-hours contracts – Use of tracking software for staff performance – Tracks speed, efficiency of deliveries – Unreasonable time targets – Bad timing within the app – Bonuses and performance judged unfairly – Compliance with new legislation banning zero-hours contracts – Staff moved to self employed and will operate as part of the gig economy – Use of performance data to judge staff for restructure.	

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Question	Answer	Marks
2	**AO3 Analysis** Analysis of the usefulness of Ansoff's matrix to help KF develop a growth strategy (A1 and A2 and A3) including: • The current market for deliveries is shrinking – will Ansoff lead them to discuss options that are not viable when other options may need exploration? • What is Liam and Samir's attitude to risk? – This may fuel which direction they choose to go in. • Where will financing come from? – The business has rationalised recently so do they have the money to expand? Candidates may offer alternative approaches: • May want to use the blue ocean strategy to identify a market where they can dominate – as they did when they originally set up the KF/delivery business. • Scenario planning could help map what may happen with the current business model – to help identify where they should move to. • SWOT analysis may help identify strengths that can be transferred to a new project – whilst highlighting the problems they may face in a different model to how they currently operate. • PEST analysis could help understand the changing environment after the global pandemic – which has changed many elements of this. • Five forces would help understand the rivalry they face in a very crowded food/restaurant/takeaway market. • Core competency framework would allow them to identify what they do well and could transfer to any growth option chosen – especially if this is not an expansion of the current food delivery model. • Force field analysis could help Liam to understand the constraining and driving forces in developing the new strategy – This may help him to identify actions that need to be taken to reduce constraining forces. • Decision trees could be used to help make a quantitative led decision between the different options for expansion – but would need to have much more financial information to be worthwhile.	

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Question	Answer	Marks
2	**AO4 Evaluation** Evaluation will largely depend on the points raised in the analysis of the approaches needed to develop the new strategy other than Ansoff's Matrix. Evaluation (N1 and N2 and N3) including: • Candidates must state that Ansoff's Matrix is/isn't sufficient or acknowledge that something else is better for first N1 mark. • Each option requires much more data and research to understand the risk, financial constraints and success probabilities to help make the final decision. • Should KF be using a combination of other methods – decision trees to help make the decision, core competency framework to identify strengths to transfer to new business etc.? • How important is growth to the new strategy moving forward, do they need to consolidate after the pandemic and focus in on what they do best given new HR implications? • Is the whole structure of their business model changing given changes to ZHC legislation – is this model even still viable? • Advice to KF should make clear whether Ansoff's matrix is sufficient or whether it should be supported by other models, and if so which? Accept all valid responses.	

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/41**

Paper 4 Business Strategy **October/November 2024**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages.

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2

Designer Floor Cleaners (DF)

Penny and Vijay set up DF in 2010 in country X. They converted DF into a public limited company in 2014.

DF designs and sells steam floor cleaners. Manufacturing is outsourced to low-cost countries. DF's unique selling point (USP) is modern and stylish designs.

DF developed its brand using paid social media influencers to promote its goods. DF sold direct to customers on its website. This strategy was successful and DF developed a strong brand identity.

DF only used 10% of its profits for research and development and distributed the remainder in dividends.

Timeline of DF

2014	Features on a popular TV programme and gains nationwide brand recognition.
2015	Enters into a strategic alliance with Alliance Brands (AB) to stock DF products in AB's 2000 stores in country X.
2016	Rapid market growth in country X.
2017	Increased competition from manufacturers of innovative battery-powered floor cleaners. DF starts new 'Fly-away' promotional strategy (see **Appendix 1**). Cost to be shared equally between AB and DF. Demand is much greater than expectations.
2018	DF refuses the majority of 'Fly-away' applications. Negative comments from angry customers trend on social media. The 'Fly-away' promotion crisis is highlighted on consumer TV programmes.
2019	AB uses social media to place blame on DF for rejected 'Fly-away' applications. DF's market share falls.
2020	DF reduces prices.
2021	AB cancels agreement to sell DF products and returns unsold inventory.
2022	Economic expansion in country X leads to market growth for consumer durable products.
2023	DF's annual report includes a 10-year financial review (see **Appendix 2**).

Developing a strategy for growth

DF's Board of Directors want to look ahead and develop a strategy to grow the business. Partly based on a recent PEST analysis, the directors are considering two alternative strategies (see **Appendix 3**).

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Appendix 1: Fly-away promotion 2017

The offer: Spend $350 on DF product in an AB store and get 2 free return plane tickets between 1 September 2018 and 25 December 2019.

Expected outcome: 10 000 customers are expected to apply.

Actual outcome: 150 000 customers apply for tickets.

Promotional cost: Average cost to DF of two return flights is $100.

Terms and conditions include:

- Return of postal application form within seven days of purchase.
- Customer to select three airport and date options.
- DF can reject customer airport selection and one alternative will be provided.

Appendix 2: DF ratio results

	2014	2017	2020	2023
Gross profit margin	40%	45%	20%	25%
Return on capital employed	8%	15%	10%	10%
Current ratio	1.1:1	1:1	2:1	3:1
Trade receivables turnover	59 days	62 days	30 days	20 days
Trade payables turnover	10 days	10 days	40 days	60 days
Rate of inventory turnover	12 times	11 times	12 times	6 times
Price/earnings ratio	10	10	8	5
Gearing	10%	15%	30%	35%

Appendix 3: DF's two possible growth strategies

	Growth strategy A	Growth strategy B
Details	Take over manufacturer of battery-powered floor cleaners.	Increase investment in research and development to develop artificial intelligence (AI) floor cleaners.
Chance of successful outcome	High	Medium
Competitive rivalry in market for this type of cleaner	High	Low
Forcefield analysis: main constraining factor	Need for organisational restructure	Need to recruit research engineers

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[Turn over

4

Answer **both** questions.

1 Evaluate the extent to which corporate planning could have prevented the 'Fly-away' promotion crisis. [20]

2 Advise DF on the likely impact of ratio results on its choice of future growth strategy. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/41**

Paper 4 Business Strategy **October/November 2024**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Social Science-Specific Marking Principles
(for point-based marking)

1. Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a. DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b. DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c. DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d. DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e. DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f. DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g. DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2. Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3. Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4. Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

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AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

PREPARATION FOR MARKING
1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS
1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS
Crossed out work
1 All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)
1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

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Annotation

1 Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
2 Every page of a script must have at least one annotation e.g. <BP> for a blank page.

Paper 4 annotations for RM Assessor

To award	Annotation	Comment
Correct		For objective points that are right or wrong.
Incorrect		For objective points that are wrong.
Too Vague	TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlight	Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
Benefit of doubt	BOD	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	On page comment	Rarely used in live marking. Very useful for practice scripts. To communicate with the supervisor.
Seen	SEEN	To show a page/section has been seen/read.
Not answering question	NAQ	When the response is not focussed on answering the question.
Repetition	REP	The repetition of a previous point in a response Or Candidate is copying the case study/data.

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To award	Annotation	Comment
Own figure rule	OFR	The own figure rule applies – acts as a mark/tick.
Knowledge (AO1) L1	K	When limited knowledge (AO1) has been awarded.
Developed knowledge (AO1) L2	DEV	When developed knowledge (AO1) has been awarded.
Application (AO2) L1	APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
Application (AO2) L2		
Analysis (AO3) L1	A1	When AO3 at Level 1 has been awarded.
Analysis (AO3) L2	A2	When AO3 at Level 2 has been awarded.
Analysis (AO3) L3	A3	When AO3 at Level 3 has been awarded.
Evaluation (AO4) L1	N1	When AO4 at Level 1 has been awarded.
Evaluation (AO4) L2	N2	When AO4 at Level 2 has been awarded.
Evaluation (AO4) L3	N3	When AO4 at Level 3 has been awarded.

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Please refer to this grid for BOTH questions.

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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Question	Answer	Marks
1	**Evaluate the extent to which corporate planning could have prevented the 'Fly-away' promotion crisis.** **Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge K (max 1 mark) can be awarded for any relevant business knowledge about planning: • the process of setting goals for a business and developing a strategy to achieve them, including: • Defining goals/objectives • Creating a plan • Identifying/allocating resources • Monitoring progress • Functional (Marketing, Operations HR, Finance) decision making Award DEV for any **explanation** of corporate planning and implementation, up to a max of 2 marks, including: • Objectives for the entire organisation • Long term objectives and strategy/plans • Business priorities • Role of corporate culture • Role of transformational leadership • Role of contingency planning • Role of crisis management • Role of strategic (planning) approaches (blue ocean strategy, scenario planning, SWOT analysis, PEST analysis, Porter's five forces, core competency framework, Ansoff matrix, force field analysis, decisions trees) **AO2 Application** Application APP (max 2 marks) can be awarded for • Cost to be shared equally between AB and DF. • Demand is much greater than expectations. • DF refuses the majority of 'Fly-away' applications. • Negative comments from angry customers trend on social media. • The 'Fly-away' promotion crisis is highlighted on consumer TV programmes. • Use of data in appendix 1 (not repetition of basic data)	**20**

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Question	Answer	Marks
1	**AO3 Analysis** Analysis is likely to be based upon DF's planning (A1 and A2 and A3) Analysis of the corporate planning; **Advantages** • Improve communication – better planning could have helped marketing communicate better with other functions to anticipate the problems • Adapt to change – would have allowed DF to anticipate and adapt to changes as the strategy unfolded • Improved decision making – would have allowed the management to consider more options and make better decisions as to how the promotion should run or if it should have run at all • Focus on resources – planning would have helped ensure enough resources – financial or otherwise – were in place to help the promotion be successful • Drive growth – planning would have helped identify all possible growth avenues for DL and maybe look at alternatives to the promotion **Disadvantages** • Overplanning – plans may have been too detailed in some areas and lacking in others that decisions may have become too complex • Complacency – planning may lead management to become complacent and not consider all the options as they were focused on this particular promotion instead of other ways to achieve growth. • Limited flexibility- planning may have been too tight that it limits the flexibility for DF to respond when things did start to go wrong, the plans need an element of adaptability to ensure DF can respond in a timely manner • Limited creativity – planning may have limited the creativity to help solve this crises quickly and 'nip it in the bud' before social media got hold of it. **AO4 Evaluation** Evaluation (N1 and N2 and N3) including: Evaluation will largely depend on the points raised in the analysis. • A judgement over the extent to which DF's corporate planning could have prevented the 'Fly-away' promotion crisis • Discussion over what elements of corporate planning could have been used and what that judgement could depend upon; • External environment will have influenced the demand for and reputation of the promotion	

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Question	Answer	Marks
1	• Competition – DF's response was to a competitive environment and their actions forced DF to come up with something more creative, and risky, to win customers/market share • Shareholder expectations – these were low given the recent ratio performance and pressure to perform better/increase sales/increase market share may have led to risky promotions being put together • Customer reactions – this was always going to be a good deal so did DF underestimate customers or have flawed market research which led to the crises? Accept all valid responses.	

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Question	Answer	Marks
2	**Advise DF on the likely impact of ratio results on its choice of future growth strategy.** **Indicative content** **AO1 Knowledge and understanding** Knowledge K (max 1 mark)of/basic use of ratio analysis for a business, including knowledge of formulae/definition: • Current ratio; liquidity ratio • Acid test ratio; liquidity ratio • Gross profit margin; Profitability ratios • Operating profit margin; Profitability ratios • Return on capital employed (ROCE) Profitability ratios • Trade receivables turnover; Financial efficiency ratios • Trade payables turnover; Financial efficiency ratios • Rate of inventory turnover Financial efficiency ratios • Gearing • Price/earnings ratio; Investment ratios; Award DEV for explaining the use of the ratio **AO2 Application** Application APP (max 2 marks) can be awarded for application to DF's ratio results in 2023 (Appendix 2) **to the growth strategies in Appendix 3**, including: **Strategy A** – external growth through horizontal takeover of a competitor with a high level of competitive rivalry, high chance of success, but need for organisational restructure. • GPM increasing to 25% this secures supplies and may bring down cost of sales, increasing GPM further • ROCE consistent at 10%, may help secure supplies and bring down costs (Economies of scale?) • Current ratio shows some liquid assets – possibly money to fund growth from their own funds? • Trade Pay/Rec shows a good working capital cycle – this would also secure one of its suppliers making this ratio stronger • Inventory turnover is poor – may not be able to sell inventory they have in a saturated market especially a very competitive one. • PE ratio is still worse than 2014 – needs to do something to reassure shareholders – like securing a supplier? • Gearing has increased but is still low – indicating room to borrow funds for the takeover if needed	**20**

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Question	Answer	Marks
2	**Strategy B** – internal growth through increased R&D spending on AI, low competitive rivalry in this market (presumably for AI floor cleaners), but only medium chance of success and cost of recruiting research engineers. • GPM could be affected if more goes on R and D • ROCE is consistent but could fall if significant profits are diverted to R & D • Current ratio shows some liquid funds for investment – but is that enough for this R& D? • Trade Pay/Rec – good working capital cycle could fund the ongoing R&D • Inventory turnover is poor – for current model but new model could see a surge in demand, bringing this back up • PE ratio is getting worse – new strategy needs to reassure shareholders by getting them a better return. **AO3 Analysis** Analysis is likely to be based on how the ratio results may help DF to choose a future growth strategy (A1 and A2 and A3)and may include: Growth strategy A – external growth (horizontal takeover) • Gearing may allow DF to analyse whether it will be able to raise finance to purchase enough of a stake in the manufacturer to take it over. • Increasing GPM (since 2020) may signal a turn in fortunes for DF – suggesting it is the right time for external growth. • Current ratio suggests that there are under-used assets in the firm – may be cash or inventory that is not being better utilised. • Increasing efficiency in both trade receivables and trade payables gives improved cash flow. • Reducing PE ratio may suggest a reduction in shareholder confidence (public limited company). Will the shareholders support a takeover – high chance of success may help convince them. Growth strategy B – internal growth (R&D) • Improvement in GPM since 2020 (and consistent ROCE since 2020) may suggest DF has the funding to research new AI technology – need shareholder ratio data to make a determination. • DF has good liquidity to fund R&D, but the increased gearing may mean that long-term borrowing might be difficult. Need costings to fully analyse this. • Improvements to efficiency may suggest DF is ready to move into a new area/product – however these are fairly recent so may need to continue to focus on its core business before launching a new product. • Reducing PE ratio may lead shareholders to want a focus on returns, not spending on R&D.	

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Question	Answer	Marks
2	**Alternatively**, candidates may analyse the advantages and disadvantages of using ratios in decision making including: • Advantages • Provides a snapshot of the business and its current position • Trends can be identified to support a decision • Can be used to compare performance with competitors • Disadvantages • Relies on past date – is backward looking • Doesn't consider non-financial factors • Can be manipulated/window dressed • Maybe difficult to compare with other businesses due to how accounts are constructed. **AO4 Evaluation** Evaluation (N1 and N2 and N3) Evaluation will depend upon the points of analysis that have been discussed previously. Reference to the level of impact compared to the ratio results needs to be made to award evaluation marks. • A judgment on whether the ratios support strategy A or B **OR** • A judgement on whether ratios are not enough to support the decision needed to grow in the future and other strategic tools are needed to help formulate decision **OR** • A judgement that ratios are sufficient to make the decisions about the future growth • What the judgement(s) may depends upon; the external environment, the ratio/accounting data for the manufacturer suggested for a takeover, missing DF ratio results, shareholder expectations etc. Accept all valid responses.	

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **October/November 2024**

1 hour 15 minutes

8357015035

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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2

Puli Insurance (PI)

PI only sells its own car and home insurance. It was set up as a private limited company in 1988 by Kwami Puli to sell insurance to customers in country D. Kwami was Managing Director (MD) until 2019 when he retired. His son, Idir, became the new MD. Kwami remains the largest shareholder of this family business.

Timeline of PI

2020	Idir believes that PI has poor employee performance. He dismisses the Human Resource (HR) manager and adds the role to his own duties. Idir commissions an independent business analyst to report on the HR issues in the company (see **Appendix 1**).
2021	Idir reviews the existing organisational structure (see **Appendix 2**) and makes recommendations to the Board of Directors (see **Appendix 3**), which are quickly adopted.
2022	All PI managers are sent on a five day off-the-job training course to encourage intrapreneurship. Trade union membership (as proportion of total workforce) increases to 60%.
2023	Idir implements a 'paperless office' policy which orders all employees to use electronic communication whenever possible. All employees are issued with a smartphone for business use only.
2024	Idir is interviewed by a trade magazine about his first five years as MD of PI (see **Appendix 4**).

Developing a new business strategy

Idir wants to target pet owners to sell them pet insurance (to pay for medical treatment for domesticated animals). The market for pet insurance in country D is growing rapidly and is set to reach $5bn by 2026. The market segment is dominated by two large competitors and it will require significant investment to enter successfully. Idir believes that PI could gain economies of scale by selling to this market.

Idir will need advice on what accounting data he should use to help him develop this new business strategy.

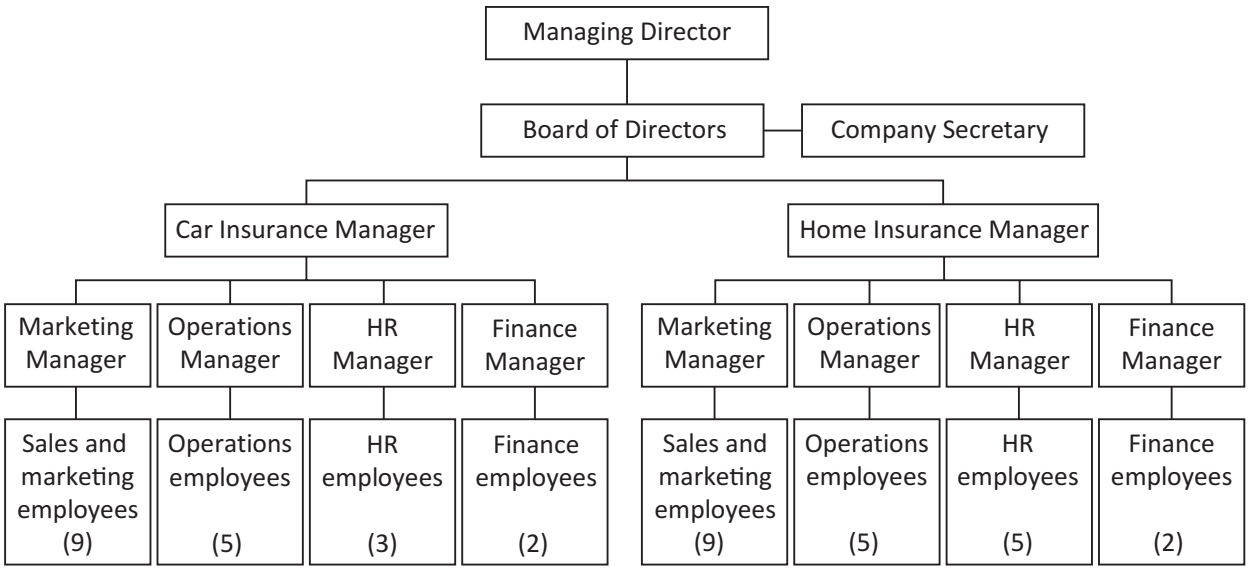
Appendix 1 Extract from a report outlining the HR issues in PI in 2020

	PI	Industry average in country D
Labour turnover	2%	15%
Absenteeism	12%	5%
Lateness	27%	10%
Management average emotional quotient (EQ) score	120	80

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Appendix 2 Organisational structure of PI in 2021



The number in brackets indicates the number of employees.

Appendix 3 Summary of Idir's recommendations to the Board of Directors in 2021

- Delayer the organisation structure by combining the car and home insurance sections of the business, making the car and home insurance managers redundant.
- Reduce the number of functional managers and employees through involuntary redundancy.
- Decentralise decision making to the remaining functional managers.
- Introduce financial penalties for lateness and financial incentives for 100% attendance.
- Increase use of information technology (IT), especially in sales.

Appendix 4 Extract from a 2024 interview in a trade magazine

It has been an exciting journey since I took over from my father. He believed in soft HR and I do not. Our labour turnover has risen, but our cost of sales is low, and we have the highest gross profit margin in the industry.

We've doubled sales since 2020 with half the number of employees. Now there is almost no lateness or absenteeism. No other insurance business in country D has better trained employees than PI. I am proud to have led PI through the last five years and I look forward to increasing shareholder returns in the future!

Answer **both** questions.

1 Evaluate the success of Idir's strategy for improving employee performance between 2020 and 2024. [20]

2 Advise Idir on what accounting data he should use to help him develop a new business strategy for PI to sell pet insurance. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **October/November 2024**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

© Cambridge University Press & Assessment 2024 **[Turn over**

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

alpha

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PUBLISHED

Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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Paper 4 annotations for RM Assessor

To award	Annotation	Comment
Correct		For objective points that are right or wrong.
Incorrect		For objective points that are wrong.
Too Vague	TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlight	Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
Benefit of doubt	BOD	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	On page comment	Rarely used in live marking. Very useful for practice scripts. To communicate with the supervisor.
Seen	SEEN	To show a page/section has been seen/read.
Not answering question	NAQ	When the response is not focussed on answering the question.
Repetition	REP	The repetition of a previous point in a response Or Candidate is copying the case study/data.
Own figure rule	OFR	The own figure rule applies – acts as a mark/tick.
Knowledge (AO1) L1	K	When limited knowledge (AO1) has been awarded.

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To award	Annotation	Comment
Developed knowledge (AO1) L2	DEV	When developed knowledge (AO1) has been awarded.
Application (AO2) L1	APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
Application (AO2) L2		
Analysis (AO3) L1	A1	When AO3 at Level 1 has been awarded.
Analysis (AO3) L2	A2	When AO3 at Level 2 has been awarded.
Analysis (AO3) L3	A3	When AO3 at Level 3 has been awarded.
Evaluation (AO4) L1	N1	When AO4 at Level 1 has been awarded.
Evaluation (AO4) L2	N2	When AO4 at Level 2 has been awarded.
Evaluation (AO4) L3	N3	When AO4 at Level 3 has been awarded.

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Please refer to this grid for BOTH questions.

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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Question	Answer	Marks
1	**Evaluate the success of Idir's strategy for improving employee performance between 2020 and 2024.** **Indicative content** **AO1 Knowledge and understanding** Knowledge K (max 1 mark) can be awarded for any relevant business knowledge about employee performance and improving employee performance, including: • The purpose and roles of HRM • Workforce planning • Recruitment and selection • Redundancy and dismissal • Morale and welfare • Training and development • Management and workforce relations • Motivation • Management • Organisational structure • Delegation and accountability • Control, authority and trust • Centralisation and decentralisation • Business communication • Leadership • HRM strategy, including: Hard and soft HRM Flexible working contracts Management by objectives (MBO) Role of IT and AI in HRM Award DEV for any explanation of relevant business knowledge, up to a max of 2 marks.	**20**

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Question	Answer	Marks
1		

Motivation is the desire to do something K	Some basic knowledge about motivation, so only K.
Motivation is the desire to do something K, for example a person can be motivated to work harder by financial incentives DEV.	1 K for identification and 1 DEV for a point of explanation
Motivation is the desire to do something K, for example a person can be motivated to work harder by financial incentives DEV. A worker can also be motivated by non-financial incentives, like belonging DEV.	1 K for identification and 2 DEVs for two points of explanation

AO2 Application

Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of employee performance,** to PI between 2020 and 2024.
Idir's strategy between 2020 and 2024, including:

- Idir becomes HR manager – dismissing the previous manager.
- Idir commissions an independent business analyst who reports:
  Low labour turnover (2% compared with 15%)
  High absenteeism (12% compared with 5%)
  High lateness (27% compared with 10%)
  High EQ score (120 compared with 80)
  Low trade union membership (4% compared with 25%).
- 2021 organisational structure (Appendix 2).
- 2021 recommendations to the Board (Appendix 3).
  Delayer the organisation structure by combining the car and home insurance sections of the business, making the car and home insurance managers redundant.
  Reduce the number of functional managers and employees through involuntary redundancy.
  Decentralise decision-making to the remaining functional managers.
  Introduce financial penalties for lateness and financial incentives for 100% attendance.

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Question	Answer	Marks
1	Increase use of information technology (IT), especially in sales. • Five day off-the-job training course to encourage intrapreneurship. • In 2022, 60% trade union membership. • Paperless office policy in 2023 and smartphone issued to all employees. • 2024 interview in trade magazine: Idir believes in hard HRM. Increasing labour turnover. Cost of sales is low. Highest gross profit margin in industry. Doubled sales since 2020. Half number of employees. Almost no lateness or absenteeism. **AO3 Analysis** Analysis is likely to be based on how improving employee performance may have affected PI's decision making (A1 and A2 and A3) between 2019 and 2024. Analysis is likely to be based on how Idir's strategy may have affected employee performance 2020 and 2024, including: • Dismissed HR manager which may have lost expertise and experience of the employees at PI – leading to a worsening of employer-employee relations and industrial action. • Idir may not have the qualifications and expertise to manage HR as well as his duties as MD, leading to poor HRM – may increase labour turnover for PI – increase costs. • Delayering the organisation structure: Increased costs of redundancy – lower profit – loss of expertise – increased costs Car and home insurance may require different skills and abilities, meaning that employees are not being utilised in the most effective place – leading to increased costs – less profit. Use of involuntary redundancy – may lead to demotivated employees who do not work as fast – increased costs – reduced efficiency. Lack of supervision through the decision to reduce the number of functional managers – lower productivity. Decentralisation may put more pressure on Managers, despite some being made redundant – reduce efficiency –	

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Question	Answer	Marks
1	higher average costs. Penalties for lateness may cause employee dissatisfaction leading to increased employee turnover – increased recruitment/training costs. Financial incentives for 100% attendance may discourage absenteeism – increasing productivity – increased sales – increased profit. Use of IT may speed up sales process, increasing sales revenue – increasing profit – however may irritate customers, reducing sales – decreasing profit. • Idir's HR ideas are quickly adopted – may not be the best strategy, but Directors may feel pressured to agree, especially after redundancies – introduce strategies that may harm PI and lead to lower profit. • All PI managers sent on training to encourage intrapreneurship – increased problem solving leading to higher sales/lower costs/new product development – increased sales – higher profit. • Increased trade union membership may lead to more industrial action/collective bargaining increasing costs – reducing profit. • Paperless office introduced leading to lower costs – may also require training for all employees – increased costs. • All employees issued smartphone which increases PI's costs – may increase effective communication – more efficient. • Hard HRM leading to dissatisfied employees – higher labour turnover • Clear communication of instructions and supervision may lead to a more efficient workforce – lower costs. • Labour turnover has risen – increased costs – lower profit. • Cost of sales is low/high gross profit margin – increased profit for shareholders. • Sales increased with less employees leads to increased efficiency – higher profit. • Best training in industry may lead to increased applications – lower cost of recruitment – better applications/employees. **AO4 Evaluation** Evaluation (N1 and N2 and N3) including: Evaluation will largely depend on the points raised in the analysis. • A judgement over the impact of Idir's strategy on PI's employee performance between 2020 and 2024. • Discussion over the level of impact on the PI's employees and what that impact may depend upon; external influences, overall objective of PI, the feelings/attitudes of the employees and management of PI, how established the corporate culture is within PI, the level of animosity over the involuntary redundancies, etc. • The extent to which the decision making clashes with or works within the objectives of PI. • Other external influences on PI's decision making other than the corporate culture (e.g. the state of the economy;	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>
economic growth) social factors (e.g. increasing remote working), technological factors (e.g. increased use of technological communication in 2020/2021 due to the pandemic).

Accept all valid responses.

Exemplars
<table>
<tr><th>No credit</th><th>L1 N1 including: (limited supporting evidence)</th><th>L2 N2 including: (developed supporting evidence)</th><th>L3 N3 (developed supporting evidence with context)</th></tr>
<tr><td>Idir's strategy for improving employee performance between 2020 and 2024 was good.</td><td>Idir's strategy for improving employee performance between 2020 and 2024 was good because he eliminated most of the absenteeism.</td><td>Idir's strategy for improving employee performance between 2020 and 2024 was good because he eliminated most of the absenteeism which was much higher than the industry average and must have increased PI's costs significantly.</td><td>Idir's strategy for improving employee performance between 2020 and 2024 was good because he eliminated most of the lateness which was 7% higher than the industry average and must have increased PI's costs significantly.</td></tr>
<tr><td>The success of Idir's HR strategy depends on many factors.</td><td>The success of Idir's HR strategy depends on whether the external influences in country D are likely to change.</td><td>The success of Idir's HR strategy depends on whether the external influences in country D are likely to change. For example, if the unemployment rate in country D increases, he may find hard HRM makes recruitment difficult, if no-one wants to work at PI.</td><td>The success of Idir's HR strategy depends on whether the external influences in country D are likely to change. For example, if the unemployment rate in country D increases, he may find hard HRM makes recruitment difficult, especially in the Pet market which is dominated by two large competitors who may have better HRM.</td></tr>
</table>
</td><td></td></tr>
</table>

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Question	Answer	Marks
2	**Advise Idir on what accounting data he should use to help him develop a new business strategy for PI to sell pet insurance.** **Indicative content** **AO1 Knowledge and understanding** Knowledge K (max 1 mark) can be awarded for any relevant business knowledge accounting data, including: • Business finance • Sources of finance • Forecasting and managing cashflows • Costs, including break-even analysis • Budgets and budgeting • Statement of profit or loss; revenue, cost of sales, gross profit, expenses, profit from operations (operating profit), taxation, profit for the year, dividends, retained earnings. • Statement of financial position; non-current assets, current assets, current liabilities, net current assets, net assets, non-current liabilities, reserves and equity. • Inventory valuation; net realisable value method. • Depreciation; straight line method only. • Liquidity ratios; current ratio, acid test ratio. • Profitability ratios; ROCE, gross profit margin, profit margin. • Gearing ratio. • Investment ratio; dividend yield, dividend cover, PE ratio. • Investment appraisal; payback, ARR, NPV. Award DEV for any explanation of accounting data, up to a max of 2 marks.	**20**

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Question	Answer	Marks
2		

Profitability ratios K	K for identifying any accounting data.
Profitability ratios K. Such as the ROCE DEV.	1 K for identification and 1 DEV for a point of explanation
Profitability ratios K. Such as the ROCE DEV, which shows the relationship between sales revenue and the capital invested in the business DEV.	1 K for identification and 2 DEVs for two points of explanation

AO2 Application

Application APP (max 2 marks) can be awarded for **applying knowledge of accounting data,** to PI, including:

- Target pet owners to sell pet insurance – similar product to PI's current portfolio (car and home insurance).
- Market for pet insurance in country D is growing rapidly and set to reach $5bn by 2026.
- Very competitive market.
- Market requires significant investment.
- PI is a private limited company.
- PI is a family owned business.
- Idir believes that PI could gain many economies of scale by selling to the pet insurance market.
- Likely to be a? on the Boston Matrix (high growth market with low market share).
- Likely to be market penetration on Ansoff's matrix (existing product – insurance to a new market).

AO3 Analysis

Analysis is likely to be based on the accounting data Idir should use to develop a strategy to target the pet insurance market in country D (A1 and A2 and A3), including:

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Question	Answer	Marks
2	Arguments of the accounting data Idir should use to develop a strategy to target the pet insurance market in country D, including: • Statement of profit or loss; To calculate/show to future investors – gain finance to invest in this new market – greater chance of success. To show the effects on dividends/ retained earnings in the short run (likely to decrease) and long run (likely to increase). To calculate/show likely effects of economies of scale on the cost of goods sold and/or expenses – savings based on this expansion. To understand working capital implications of the expansion – to make decisions on how much to allocate to cost of sales, marketing etc. • Statement of financial position; non-current assets, current assets, current liabilities, net current assets, net assets, non-current liabilities, reserves and equity. To calculate/show effects of expansion on the net worth of PI. To understand the liquidity of PI in case of having to finance the expansion internally. To plan the strategy in the short run (current assets/liabilities) and the long run (non-current assets/liabilities/equity). To understand the efficiency/performance of the business • Inventory valuation; net realisable value method. Unlikely to be a major factor as PI sells a service and any inventory would not be perishable ro incur significant costs. • Depreciation; straight line method only. PI's recent move to increase online sales (which it can be assumed will continue to be the case with pet insurance) makes technology important in planning a strategy for the expansion into pet insurance. The current hardware may be obsolete and require replacement in the near future, especially with increased reliance on it. Also speed of hardware development might reduce the lifetime of PI's computers making it important to understand the value of the assets. • Liquidity ratios; current ratio, acid test ratio. To finance the strategy, especially the short run cash requirements. • Profitability ratios; ROCE, gross profit margin, profit margin. Likely to be important to convince the owners/board of the profitability of the strategy. However, as PI is a family business this may be less important. May only need to convince Kwami (as he owns 50% of the shares and together with Idir's 10% this gives a majority shareholding). • Gearing ratio. To finance the strategy, especially the long run capital requirements.	

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Question	Answer	Marks
2	• Investment ratio; dividend yield, dividend cover, PE ratio. May be important to convince the owners – however as a family-owned business this be less important. • Investment appraisal; payback, ARR, NPV. Unlikely to be important, unless there is a need to purchase capital equipment. **AO4 Evaluation** Evaluation (N1 and N2 and N3) including: Evaluation will largely depend on the points raised in the analysis. • A judgement over which accounting data is likely to be most useful to Idir when developing a business strategy to sell pet insurance in country D. • What the judgement may depend upon; further data about the market in country D for pet insurance, external influences, such as the economy, legal issues, fashions/trends, demographic changes, ethical influences, environmental influences, political influences, technological influences, the strength of the link between the current product portfolio and this new product etc. • Weighing up of the relevant pieces of accounting data and their use in developing a new strategy. • Weighing up of the relevant arguments for the use of other data instead of (or in tandem with) accounting data.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>Accept all valid responses.
<table>
<tr><th>No credit</th><th>L1 N1 including: (limited supporting evidence)</th><th>L2 N2 including: (developed supporting evidence)</th><th>L3 N3 (developed supporting evidence with context)</th></tr>
<tr><td>Idir should use profitability ratios.</td><td>Idir should use profitability ratios because this is the most important accounting data.</td><td>Idir should use profitability ratios because this is the most important accounting data to reach the objectives of the business, which is likely to be profit maximisation.</td><td>Idir should use profitability ratios because this is the most important accounting data to reach the objectives of the business, which is to increase shareholder returns in the future.</td></tr>
<tr><td>Which data Idir should use depends on the market.</td><td>Which data Idir should use depends on the market. If the market is dynamic, then accounting data may be useless.</td><td>Which data Idir should use depends on the market. If the market is dynamic, then using accounting data that is based on historical figures may be useless.</td><td>Which data Idir should use depends on the market. Since PI is new to this market and it is dominated by two large competitors, then using accounting data that is based on historical figures may be useless.</td></tr>
</table></td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/43**

Paper 4 Business Strategy **October/November 2024**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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2

Fletcher Brenton (FB)

FB is an independent watchmaker which has been manufacturing watches in Switzerland since 1860. FB started with pocket watches and in 1912 was one of the first businesses to design wristwatches as fashions changed.

The current CEO is Stefan Fletcher who is also the only shareholder. Two key features of his finance and accounting strategy are:

- never to use long-term borrowing
- to pay high dividends every year.

FB has always innovated in watch technology, including the use of calendar and astronomy dials, self-winding mechanisms and the design of sports and nautical watches.

Its exclusive designs and limited editions have made FB's watches collectable and in high demand, with most selling for between $55 000 and $100 000.

The watches are handmade in its Swiss workshop before being exported to countries to sell in FB's showrooms.

Timeline of FB

2016	Recovery from the global recession of 2008–12 has been slow, with FB reporting a loss for the fourth year in a row.
2017	FB increases promotional spending on its existing range and launches two special editions.
2018	FB expands production capacity and refurbishes its workshop in Switzerland (see **Appendix 1**).
2020–2021	160th anniversary watch is launched (see **Appendix 2**).
2022	Review of FB's accounting and finance performance (see **Appendix 3**).
2023	Stefan Fletcher announces plan to retire in 2025. There is no family to pass the business onto after 162 years. Scenario plans are drawn up for the leadership and future strategies of the business (see **Appendix 4**).

Developing a new business strategy

FB is facing an uncertain future. The issue of selecting a new leader for FB following Stefan's retirement has still not been resolved.

FB and its competitors are facing a number of issues including:

- advances in digital technology in the sports watch market
- problems with predicting demand in a volatile global economy
- changes in the competitive market.

The focus of the Board of Directors is to use scenario planning to help them develop a strategy for FB.

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3

Appendix 1: Extract from Finance Report on the expansion of the workshop 2018

FB purchased the property next to its workshop for $2.2m. The cost of renovation and development of the two properties was a further $2.75m. Cash was used to fund this to keep to FB's strategy of no long-term borrowing.

Appendix 2: Extract from FB's 160th Anniversary report 2020

2020 is our 160th anniversary and has seen the launch of our limited edition watch with a selling price of $160 000.

However, in unprecedented times demand and sales have fallen. This, along with the depreciation of the Swiss currency, has reduced the cash balance although the directors are confident that it is sufficient to allow FB to survive.

Appendix 3: Selected financial information for FB 2016–2022

	2016	2019	2022
Revenue ($m)	14.2	59.0	24.1
Profit/(loss) for year ($m)	(3.06)	7.2	(0.1)
Inventory ($m)	12.86	14.9	16.2
Cash ($m)	2.9	6.6	0.8
Dividends paid ($m)	5.0	5.0	5.0
Gross profit margin	31%	34%	29%
Operating profit/(loss) margin	(24)%	16.2%	0.3%
ROCE	(22)%	32%	0.3%
Current ratio	1.05:1	1.52:1	0.91:1
Acid test ratio	0.29:1	0.63:1	0.41:1

Appendix 4: Extract from the scenario planning for FB 2022

Issue	Possible scenarios		
Succession planning for Stefan's retirement	Appoint new CEO	Sell FB	Close the business
Volatility in the global market	Exchange rate volatility	Income volatility	The competitive market
Changes in sports watch technology	Lead new technology development	Follow new technology development	Leave sports watch market

Answer **both** questions.

1 Evaluate the impact of FB's finance and accounting strategy on its performance between 2016 and 2022. [20]

2 Advise the Board of Directors on whether scenario planning is the most useful approach to develop a new business strategy for FB. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/43**

Paper 4 Business Strategy **October/November 2024**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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PUBLISHED

Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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Paper 4 annotations for RM Assessor

To award	Annotation	Comment
Correct		For objective points that are right or wrong.
Incorrect		For objective points that are wrong.
Too Vague	TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlight	Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
Benefit of doubt	BOD	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	On page comment	Rarely used in live marking. Very useful for practice scripts. To communicate with the supervisor.
Seen	SEEN	To show a page/section has been seen/read.
Not answering question	NAQ	When the response is not focussed on answering the question.
Repetition	REP	The repetition of a previous point in a response Or Candidate is copying the case study/data.
Own figure rule	OFR	The own figure rule applies – acts as a mark/tick.
Knowledge (AO1) L1	K	When limited knowledge (AO1) has been awarded.
Developed knowledge (AO1) L2	DEV	When developed knowledge (AO1) has been awarded.

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To award	Annotation	Comment
Application (AO2) L1	APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
Application (AO2) L2		
Analysis (AO3) L1	A1	When AO3 at Level 1 has been awarded.
Analysis (AO3) L2	A2	When AO3 at Level 2 has been awarded.
Analysis (AO3) L3	A3	When AO3 at Level 3 has been awarded.
Evaluation (AO4) L1	N1	When AO4 at Level 1 has been awarded.
Evaluation (AO4) L2	N2	When AO4 at Level 2 has been awarded.
Evaluation (AO4) L3	N3	When AO4 at Level 3 has been awarded.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
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<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
3 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
8 marks</th><th>AO4 Evaluation
7 marks</th></tr>
<tr><td></td><td>Description</td><td>Description</td><td>Description</td><td>Description</td></tr>
<tr><td>3</td><td></td><td></td><td>7–8 marks
Developed analysis of the overall strategy that identifies connections between causes, impacts and/or consequences.</td><td>6–7 marks
Effective evaluation
A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2–3 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>4–6 marks
Developed analysis of individual strategic element(s) that identifies connections between causes, impacts and/or consequences.</td><td>3–5 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table></td><td>20</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
3 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
8 marks</th><th>AO4 Evaluation
7 marks</th></tr>
<tr><td></td><td>Description</td><td>Description</td><td>Description</td><td>Description</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1–3 marks
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

Responses may include:

AO1 Knowledge and understanding
No other AO2, AO3 or AO4 marks can be awarded without AO1

Knowledge K, DEV and DEV (max 3 marks) can be awarded for any relevant business knowledge about Accounting and Finance Strategy:

</td><td></td></tr>
</table>

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Question	Answer	Marks
1	• Accounting and Finance strategy • Company accounts • Ratios • Impact of ratios on growth decisions • Impact of ratios on debt/equity decisions • Impact of ratios on other business strategies • Definition or understanding of concepts of appendix 3 • Understanding of long-term borrowing – example, debts, liability • Understanding of what dividends are – reward for investment to shareholders Any other understanding of finance and accounting concepts. **AO2 Application** Indicated by APP as 1 mark (max 2 APPs), ***Application must support an assessment objective to be in context*** • Exclusive high priced products • High costs – losses in 2010's only now starting to improve • Inventory holding is high • One shareholder – Stefan – who receives dividends every year – $5m • Commitment to use reserves/equity over borrowing • Current ratio seems to be driven by inventory levels • Confidence in reserves to buffer the changes in demand/global economy and the exchange rate with Swiss Franc • Any information from appendix 3 to support point made • No long-term borrowing • High dividends Any point from the case that supports the candidates point	

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Question	Answer	Marks
1	**AO3 Analysis** Analysis of the impact of the HR strategy on a business (A1 and A2 and A3) including: Limited analysis A1 – candidate shows one link in the chain of analysis. (max 3) Developed analysis of individual strategic element A2 – candidate shows two or more links in the chain of analysis. Developed analysis of overall strategy A3 – candidate shows a counter answer to the chain of analysis (2–sided answer) or a multi – strand • Only one shareholder who is also the CEO. This makes it much easier to control level of dividends paid/retained earnings for the business • Demand and reputation is strong for 2019 bounce back to high $59m sales leading to available cash to spend on expansion • No long-term borrowing means less debts and less interest costs increasing profits however this would also mean no available money to fund expansion which may lead to less products and revenue. • FB has a weak cash position and continues to use it for the expansion, reducing reliance on lenders but could lead to over trading or bankruptcy • Current ratio was strong and is now below 1 in the approach to 160th anniversary but is this driven by inventory as acid test is low by comparison. • Low current ratio means inability for FB to pay off short term liabilities may lead to FB being illiquid and close down. • Cash holdings are buffering external shocks on the company and the exchange rate but for how long? **AO4 Evaluation** L1 N1 limited supporting evidence – answering the question with a brief explanation L2 N2 developed supporting evidence – Reason is developed further L3 N3 developed supporting evidence with context – Level 1 and 2 is answered in context. Evaluation will largely depend on the points raised in the analysis.	

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Question	Answer	Marks
1	• Accounting and Finance strategy has been successful given survival over the last 7 years/162 years • Having one shareholder who is also the CEO has made this finance strategy easier to manage as no shareholder/stakeholder conflict but is threatening the future of the business. • The strategy shows a positive impact as there were no reliance on long-term loans leading to lower gearing ratio expenses • This depends upon external factors such as fiscal policies such as increasing tax and its effect on the accounting and finance position of FB • Business has been able to maintain its strategy of no long-term borrowing which in part comes from its reputation and selling prices that keep sales high, but how long will that last? • Purchase and development of workshop, using reserves, shows confidence in the business and its products but should they be looking for investment to grow or is it important to remain independent for its reputation? • How long can this remain viable in a global economy and constant influences. • The strategy can also have a negative impact if the lack of long-term borrowing depletes the cash and limits production • The nature of the product and reputation of the business is allowing the current strategy to work. If anything should change in these two areas the business may not survive unless you bring in external finance and change the way in which the business is run. This is a possibility once Stefan retires and priorities change with a non-shareholding CEO Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

Advise the Board of Directors on whether scenario planning is the most useful approach to develop a new business strategy for FB.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
3 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
8 marks</th><th>AO4 Evaluation
7 marks</th></tr>
<tr><td></td><td>Description</td><td>Description</td><td>Description</td><td>Description</td></tr>
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Developed analysis of the overall strategy that identifies connections between causes, impacts and/or consequences.</td><td>6–7 marks
Effective evaluation
A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.</td></tr>
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Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
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Developed analysis of individual strategic element(s) that identifies connections between causes, impacts and/or consequences.</td><td>3–5 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table>

</td><td>20</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
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• A judgement/conclusion is made with limited supporting comment/evidence.
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No creditable response.</td><td>0 marks
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</table>

Indicative content

Responses may include:

AO1 Knowledge and understanding
No other AO2, AO3 or AO4 marks can be awarded without AO1

Knowledge K, DEV and DEV (max 3 marks) can be awarded for any relevant business knowledge about Business strategy and the approaches.

</td><td></td></tr>
</table>

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Question	Answer	Marks
2	• The purpose of business strategy. • The meaning and purpose of strategic management. • What scenario planning is • Alternative approaches to develop business strategy, including: blue ocean strategy Ansoff's matrix SWOT analysis PEST analysis Porter's five forces Core competence framework force field analysis Decision trees • PESTLE and Boston matrix too. **AO2 Application** Indicated by APP as 1 mark (max 2 APPs), ***Application must support an assessment objective to be in context*** • Uncertain future that needs some planning and consideration – to ensure consistency and direction of the business • Global markets raise a number of issues that could be analysed • Foreign exchange markets and the ability to use reserves to dampen the shock • Luxury product that has a global market which is difficult to predict • Product development of sports watch • Changes in the competitive market • 160+ years of data/experience/reputation • Any element of the case study • Any element of the appendices **AO3 Analysis** Analysis of the impact of the HR strategy on a business (A1 and A2 and A3) including: Limited analysis A1 – candidate shows one link in the chain of analysis. (max 3) Developed analysis of individual strategic element A2 – candidate shows two or more links in the chain of analysis. Developed analysis of overall strategy A3 – candidate shows a counter answer to the chain of analysis (2–sided answer) or a multi – strand	

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Question	Answer	Marks
2	• Things like the volatility of the exchange rate would be good to analyse with scenario planning as increases/decreases can be analysed to give different outcomes and impact on the business • Any volatility – demand, prices of raw materials, changes in competitive environment, could be analysed so appropriate strategies can be implemented if needed. • The leadership issues may not be covered by scenario planning and once the new leader is in place they may need to use other models to do their strategic planning. • Some issues, like the changes in sports watch technology, are only going in one direction therefore multiple scenarios are unlikely to be needed. • The business is not fundamentally changing its products or its markets and it understands these very well to have lasted 160 years so scenario planning may not be useful in this instance. Candidates may offer up alternative approaches: • Blue Ocean Strategy may not be as useful as they already dominate in their market but it may be useful once the new leadership is established. • Ansoff's Matrix would help if they needed to expand their strategy, but FB seems to be focused on market penetration, even moving forward. • SWOT analysis may help identify strengths that can be used to help overcome the weaknesses the different scenarios present, while also identifying any opportunities and threats so they can plan to overcome those. • PEST analysis could help understand the changing environment after the global pandemic which has changed many elements of this. • Five forces would help understand the rivalry they face in the market, case study implies a changing competitive environment which may need to be addressed to stay ahead. • Core competency framework would allow them to reaffirm what they do well and ensure that they are applied to any changes that are coming including the retirement of Stefan. • Force field analysis could help Stefan to understand the constraining and driving forces in developing the new strategy. This may help him to identify actions that need to be taken to reduce constraining forces. • Decision trees could be used to help make a quantitative led decision between the different options but would need to have much more financial information to be worthwhile.	

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Question	Answer	Marks
2	**AO4 Evaluation** L1 N1 limited supporting evidence – answering the question with a brief explanation L2 N2 developed supporting evidence – Reason is developed further L3 N3 developed supporting evidence with context – Level 1 and 2 is answered in context. Evaluation will largely depend on the points raised in the analysis of the approaches needed to develop the new strategy other than Scenario planning. *If candidates never mention scenario planning in their response they will not be able to earn any evaluation marks.* • Candidates may state that scenario planning is/isn't sufficient/useful or isn't useful and provide some limited explanation why to receive Level 1 evaluation. • The business is very insular and has survived 160 years so the time taken to develop a number of different scenario plans may be wasted given how FB operates. • Scenario planning will help as the issues are about how the business moves forward with a new leader so some continuity could be offered through the use of these plans. • These plans could be ignored by any new leadership that may take the business in a new direction identified by the use of the other strategic methods • Are these plans useful if the decision is made to close the business with Stefan's retirement? • Isn't the scenario plan the first step? Once the scenario is played out will FB not then use another method/s to support and develop a strategy to overcome the issues identified? • How much longer can FB rely on using its reserves to absorb the shocks without having a more concreate strategy to support the development of the business. • Advice to FB should make clear whether scenario planning is sufficient or whether it should be supported by other models, and if so which?	

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Question	Answer	Marks
2	Candidates may offer up alternative approaches: • Blue Ocean Strategy may not be as useful as they already dominate in their market but it may be useful once the new leadership is established. • Ansoff's Matrix would help if they needed to expand their strategy, but FB seems to be focused on market penetration, even moving forward. • SWOT analysis may help identify strengths that can be used to help overcome the weaknesses the different scenarios present, while also identifying any opportunities and threats so they can plan to overcome those. • PEST analysis could help understand the changing environment after the global pandemic which has changed many elements of this. • Five forces would help understand the rivalry they face in the market, case study implies a changing competitive environment which may need to be addressed to stay ahead. • Core competency framework would allow them to reaffirm what they do well and ensure that they are applied to any changes that are coming including the retirement of Stefan. • Force field analysis could help Stefan to understand the constraining and driving forces in developing the new strategy. This may help him to identify actions that need to be taken to reduce constraining forces. • Decision trees could be used to help make a quantitative led decision between the different options but would need to have much more financial information to be worthwhile. Accept all valid responses.	

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **February/March 2025**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages.

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2

Daniel & Carl for Education (DCE)

Daniel and Carl started a company for online teaching, Daniel & Carl for Education (DCE). DCE provides online tutors who work with students to help them pass their examinations.

Timeline of DCE

2019	DCE sets up as a private limited company with Daniel as the Managing Director and Carl as the Marketing Director. Carl creates a website and social media accounts. DCE's marketing objective is to provide a premium quality service. This allows it to use price skimming.
2020	Revenue grows and employee numbers rise. Daniel outlines DCE's approach to quality (see **Appendix 1**). Social media subscribers increase rapidly. DCE relies on word-of-mouth promotion.
2021	Competition increases when new businesses enter the online teaching market. Dynamic pricing is used by DCE.
2022	Revenue declines as students find more affordable options. Carl recommends changes to DCE's promotion (see **Appendix 2**). DCE revises its marketing objectives (see **Appendix 3**).
2023	Daniel and Carl collect market research data (see **Appendix 4**).
2024	DCE offers face-to-face revision workshops in response to a fall in revenue from online tutoring.

What is next for DCE?

Competition is increasing but Daniel and Carl do not want to compromise on the quality of the service the business provides. However, they are both aware that DCE needs to change if it is to survive. Carl thinks that transformational leadership is the key to survival, but Daniel remains uncertain.

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Appendix 1: DCE's approach to quality in 2020

As a service-based business, DCE believes its employees are central to its success. All tutors are qualified teachers with at least three years teaching experience.

Students are encouraged to provide feedback which is used to adapt the service offered. In 2020, 86% of students stated that they would recommend DCE to a friend.

Appendix 2: proposed changes to DCE's promotion in 2022

Artificial intelligence (AI) to be used to:

- analyse customer searches
- optimise digital promotion
- target social media messages to students and parents.

Sales promotion:

- DCE loyalty scheme to reward returning customers
- one free lesson for every friend referred.

Appendix 3: DCE's revised marketing objectives in 2022

1. Develop new services to increase revenue by 10% by the end of 2024
2. Maintain a strong brand identity

Appendix 4: Summary of market research data in 2023

Online or face-to-face	• 55% prefer online • 30% prefer face-to-face • 15% prefer a combination of both
Strengths of DCE	• High exam pass rate • High brand awareness
Weaknesses of DCE	• Communication with parents • High prices
Competitors' strengths	• User-friendly apps • Affordable • Revision notes often included • Self-study options

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[Turn over

Answer **both** questions.

1 Evaluate DCE's marketing strategy between 2019 and 2024. [20]

2 Advise Daniel on the importance of transformational leadership to ensure the survival of DCE. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

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Paper 4 Business Strategy **February/March 2025**

MARK SCHEME

Maximum Mark: 40

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GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
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Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

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- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
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Annotations guidance for centres

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We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning	To award
	For objective points that are correct.	Correct
	For objective points that are wrong.	Incorrect
 and TV	When the candidate has attempted something, but the mark/skill has not been awarded.	Unclear (both)
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.	Highlight
BOD	When the candidate has attempted something, and the mark/skill has been awarded.	Benefit of doubt
NUT	When the context has not been used.	Not using text/context
SEEN	To show a page/section has been seen/read.	Seen
NAQ	When the response is not focussed on answering the question.	Not answering question

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Annotation	Meaning	To award
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.	Repetition
OFR	The own figure rule applies – acts as a mark/tick.	Own figure rule
K	When limited knowledge (AO1) has been awarded.	Knowledge (AO1) L1
DEV	When developed knowledge (AO1) has been awarded.	Developed knowledge (AO1) L2
APP	When AO2 has been awarded. The number of APPs should match the mark awarded.	Application (AO2) L1
		Application (AO2) L2
A1	When AO3 at Level 1 has been awarded.	Analysis (AO3) L1
A2	When AO3 at Level 2 has been awarded.	Analysis (AO3) L2
A3	When AO3 at Level 3 has been awarded.	Analysis (AO3) L3
N1	When AO4 at Level 1 has been awarded.	Evaluation (AO4) L1
N2	When AO4 at Level 2 has been awarded.	Evaluation (AO4) L2
N3	When AO4 at Level 3 has been awarded.	Evaluation (AO4) L3

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:
- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

1 Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
2 Every page of a script must have at least one annotation e.g. <BP> for a blank page.

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Please refer to this grid for BOTH questions.

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>

Evaluate DCE's marketing strategy between 2019 and 2024.

Indicative content
AO1 Knowledge and understanding

Knowledge K (max 1 mark) can be awarded for any relevant business knowledge about marketing, including:

- Marketing objectives
- Demand and supply
- Markets (consumer, industrial, local, national and international)
- Mass and niche marketing
- Market segmentation
- Customer relationship marketing
- Market research (primary and secondary) and sampling
- The marketing mix (product, price, place, promotion)
- Elasticity (price, income and promotional)
- Product development, including R&D
- Sales forecasting
- The need for the marketing strategy to be consistent with the business, the product and the market
- The need for and development of a coordinated marketing strategy
- The development of marketing strategies that are focused towards achieving specific marketing objectives
- The changing role of Information Technology (IT) and Artificial Intelligence (AI) in marketing
- The contents of a marketing plan: objectives, resources, research, marketing mix
- The benefits and limitations of marketing planning

Award DEV for any explanation of relevant business knowledge, up to a max of 2 marks.

<table>
<tr><td>Marketing strategy is when a business plans to meet their marketing objective K . Marketing objectives may include sales maximisation and increasing market share DEV .</td><td>1 K for identification and 1 DEV for a point of explanation</td></tr>
<tr><td>Promotion is the communication from the business to the custome K . It includes advertising, sales and direct promotion DEV . The aim of promotion is often to increase awareness of a product DEV .</td><td>1 K for identification and 2 DEVs for two points of explanation</td></tr>
</table>

</td><td>20</td></tr>
</table>

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Question	Answer	Marks
1	**AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of marketing** to DCE between 2019 and 2024. • DCE goal is to have high quality services which means they will have a premium brand image • Social media accounts to promote the business can be used to evaluate the marketing mix • Any use of the Market research information in context • Social media subscribers increase rapidly • DCE's sales promotion techniques: loyalty scheme and free lessons for referrals • The use of pricing methods in context such as price skimming • 10% increase in revenue objective • Use of AI • **Any use of the case content in context between 2019 and 2024.** **AO3 Analysis** (A1 and A2 and A3) Analysis is likely to be based on the different marketing activities and the impact on DCE, including: • Social media allows students to access the business which will increase brand recognition as seen by the increase in subscribers this will bring in more customers and sales. However, they may be missing customers that are in different platforms therefore losing on potential sales. • The use of social media would allow the business to find out what customers want especially parents as they would be looking for online teaching business. This would allow the business to have a USP and beat the intense competition. However, while social media can be effective has it reached the target customers effectively? • The marketing strategy failed as DCE did not achieve the goal of increased revenue by 10% as in 2022 revenue starts to decrease which would lead to less retained earnings and less ability for the business to expand. However, maintaining quality will allow them to stand out and possibly profits can start to rise. • DCE goal is to have high quality which means they will have a premium brand image this would allow them to charge premium prices increasing revenue and profits. However, the competitors have other USP that may take away customers especially if they care about affordability.	

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Question	Answer	Marks
1	**AO4 Evaluation** (N1 and N2 and N3). Evaluation will depend upon which element/s of marketing have been discussed previously: • DCE's marketing strategy was successful as they were able to increase sales rapidly in the beginning specifically 2020 and have more subscribers this means they would be able to eventually achieve their 10% revenue increase. However, this depends on the intensity of competition and their ability to keep innovating to beat any external factors they may face. • DCE's marketing strategy was not successful as the revenue decreased which means they may be struggling to have retained profits and repay any debts this would lead them to fail. • DCE's marketing strategy was not successful as revenue decreased leading to lower profits which means they will need to apply new services and follow the new proposed marketing objectives for success. However, this success is dependent on how well they apply their upcoming product development and maintaining brand identity. Accept all valid responses.	

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Question	Answer	Marks
2	**Advise Daniel on the importance of transformational leadership to ensure the survival of DCE.** **Indicative content** **AO1 Knowledge and understanding** ***Transformational leadership****: the leader works with teams to identify the need for change, creates a vision to inspire people to accept change and implements change with the cooperation of the team.* Knowledge K can be awarded for any relevant business knowledge about leadership and/or transformational leadership. Do not reward repetition of the contents of the case. Any explanation of the contents is rewardable. • Leadership – motivating a group of people towards business objectives/common goal • the purpose of leadership • the qualities of a good leader • Transformational leadership – change culture of organisation to achieve improved performance during a time where significant change is needed for the business to survive. • Charisma, inspiring, offers new challenges to employees, understands individual needs of each team member • Any leadership theories – trait, behavioural, contingency, power and influence and transformational Award DEV for any explanation of relevant business knowledge, up to a max of 2 marks. **AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of (transformational) leadership** to DCE between 2019 and 2024. • Private Limited Company – limited liability • Social media accounts to promote the business • Social media subscribers increase rapidly • If transformational leadership is used employees can be focused and follow targets which mean *DCE can achieve their goals of brand identity and higher revenue* • Any information used from the market research results • Change may create a culture of demotivated employees and this was a concern of Carl's • Use of AI • Any use of information from the case in context of discussion about leadership styles/theories.	**20**

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Question	Answer	Marks
2	**AO3 Analysis** (A1 and A2 and A3) Analysis is likely to be based on the how transformational leadership can help the extension strategy succeed. • If transformational leadership is used employees can be focused and follow targets which mean DCE can achieve their goals of brand identity and higher revenue increasing profits however, this also means that if employees underperform they will get punished which may create a culture of demotivated employees lowering performance and this was a concern of Carl's • Daniel can also help Carl achieve his goal in the marketing strategy which means that DCE will understand customers well and utilise their USP giving them a competitive advantage increasing revenue and profits. However, this will cost the business a lot of money and thus can reduce profit. • Contingency leadership may work for DCE as it adapts to different situations and allows different approaches which means employees can have a varied environment that will support different types of employees thus increasing motivation, better services and higher revenue. • The market research has shown that DCE can help students in many ways such as self-confidence and revision. This will boost the company's main business of teaching, and this will lead to word of mouth which will increase customers and profits. However, this depends on the coaching skills provided to students and how they respond to the tools. **AO4 Evaluation** (N1 and N2 and N3). Evaluation will depend upon which element/s that have been discussed previously. • Judgement on whether transformational leadership theory will be helpful in the success of DCE in this business context • Whether this is dependent on different factors,. • Transformational leadership will allow every member of the business to be challenged with a new culture concentrating on needs of employees especially as a service business this leads to better customer service allowing to achieve the new objectives of maintaining a strong brand identity and 10% increase in revenue. • Transformational leadership is very important to the success of DCE as if good decisions were made, such as how to fund the business, and add value to the current products or develop new services then DCE would be able to gain revenue again and achieve its new goals. Furthermore this will allow DCE to beat the incoming competition and gain back lost customers, revenue and profits. However, this depends on how Carl responds to the leadership style along with the employees.	

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Question	Answer	Marks
2	• Transformational leadership is not important to the success of DCE as there are other factors that DCE need to address here to make sure that the objectives are achieved. They need to ensure that the force field analysis is explored correctly along with other strategy analyses to ensure that all factors have been discovered such as technological, social etc. This will ensure the success of DCE allowing revenues to increase again. However, this depends on how research is made and the accuracy of the information gained along with the implementation. Accept all valid responses.	

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/41**

Paper 4 Business Strategy **May/June 2025**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages.

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2

Riki's Restaurant (RR)

RR is a restaurant based in country W. The business was set up in 1980 by sole trader, Riki. RR developed a positive reputation for tasty food, reasonable prices and outstanding customer service leading to loyal customers. RR made a profit every year.

At the end of 2020 Riki retired and sold RR to Chelsea, an entrepreneur. Chelsea had just completed a business management degree and wanted to grow the business steadily over the first five years of ownership. Chelsea also aimed to increase profitability by at least 30% by the end of 2025. Chelsea believed that this could be achieved by a human resource (HR) strategy to increase efficiency by reducing labour cost, the highest cost of the business.

Timeline of RR

2021	Sole trader Chelsea takes control of RR on 1st January 2021. RR has a total of 20 employees. All employees have permanent contracts with fixed hours. Many of the employees have worked for RR for over 30 years. Chelsea introduces an HR strategy to increase efficiency by reducing labour cost (see **Appendix 1**). Five employees, two chefs and three customer service employees, are made redundant. Problems with the customer booking system due to employee errors. This led to disciplinary action.
2022	Labour turnover starts to increase (see **Appendix 2**). Customer satisfaction starts to fall (see **Appendix 3**). Annual revenue is 50% lower than 2021.
2023	Chelsea reports a loss of $52 500. Chelsea struggles to raise finance to improve the liquidity of RR.
2024	Chelsea accepts Mario as an equal partner into the business. Mario is a successful chef with many ideas to improve the business performance. Chelsea retains responsibility for the operations and HR functions. Mario takes on responsibility for the marketing and finance functions. Mario assesses RR's financial performance over time (see **Appendix 4**).
2025	Mario considers a recent market research report (see **Appendix 5**).

Developing a new business strategy

Mario wants to improve the performance of RR against its competitors. Mario needs advice on the most appropriate approach he could use to develop a new business strategy to achieve this.

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Appendix 1: Summary of Chelsea's HR strategy for RR in 2021

Changes to contracts

- All employees to move to zero hours contracts to match demand and employees' availability.
- Employees to be given seven days' advance notice of their weekly hours.
- Staff discount reduced.
- Opportunities for individual bonuses to be earned.

Changes to job roles

- All employees to be multiskilled to increase flexibility and job variety.
- Some training offered.
- Customer bookings only accepted online.

Appendix 2: RR's labour turnover data between 2021 and 2024

Year	Labour turnover (%)
2021	12
2022	35
2023	55
2024	48

Appendix 3: RR's customer satisfaction data between 2021 and 2024

Year	Customer satisfaction rating (%)
2021	74
2022	40
2023	25
2024	31

Appendix 4: Extracts from RR's financial statements between 2021 and 2024

	2021	2022	2023	2024
Revenue ($000)	400	200	150	220
Direct costs ($000)	150	150	180	180
Acid test ratio	1:1	0.8:1	0.3:1	0.2:1

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[Turn over

Appendix 5: Market research report summary in 2025

- There are 57 restaurants within a five-mile radius of RR.
- 67% of the local market is dominated by international fast-food companies.
- The demand for mid-priced restaurants is increasing due to an economic downturn.
- Some successful local restaurants are developing new menu options aimed at vegans.

Answer **both** questions.

1 Evaluate the impact of Chelsea's HR strategy on RR's performance between 2021 and 2024. [20]

2 Advise Mario on the most appropriate approach he should use to develop a new business strategy to improve the performance of RR against its competitors. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/41**

Paper 4 Business Strategy **May/June 2025**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the May/June 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
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We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are correct.
	For objective points that are wrong.
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Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
NUT	When the context has not been used.
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.

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Annotation	Meaning
OFR	The own figure rule applies – acts as a mark/tick.
K	When limited knowledge (AO1) has been awarded.
DEV	When developed knowledge (AO1) has been awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
A1	When AO3 at Level 1 has been awarded.
A2	When AO3 at Level 2 has been awarded.
A3	When AO3 at Level 3 has been awarded.
N1	When AO4 at Level 1 has been awarded.
N2	When AO4 at Level 2 has been awarded.
N3	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 **All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

1. Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.

Every page of a script must have at least one annotation e.g. <BP> for a blank page

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Please refer to this grid when marking both questions:

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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Question	Answer	Marks
1	**Evaluate the impact of Chelsea's HR strategy on RR's performance between 2021 and 2024.** Responses may include: **AO1 Knowledge and understanding** Knowledge [K] (max 3 marks) can be awarded for any relevant business knowledge about HR Strategy: • Definition of HR Strategy (achieving business objectives is also accepted) • Example – HR strategy is a plan to improve efficiency through the management of employees • Definition of HRM • Approaches to human resource management • The difference between 'hard' and 'soft' HRM • Flexible working contracts: temporary contracts or flexible contracts including zero hours contracts, part-time, full-time, annualised hours, flexi-time, home working, shift working, job sharing, compressed working hours, the gig economy • The measurement, causes and consequences of poor employee performance • Strategies for improving employee performance • Definition of labour turnover • Management by Objectives (MBO) – implementation and usefulness • The changing role of Information Technology (IT) and Artificial Intelligence (AI) in HRM • Motivational theories • Human resource management • Training and development • Motivation • Management • Organisational structure • Communication • Leadership **No other AO2, AO3 OR AO4 marks can be awarded without AO1.**	**20**

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Question	Answer	Marks
1	**AO2 Application** Indicated by APP as 1 mark (max 2 APPs), ***Application must support an assessment objective to be in context.*** Application APP can be awarded for use of RR's context, including any elements of RR's human resource strategy between 2021 and 2024: • RR was a highly profitable restaurant • Established in 1980 (over 40 years ago) by sole trader, Riki • Reputation for tasty food, reasonable prices and outstanding customer service • Chelsea took over business as a sole trader on 1st January 2021 • Chelsea graduated with a business management degree • Aimed to increase profitability by at least 30% by the end of 2025 • Human resource strategy to increase efficiency • Human resource strategy aims to reduce labour cost, the highest cost of the business • Five employees made redundant (two chefs and three customer service employees) • Increased labour turnover • Reduced customer satisfaction • Annual sales revenue is 50% lower than 2021 • Loss of $52 500 in 2023. First loss for RR. • Chelsea converts business to a partnership in 2024 with Mario. Equal ownership. • Mario is a successful chef with lots of ideas to improve performance • Customer satisfaction reducing. In 2024 customer satisfaction recovered.	

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Question	Answer	Marks
1	**AO3 Analysis** Analysis of the impact of the HR strategy on a business (A1 and A2 and A3) including: Limited analysis A1 – candidate shows one link in the chain of analysis (max 3). Developed analysis of individual strategic element A2 – candidate shows two or more links in the chain of analysis. Developed analysis of overall strategy A3 – candidate shows a counter answer to the chain of analysis (2-sided answer). • Staff discount reduced which could cause dissatisfaction, but it may vary across the employees depending upon how much they purchased food from the restaurant – some may not be impacted. • Opportunity to earn individual bonuses which could motivate employees, especially if financially motivated. • Multiskilling leading to greater job variety. Some employees may like the variety and opportunity to learn new tasks/skills. However, others may worry about the increased breadth of job role and being able to cope. • Some training offered. The training may motivate employees. However, is the 'some training' sufficient? • Hard HRM – disciplinary action. • End of established staff team – link to Maslow and social needs. Could link to team building opportunities. • Move from permanent hours to zero hour contract. Lack of stability for employees. Only seven days' notice of weekly hours. • Hours to match demand and employee availability. Link to customer demand will increase efficiency and therefore the profitability objective. However, employee availability may support employees to achieve a better work-life balance. • Labour turnover increasing; however, it peaked in 2023. Maybe the employees who were unhappy have left and the new employees may have chosen to work for RR because of the flexibility, or it may be a blip before further increases. Still relatively high level of labour turnover in 2024. • Staff redundancies reduced job security. Employees left may be uncertain about the stability of their job role and worry that they will be made redundant in the future. Employee needs affected by redundancies (link to Maslow) – break down of personal work relationships/friendships, job security, position in hierarchy. • How were the changes communicated to employees by Chelsea?	

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Question	Answer	Marks
1	**AO4 Evaluation** L1 N1 limited supporting evidence – answering the question with a brief explanation. L2 N2 developed supporting evidence – reason is developed further. L3 N3 developed supporting evidence with context – Levels 1 and 2 are answered in context. Evaluation will largely depend on the points raised in the analysis. • A judgement on the impact of the human resource strategy between 2021 and 2024. • Discussion on how the impact of the human resource strategy can be evaluated and what that judgement could depend upon; link to Chelsea's profitability objective from 2021, the extent to which Chelsea was sufficiently experienced to manage the change, other measures of success for a sole trader (profitability, profit, sole trader's objectives, other stakeholder objectives, measures of size). • The extent to which the performance of RR between 2021 and 2024 was based on the human resource strategy or other actions taken by Chelsea/management of the change generally. Also impact of other functional areas, e.g. operational decisions, marketing decisions and/or financial decisions. • Other external influences on RR between 2021 and 2024 other than the human resource strategy (e.g. the state of the economy; economic growth), social factors (e.g. increasing remote working due to the pandemic, effect of the pandemic on the hospitality industry), technological factors (e.g. increased use of technological communication in 2020/2021 due to the pandemic). Accept all valid responses.	

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Question	Answer	Marks
2	**Advise Mario on the most appropriate approach he should use to develop a new business strategy to improve the performance of RR against its competitors.** Responses may include: **AO1 Knowledge and understanding** Knowledge [K] (max 3 marks) can be awarded for any relevant business knowledge on approaches to develop business strategy, including: • **Blue ocean strategy** – the aim to combine product differentiation with low-cost to develop new markets and demand. It is about finding uncontested markets to gain a competitive advantage. Comparison with red ocean strategy awardable. • **Scenario planning** – managers consider the main risks and uncertainties and adopt different strategies for different scenarios. Flexible approach. • Uncertainties that affect their business. • **SWOT analysis**: strengths, weaknesses, opportunities, threats. SWOT is very easy to construct so can be subjective. • **PEST analysis** – focuses on the macro environment including political, economic, social, and technological. • **Porter's five forces** – threats of substitutes, supplier power, threat of entry, buyer power, competitive rivalry. • **Core competence framework** – core competencies lead to the development of core products. Core products are not necessarily sold to final consumers. Instead, they are used to produce many end-user products. • **Ansoff matrix** – Market penetration, market development, diversification, product development. Different options open to a marketing manager when considering new opportunities for sales growth. It includes thinking of the market in which the business is going to operate and the product(s) it plans to sell. Business decides whether to remain in the existing market or to enter new ones along with whether to sell existing products or develop new ones. • **Force field analysis** – weighs up the potential advantages and disadvantages of a decision before a choice is made. It gives managers an insight that will allow them to strengthen the forces supporting a decision and reduce the forces that oppose it. • **Decision trees** – considers all of the options open to a manager, the different possible outcomes resulting from these options, the chances of these outcomes occurring, and the economic returns from these outcomes. Other knowledge marks may be awarded for: • The meaning and purpose of a business strategy; plan of action to achieve the vision and objectives of a business and upon which decisions are made. [K] For identifying an approach and [DEV] follows for the definition of the approach up to two DEV to gain the full 3 marks. **No further AO1, AO2, AO3 or AO4 without at least one K from the approaches above.**	**20**

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Question	Answer	Marks
2	**AO2 Application** APP Application APP (max 2 marks) can be awarded for **applying knowledge of approaches,** to RR: • RR was a highly profitable restaurant • Established in 1980 (over 40 years ago) by sole trader, Riki • Reputation for tasty food, reasonable prices and outstanding customer service • Riki retired in 2020 • Chelsea took over business as a sole trader on 1st January 2021 • Chelsea graduated with a business management degree • Aimed to increase profitability by at least 30% by the end of 2025 • Human resource strategy to increase efficiency • Human resource strategy aims to reduce labour cost, the highest cost of the business • Five employees made redundant (two chefs and three customer service employees) • Increased labour turnover • Reduced customer satisfaction • Annual sales revenue is 50% lower than 2021 • Loss of $52 500 in 2023. First loss for RR. • Chelsea converts business to a partnership in 2024 with Mario. Equal ownership. • Mario is a successful chef with lots of ideas to improve performance • Chelsea responsible for the operations and human resource functions. Mario leads the marketing and finance function.	

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Question	Answer	Marks
2	**AO3 Analysis** Analysis of the appropriateness of the different approaches to develop business strategy (A1 and A2 and A3) including: • PEST analysis will be appropriate to understand the external environment of each potential market. This could be especially useful to RR as it's a competitive market. Competitive market – 57 restaurants within a five-mile radius. Do they offer the same type of food and target the same customers as RR? Economic downturn. Under Riki RR developed a positive reputation for reasonable prices. Impact of this reputation in current economic climate. • Blue ocean strategy may allow RR to break into vegan food – opportunity to develop new menu options aimed at vegans which other successful local restaurants are introducing. However, does RR wish to differentiate from this trend if other local restaurants are developing in this way? • Scenario planning could allow RR to explore different possibilities in the markets he wants to develop, or menu options RR would like to add. • SWOT analysis to understand the internal strengths and weaknesses of the business. Use the strengths to overcome future threats and the opportunities to overcome present weaknesses. • Porter's five forces may help RR to develop an understanding of the forces in each potential market. It will require an investment in market research to understand the competitive nature of each market. 67% of market dominated by international fast-food companies – these competitors have large budgets and support from head office. They also benefit from economies of scale. However, does RR have any USP due to smaller size? Does RR offer the same type of food and target the same customers as these competitors? • Core competencies might work for the initial strategy of finding new markets and will help them with possibly tapping into the market aimed at vegans? • Ansoff matrix may be the most useful to analyse the risk of any new strategy. Does this really help RR to develop a strategy? Revenue reduced between 2021 and 2023 but started to increase in 2024. Is the increase in 2024 a random abnormality or the start of a recovery? • Force field analysis could help RR to understand the constraining and driving forces in developing a new strategy. This may help him to identify actions that need to be taken to reduce constraining forces. • Decision trees are unlikely to be helpful in developing a new strategy, but they could be used to help decide between alternative strategies. RR may find it difficult to obtain the data on probabilities and economic outcomes to construct a decision tree.	

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Question	Answer	Marks
2	**AO4 Evaluation** L1 N1 limited supporting evidence – answering the question with a brief explanation. L2 N2 developed supporting evidence – reason is developed further. L3 N3 developed supporting evidence with context – Levels 1 and 2 are answered in context. Evaluation will largely depend on the points raised in the analysis of the approaches needed to develop the new strategy. • Judgement as to the most appropriate approach to develop a new business strategy. • Discussion as to the impact of other external factors and competitor actions on the appropriateness. • What the judgement(s) may depend upon; the reactions of competitors, the dynamism of the external environment, the likely development of smart speaker technology beyond 2025, the reactions of customers to the failed launch of the QA2 etc. • Many of the approaches rely heavily on the accuracy of forecast data. • Advice to RR should make clear which approach is likely to be most appropriate and useful in this context. The question is clearly asking for **ONE** approach. • A discussion about whether Mario has sufficient experience/knowledge to develop the new business strategy. Accept all valid responses.	

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **May/June 2025**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages.

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2

Questions Answered (QA)

QA is a technology business located in country A. It sells Artificial Intelligence (AI) devices that answer questions in consumers' homes. These devices are called 'smart speakers'. Consumers can link the device to other smart technology in their homes, such as fridges and televisions. Consumers can ask the device questions and it uses an internet connection to find the answers.

QA started trading in 2016 and demand for its first device QA1 was high. However, after the pandemic in 2021, the owners decided to sell the business. It was bought by QA's senior management team.

Timeline of QA

2021	Senior management team purchases QA for $20m. It becomes a private limited company owned by eight senior managers. They are now the directors of the company. Shares are equally split. Directors complete a SWOT analysis of the business (see **Appendix 1**).
2022	The Marketing Director uses the Ansoff matrix as a basis for recommending that QA focuses on product development. QA starts to develop QA2, a next generation smart speaker with many unique functions.
2023	Sales of QA1 enter the decline stage of product life cycle. QA makes a loss for the first time. The directors use a decision tree to help them decide whether to launch the QA2 early in 2024 or wait until the planned launch in 2025 after more testing (see **Appendix 2**). The decision is made to launch the QA2 early.
2024	QA2 is launched. Sales are higher than expected as QA is the first to market with a next generation device. This leads to excess demand. QA is unable to increase supply. QA launch a website to show inventory availability at retail outlets. Complaints from customers about QA2. Research is commissioned about QA2 (see **Appendix 3**). QA makes a public apology.

Developing a marketing strategy

Sales of QA1 are in decline and there is poor public perception of QA as a business. The QA2 device has now been more fully tested and improved and needs to be relaunched. The business needs to develop a coordinated marketing strategy to achieve success with QA2.

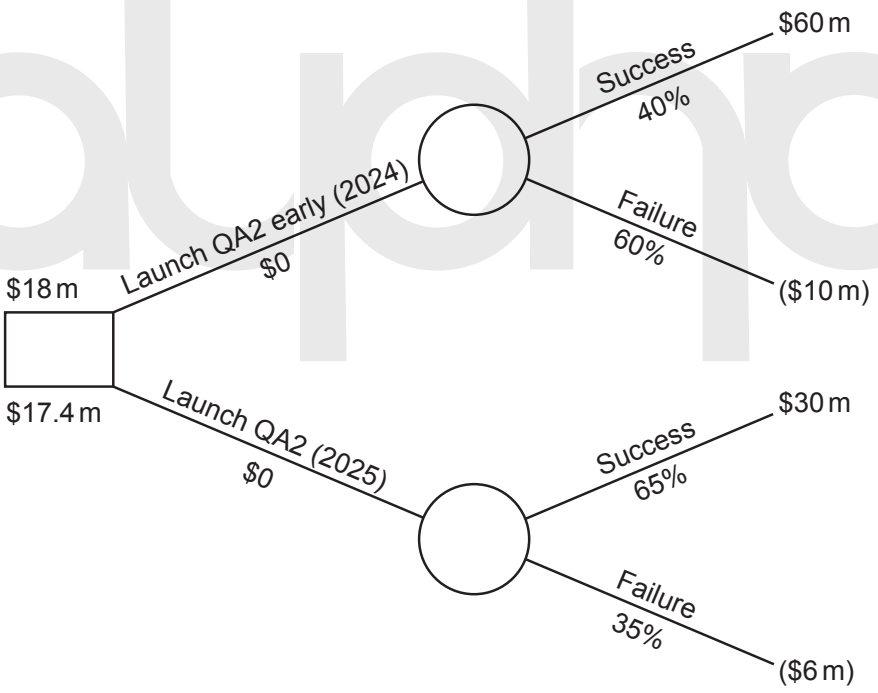
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3

Appendix 1: Extract from SWOT analysis of QA in 2021

Strengths	Weaknesses
• High sales of QA1 • QA has 6% market share of the global smart speaker market • QA outsources all production to manufacturers in low income countries	• QA only has one product on the market • QA does not own any manufacturing facilities
Opportunities	**Threats**
• Good public perception of QA as a technology business • Smart speaker market in country A is expected to grow by 17% by 2025	• Market research suggests QA1 is in the maturity stage of product life cycle • There is a growing concern about the data security of smart speakers

Appendix 2: Decision tree for the launch of QA2



Appendix 3: Market research of QA2 in 2024

- 18% of QA2 devices were returned as faulty. All customers were given a free replacement product.
- 72% of customers thought the price was too high.
- An estimated 4m potential customers were unable to purchase a QA2 due to a lack of supply.
- 65% of customers would not recommend the QA2 to someone else. The main concerns were:
  - poor product quality
  - high price
  - did not meet expectations given in promotional materials.

Answer **both** questions.

1 Evaluate the usefulness to QA of the approaches used to develop its business strategy between 2021 and 2024. [20]

2 Advise QA on a coordinated marketing strategy for the future success of QA2. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **May/June 2025**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the May/June 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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PUBLISHED

Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
A1	When AO3 at Level 1 has been awarded.
A2	When AO3 at Level 2 has been awarded.
A3	When AO3 at Level 3 has been awarded.
N1	When AO4 at Level 1 has been awarded.
N2	When AO4 at Level 2 has been awarded.
N3	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 **All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

1. Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.

Every page of a script must have at least one annotation e.g. <BP> for a blank page

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Please refer to this grid for BOTH questions.

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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Question	Answer	Marks
1	**Evaluate the usefulness to QA of the approaches used to develop its business strategy between 2021 and 2024.** **AO1 Knowledge and understanding** Knowledge [K] (max 1 mark) can be awarded for any **relevant business knowledge about an approach** to develop business strategy, including: • SWOT analysis – strengths, weaknesses, opportunities and threats. Allows a business to identify the influences within the business and those which it may be able to take advantage of / be wary of in the future. • Ansoff matrix – cross references existing and new markets against existing and new product to help decide whether a business should use market development, market penetration, product development or diversification. • Product life cycle – model to plan the movement of a product through the stages of sales; launch, growth, maturity, saturation, decline. • Decision tree – allows a quantitative understanding of the risks and expected values from a decision. These are calculated using probabilities and expected outcomes from making decisions. **Allow knowledge of any approach**, including: • Blue ocean strategy / red ocean strategy • Scenario planning • PEST analysis • Porter's five forces • Core competence framework • Force field analysis • Boston matrix (BCG) • Investment appraisal (payback, ARR, IRR and NPV).	**20**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>Award DEV for any explanation of an approach that could be used to develop business strategy, up to a max of 2 marks.
<table>
<tr><td>SWOT K</td><td>Identified an approach, so only K.</td></tr>
<tr><td>SWOT K, can be used to identify the internal and external force DEV.</td><td>1 K for identification and 1 DEV for a point of explanation.</td></tr>
<tr><td>SWOT K, can be used to identify the internal and external force DEV to overcome its weaknesses with its opportunities DEV.</td><td>1 K for identification and 2 DEVs for two points of explanation.</td></tr>
</table>
Note: – Candidates can gain full marks for AO1 from one term that is explained (K+DEV+DEV) or from two terms partially explained (K+DEV and K+DEV).</td><td></td></tr>
</table>

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Question	Answer	Marks
1	**AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of an approach to develop business strategy,** to QA between 2021 and 2024. • Technology business located in country A • Sells AI smart speakers • 2016 first device (QA1) had high demand • Management buyout (for $20m) in 2012 • 2021 QA becomes a private limited company • Use of Appendix 1 – SWOT analysis • Eight senior managers become directors with equal share split • 2022 – Ansoff matrix used – product development (new product, existing market) • 2022 – QA2 in development – next generation speaker with improved functionality • 2023 – sales of QA1 enter decline stage of product life cycle • 2023 – QA makes a loss for the first time • Use of Appendix 2 – Decision tree • 2023 – decision made to launch the QA2 early • 2024 – launch of QA2 (early) • 2024 – sales higher than expected • 2024 – excess demand, QA unable to increase supply • 2024 – QA launch a website to show inventory availability at retail outlets • 2024 – complaints from customers about QA2 • 2024 – QA makes a public apology about the QA2.	

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Question	Answer	Marks
1	**AO3 Analysis** Analysis is likely to be based on the impact of the approaches used to develop a business strategy for QA between 2021 and 2024 (A1 and A2 and A3) , including: • SWOT analysis – allows a business to use its strengths to overcome its threats and use its opportunities to overcome its weaknesses. Provides an overview of QA and provides the directors with data to enable effective formulation of a business strategy. However, only provides a picture of where the business is right now. Data about the threats and opportunities is only as good as the research it is based upon. In particular, this is a new technology market and QA is a relatively small player in the market – the actions of competitors are unlikely to be covered by a SWOT analysis. • Ansoff matrix – useful tool for helping decision makers in a business see the risk involved in different business strategies. A choice of product development (new product to existing market) allows the business to see a medium level risk. However, this is a simplistic tool and unlikely to be much use in such a dynamic and technologically changing market. With product development being crucial in the technology market, will the Ansoff matrix provide enough data to enable to directors to decide upon a new strategy? • Product life cycle – useful to plot the likely movement of products through stages of sales, which allows QA to predict what might be likely to happen to sales of QA1 as time progresses. Particularly useful when combined with other analytical tools such as the Boston matrix to analyse the product portfolio of QA. However, it is not certain that every product will follow the same pattern of sales, especially in the technology market where there is not an established pattern of sales. There are also large competitors (Google, Apple) who dominate this market, and their actions are likely to have massive effects on the lifecycle of the product. • Decision tree – Allows a quantitative understanding of the outcomes and risks of a decision. Allows the directors to make an objective decision based on the data without subjective issues getting in the way. However, the data can only be as good as the research upon which it is based. Especially in this market where outcomes are unlikely to be known and probabilities may rely on subjective issues which cannot be known in advance.	

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Question	Answer	Marks
1	**AO4 Evaluation** Evaluation (N1 and N2 and N3) including: Evaluation will largely depend on the points raised in the analysis. • A judgement over the usefulness of each approach that QA used to develop strategy between 2021 and 2024. • A judgement over the most useful approach that QA used to develop strategy between 2021 and 2024. • A judgement over the other approaches QA could have used to develop strategy between 2021 and 2024. • What the judgement(s) may depend upon; the actions of competitors, the external environment (social, legal, economic, political, technological), the objectives of stakeholders etc. • Weighing up of the relative usefulness of each approach used in the development of strategy between 2021 and 2024. Accept all valid responses.	

No credit	**L1** N1 including: **(limited supporting evidence)**	**L2** N2 including: **(developed supporting evidence)**	**L3** N3 including: **(developed supporting evidence with context)**
SWOT analysis is the most useful approach.	SWOT analysis is the most useful approach because it shows internal and external factors.	SWOT analysis is the most useful approach because it shows internal and external factors, unlike other approaches, like PEST, which only shows external factors.	SWOT analysis is the most useful approach because it shows internal data, like QA having a 6% market share and external factors, unlike other approaches, like PEST, which only shows external factors.
The usefulness of the approaches depends on many factors.	The usefulness of the approaches depends on the accuracy of the data.	The usefulness of the approaches depends on the accuracy of the data because if QA makes decisions based on inaccurate data, they might make the wrong decision, leading to failure.	The usefulness of the approaches depends on the accuracy of the data because if QA makes decisions based on inaccurate data, they might make the wrong decision, leading to failure. This might be particularly bad since the decision tree only has a $0.6m difference, which if it is wrong, could have meant QA launched the QA2 at the wrong time.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

Advise QA on a coordinated marketing strategy for the future success of QA2.

AO1 Knowledge and understanding

The elements of a coordinated marketing strategy:
- Objectives
- Resources / budget
- Research
- Marketing mix
- Product – product life cycle, Boston matrix
- Price
- Promotion
- Place
- Physical evidence
- Process
- People

Marketing strategy may also include:
- the changing role of Information Technology (IT) and Artificial Intelligence (AI) **in marketing**
- International marketing, including developing an international market through pan-global marketing or maintain local differences.

Award DEV for any explanation of an element of marketing strategy, up to a max of 2 marks.

<table>
<tr><td>Product K</td><td>Identification of an element of marketing strategy, so only K.</td></tr>
<tr><td>Product K, involves the design, quality and uses of a product that is sold DEV.</td><td>1 K for identification and 1 DEV for a point of explanation.</td></tr>
<tr><td>Product K, involves the design, quality and uses of a product that is sold. DEV Product can also involve after-sales service, so customers can return faulty goods DEV.</td><td>1 K for identification and 2 DEVs for two points of explanation.</td></tr>
</table>

Note: Candidates can gain full marks for AO1 from one term that is explained (K+DEV+DEV) or from two terms partially explained (K+DEV and K+DEV).

</td><td>20</td></tr>
</table>

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Question	Answer	Marks
2	**AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of a coordinated marketing strategy,** to QA, including: • Technology business located in country A • Sells AI smart speakers • 2016 first device (QA1) had high demand • Management buyout (for $20m) in 2012 • 2021 – QA becomes a private limited company • Use of Appendix 1 – SWOT analysis • Eight senior managers become directors with equal share split • 2022 – Ansoff matrix used – product development (new product, existing market) • 2022 – QA2 in development – next generation speaker with improved functionality • 2023 – sales of QA1 enter decline stage of product life cycle • 2023 – QA makes a loss for the first time • Use of Appendix 2 – Decision tree • 2023 – decision made to launch the QA2 early • 2024 – launch of QA2 (early) • 2024 – sales higher than expected • 2024 – excess demand, QA unable to increase supply • 2024 – QA launch a website to show inventory availability at retail outlets • 2024 – complaints from customers about QA2 • 2024 – QA makes a public apology about the QA2.	

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Question	Answer	Marks
2	**AO3 Analysis** Analysis is likely to be based on how a coordinated marketing strategy may affect the success of QA (A1 and A2 and A3), including: • Objectives – could include increasing market share, increasing sales, profit maximisation. Sales maximisation, satisficing etc. • Resources – outsourcing of manufacturing, previous positive brand image from QA1 (although damaged by early release of QA2), possibility of selling more shares to realise capital in QA etc. • Research – use of Appendix 3, future market research into elements of the marketing mix (when decided). • Product – QA2 – next generation smart speaker – new features that may be suggested. • Price – feedback suggests too high, so opportunity to decrease price to increase customer sales/reputation. However, may irritate customers who have previously purchased the QA2. • Promotion – competitors (Google, Apple etc) likely to have very high marketing budgets for promotion with the backing of well-known brands. QA is unlikely to be able to afford a level of promotion to battle these companies head on. Promotion may need to be combined with other elements, such as a product feature which is unique to QA2. • Place – currently retail stores, which is a common distribution channel for smart speakers and technology. Shared shelf space with competitors may make product differentiation difficult. QA could use their own website, which may reduce the cost of intermediaries and allow for lower prices and/or higher profit margin. However, no data as to the best distribution strategy – may need to be combined with research.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

AO4 Evaluation

Evaluation (N1 and N2 and N3) including:

Evaluation will largely depend on the points raised in the analysis.

- A judgement over the likely success of the chosen marketing strategy.
- A judgement over the likely coordination of the chosen marketing strategy.
- A judgement over the best marketing strategy.
- What the judgement(s) may depend upon; the reactions of competitors, the dynamism of the external environment, the likely development of smart speaker technology beyond 2025, the reactions of customers to the failed launch of the QA2 etc.
- Weighing up of the likely success of the marketing strategy for the future success of the QA2.

Accept all valid responses.

<table>
<tr><th>No credit</th><th>L1 N1 including: (limited supporting evidence)</th><th>L2 N2 including: (developed supporting evidence)</th><th>L3 N3 including: (developed supporting evidence with context)</th></tr>
<tr><td>QA have to change their promotion to succeed.</td><td>QA have to change their promotion to succeed because of the complaints.</td><td>QA have to change their promotion to succeed because of the complaints. Promotion is the best way to change the public perception and encourage sales.</td><td>QA have to change their promotion to succeed because of the complaints with 18% of faulty products. Promotion is the best way to change the public perception and encourage sales.</td></tr>
<tr><td>I advise QA to change its price.</td><td>I advise QA to change its price because it is the first thing customers look at.</td><td>I advise QA to change its price because it is the first thing customers look at, so that they can compare competitors' products with QA and this is likely to be the main factor affecting QA's success.</td><td>I advise QA to change its price because it is one of the main complaints from 65% of customers, so that they can compare competitors' products with QA and this is likely to be the main factor affecting QA's success.</td></tr>
</table>

</td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/43**

Paper 4 Business Strategy **May/June 2025**

1 hour 15 minutes

9321720634

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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2

City-top Honey (CH)

Emilio started CH as a hobby in 2012. He started by having two beehives on the roof of his apartment building in the city. Emilio collected the honey his bees made in the beehives from flowers in the city's gardens and parks. He then sold the honey in jars to local stores and at markets.

In 2014 Emilio decided that he wanted to turn CH into a full-time honey producing business. He started to increase the scale of operations with a key aim to grow the business.

Timeline of CH

2014	Emilio converts CH to a private limited company and he is the Managing Director. Emilio puts more beehives on city buildings and CH takes out a lease on a small factory to process the honey. CH's main customers are independent food shops.
2015–2018	CH relocates the beehives to a rural location and increases the number of beehives. CH gains an organic quality standard for its honey. CH now also sells its honey to national retailers and supermarket chains.
2019	CH buys and moves to a bigger factory which is five times the size of the old one. Emilio implements an Enterprise Resource Planning (ERP) software system (see **Appendix 1**).
2020–2022	CH increases its range of products to include maple syrup, Manuka honey and New Zealand honey. These are all imported and distributed through CH's supply chain. Inventory management of these products through ERP has not always been reliable (see **Appendix 2**).
2023	CH leases a warehouse for its inventory. Sales increase by 50%. Factory and warehouse employees are increasingly demotivated by scheduling carried out through ERP. The employees have contacted their trade union (see **Appendix 3**).
2024	CH works with a university to develop natural energy gels for athletes to eat during exercise, using its honey as an alternative to processed energy gels (see **Appendix 4**).

Developing a new business strategy

Emilio wants to grow the business further. He wants to expand operations into other honey products. However, the Marketing Director wants to focus only on increasing sales of existing products.

Before making a final decision, CH needs to use different approaches to analyse both the business and the market to develop a future business strategy.

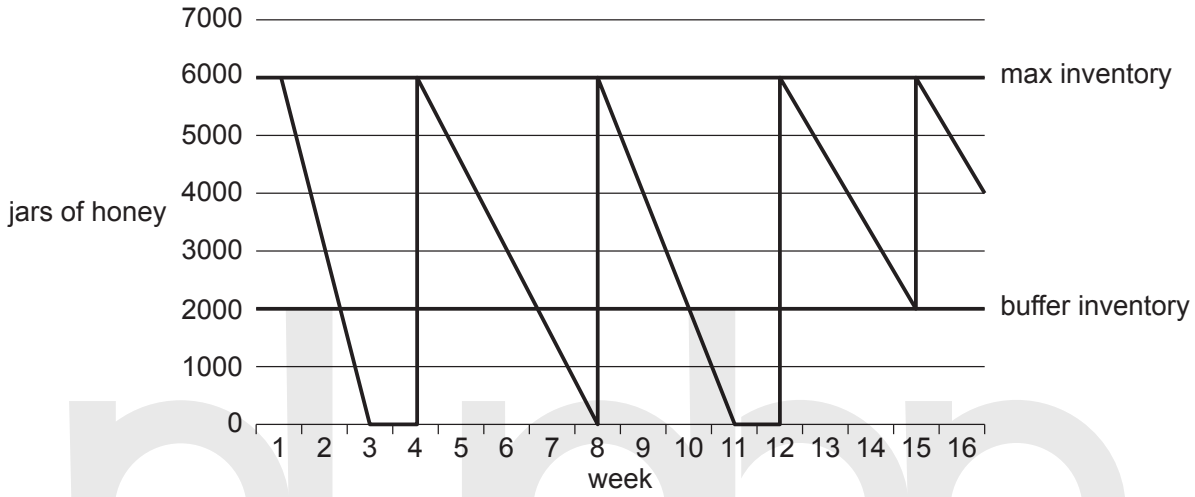
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3

Appendix 1: Extract from CH Board meeting regarding ERP implementation (2019)

- Capacity utilisation has increased from 80% in January to 90% in March.
- The proportion of orders incorrectly delivered to supermarket chains has decreased.
- CH Production Managers are provided with daily cost data.
- There is an adverse variance on ERP software training costs.

Appendix 2: Inventory control chart for Manuka honey (16-week period, 2021)



Appendix 3: Extract from trade union letter to management at CH (2023)

Since CH leased the warehouse our members have been directed to work in areas where they do not feel they are fully trained. This is because ERP software is scheduling employees randomly across departments and product lines. This is affecting employee motivation. The trade union requests an urgent meeting with management to resolve these problems.

Appendix 4: Extract from operations report on the costing and pricing of the natural energy gels (2024)

- ERP software allows real-time tracking of manufacturing costs.
- CH has been able to introduce dynamic pricing.
- CH has taken advantage of economies of scale in areas identified by ERP software.

Answer **both** questions.

1 Evaluate how significant Enterprise Resource Planning (ERP) was to CH's operations strategy between 2019 and 2024. [20]

2 Advise CH on the best approach to develop a future business strategy. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/43**

Paper 4 Business Strategy **May/June 2025**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the May/June 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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PUBLISHED

Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are correct.
	For objective points that are wrong.
 and TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
NUT	When the context has not been used.
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.

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Annotation	Meaning
OFR	The own figure rule applies – acts as a mark/tick.
K	When limited knowledge (AO1) has been awarded.
DEV	When developed knowledge (AO1) has been awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
A1	When AO3 at Level 1 has been awarded.
A2	When AO3 at Level 2 has been awarded.
A3	When AO3 at Level 3 has been awarded.
N1	When AO4 at Level 1 has been awarded.
N2	When AO4 at Level 2 has been awarded.
N3	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 **All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

1. Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.

Every page of a script must have at least one annotation e.g. <BP> for a blank page

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Please refer to this grid for BOTH questions.

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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Question	Answer	Marks
1	**Evaluate how significant Enterprise Resource Planning (ERP) was to CH's operations strategy between 2019 and 2024.** **Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge [K] (max 1 mark) can be awarded for **knowledge about Enterprise Resource Planning (ERP)**, including: • Enterprise Resource Planning **Software** • Costing/Pricing • Employee relations • Inventory control • Capacity management ERP **Software** [K] — Some basic knowledge about operations strategy, so only K. ERP software [K], can be used to control elements of the operations in a business [DEV]. — 1 K for identification and 1 DEV for a point of explanation. ERP software [K], can be used to control elements of the operations in a business [DEV], such as ordering new inventory [DEV]. — 1 K for identification and 2 DEVs for two points of explanation. *Note: Candidates can gain full marks for AO1 from one term that is explained ([K]+[DEV]+[DEV]) or from two terms partially explained ([K]+[DEV] and [K]+[DEV]).*	**20**

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Question	Answer	Marks
1	**AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of ERP** to CH, including: • Move to a larger factory – harder to manage • ERP used to manage capacity • Capacity remains fairly constant – Between 80–90% • Inventory control has been poor – Manuka honey has been out of stock three times – two occasions have been out for over a week • It has taken 15 weeks to get it right with stock management of manuka honey • Trade union involvement with staff scheduling issues • Urgent meeting has been requested • Cost/price decisions have been easier • Dynamic pricing • Identification of economies of scale opportunities.	

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Question	Answer	Marks
1	**AO3 Analysis** Analysis is likely to be based on how ERP has helped operations strategy in CH (A1 and A2 and A3) , including: • ERP has improved the relationship with customers and allowed them to send data between businesses to meet their needs and CH production levels. • Better capacity management should have led to better working capital management, better resource management and less waste (lean production). • CH has been able to use ERP with smaller and larger customers to ensure their products are still supplied in variety of stores. • Capacity has been at a manageable level – 90% – allowing time for maintenance and good average costs. • Inventory management is poor. • Regular inventory out could lead to loss of orders and/or customers and market share as a result. • This chart is just for manuka honey, is the software causing problems across all imported products? • Regular use of buffer inventory makes it hard to expand the business and look for new customers/orders. • Are buffer inventory and max inventory set at the right levels? • Software scheduling is demotivating staff – could affect production levels and ability to meet customer orders. • Unhappy staff may hurt retention rates/labour turnover if staff leave. • Staff leaving will add to CH's recruitment and training costs as new employees needed. • ERP has helped collect cost/price data for energy gels, making decisions quicker and speeding up the development of the product. • The software has been working, pulling data from across the organisation for managers to use. • In general ERP software has been working to draw data down for decision making purposes. Capacity, costing and pricing functions are doing well. • In general ERP software is NOT working properly. Stock and staffing have not been managed well leading to costs increasing in these areas. *Candidates need to identify an element of ERP and provide developed analysis to get to L2, this then needs to be counterbalanced to get to L3. If a candidate does this twice, they will gain 8 marks*.	

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Question	Answer	Marks
1	**AO4 Evaluation** Evaluation (N1 and N2 and N3) Evaluation will largely depend on the points raised in the analysis. *Candidates MUST answer the question – how significant ERP was to CT's operations strategy between 2019 and 2024. The development and support of this judgement will help them to move through L2 and L3.* *To award L3 the answer must be in context and draw upon the previous analysis.* • The ERP software has worked when managing the capacity of the production lines. The 90% (max) capacity has enabled CH to have time for maintenance and fluctuations in demand so that it can meet the needs of its customers. • This will also have influenced costs, possibly bringing down average costs for CH and helping them increase profit margins. • The inventory management has been poor. Customers will have been disappointed two or three times in the last four months – this could lead to them finding alternative suppliers and loss of market share for CH. • It is possible that the problem is not ERP related and that the supplier of Manuka honey has had issues, therefore does CH need to find more reliable suppliers – this could prove costly. • The human resource problems are related to the ERP software but how much could they have been over-ridden by management? Are management relying too much on the software to do their job? • If this is true, are there possible diseconomies of scale appearing now CH has got so big and is relying on software to pick up the slack in decision making? • What could be the result of the meeting? Could HR be removed from ERP? Is this possible? • If this continues, how much will staffing levels be affected? Will people leave and need replacing? This could all add to the business' costs. • The Energy gels development seems to have been an ERP success, using the costing and pricing data effectively. This keeps down average costs and ensures the new product is profitable. Overall success will depend on the analysis and evaluation provided by the candidate. • It has been successful in some areas (capacity and costing/pricing) while other areas less so (stock management and HR). Impact on operations may have been more favourable as the stock management is now sorted after 4 months/16 weeks. • Is there really an argument to get rid of the ERP? What are the alternatives?	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>
<table>
<tr><td>No credit</td><td>L1 N1 including: (limited supporting evidence)</td><td>L2 N2 including: (developed supporting evidence)</td><td>L3 N3 including: (developed supporting evidence with context)</td></tr>
<tr><td>The ERP has worked for CH.</td><td>The ERP has worked for CH, as the capacity in the factory has improved.</td><td>The ERP has worked for CH, as the capacity in the factory has improved. This will help with productivity and efficiency in the factory.</td><td>The ERP has worked for CH, as the capacity in the factory has improved from 80% to 90%. This will help with productivity and efficiency in the factory.</td></tr>
<tr><td>The ERP has not helped CH.</td><td>The ERP has not helped CH. The human resource management has been poor.</td><td>The ERP has not helped CH. The human resource management has been poor. This is an important part of ERP as the workers keep the systems running.</td><td>The ERP has not helped CH. The human resource management has been poor. The scheduling has led to demotivated employees affecting the costs and productivity of CH. This is an important part of ERP as the workers keep the systems running.</td></tr>
</table>
Accept all valid responses.
</td><td></td></tr>
</table>

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Question	Answer	Marks
2	**Advise CH on the best approach to develop a future business strategy.** **Indicative content** Knowledge [K] (max 1 mark) can be awarded for any **relevant business knowledge about an approach** to develop business strategy, including: **AO1 Knowledge and understanding** • The purpose of business strategy • The meaning and purpose of strategic management • Alternative approaches to develop business strategy, including: – Blue ocean strategy – Scenario planning – Ansoff's matrix – SWOT analysis – PEST analysis – Porter's five forces – Core competence framework – Force field analysis – Decision trees – Boston matrix Award [DEV] for any explanation of an approach that *could* be used to develop business strategy, up to a max of 2 marks. SWOT [K] — Some basic knowledge about an approach, so only K. SWOT [K], can be used to identify the internal and external force [DEV]. — 1 K for identification and 1 DEV for a point of explanation. SWOT [K], can be used to identify the internal and external force [DEV] to overcome its weakenesses with its opportunities [DEV]. — 1 K for identification and 2 DEVs for two points of explanation. *Note – Candidates can gain full marks for AO1 from one term that is explained ([K]+[DEV]+[DEV]) or from two terms partially explained ([K]+[DEV] and [K]+[DEV]).*	**20**

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Question	Answer	Marks
2	**AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of an approach to develop business strategy,** to QA between 2021 and 2024. *Candidates MUST apply this to CH's business model – a lot of this will come from the appendices.* • Wants to grow the business • Expand operations into other honey products • Increasing sales of existing products • CH is now a very large business with a factory and import business • Traditional approach sees CH working with other beekeepers as suppliers • Would be going back to the roots of the business and may find a new market • Any element of the case study • Any element of the appendices.	

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Question	Answer	Marks
2	**AO3 Analysis** Analysis is likely to be based on the impact of the approaches used to develop a business strategy for CH (A1 and A2 and A3), including: Candidates can choose the approach/s that they want to suggest for CH – analysis will be based on which method/s chosen • Blue Ocean Strategy – this could refocus them on what they did well at the start of CH and get them back to their uniqueness and find them a niche market while their mass-produced honey continues for national retailers. • Scenario planning could be used to plan out the new strategy and compare to the existing strategy to understand the immediate impact on the future of CH. • Ansoff's matrix would get them to think of four possible strategies – product development, market development, market penetration and diversification, which would help them evaluate all the options to CH and which are more achievable. • SWOT analysis will enable them to identify the internal and external influences that CH could take advantage of to move the company forward so that they do not lose market share and/or see costs rise. The threats would need more consideration. • PEST analysis only focuses on the external environment – may not give them the info they need for the future development of the firm. • Porter's five forces – will give an idea of current bargaining power in the market but may have limited use moving forward – CH is a big business now so will have power over its smaller suppliers. • Core competencies – this could focus CH where it needs to be as it looks at what it does/did best which could prove useful when looking back to where it started and how that model worked. • Force field analysis – would help CH to identify the driving/restraining forces involved in honey product and whether this would give CH the returns it desires. • Decision trees could get Emilio/CH to look at all the possible decision outcomes and assign probabilities/values to them to help make the decision, but Emilio will need to come up with possible branches to compare first so only good for the initial assessment of whether to move forward. *Candidates may choose to contrast two or more of these methods, but they must analyse the method in the context of the best approach to develop the future strategy and not just provide an analysis of the method on its own.* *Candidates need to identify an approach and provide developed analysis to get to L2, this then needs to be counterbalanced to get to L3. If a candidate does this twice, they will gain 8 marks.*	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

AO4 Evaluation

Evaluation (N1 and N2 and N3), including:

Evaluation will largely depend on the points raised in the analysis.

Candidates MUST answer the question – which ONE approach is going to help develop a new strategy. The development and support of this judgement will help them to move through L2 and L3.

To award L3, the answer must be in context and draw upon the previous analysis.

Evaluation will largely depend on the points raised in the analysis of the approaches needed to develop the new strategy.

- Each option requires much more data and research to understand the risk, financial constraints and success probabilities to help make the final decision.
- How important are Emilio's feelings about the business moving away from its roots compared to what may be correct from a quantitative point of view?
- Is this strategy right for the company? Is it Emilio just feeling nostalgic for the old business – could he leave and do this himself?
- What are the main objectives? If it was market share, will this strategy really boost the market share of what is now a large business?
- Candidates must make a recommendation as to a suitable strategy approach from the list above.

Accept all valid responses.

<table>
<tr><th>No credit</th><th>L1 N1 including: (limited supporting evidence)</th><th>L2 N2 including: (developed supporting evidence)</th><th>L3 N3 including: (developed supporting evidence with context)</th></tr>
<tr><td>SWOT analysis is the best approach.</td><td>SWOT analysis is the best approach because it shows internal and external factors.</td><td>SWOT analysis is the best approach because it shows internal and external factors, unlike other approaches, like PEST, which only shows external factors.</td><td>SWOT analysis is the best approach because it shows internal data, like CH having 90% capacity and external factors, unlike other approaches, like PEST, which only shows external factors.</td></tr>
</table>

</td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/41**

Paper 4 Business Strategy **October/November 2025**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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2

Fashion Market (FM)

FM is a retailer of low-price clothing. It opened its first store in country X in 1978. FM became a public limited company in 2010 with 150 stores in country X.

Fashion changes very frequently and so there is a fast changeover of clothing designs. FM's customers are often unsure how long clothing designs will be in store. This encourages FM's customers to purchase items as soon as they are available. Until 2020, FM's promotion relied mainly on customers telling their friends and family about the clothing designs available in store.

FM's marketing objective is to grow revenue faster than its competitors in all markets it operates in.

Timeline for FM

2020	A new Chief Executive Officer (CEO) is appointed. The CEO wants to make major changes to FM's marketing strategy.
2021	The CEO convinces FM's board of directors to start an ambitious international distribution plan (see **Appendix 1**).
2022	FM launches a range of sustainable clothing. This causes problems for FM and its pricing policy (see **Appendix 2**).
2023	Digital promotion campaign launched across stores. Digital in-store displays and a social media campaign using #fashionmania to advertise clothing and attract customers to FM's new website (see **Appendix 3**).
2024	The directors review the performance of FM and the recent changes to its marketing strategy under the current CEO (see **Appendix 4**).

Development of a new business strategy

FM wants to achieve global growth as well as ensure profitability for its shareholders. Some directors think a blue ocean strategy approach should be used to develop a future business strategy. However, other directors think approaches focusing on the external environment would be more appropriate for FM.

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3

Appendix 1: Extract from CEO's international distribution plan (2021)

- To open 25 stores across 7 high-income countries.
- Market research into potential new international locations for stores will cost $10m.
- New distribution warehouse to be built at a cost of $30m.
- Pan-global marketing to be used to target customers.
- Forecasted annual international sales of $180m.

Appendix 2: Operations Director's report on the impact of the sustainable clothing range (2022)

- Average fabric costs 35% higher for this range than existing clothing ranges.
- Average prices 25% higher for this range than existing clothing ranges.
- FM blamed for using suppliers who have been discovered to use unethical practices, FM's public relations costs tripled to deal with this.
- 21% of total sales volume from new sustainable clothing range.
- FM accused of misleading customers who question the sustainability of a $2 t-shirt.

Appendix 3: #fashionmania campaign plan (2023)

- Boost sales after the closure of stores during the global pandemic.
- Use of #fashionmania to collate online images from social media to promote clothes.
- Create areas in store where bloggers can take pictures of themselves in FM's new clothes to post online.
- Use website as a medium to show new clothing designs and customers' #fashionmania pictures.
- Sponsor a reality TV programme to promote clothing ranges.

Appendix 4: Selected financial and marketing data for FM

	2024	2023	2022	2021
Revenue ($000)	2 189 540	1 370 437	1 950 250	2 297 540
Marketing expenditure ($000)	95 040	135 090	59 500	27 000
Profit from operations (operating profit) ($000)	137 950	99 750	129 500	185 495
Share price ($)	1.27	0.98	1.39	2.45
Market share in country X (%)	6.8	5.9	6.4	6.9

Answer **both** questions

1 Evaluate FM's marketing strategy between 2021 and 2024. [20]

2 Advise FM's directors whether blue ocean strategy is the best approach to develop a future business strategy. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/41**

Paper 4 Business Strategy **October/November 2025**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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PUBLISHED

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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PUBLISHED

Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

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- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are correct.
	For objective points that are wrong.
 and TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
NUT	When the context has not been used.
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focused on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.

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Annotation	Meaning
OFR	The own figure rule applies – acts as a mark/tick.
K	When limited knowledge (AO1) has been awarded.
DEV	When developed knowledge (AO1) has been awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
A1	When AO3 at Level 1 has been awarded.
A2	When AO3 at Level 2 has been awarded.
A3	When AO3 at Level 3 has been awarded.
N1	When AO4 at Level 1 has been awarded.
N2	When AO4 at Level 2 has been awarded.
N3	When AO4 at Level 3 has been awarded.

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Please refer to this grid for BOTH questions.

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>

Evaluate FM's marketing strategy between 2021 and 2024.

Indicative content
Responses may include:

AO1 Knowledge and understanding
The elements of a marketing strategy

- objectives
- resources/budget
- research
- marketing mix
- product – product life cycle, Ansoff matrix
- price
- promotions
- place, use of international distribution channels
- marketing planning
- need for co-ordinated planning of marketing strategy
- international marketing, including developing an international market through pan-global marketing or maintaining local differences
- the changing role of Information Technology (IT) and Artificial Intelligence (AI) **in marketing**

Award DEV for any explanation of an element of marketing strategy, up to a max of 2 marks

<table>
<tr><td>Product K</td><td>Identification of an element of marketing strategy, so only K.</td></tr>
<tr><td>Product K, involves the design, quality and uses of a product that is sold, DEV .</td><td>1 K for identification and 1 DEV for a point of explanation.</td></tr>
<tr><td>Product K , involves the design, quality and uses of a product that is sold, DEV . Product can also involve after-sales service, so customers can return faulty goods DEV.</td><td>1 K for identification and 2 DEVs for two points of explanation</td></tr>
</table>

</td><td>20</td></tr>
</table>

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Question	Answer	Marks
1	*Note – candidates can gain full marks for AO1 from one term that is explained (K +DEV +DEV) or from two terms partially explained (K +DEV and K +DEV).* No other AO2, AO3 OR AO4 marks can be awarded without AO1. **AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of FM marketing strategy** including: *Candidates must apply their answers to marketing and marketing strategy.* • traditional word of mouth advertising • low investment in advertising pre-2020 • sustainable clothing range marketing investment almost double (App2) • PR spend up in 2022 – overall marketing increases by $70K - use of annual figures (App4) • social media usage is changing approach • digital in-store displays • digital promotion campaign • use of new website • marketing spend is starting to fall but more than three times bigger than 2021 • elements of #fashionmania strategy – social media/sponsorship of TV programme • retailer of low-priced clothing • fast changeover of clothing designs • use of market research into potential new international locations for stores – cost $10 • to open 25 stores across 7 high income countries *Note: this list is not exhaustive, any marketing context used from the appendices can be rewarded if used correctly* **AO3 Analysis** *Candidates need to identify an element of the marketing strategy and provide developed analysis to get to L2, this then needs to be counterbalanced to get to L3. If a candidate does this twice, they will gain 8 marks*. (A1 and A2 and A3) • Low pricing is part of their unique selling point and has been their 'Blue Ocean Strategy' from the start and served them and their market well • PR costs have tripled – not really part of the advertising but is part of media image that has been managed by the expose of FM to unethical suppliers. This increase in costs may have contributed to 25% increase in price. This could lead to customers no longer seeing FM as good value either because prices have risen or because of unethical suppliers.	

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Question	Answer	Marks
1	• #fashionmania driven by customers and still allows FM to gain free advertising • Above the line spend is still low but the #fashinmania strategy requires advertising materials in store which costs money. • Product has essentially stayed the same throughout, with low price point as driving factor. Keeps market share of existing customers who are now sharing their finds on social media. *Note – analysis can only be awarded for the marketing strategy between 2021 and 2024 and not what they should/can do in the future.* **AO4 Evaluation** *Candidates MUST answer the question – a judgement on the strategy between 2021 and 2024. The development and support of this judgement will help them to move through L2 and L3. Evaluation (* N1 *and* N2 *and* N3 *) including:* *To award L3 the answer must be in context and draw upon the previous analysis.* Evaluation will depend on what points have been made about the marketing strategy FM have used. • A judgement over how much of the word of mouth is still being used? They were spending £27m in 2021 so must be undertaking more than word of mouth advertising. Is this marketing responsible for recent success? • A judgement over how launch of any programme would require more marketing/PR to ensure that new direction of the business is clear to all stakeholders so there should be an increase in marketing spend. • A judgement over how marketing has been successful as while sales dropped – potentially from ethical exposure – they have soon recovered, and customers seem to have forgiven them for the 25% increase in price. • A judgement over how marketing has been successful in recovery of the programme, but it also exposed them in the first place – has the sustainability program helped the company improve its market share? Has it caused more bad publicity for FM than they brought in revenue? • A judgement over how #fashionmania strategy still costs money in store – how much compared to advertising? Is this more cost effective? TV sponsorship is first real entry into big above the line promotion, will this add to cost and ultimately price? What effect will this have on demand?	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>

A judgement over how CEO's decisions have caused the increase in marketing– could FM refocus on their core values and approach for their future expansion and abandon – fast cheap fashion?
A judgement over how success may be dependent on how much they have recovered from the ethical scandals including the recovery in revenue.
Accept all valid responses.

<table>
<tr><td>No Credit</td><td>L1 N1 including: (limited supporting evidence)</td><td>L2 N2 including: (developed supporting evidence)</td><td>L3 N3 (developed supporting evidence with context)</td></tr>
<tr><td>FM marketing strategy was successful</td><td>FM marketing strategy was successful between 2021 and 2024 because it has regained its market share</td><td>FM marketing strategy was successful between 2021 and 2024 because it has regained its market share. This demonstrates their marketing strategy have supported them in recovering from the ethical scandal</td><td>FM marketing strategy was successful between 2021 and 2024 because it has regained its market share where it dropped to 5.9% in 2023 and regained to 6.8% in 2024. This demonstrates their more recent marketing strategy has supported them in recovering from the ethical scandal in 2022.</td></tr>
<tr><td>FM Marketing strategy was not successful</td><td>FM marketing strategy was not successful because the increased marketing expenditure was not reflected in increase revenue</td><td>FM marketing strategy was not successful because the increased marketing expenditure was not reflected in increase revenue. This shows that they have not recovered well from their ethical scandal and have been unable to meet their objectives set in 2022.</td><td>FM marketing strategy was not successful because the increased marketing expenditure $27m to $95.04m was not reflected in increase revenue (decreased from$2297.540m to $2189.54m. This shows that they have not recovered well from their ethical scandal and have been unable to meet their objectives set in 2022.</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

Advise FM's directors whether blue ocean strategy is the best approach to develop a future business strategy.

Indicative content
Responses may include:
AO1 Knowledge and understanding
Candidates must show knowledge and understanding, they cannot just mention a key term.

- The purpose of business strategy.
- The meaning and purpose of strategic management.
- What Blue Ocean Strategy is – approach focused on creating markets where competition is absent
- Alternative approaches to develop business strategy, including:
  - scenario planning
  - SWOT analysis
  - PEST analysis
  - porter's five forces
  - core competence framework
  - ansoff matrix
  - force field analysis
  - decision trees.
  - red ocean strategy

To be awarded DEV it MUST be for an explanation of Blue Ocean Strategy 2 marks

<table>
<tr><td>Blue Ocean Strategy focuses on creating markets where competition is absent K</td><td>Identification of what Blue Ocean Strategy is, so only K.</td></tr>
<tr><td>Blue Ocean Strategy focuses on creating markets where competition is absent, K, to achieve this a business needs to differentiate their product while keeping low cost DEV</td><td>1 K for identification and 1 DEV for a point of explanation.</td></tr>
<tr><td>Blue Ocean Strategy focuses on creating markets where competition is absent, K, to achieve this a business needs to differentiate their product while keeping low costs DEV, this allows a business to create demand rather than compete for it from competitors DEV</td><td>1 K for identification and 2 DEVs for two points of explanation</td></tr>
</table>

</td><td>20</td></tr>
</table>

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Question	Answer	Marks
2	*Note – candidates can gain full marks for AO1 from only using the term Blue Ocean Strategy and that is explained (K + DEV + DEV). Use of any other strategy remains K* No other AO2, AO3 OR AO4 marks can be awarded without AO1. **AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of FM marketing strategy** including: *Candidates MUST apply this to FM business and the external environment – a lot of this will come from the appendices* • Low price, fast fashion • Lack of expensive marketing to keep loyal customers • 150 stores in country X, 25 abroad, 175 stores in total based on low price clothing model • Pursuing international expansion • Any element of the case study • Any element of the appendices *Note this list is not exhaustive, any business or external environment context used from the appendices can be rewarded if used correctly* **AO3 Analysis** *Candidates need to identify an approach and provide developed analysis to get to L2, this then needs to be counterbalanced to get to L3. If a candidate does this twice, they will gain 8 marks* A1 (and A2 and A3) Analysis should primarily focus on Blue Ocean Strategy but then go on to suggest other strategies FM could use to develop the new strategy of expansion. • Blue Ocean Strategy (BOS) worked well for FM – they were market leader in cheap, fast fashion and built-up good market share. This has helped them to expand to 150 stores over 46 years • BOS has helped them stay focused on what makes them different on the high street from other fashion retailers and allowed them to grow the business in this sector. • May help FM discover an unknown/untapped marketplace. • FM can increase their growth potential by identifying new opportunities. • BOS can create new demand and customers, increasing market share and size.	

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Question	Answer	Marks
2	• It promotes innovation. • Identifying the right blue ocean strategy can be challenging and costly for FM. • FM's marketing costs are likely to significantly increase to attract a new market. • No guarantee that the BOS will work/ be effective. • Time and patience may be needed to be successful in the market. Is this compatible with the fashion market? • High risk strategy for FM. However some candidates could dismiss BOS but would need to discuss two other valid approaches to gain 8 marks. • The next move is into high income countries so mirroring the model that worked in the first 25–30 years of building the business would make sense, FM will have a reputation that those countries may know about and if it is not cheap fast fashion could they lose out in those markets and have to pull out? • FM could use scenario planning to consider how expansion may end up but not very useful for developing the whole strategy. • A SWOT analysis could help FM identify what opportunities/threats are globally and how they could handle these to ensure success of the expansion. • A PEST analysis would support an analysis of the external environment but may not help develop the strategy to tackle this as the PEST factors are out of their control. • Porter's five forces would help them understand the external environment, but FM is a large business and holds a lot of the power. This provides little help in developing a new strategy. • The core competence framework would be like BOS in that it identifies what FM does well and then allows them to replicate this in their new stores. Given the model is staying the same this would be easy to apply once the core competencies have been identified. • Ansoff matrix could help them consider other possibilities to help the business grow • Force field analysis could help FM identify the driving and restraining forces to help them come out of CEO's management and back to the low-price model that made them a success. • Decision trees could help make the decision, but FM would need to have lots of information gathered on alternatives to make sure that this model really helps decide on what to do next – plus this would be a very quantitative way of doing this – what about qualitative factors?	

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Question	Answer	Marks
2	**AO4 Evaluation** *Candidates MUST answer the question – a judgement on the whether Blue Ocean Strategy is the right approach. The development and support of this judgement will help them to move through L2 and L3. Evaluation (* N1 *and* N2 *and* N3 *) including:* *To award L3 the answer must be in context and draw upon the previous analysis.* Candidate will have to make a judgement on Blue Ocean Strategy in the first instance, not just suggest alternatives without evaluating the BOS concept. • Candidates may state that Blue Ocean Strategy is/isn't sufficient • The use of BOS (or any other approach) may depend upon; FM's objectives, the objectives of FM's stakeholders, the external environment (especially economic and social), the competitors in the market, the success of the international expansion etc. • FM know the BOS was working so possibly re-focusing after sustainability programmes allows them to get back the customers and possible drop prices after the recent 25% increases. • BOS is no longer useful to them as they have moved too far away from this model with recent sustainability programmes and price rises/new factories. They are now more mainstream and have moved into red ocean territory and now need to adapt to this way of competing. • Advice to FM should make clear whether BOS is sufficient or whether it should be supported by other models, and if so which? • BOS is Ok but needs other strategies to support it with external factors. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>
<table>
<tr><td>No Credit</td><td>L1 N1 including: (limited supporting evidence)</td><td>L2 N2 including: (developed supporting evidence)</td><td>L3 N3 (developed supporting evidence with context)</td></tr>
<tr><td>Blue Ocean strategy is not the best approach</td><td>Blue Ocean strategy is not the best approach because recently they have moved away from this type of approach.</td><td>Blue Ocean strategy is not the best approach because recently they have moved away from this type of approach. They have become more mainstream and have moved to more Red Ocean Strategy so need alternative ways to compete.</td><td>Blue Ocean strategy is not the best approach because recently they have moved away from this type of approach. They have become more mainstream with their recent sustainability programmes and average 25% price rises and have moved to more Red Ocean Strategy so need alternative ways to compete.</td></tr>
<tr><td>Blue Ocean strategy is the best approach</td><td>Blue Ocean strategy is the best approach because it allows FM to meet its objectives</td><td>Blue Ocean strategy is the best approach because it allows FM to meet its objectives that the shareholders want and mirroring its current model has worked before. FM know the BOS was working so it will allow them to get back the customers and possible drop prices</td><td>Blue Ocean strategy is the best approach because it allows FM to meet its objectives that the shareholders want and mirroring its current model has worked before. FM know the BOS was working so it will allow them to refocus after the sustainability programme get back the customers and possible drop prices after the recent 25% increase.</td></tr>
</table>
</td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **October/November 2025**

1 hour 15 minutes

0403790331

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages.

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2

Kelp Kings (KK)

Kelp (or seaweed) farming is the practice of cultivating and harvesting seaweed. Farmers gather the kelp from natural beds in the sea. This farming has a low environmental impact.

KK has a licence to harvest and exploit an area of the seabed in country W. The harvested kelp is dried and packaged at KK's premises before being sold to food manufacturers. KK is a labour intensive social enterprise with a mission to 'benefit the planet by the most efficient use of natural resources'.

In 2020 KK decided to build a kelp refinery (see **Appendix 1**). The cost was estimated to be $5 million, and KK would need to borrow most of this. The refinery would use kelp as a raw material to create a pulp that can be used to produce biodegradable plastics.

Timeline of KK

2021	Operations Director implements Just in Time (JIT) inventory management to reduce costs and cut wastage (see **Appendix 2**). Worker representatives meet with management to discuss poor employee motivation. Construction of the exterior walls (exterior construction) of the new kelp refinery is completed after only 15 months.
2022	Training of employees for new kelp refinery begins six months behind schedule because of skills shortage in country W. KK's Managing Director is interviewed by local newspaper (see **Appendix 3**). KK's sales of kelp increase by 200%. The average lead time for customer orders increases from one week to one month.
2023	The new kelp refinery is opened. 50% of KK's kelp production is now processed in the refinery. The refinery operates at 40% capacity.
2024	KK starts to import kelp from lower-income countries to be processed in the refinery.

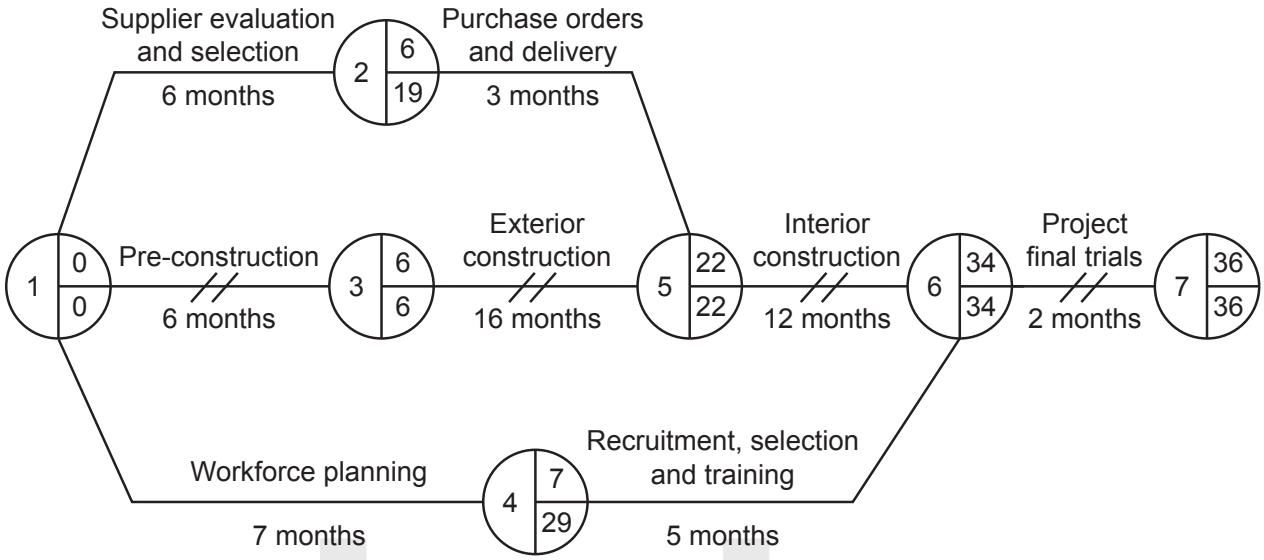
Future business strategies

In 2025 a new government was elected in country W with policies aimed at improving the economy (see **Appendix 4**). The directors of KK are considering the likely impact of the government's policies on KK's business strategies.

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3

Appendix 1: Network diagram of kelp refinery project in 2020



Three teams to use simultaneous engineering to complete the project:

- purchasing team
- construction team
- human resource team.

Appendix 2: JIT implemented at KK in 2021

Before implementation of JIT	After implementation of JIT
• Kelp is harvested each week. • Harvested kelp is placed in a large drying facility for five days. • Dried kelp is packed in bags ready to be stored. • Bags are stored in secure warehouse.	• Kelp is harvested each day. • Harvested kelp is sent directly to manufacturers with no processing or packaging. • Costs are much lower, as kelp is unprocessed.

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[Turn over

Appendix 3: Interview with Managing Director about the new kelp refinery in 2022

Kelp farming is a new and exciting industry in country W. KK is one of its champions and is developing a new kelp refinery. The innovative business has sustainability at its core and is trying to be as efficient as possible. Elis Nik, the Managing Director of KK, said 'we believe that the key to success is to keep getting better. Our new refinery will be state-of-the-art, but we will not be complacent. Our employees will always have new ideas to increase efficiency, which we collect through an employee suggestion scheme.'

The refinery aims to have zero waste, with recycling of key components and renewable energy powering the entire facility.

Appendix 4: New government's policies in 2025

- use of monetary policy to stabilise inflation
- government grants to support carbon-efficient businesses
- minimum wage to be increased by 40% by 2028
- reform of country W's education system, including government-funded university tuition
- elimination of trade barriers for businesses in the primary sector.

Answer **both** questions.

1 Evaluate the effectiveness of KK's operations strategy between 2020 and 2024. [20]

2 Advise KK on the likely impact of the new government's policies on its future business strategies. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **October/November 2025**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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PUBLISHED

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are correct.
	For objective points that are wrong.
 and TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
NUT	When the context has not been used.
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focused on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.

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Annotation	Meaning
OFR	The own figure rule applies – acts as a mark/tick.
K	When limited knowledge (AO1) has been awarded.
DEV	When developed knowledge (AO1) has been awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
A1	When AO3 at Level 1 has been awarded.
A2	When AO3 at Level 2 has been awarded.
A3	When AO3 at Level 3 has been awarded.
N1	When AO4 at Level 1 has been awarded.
N2	When AO4 at Level 2 has been awarded.
N3	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://ca.assessor.rm.com/
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

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Please refer to this grid for BOTH questions.

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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Question	Answer	Marks
1	**Evaluate the effectiveness of KK's operations strategy between 2020 and 2024.** Responses may include: **AO1 Knowledge and understanding of operational strategy** Knowledge K (max 1 mark) can be awarded for **knowledge about operations strategy**; DEV can be awarded for understanding of the operations strategy up to two marks including: • Operational decisions – Influence of other functional areas – HRM, marketing and finance on operations strategy. – The changing role of IT and AI – use in planning and delivering operational strategy. • Flexibility and innovation – Need for flexibility in terms of volume, delivery and lead times and specification of products. – Process innovation in terms of changing current processes or adopting new ways of producing products. • ERP – Main features of an ERP programme, including: integration in current and new processes, automation and the use of IT and AI, analysis of data to support ERP, reporting of data, tracking of data and inventory, embedding accounting processes and financial management of ERP. – Improvements from ERP; efficiency, inventory control, costing and pricing, capacity utilisation, change management, workforce planning and flexibility and data control. • Lean production – Kaizen - a concept referring to continuous improvement of a business and involves all employees. Kaizen can be applied to all aspects of a business and looks to make incremental changes. – Quality circles- groups/teams of workers who do the same or similar work, who meet regularly to identify, analyse and solve work-related problems. – (Simultaneous engineering) - a work process where tasks can be run in parallel to one another. (Award K only – no DEV) – Cell production – making a team or 'cell' of workers responsible for the production of a product. – (JIT manufacturing – just in time production,) is the opposite of producing goods and supplying customers from stock, JIT processes focus on producing exactly the amount you need at exactly the time your customer needs it. (Award K only – no DEV) – Waste management – reducing any unnecessary steps in a manufacturing process that does not benefit the customer, therefore, the customer does not want to pay for it. The elimination of waste from a manufacturing process. – Lean production - a production method aimed primarily at reducing waste within the production system as well as response times from suppliers and to customers.	**20**

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Question	Answer	Marks
1	• Operations planning – The need for planning operations within the business – quantitative and qualitative. – (Network diagrams) (Award K only – no DEV) and critical path analysis interpreting and understanding network diagrams, identifying the critical path, minimum project time, total and free float, change within a network diagram. – The benefits of CPA, including; improved project management, identification of critical tasks in project management, communication inside and external to a business, determination of project length to allow better planning and functional decision making, scheduling, control of costs, improved allocation of human resources, minimised downtime.	

Operations strategy involves lean productio K .	Some basic knowledge about operations strategy, so only K.
Operations strategy involves lean productior K . This could include Kaizen DEV .	1 K for identification and 1 DEV for a point of explanation
Operations strategy involves lean productior K . This could include Kaizen DEV . Which is involving everyone in making continuous improvement in their jobs DEV .	1 K for identification and 2 DEVs for two points of explanation

Note: *Candidates can gain full marks for AO1 from one term that is explained (K + DEV + DEV) or from two terms partially explained (K + DEV and K + DEV)*

No other AO2, AO3 OR AO4 marks can be awarded without AO1.

AO2 Application

Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of operations strategy** to KK, including:

- Primary sector business
- Kelp farming has a low environmental impact.
- KK has been trading for five years prior to 2020
- KK is labour intensive
- KK is a social enterprise
- Kelp refinery creating a pulp used in biodegradable plastic – starts in 2020

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Question	Answer	Marks
1	• 2020 – use of Appendix 1 – critical path analysis • 2021 – use of Appendix 2 – just in time • 2021 – worker representatives meet with management – poor motivation at farm • 2021 – Exterior construction is one month early • 2022 – refinery training starts six months late • 2022 – skills shortages in country W • 2022 – use of Appendix 3 – interview with MD • 2022 – sales of kelp increase by 200% • 2022 – lead time for customer orders increases from one week to one month • 2023 – new refinery opened • 2023 – kelp farm production now processed in refinery • 2023 – refinery operating at 40% capacity • 2024 – KK imports kelp for use in refinery **AO3 Analysis** Analysis is likely to be based on how effective elements of KK's operations strategy has bee A1 ar A2 a A3) , including: • Operational decisions – improve decision making within the business reducing the time needed for decision making and avoiding poor decision making, reducing costs – increasing profitability. • Flexibility and innovation – dynamic environment so the business can adapt to changes and is more likely to retain and increase customer base – increasing sales and profit. • ERP – improving efficiency and reducing costs – increased profitability. • Kaizen – the ability to make continuous changes and improvement to efficiency could lead to lower costs for KK – leading to improved profitability. • Quality circles- by working in teams, workers can become more experienced and proficient at their given tasks, which may increase productivity – decreasing costs. • Simultaneous engineering – the ability to reduce the time needed to complete a project may allow the business to complete the project quicker – able to operate sooner and make sales. • Cell production – workers can support each other and reduce the time needed to produce – increase profitability. • JIT manufacturing – reduce stock holding costs – however may increase lead times. • Waste management – reduce costs from excess time and wasted inventory – increase profitability. • Operations planning – better resource control allowing for reduced costs – increased profitability.	

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Question	Answer	Marks
1	*Candidates' analysis **must** be business facing. They may identify an element of operations strategy and provide developed analysis to get to L2, this then needs to be counterbalanced to get to L3. If a candidate does this twice, they will gain 8 marks*. **AO4 Evaluation** Evaluation (N1 and N2 and N3) .Evaluation will largely depend on the points raised in the analysis. *Candidates MUST answer the question – how effective was KK's operations strategy between 2020 and 2024. The development and support of this judgement will help them to move through L2 and L3.* *To award L3 the answer must be in context and draw upon the previous analysis.* • A judgement over the effectiveness of each element of the operations strategy. • A judgement over the most/least effective element of KK's operations strategy between 2020 and 2024. • A judgement over the other elements KK could have used in its operations strategy between 2020 and 2024. • What the judgement(s) may depend upon; the actions of competitors, the external environment (social, legal, economic, political, technological), the objectives of stakeholders, etc. • Weighing up of the overall effectiveness of the operations strategy used by KK between 2020 and 2024.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>
<table>
<tr><td>No credit</td><td>L1 N1 including: (limited supporting evidence)</td><td>L2 N2 including: (developed supporting evidence)</td><td>L3 N3 (developed supporting evidence with context)</td></tr>
<tr><td>JIT has helped KK’s operations strategy.</td><td>JIT has helped KK’s operation’s strategy as costs are lower.</td><td>JIT has helped KK’s operation’s strategy as costs are lower because of the need for less processing.</td><td>JIT has helped KK’s operation’s strategy as costs are lower because of the need for less processing. This will help with the overall aim of having zero waste.</td></tr>
<tr><td>The operations have not improved</td><td>KK’s operations have not improved as they are not working at full capacity.</td><td>KK’s operations have not improved as they are not working at full capacity. And customers are now waiting longer for their orders</td><td>KK’s operations have not improved as they are not working at full capacity. Only 40% of the capacity is being used. And customers are now waiting longer for their orders, increasing from a week to a month</td></tr>
</table>
Accept all valid responses.
</td><td></td></tr>
</table>

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Question	Answer	Marks
2	**Advise KK on the likely impact of the new government's policies on its future business strategies.** **AO1 Knowledge and understanding of government policies and strategic management** Knowledge K (max 1 mark) can be awarded for any **relevant business knowledge about government policy or how it works OR knowledge of business strategy,** including: • Government policies are rules and regulations K that affect how businesses are run in the economy. DEV • Government policies help the government to meets its objective K in running the economy. DEV • (Any policy) will help to increase demand in the economy (Award K only) • (Any policy) will help to increase productivity in the business (Award K only) • (Grants/trade barriers) will help reduce costs to the business (Award K only) • (Min Wage/University educated workforce) will increase the costs of the business. (Awar K only) • Definition of inflation – General rise in price. • Definition of government grant (Award K only) • (Monetary policy to stabilise inflation *no K mark for this see below*) – the use of interest rates by a central bank to affect the money supply and aggregate demand. • Fiscal policy - the use of government revenue collection and expenditure (taxation) to influence a country's economy. If successful will change aggregate demand (AD) in the economy. • Supply side policy - attempts to increase productivity and increase efficiency in the economy. If successful, they will shift aggregate supply (AS) to the right and enable higher economic growth in the long-run. • Exchange rate policy - how a country manages its currency in respect to foreign currencies and the foreign exchange market. The exchange rate is the rate at which the domestic currency can be converted into a foreign currency. • Strategic management – the process of strategic analysis, strategic choice and strategic implementation to achieve the objectives of the business. Award DEV for any explanation of a policy that affects a business' strategy, up to a max of 2 marks.	**20**

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Question	Answer	Marks
2		

Fiscal policy [K].	Some basic knowledge about government policy, so only K.
Fiscal policy [K], is collecting and using taxes in the economy. [DEV] .	1 K for identification and 1 DEV for a point of explanation
Fiscal policy [K], is collecting and using taxes in the economy [DEV] , this may change the level of aggregate demand in the economy. [DEV] .	1 K for identification and 2 DEVs for two points of explanation

Note: *Candidates can gain full marks for AO1 from one term that is explained ([K] + [DEV] + [DEV]) or from two terms partially explained ([K] + [DEV] and [K] + [DEV]).*

Monetary policy cannot be awarded for knowledge as it is stated in the case study but knowledge of how monetary policy works can be awarded.

No other AO2, AO3 OR AO4 marks can be awarded without AO1.

AO2 Application

Application [APP] (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of a government policy and its impact on KK between 2020 and 2024**.
Candidates MUST apply this to KK's business model – a lot of this will come from the appendices

- Use of monetary policy to stabilise inflation
- Government grants to support carbon efficient businesses
- Minimum wage to be increased by 40% by 2028
- Reform of country W's education system, including government funded university tuition
- Elimination of trade barriers for primary sector businesses
- Primary sector business
- Kelp has a low impact on the environment
- KK has been trading for five years prior to 2020
- KK is labour intensive
- KK is a social enterprise
- Kelp refinery creating a pulp used in biodegradable plastic – starts in 2020

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Question	Answer	Marks
2	• 2025 – new government in country W • Any element of the case study • Any element of the appendices **AO3 Analysis** Analysis is likely to be based on the impact of the policies on KK's strategy (A1 an A2 ar A3) , including: • Monetary policy – if interest rates fall then this may mean any borrowings that KK have are at a lower cost – increasing profitability. May also have an effect on customers (B2B) costs and their ability to afford KK's prices. • Fiscal policy – government grants may decrease costs – leading to higher profitability. Alternatively increased costs from higher taxation rates may increase costs and reduce profitability. • Supply side policy – likely to reduce the skills gaps in country W – however likely to take time which may not help KK soon. • Exchange rate policy – may decrease cost of importing raw materials – reducing costs and increasing profitability. *Candidates may choose to contrast two or more of these policies, but they must analyse the policy in the context of its impact on KK's strategy, and not just be an analysis of the policy on its own.* *Candidates need to identify a policy and provide developed analysis to get to L2, this then needs to be counterbalanced to get to L3. If a candidate does this twice, they will gain 8 marks.* **AO4 Evaluation** Evaluation (N1 and N2 and N3) including: Evaluation will largely depend on the points raised in the analysis. *Candidates MUST answer the question – what is the likely impact on the KK's strategy? The development and support of this judgement will help them to move through L2 and L3.*	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

<u>To award L3 the answer must be in context and draw upon the previous analysis.</u>

A judgement over the impact of individual government policies on KK.
A judgement over the overall impact of the combined government policies on KK.
A judgement over the most positive/negative impacts of the government policies on KK.
What the judgement(s) may depend upon; the dynamism of the external environment, competition in the market, the international economic outlook, the reactions of customers to KK's refined products etc.
Weighing up of the likely ability of KK to survive in light of the government policies.

<table>
<tr><th>No credit</th><th>L1 N1 including: (limited supporting evidence)</th><th>L2 N2 including: (developed supporting evidence)</th><th>L3 N3 (developed supporting evidence with context)</th></tr>
<tr><td>Supply side policies will help KK.</td><td>Supply side policies will help KK's business as they may receive grants from the government.</td><td>Supply side policies will help KK's business as they may receive grants from the government. This will reduce the costs and help increase production level unlike increases in interest rates.</td><td>Supply side policies will help KK's business as they may receive grants from the government. This is more likely with the new processing factory and its new technology. Therefore, costs will reduce and this helps increase production levels unlike increases in interest rates.</td></tr>
</table>

Accept all valid responses.

</td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/43**

Paper 4 Business Strategy **October/November 2025**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages.

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2

Sarah's Headsets (SH)

SH designs and manufactures a range of gaming headsets. SH is a private limited company based in country D. It employs leading technology specialists to develop innovative products. SH's gaming headsets are sold through specialist computer game stores across country D. SH's competitive advantage is innovation.

SH was set up by Sarah 20 years ago. She started the business with five employees. By 2017 SH employed over 520 people and had customers throughout country D.

Timeline of SH

2017	Sarah develops a marketing strategy to support SH's growth aim (see **Appendix 1**). The strategy focuses on technical innovation to offer customers a clear sound quality. There is rapid economic growth in country D.
2019	One of SH's products is voted the 'Best Gaming Headset in country D' in a leading consumer survey. SH gains much media coverage, which helps to boost its brand image.
2021	Annual revenue peaks (see **Appendix 2**). SH has a 45% share of the gaming headset market in country D and is the market leader.
2023	NHT is a major international gaming headset manufacturer. NHT launches a range of gaming headsets in country D in competition with SH. Sarah considers that SH's gaming headsets are more technologically advanced than NHT's. Country D's economy goes into a recession.
2025	SH's market share in country D is falling and NHT is forecast to become the market leader. NHT's products are half the price of SH products. Sarah produces an analysis of the financial data (see **Appendix 3**).

Developing a new business strategy

Sarah was concerned about the reduction in SH's profitability. She asked an external management consultant to produce a PEST analysis (see **Appendix 4**) that she could use to develop a new business strategy to enable SH to return to profitability.

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3

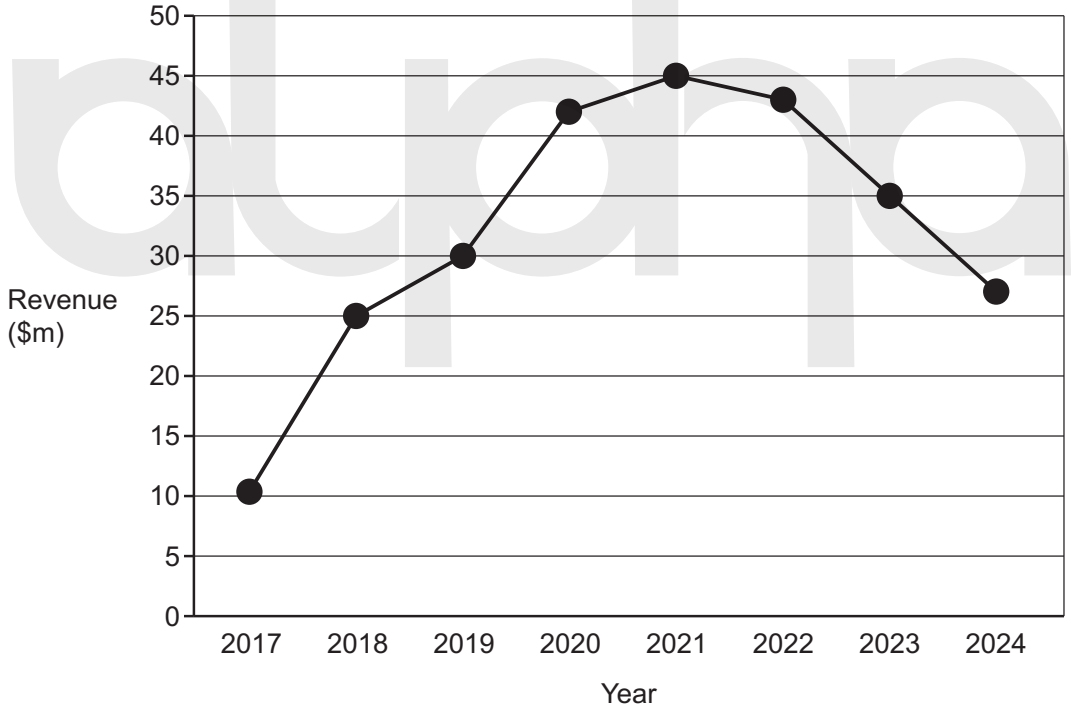
Appendix 1: Summary of Sarah's 2017 marketing strategy for SH

Objective – to become market leader for gaming headsets in country D by 2025.

Primary market research:
- 70% of all gaming headsets sold in country D are purchased by consumers under 30 years old.
- 65% of people said that range of features was the most important consideration when buying a new gaming headset, with price coming second.

Planned marketing mix:
- Product – continual upgrading of gaming headsets to include the latest technological features.
- Price – price skimming for all headsets in the SH range.
- Promotion – extensive advertising on digital platforms and television/billboard campaigns. Product endorsement with a popular celebrity.
- Place – gaming headsets sold in specialist computer game stores throughout country D.

Appendix 2: SH's annual revenue data between 2017 and 2024



Appendix 3: Analysis of SH's financial data between 2017 and 2025

	2017	2019	2021	2023	2025
Return on capital employed (%)	7	10	8	5.5	(4)
Gearing (%)	50	55	58	49	41
Operating profit ($m)	2	18	15	10.5	(8)

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[Turn over

Appendix 4: Summary of consultant's PEST analysis (2025)

Political: • Government agrees free trade arrangements with several low-income countries. • Government is encouraging investment in country D from multinational businesses.	Economic: • Economy recovering from recession. • Rising inflation, which is increasing the cost of producing goods in country D.
Social: • Consumers are increasingly price-sensitive and seek value for money. • Consumers value the latest technology. • Increased immigration by young people. • Increased online shopping.	Technological: • Increasing use by technology businesses of artificial intelligence in their market research. • Potential for new production techniques using robots.

Answer **both** questions.

1 Evaluate the effectiveness of SH's marketing strategy between 2017 and 2025. [20]

2 Advise Sarah on whether PEST analysis is the most useful approach for SH in developing a new business strategy. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/43**

Paper 4 Business Strategy **October/November 2025**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

This document consists of **25** printed pages.

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PUBLISHED

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are correct.
	For objective points that are wrong.
 and 	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
	When the candidate has attempted something, and the mark/skill has been awarded.
	When the context has not been used.
	To show a page/section has been seen/read.
	When the response is not focused on answering the question.
	The repetition of a previous point in a response **or** candidate is copying the case study/data.

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Annotation	Meaning
OFR	The own figure rule applies – acts as a mark/tick.
K	When limited knowledge (AO1) has been awarded.
DEV	When developed knowledge (AO1) has been awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
A1	When AO3 at Level 1 has been awarded.
A2	When AO3 at Level 2 has been awarded.
A3	When AO3 at Level 3 has been awarded.
N1	When AO4 at Level 1 has been awarded.
N2	When AO4 at Level 2 has been awarded.
N3	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://ca.assessor.rm.com/
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

1. Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
Every page of a script must have at least one annotation e.g. <BP> for a blank page.

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Please refer to this grid for BOTH questions.

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>
Evaluate the effectiveness of SH’s marketing strategy between 2017 and 2025.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
3 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
8 marks</th><th>AO4 Evaluation
7 marks</th></tr>
<tr><th></th><th>Description</th><th>Description</th><th>Description</th><th>Description</th></tr>
<tr><td>3</td><td></td><td></td><td>7–8 marks
Developed analysis of the overall strategy that identifies connections between causes, impacts and/or consequences.</td><td>6–7 marks
Effective evaluation
A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2–3 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>4–6 marks
Developed analysis of individual strategic element(s) that identifies connections between causes, impacts and/or consequences.</td><td>3–5 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1–3 marks
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
</table>
•
</td><td>20</td></tr>
</table>

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Question	Answer	Marks
1		

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	Description	Description	Description
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

Evaluate the effectiveness of SH's marketing strategy between 2017 and 2025.
Responses may include:
AO1 Knowledge and understanding
Knowledge [K] (max 1 mark) can be awarded for **knowledge about marketing strategy**; [DEV] can be awarded for understanding of the operations strategy up to two marks including:

- Planning the marketing strategy
(a) the contents of a marketing plan: objectives, resources, research, marketing mix
(b) the benefits and limitations of marketing planning

- Approaches to marketing strategy
(a) the need for the marketing strategy to be consistent with the business, the product and the market
(b) the need for and development of a coordinated marketing strategy
(c) the development of marketing strategies that are focused towards achieving specific marketing objectives
(d) the changing role of Information Technology (IT) and Artificial Intelligence (AI) in marketing
- Strategies for international marketing
(a) the implications for marketing of increased globalisation and economic collaboration
(b) the importance of international marketing for a business
(c) international markets – identification, selection and entry
(d) whether a business in a given situation should develop an international market through pan-global marketing or maintain local differences
(e) choosing a strategy, in a given situation, to develop a global market
(f) the factors influencing the method of entry into international markets
Knowledge of how to plan a marketing strategy (do not reward repetition of the contents of Appendix 1, but further knowledge of the elements is rewardable)

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>
<table>
<tr><td>Marketing strategy involves the marketing mi[K] .</td><td>Some basic knowledge about operations strategy, so only K.</td></tr>
<tr><td>Marketing strategy involves the marketing mix[K]. Which includes the 4 Ps Price, Product, Promotion and Place[DEV] .</td><td>1 K for identification and 1 DEV for a point of explanation</td></tr>
<tr><td>Marketing strategy involves the marketing mix[K]. Which includes Price, Product, Promotion and Place[DEV].which can be formulated through market research [DEV].</td><td>1 K for identification and 2 DEVs for two points of explanation</td></tr>
</table>
Note: – Candidates can gain full marks for AO1 from one term that is explaine[K] [DEV] [DEV]) or from two terms partially explained [K] +[DEV] and [K] +[DEV]).

<u>No other AO2, AO3 OR AO4 marks can be awarded without AO1.</u>
</td><td></td></tr>
</table>

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Question	Answer	Marks
1	**AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of marketing strategy to SH between 2015 and 2025, including:** • SH was set up by Sarah 20 years ago • Employs technology specialists to develop innovative products • Innovation is the company's competitive advantage • Rapid growth from 5 to 520 employees in 20 years • Private limited company • Products sold via a specialist computer game stores • Created marketing strategy in 2017 • Aim of marketing strategy is to become market leader for gaming headsets in country D by 2025 • Economic boom in 2017 • SH's product is voted 'Best Gaming Headset in country D' in leading consumer survey in 2019 • Annual revenue peaks in 2021 • 45% share of gaming headset market in 2021 – SH was market leader • Economic recession in 2023 • NHT launched a competing range of gaming headsets in 2023 • SH's products are more technologically advanced than NHT's • NHT's products are half the price of SH's headsets • SH's market share falls in 2025 and NHT becomes the market leader **AO3 Analysis** (L1 AN and L2 AN and L3 AN); Analysis is likely to be based on SH's objective in 2017 to become the market leader for gaming headsets in country D (Appendix 1). • Analysis of the objective. The marketing strategy is focused on internal factors, e.g. technological innovation. Does it consider the impact of changes in the external operating environment? • Price skimming strategy – helps to recoup the initial investment into developing the technology but may not work in an economic recession and/or with competition from a rival selling cheaper products. • Focus on digital marketing and television/billboard advertising. Also product endorsement with a popular celebrity. • Headsets sold through specialist computer game stores – no online retail options. • Market research shows that consumers value technological advancements when choosing a gaming headset. Price is second most important consideration. However does the economic climate affect the priorities? • 70% of gaming headsets are bought by consumers under 30 years old – how does this affect the marketing strategy?	

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Question	Answer	Marks
1	*Candidates' analysis must be **business facing.** They may identify an element of marketing strategy and **provide developed analysis to get to L2**, this then needs to be **counterbalanced to get to L3.** If a candidate does this twice, they will gain 8 marks.* *A clear multi strand answer is accepted showing a connection between a developed L2 Analysis with another developed L2 analysis.* **AO4 Evaluation** Evaluation (N1 and N2 and N3) including: Candidates **MUST answer the question** – how effective was SH's marketing strategy between 2015 and 2025. The development and support of this judgement will help them to move through L2 and L3. To award **L3 the answer must be in context** and draw upon the previous analysis. Evaluation will largely depend on the points raised in the analysis. • A judgement on the success of the marketing strategy between 2017 and 2025. • Discussion over how the success of the marketing strategy can be judged and what that judgement could depend upon; link to the marketing objective in 2017, other measures of success for a private limited company (profitability, profit, shareholder's objectives, measures of size). • The marketing strategy should develop over time. The strategy was developed in 2017 – should it be revisited more often than after eight years? • The extent to which the success of SH between 2017 and 2025 is based on the marketing strategy or other factors. • Other external influences on SH between 2017 and 2025 other than the marketing strategy (e.g. the state of the economy; economic growth) social factors (e.g. interest in the latest technology amongst consumers), technological factors (e.g. increased time to play computer games in 2020/2021 due to the pandemic), lack of competition.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>Accept all valid responses.
<table>
<tr><th>No credit</th><th>L1 N1 including: (limited supporting evidence)</th><th>L2 N2 including: (developed supporting evidence)</th><th>L3 N3 (developed supporting evidence with context)</th></tr>
<tr><td>SH’s marketing strategy was not effective</td><td>SH’s marketing strategy was not effective because it is not achieving its objective of becoming the market leader</td><td>SH’s marketing strategy was not effective because it is not achieving its objective of becoming the market leader as the annual total revenue is falling</td><td>SH’s marketing strategy was not effective because it is not achieving its objective of becoming the market leader as the annual total revenue is falling to 26 million dollars and NHT is forecasted to be the market leader instead leading to SH losing market share.</td></tr>
<tr><td>The effectiveness of the marketing strategy depends upon the market</td><td>The effectiveness of the marketing strategy depends upon the external market environment SH is in.</td><td>The effectiveness of the marketing strategy depends upon the external market environment SH is in. If the environment is overall not performing well then, we would expect that the marketing strategy might not be as effective because of external factors that negatively affect it</td><td>The effectiveness of the marketing strategy depends upon the external market environment SH is in. If the environment is overall not performing well then, we would expect that the marketing strategy might not be as effective because of external factors that negatively affect it. In 2024 Country Ds economy was in recession so NHT the competitor was performing better as their prices are half of SH’s prices.</td></tr>
</table></td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>Advise Sarah on whether PEST analysis is the most useful approach for SH in developing a new business strategy.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
3 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
8 marks</th><th>AO4 Evaluation
7 marks</th></tr>
<tr><td></td><td>Description</td><td>Description</td><td>Description</td><td>Description</td></tr>
<tr><td>3</td><td></td><td></td><td>7–8 marks
Developed analysis of the overall strategy that identifies connections between causes, impacts and/or consequences.</td><td>6–7 marks
Effective evaluation
A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2–3 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>4–6 marks
Developed analysis of individual strategic element(s) that identifies connections between causes, impacts and/or consequences.</td><td>3–5 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table></td><td>20</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
3 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
8 marks</th><th>AO4 Evaluation
7 marks</th></tr>
<tr><th></th><th>Description</th><th>Description</th><th>Description</th><th>Description</th></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1–3 marks
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
</td><td></td></tr>
</table>

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Question	Answer	Marks
2	**Advise Sarah on whether PEST analysis is the most useful approach for SH in developing a new business strategy.** Responses may include: **AO1 Knowledge and understanding** Knowledge K (max 1 mark) can be awarded for **knowledge about approaches**, DEV can be awarded for understanding of the approaches up to two marks including: • **Blue ocean strategy** aims to combine product differentiation with low-cost to develop new markets and demand.It is about finding uncontested markets to gain a competitive advantage. Comparison with red ocean strategy awardable. • **Scenario planning** - Managers consider the main risks and uncertainties and adopt different strategies for different scenarios. Flexible approach. • uncertainties that affect their business. • **SWOT analysis**: Strengths, weaknesses, opportunities, threats. SWOT is very easy to construct so can be subjective. • **Porter's five forces** – threats of substitutes, supplier power, threat of entry, buyer power, competitive rivalry • **Core competence framework** – core competencies lead to the development of core products. Core products are not necessarily sold to final consumers. Instead, they are used to produce many end-user products. • **Ansoff matrix** – Market penetration, market development, diversification, product development. Different options open to a marketing manager when considering new opportunities for sales growth. It includes thinking of the market in which the business is going to operate and the product(s) it plans to sell. Business decides whether to remain in the existing market or to enter new ones along with whether to sell existing products or develop new ones. • **Force field analysis** - It weighs up the potential advantages and disadvantages of a decision before a choice is made. It gives managers an insight that will allow them to strengthen the forces supporting a decision and reduce the forces that oppose it. • **Decision trees** - consider all of the options open to a manager, the different possible outcomes resulting from these options, the chances of these outcomes occurring, and the economic returns from these outcomes. • **PEST analysis – It focuses on the macro environment** *(Note: Mentioning of PEST or political, economic, social and technological is not Knowledge as they are in the question and case respectively).*	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>
Other knowledge marks may be awarded for:
• The meaning and purpose of a business strategy; plan of action to achieve the vision and objectives of a business and upon which decisions are made.
• The meaning and purpose of strategic management (the entire process of identifying, choosing and implementing the planning of business activity): analysis (identifying options and understanding the business, market and external environment), choice (between strategic options) and implementation (the decision making of implementing a strategic decision).
• (do not reward repetition of Appendix 4, but understanding of the model is rewardable).

K For identifying an approach and DEV follows for the definition of the approach up to two DEV to gain the full 3 marks.

Award DEV for any explanation of a policy that affects a business' strategy, up to a max of 2 marks.
<table>
<tr><td>Blue ocean strategy K .</td><td>Some basic knowledge about a policy, so only K.</td></tr>
<tr><td>Blue ocean strategy K, aims to combine product differentiation with low-cost to develop new markets and demand. DEV .</td><td>1 K for identification and 1 DEV for a point of explanation</td></tr>
<tr><td>Blue ocean strategy K, aims to combine product differentiation with low-cost to develop new markets and demand. DEV . It is about finding uncontested markets to gain a competitive advantage. DEV .</td><td>1 K for identification and 2 DEVs for two points of explanation</td></tr>
</table>
Note – Candidates can gain full marks for AO1 from one term that is explained (K + DEV + DEV) or from two terms partially explained (K + DEV and K + DEV).

The mentioning of PEST or Political, Economic, Social and Technological cannot be awarded for knowledge as it is stated in the case study but any understanding of it can.

<u>No other AO2, AO3 OR AO4 marks can be awarded without AO1.</u>
AO2 Application APP
Application APP (max 2 marks) can be awarded for applying knowledge, analysis or evaluation of approaches and their usefulness on developing a new business strategy for SH.
</td><td></td></tr>
</table>

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Question	Answer	Marks
2	*Candidates MUST apply this to SH's business model – a lot of this will come from the appendices* • Data about from Appendix 4; • Political – government actions to encourage more investment into country D from multinational companies • Economic – recovery from economic recession, rising inflation and high cost of producing goods • Social – increased online shopping, importance of technological advances when choosing a gaming headset, price sensitivity of consumers, increased immigration by young people • Technological – increasing use of artificial intelligence in market research and potential for new product techniques • SH's revenue declining. New competitor became market leader. • Market share reduced • Asked an external management consultant business to create a PEST analysis. • New business strategy needed to enable SH to return to profitability. **AO3 Analysis (A1 and A2 and A3) , including:** Analysis for the usefulness of PEST analysis: • Analysis of the political forces: • government actions to encourage more investment into country D from multinational companies which may lead to new competitors entering the gaming headset market in country D • Analysis of the economic forces: • recovery from economic recession – the marketing strategy was created during an economic boom but the elements of the strategy may need to change for a recession. SH continued with the same strategy that was effective during prosperous economic times • high inflation and high cost of production – squeezed disposable incomes may affect consumer buying habits/choices and the ability of SH to make a profit. Limited scope for further price rises to increase profit margins. • Analysis of the social forces: • increased online shopping – the impact of this on SH's decision to sell headsets through retail stores • importance of technological advances when choosing a gaming headset – consumers value the technological advances of SH's products but is price becoming more important due to the current economic climate • price sensitivity of consumers • increased immigration by young people. 70% of gaming headsets are purchased by consumers under 30 years old. • Analysis of the technological forces: • increased use of artificial intelligence in market research – does SH use this technology in its market research? • potential for new production techniques – could they reduce the cost of producing the headsets to offset the high cost of production? However, would capital investment be recovered by the production cost savings?	

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Question	Answer	Marks
2	Analysis for the usefulness of PEST analysis; • Enables the consultant to consider the impact of external factors on the potential success of the business strategy and the different strategic choices • Internal policies/strategies may need to change to achieve success in light of the external factors Arguments against the usefulness of PEST analysis: • The model is relatively simplistic • The results are a snapshot in time – the forces will change. Are the factors identified in 2025 relevant for 2027? • The strategy for the future will be based on estimates/predictions • This approach was completed by an external management consultancy business with no investment in SH – to what extent can this information be relied upon to base future decisions? • Does not consider new external influences in the future *Candidates may choose to contrast other approaches with PEST.* *Candidates need to identify an approach and provide developed analysis to get to L2, this then needs to be* ***counterbalanced*** *to get to L3. If a candidate does this twice, they will gain 8 marks.*	

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Question	Answer	Marks
2	**AO4 Evaluation** Evaluation (N1 and N2 and N3) including: **L1 N1 limited supporting evidence – answering the question with a brief explanation** **L2 N2 developed supporting evidence - Reason is developed further** **L3 N3 developed supporting evidence with context – Level 1 and 2 is answered in context.** • A judgement about the usefulness of PEST analysis when developing a new business strategy for SH. • Judgement may depend upon; the validity of the data, the external environment in country D, whether SH is staying in the same market, or whether it will diversify, the use of other approaches in tandem with PEST analysis. • Weighing up of the relevant arguments for the use of PEST analysis in making decisions about developing a new business strategy for SH. • Weighing up of the relevant arguments for the use of other approaches instead of (or in tandem with) PEST analysis. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>Exemplars and annotations for AO4 (assuming relevant AO1 has been awarded):
<table>
<tr><th>No credit (no supporting evidence)</th><th>L1 N1 (limited supporting evidence)</th><th>L2 N2 (developed supporting evidence)</th><th>L3 N3 (developed supporting evidence with context)</th></tr>
<tr><td>Overall SWOT analysis seems to be the better approach to develop the business strategy</td><td>Overall SWOT analysis seems to be the better approach to develop the business strategy This is because SWOT will cover all areas that PEST will not.</td><td>Overall SWOT analysis seems to be the better approach to develop the business strategy. This is because SWOT will cover all areas that PEST will. However, the effectiveness of SWOT needs to be considered as it is all qualitative values. This means that SH will make choices to diversify with quantitative factors.</td><td>Overall SWOT analysis seems to be the best approach to develop the business strategy to achieve profit through diversification. However, the effectiveness of SWOT needs to be considered as it is all qualitative values. This means that SH will make choices to diversify with quantitative factors. Especially that SH’s financials such as Total annual revenue has dropped from 46 m in 2021 to 26 m in 2024 and ROCE from 8 to (4).</td></tr>
</table></td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>
<table>
<tr><th>No credit (no supporting evidence)</th><th>L1 N1 (limited supporting evidence)</th><th>L2 N2 (developed supporting evidence)</th><th>L3 N3 (developed supporting evidence with context)</th></tr>
<tr><td>Overall I think SH should use several approaches to achieve a new business strategy</td><td>Overall I think SH should use several approaches to achieve a new business strategy. SH should use SWOT and PEST to look at the external and internal environment and have a full picture of the business</td><td>Overall I think SH should use several approaches to achieve a new business strategy. SH should use SWOT and PEST to look at the external and internal environment and have a full picture of the business This will allow SH to look at their strengths and find new ways to recover which will increase sales and profits.</td><td>Overall I think SH should use several approaches to achieve a new business strategy. SH should use SWOT and PEST to look at the external and internal environment and have a full picture of the business This will allow SH to look at their strengths and find new ways to recover which will increase sales and profits. SH’s strength of innovation allows it to be different and demand premium prices which means when recession recovers and with their extensive advertising and use of celebrity to promote their products sales and profits will start increasing again.</td></tr>
</table>
</td><td></td></tr>
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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **February/March 2026**

1 hour 15 minutes

4213497434

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages.

DC (KAS) 363482/2
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2

Potato Farm (PF)

Farouk has been a farmer for his whole working life. He owns PF, the biggest potato farm in country B.

PF supplies the majority of supermarkets and food manufacturers in country B.

In 2018, PF's crops were destroyed by disease that spread throughout the potato crops of country B. This led to PF requiring finance to survive. Farouk converted PF into a private limited company in 2019 with the majority of shares owned by a private equity firm. Farouk still retains 40% of the shares and he is the chief executive officer (CEO). PF's mission statement is:

> 'PF is committed to fulfilling our customers' needs by supplying the tastiest potato products tailored to the country B market.'

Timeline of PF

2020	Farouk chairs his first annual general meeting (AGM). He presents ratio analysis based on the most recent financial statements (see **Appendix 1**). Farouk hires a management consultant to analyse PF's market and growth options (see **Appendix 2**).
2021	The management consultant completes her analysis and presents two growth options to the board of directors (see **Appendix 3**).
2022	Farouk uses scenario planning to choose between the two options for growth. Option 2 is chosen.
2023	Farouk outlines his strategic implementation plan to the AGM (see **Appendix 4**).
2024	PF finalises the takeover of ZF. Both business divisions start to trade as PF.
2025	PF's revenue increases by 15% and its profit increases by 7%.

Developing a strategy for growth

Farouk is pleased with how PF has steadily increased its revenue and profit since taking over ZF. He thinks it is time for PF to continue growing.

Farouk is unsure of the best strategy for growth. He believes that PF's financial statements will be important to develop an effective new strategy for growth.

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Appendix 1: PF's ratio analysis in 2020

	2020
gross profit margin	85%
operating profit margin	4%
return on capital employed (ROCE)	18%
gearing	80%
current ratio	1:1
acid test ratio	0.3:1

Appendix 2: Analysis of PF and its market in 2020

Strategic approaches used to analyse the potato market in country B and PF's position in that market.

- SWOT analysis
- PEST analysis
- Force field analysis.

Appendix 3: Growth options presented in 2021

Option 1

To use internal (organic) growth. Purchase low-cost land in country B and neighbouring countries. Use this land to grow more potatoes and target an international market with PF's current products.

Option 2

To use forward vertical integration and takeover Zingy Fries (ZF), a manufacturer of potato products in country B. This will increase PF's revenue and should allow for increased economies of scale.

Appendix 4: Extract from strategic implementation plan for the takeover of ZF in 2023

task	director responsible for implementation	deadline
set objectives and targets	Farouk (CEO)	January 2024
assign roles and responsibilities	Farouk (CEO)	February 2024
workforce planning for PF after takeover	human resource director	February 2024
design and implement new marketing strategy	marketing director	June 2024
implementation of lean production in factory	operations director	June 2024
integration of ZF and PF accounting and finance IT systems	finance director	December 2024

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Answer **both** questions.

1 Evaluate the effectiveness of PF's strategic management between 2020 and 2025. [20]

2 Advise Farouk on the usefulness of financial statements when developing a new strategy for PF's growth. [20]

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CAMBRIDGE
International Education

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BUSINESS **9609/42**

Paper 4 Business Strategy **February/March 2026**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the February/March 2026 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are correct.
	For objective points that are wrong.
 and TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
NUT	When the context has not been used.
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focused on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.

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Annotation	Meaning
OFR	The own figure rule applies – acts as a mark/tick.
K	When limited knowledge (AO1) has been awarded.
DEV	When developed knowledge (AO1) has been awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
A1	When AO3 at Level 1 has been awarded.
A2	When AO3 at Level 2 has been awarded.
A3	When AO3 at Level 3 has been awarded.
N1	When AO4 at Level 1 has been awarded.
N2	When AO4 at Level 2 has been awarded.
N3	When AO4 at Level 3 has been awarded.

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Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>

Evaluate the effectiveness of PF's strategic management between 2020 and 2025.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
3 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
8 marks</th><th>AO4 Evaluation
7 marks</th></tr>
<tr><td></td><td>Description</td><td>Description</td><td>Description</td><td>Description</td></tr>
<tr><td>3</td><td></td><td></td><td>7–8 marks
Developed analysis of the overall strategy that identifies connections between causes, impacts and/or consequences.</td><td>6–7 marks
Effective evaluation
A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2–3 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>4–6 marks
Developed analysis of individual strategic element(s) that identifies connections between causes, impacts and/or consequences.</td><td>3–5 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1–3 marks
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>20</td></tr>
</table>

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Question	Answer	Marks
1	**Evaluate the effectiveness of PF's strategic management between 2020 and 2025.** Responses may include: **AO1 Knowledge and understanding of strategic management** **No other AO2, AO3 or AO4 marks can be awarded without AO1** Knowledge K (max 1 mark) can be awarded for **knowledge about strategic management including approaches**, DEV can be awarded for understanding of strategic management up to two marks including: • Strategic management – the role of management in analysing the market/context, setting long-term goals/objectives and implementing cross-functional decisions as part of the overall strategy. • Strategic management consists of: Strategic analysis – researching the business environment to help form future strategies. Assessing the current position of the company in relation to its market, competitors and the external environment. Strategic choice – making decisions about which strategies to implement that will push the business towards the objectives set. Strategic choice analyses the benefits and limitations of different strategic options and decides between them. Strategic implementation – allocating and controlling resources to support the chosen strategies. • Strategic management is the management of the long-term activities of a business, and this includes the careful integration of: strategic analysis (where is the business now?), strategic choice (identifying and deciding between options) and strategic implementation (planning for and managing change) • Allow knowledge of approaches used within strategic management, including: blue ocean strategy scenario planning SWOT analysis PEST analysis Porter's five forces core competence framework Ansoff matrix force field analysis decision trees • **Blue ocean strategy** aims to combine product differentiation with low-cost to develop new markets and demand. It is about finding uncontested markets to gain a competitive advantage. Comparison with red ocean strategy awardable.	

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Question	Answer	Marks
1	• **Scenario planning** – Managers consider the main risks and uncertainties and adopt different strategies for different scenarios. Flexible approach. • **SWOT analysis**: Strengths, weaknesses, opportunities, threats. SWOT is very easy to construct so can be subjective. It identifies internal and external factors. • **PEST analysis** – It focuses on the macro environment including Political, Economic, social, and technological. Limitation is that it only looks at the external factors and not internal factors. • **Porter's five forces** – threats of substitutes, supplier power, threat of entry, buyer power, competitive rivalry • **Core competence framework** – core competencies lead to the development of core products. Core products are not necessarily sold to final consumers. Instead, they are used to produce many end-user products. • **Ansoff matrix** – Market penetration, market development, diversification, product development. Different options open to a marketing manager when considering new opportunities for sales growth. It includes thinking of the market in which the business is going to operate and the product(s) it plans to sell. Business decides whether to remain in the existing market or to enter new ones along with whether to sell existing products or develop new ones. • **Force field analysis** – It weighs up the potential advantages and disadvantages of a decision before a choice is made. It gives managers an insight that will allow them to strengthen the forces supporting a decision and reduce the forces that oppose it. • **Decision trees** – considers the options open to a manager, the different possible outcomes resulting from these options, the chances of these outcomes occurring, and the economic returns from these outcomes.	

Strategic management refers to the use of strategic analysis, strategic choice and implementation K.	Some basic knowledge about strategic management, so only K.
Strategic management refers to the use of strategic analysis, strategic choice and implementation K.Strategic management helps analyse the current position of the business in relation to the market. DEV.	1 K for identification and 1 DEV for a point of explanation
Strategic management refers to the use of strategic analysis, strategic choice and implementation K.Strategic management helps analyse the current position of the business in relation to the market. DEV. Strategic choice helps the business take long term decisions by choosing between the different strategy options. DEV.	1 K for identification and 2 DEVs for two points of explanation

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Question	Answer	Marks
1	Note: Candidates can gain full marks for AO*1 from one term that is explained (*K+DEV+DEV*) or from two terms partially explained (*K+DEV *and* K+DEV*). **Note: Mentioning PEST, SWOT, force field and scenario analysis is not K as they are mentioned in the case. Defining them is required for K.** **AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of strategic management and its effectiveness for PF.** Allow any use of the data that is linked to another AO. Context that is used, but not linked to another AO is REP. • PF is biggest potato farm in country B • PF supplies the majority of supermarkets and shops in country B • PF converted into a private limited company in 2019 • Farouk retained 40% of the shares • Mission statement: Fulfilling customer needs Tastiest potato products Tailored to country B market • First AGM in 2020. • Appendix 1 PF ratio analysis in 2020: gross profit margin 85% operating profit margin 4% return on capital employed (ROCE) 18% gearing 80% current ratio 1:1 acid test ratio 0.3:1 • Management consultant strategically analyses PF's market SWOT analysis PEST analysis Force Field analysis Scenario planning (found in the timeline) • Management consultant presents findings to BoD (Appendix 3):	

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Question	Answer	Marks
1	**Option 1** • Internal (organic) growth • Purchase low-cost land in country B and neighbouring countries • Increase potato growth • Target international market with PF's current products **Option 2** • Forward vertical integration to takeover ZF • ZF manufacturers potato products • Increase PF's revenue • Increased economies of scale • PF chooses option 2 in 2022 • Farouk's strategic implementation plan (Appendix 4): Objectives set by Farouk (MD) by January 2024 Roles and responsibilities assigned by Farouk by February 2024 Workforce planning after takeover to be done by HR Director by February 2024 New marketing strategy done by Marketing Director by June 2024 Operations Director assigned to implement lean production by June 2024 Finance Director responsible for integrating ZF and PF accounting and finance systems by December 2024 • PF finalises purchase of ZF in 2024 • Combined PF and ZF trade under the PF brand in 2024 • Revenue increases by 15% in 2025 • Profit increases by 7% in 2025. **AO3 Analysis (** A1 **and** A2 **and** A3 **)** Analysis should be about PF/Farouk's strategic management including: Strategic analysis • Loss of crops in 2018 – not within timeline but will have had an effect on PF's situation – led to PF becoming a private limited company and loss of 60% of the ownership to a private equity firm.	

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Question	Answer	Marks
1	• Analysis of the ratios in 2020, including: 85% GPM – seems high, but impossible to know without some industry or time comparisons. 4% operating profit margin – seems low, but again difficult to analyse without comparisons. Suggests high expenses, since GPM is 85%. ROCE of 18% – likely to please investors Gearing of 80% – highly geared, may struggle to find future borrowings and to repay long term debts/interest. Current ratio of 1:1 – reasonable level to be able to repay current liabilities with current assets. Acid test of 0.3:1 – shows that PF may be holding too much inventory. Also issues over inventory storage and spoilage. • Analysis of the strategic analysis techniques, including; SWOT, PEST, force field analysis. • Strategic choice • Analysis of Option 1, including: Internal (organic) growth is likely to be cheaper than external growth Focus on country B market – likely to have lower cost of research as it is PF's market Existing product and existing market (market penetration on Ansoff's market) – for expanding domestic market Potential of international market with existing product • Analysis of Option 2, including: External growth is likely to have higher risk, but more potential for growth PF (primary) growing by taking over ZF (secondary) likely to increase revenue and economies of scale – increased profit and lower cost. • Analysis of strategic choice techniques, including: Ansoff's matrix, Decision trees, scenario planning. • Strategic implementation • Analysis of the approaches used – SWOT, PEST, Force field and scenario planning • Analysis of the application of the approaches used – SWOT, PEST, Force field and scenario planning • Analysis of Appendix 4, including: Roles and responsibilities – were the Directors capable of achieving these deadlines – increased costs – lower profit. Deadlines – are these reasonable and would there have been consequences of not achieving these deadlines – increased cost. *Candidates need to provide developed analysis to get to L2, this then needs to be **counterbalanced** to get to L3. If a candidate does this twice, they will gain 8 marks.* *The counterbalanced points can be two separate points as long as candidate shows a two-sided response that is developed*	

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Question	Answer	Marks
1	**AO4 Evaluation** **Evaluate the effectiveness of PF's strategic management between 2020 and 2025.** Evaluation (N1 and N2 and N3) including: **L1 N1 limited supporting evidence – answering the question with a brief explanation** **L2 N2 developed supporting evidence – Reason is developed further** **L3 N3 developed supporting evidence with context – Level 1 and 2 is answered in context.** • A judgement over the effectiveness of strategic management of PF between 2020 and 2025 • A judgement over the elements of strategic management (analysis, choice, implementation) that were done well and those which were done badly. • What the judgement(s) may depend upon; other stakeholders of PF (and ZF), the actions of competitors, the external environment (social, legal, economic, political, technological), the objectives of PF (and ZF), the funding/finance/cashflow of PF, the potato market in country B and internationally, etc. • Weighing up of the relative arguments about the effectiveness of PF's strategic management. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

Advise Farouk on the usefulness of financial statements when developing a new strategy for PF's growth.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
3 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
8 marks</th><th>AO4 Evaluation
7 marks</th></tr>
<tr><td></td><td>Description</td><td>Description</td><td>Description</td><td>Description</td></tr>
<tr><td>3</td><td></td><td></td><td>7–8 marks
Developed analysis of the overall strategy that identifies connections between causes, impacts and/or consequences.</td><td>6–7 marks
Effective evaluation
A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2–3 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>4–6 marks
Developed analysis of individual strategic element(s) that identifies connections between causes, impacts and/or consequences.</td><td>3–5 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1–3 marks
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>20</td></tr>
</table>

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Question	Answer	Marks
2	**Advise Farouk on the usefulness of financial statements when developing a new strategy for PF's growth.** Responses may include: **AO1 Knowledge and understanding** **No other AO2, AO3 or AO4 marks can be awarded without AO1** Knowledge K (max 1 mark) can be awarded for **knowledge of the use of financial statements** DEV can be awarded for further understanding of use of financial statements up to two marks including: • Statement of profit or loss: to evaluate the profitability of a business over a period of time (usually one year) shows the income and expenses for a business statutory requirement for companies actual profit data can be compared with the budgeted profit levels used to calculate tax owed to government available to all stakeholders of a business Bankers and creditors need the information to help decide whether to lend money to the business. Potential investors will use the profit performance of the business to help decide to whether to buy shares in it or not. • Statement of financial position to evaluate the worth of a business overview of what a business owns and owes on one particular date statutory requirement for companies can be used by stakeholders to value a business available to all stakeholders of a business To find ways to increase shareholder equity through share capital and/or retained earnings • Allow knowledge of cashflow statements to be included. They show negative closing cash flows. This means that plans can be made to source additional finance, such as a bank overdraft or the injection of more capital from the owner. essential to all business plans. A business start-up has better chance of gaining finance if investors and bankers have access to a cash flow **NOTE: A maximum of 1 mark – K – can be given for knowledge of ratios only.**	

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Question	Answer	Marks
2		

Financial statements such as profit and loss statement is useful as it shows the revenue, cost of sales and expenses of the year K.	Some basic knowledge about strategic management, so only K.
Financial statements such as profit and loss statement is useful as it shows the revenue, cost of sales and expenses of the year K. This means we can evaluate the profitability of the business DEV.	1 K for identification and 1 DEV for a point of explanation
Financial statements such as profit and loss statement is useful as it shows the revenue, cost of sales and expenses of the year K. This means we can evaluate the profitability of the business DEV. A business can use this statement to calculate profitability ratios such as gross profit margin which is gross profit/revenue x100. DEV.	1 K for identification and 2 DEVs for two points of explanation

Note: Candidates can gain full marks for AO*1 from one term that is explained (*K+DEV+DEV*) or from two terms partially explained (*K+DEV *and* K+DEV*).*

AO2 Application

Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of usefulness of financial statements.**

Allow any use of the data that is linked to another AO. Context that is used, but not linked to another AO is REP.

- PF is biggest potato farm in country B
- PF supplies the majority of supermarkets and shops in country B
- PF converted into a private limited company in 2019
- Farouk retained 40% of the shares
- Mission statement:
  Fulfilling customer needs
  Tastiest potato products
  Tailored to country B market
- First AGM in 2020.

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Question	Answer	Marks
2	• Appendix 1 PF ratio analysis: 85% GPM – seems high, but impossible to know without some industry or time comparisons. 4% operating profit margin – seems low, but again difficult to analyse without comparisons. Suggests high expenses, since GPM is 85%. ROCE of 18% – likely to please investors Gearing of 80% – highly geared, may struggle to find future borrowings and to repay long term debts/interest. Current ratio of 1:1 – reasonable level to be able to repay current liabilities with current assets. Acid test of 0.3:1 – shows that PF may be holding too much inventory. Also issues over inventory storage and spoilage. • Management consultant strategically analyses PF's market SWOT analysis PEST analysis Force Field analysis Scenario planning (found in the timeline) • Management consultant presents findings to BoD (Appendix 3): **Option 1** • Internal (organic) growth • Purchase low-cost land in country B and neighbouring countries • Increase potato growth • Target international market with PF's current products **Option 2** • Forward vertical integration to takeover ZF • ZF manufactures potato products • Increase PF's revenue • Increased economies of scale • PF chooses option 2 in 2022 • Farouk's strategic implementation plan (Appendix 4): Objectives and KPIs set by Farouk (MD) by January 2024 Roles and responsibilities assigned by Farouk by February 2024 Workforce planning after takeover to be done by HR Director by February 2024 New marketing strategy done by Marketing Director by June 2024 Operations Director assigned to implement lean production by June 2024 Finance Director responsible for integrating ZF and PF accounting and finance systems by December 2024	

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Question	Answer	Marks
2	• PF finalises purchase of ZF in 2024 • Combined PF and ZF trade under the PF brand in 2024 • Revenue increases by 15% in 2025 • Profit increases by 7% in 2025. **AO3 Analysis (A1 and A2 and A3)** Analysis will depend on the element(s) chosen by the candidate, including: • Statement of profit or loss: to evaluate the profitability of a business – 'bottom line' and used by most/all businesses, so can be compared. However, may need comparison to be useful, or use of ratio analysis, so that comparison can be made with competitors, similar businesses etc. over a period of time (usually one year) – most statements of financial position include previous years for comparison – shows trends in revenue/profit etc. – allows stakeholders to make decisions about PF. Likely to be important for growth as PF may require more finance. Shows the income and expenses for a business – useful to stakeholders, gaining finance etc. statutory requirement for companies – avoids being fined and making the Directors responsible. can be used to calculate tax owed to government – tax evasion is illegal and failure to accurately report profit or loss is illegal. available to all stakeholders of a business – including PF's competitors and can be used to judge the financial 'health' of PF. • Statement of financial position to evaluate the worth of a business (what it owes and what it owns) – important if finance is needed to grow – can tell investors/borrowers the gearing and value of PF. at one specific date (as at) – can be manipulated, depending on when the statement is completed – window dressing – in a primary market the timing of this may be very important. overview of what a business owns and owes on one particular date statutory requirement for companies – avoids being fined and making the Directors responsible. can be used by stakeholders to value a business and to judge the risk of investment or even of being their customer. Supermarkets may want to know this data to decide whether to use PF and whether it can trust the business. available to all stakeholders of a business – including PF's competitors and can be used to judge the financial 'health' of PF.	

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Question	Answer	Marks
2	• Analysis of ratios Gearing ratio is high which informs us that PF cannot borrow any more loans and needs to find other ways to finance the business such as share capital? Operating profit is a lot lower than gross profit margin suggesting that expenses are high and therefore retained profit is low therefore reducing chances of finance for growth. *Candidates need to provide developed analysis to get to L2, this then needs to be **counterbalanced** to get to L3. If a candidate does this twice, they will gain 8 marks.* *The counterbalanced points can be two separate points as long as candidate shows a two-sided response that is developed* **AO4 Evaluation** Evaluation (N1 and N2 and N3) including: **L1 N1 limited supporting evidence – answering the question with a brief explanation** **L2 N2 developed supporting evidence – Reason is developed further** **L3 N3 developed supporting evidence with context – Level 1 and 2 is answered in context.** • A judgement over the usefulness of the financial statements when developing a new strategy for PF's growth • A judgement over the most useful financial statements when developing a new strategy for PF's financial growth • A judgement over the different uses financial statements may be used for by PF and their stakeholders • What the judgement(s) may depend upon; the reactions of competitors, the external environment (social, legal, economic, environmental, political, technological), the reactions of stakeholders, the reactions of customers to PF's growth, the nature of ZF's potato products • Weighing up of the likely usefulness of different financial statements to PF in the future. Accept all valid responses.	

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/41**

Paper 4 Business Strategy **May/June 2026**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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2

App Hazard (AH)

AH is a private limited company. It is a software business that specialises in messaging apps for smartphones. AH's most popular app is called Rotate which is free to download and use. AH makes revenue by selling advertising space on Rotate to businesses. AH releases new software updates for Rotate regularly.

Timeline of AH

2025	July	AH's managing director presents a SWOT analysis (see **Appendix 1**) at the annual general meeting (AGM). AH develops a new version of Rotate, version 5.0. This is the biggest change to the software since it was launched. It contains a critical security update. Rotate version 5.0 passes AH's quality control.
2025	August	AH releases Rotate version 5.0 on 1 August. Many complaints are received (see **Appendix 2**). Rotate becomes a major news story. The board of directors eventually calls an emergency board meeting on 15 August. The operations director assures the board that version 5.1 will be released within five days to resolve the issues. The board agrees to inform customers and the media about version 5.1 and to increase the number of customer service advisors. The marketing director believes that AH should issue a public apology. Rotate version 5.1 is released and solves the issues.
2025	September	Many news agencies continue to contact AH about Rotate 5.0. The marketing director resigns from her job and gives an interview to a global news agency (see **Appendix 3**).
2025	October	A number of industry experts advise customers to delete Rotate from their smartphone. One of AH's main competitors advertises their messaging app as 'safer than Rotate'. Advertising revenue from Rotate falls by 50%. Use of Rotate falls for the first time since its launch.
2025	November	The board of directors dismisses the managing director and operations director from AH.
2025	December	A new managing director is recruited and is interviewed by a technology magazine (see **Appendix 4**).
2026	January	Rotate is removed from online stores and will no longer be supported by AH.

Developing a marketing strategy

AH has developed a new messaging app called Candlestick. Candlestick has more features than any of AH's competitor products and testing has been very positive. The new marketing director has been told to develop an appropriate marketing strategy to successfully launch the Candlestick app.

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Appendix 1: SWOT analysis of AH in July 2025

Strengths	Weaknesses
• Rotate has over 1bn users globally. • the Rotate brand name is valued at over $2bn.	• AH has very few customers in Asia. • AH is not forecast to make a profit until 2026.
Opportunities	**Threats**
• an Asian firm has offered a strategic alliance to develop a software app designed for the Asian market.	• 93% of AH's revenue comes directly from Rotate. • increasing number of security threats targeting smartphones.

Appendix 2: data about complaints received after Rotate version 5.0 is released in August 2025

- The number of complaints received by AH increases by 500%.
- Main issues involve:
  - Data security – contact and banking data is being stolen from smartphones.
  - Rotate stops working and forces the smartphone to power down.
  - Messages being sent to the wrong person.
- AH's customer service advisors are overwhelmed and customer waiting times increase from 8 minutes to 3 hours.

Appendix 3: extract from an interview given by former marketing director of AH in September 2025

'It was a disaster waiting to happen. I tried to make the managing director aware of the problems, but he would not listen and that is why I had to resign.

I have no confidence in the future of the business.'

Appendix 4: extract from an interview with the new managing director in December 2025

'AH apologises for the disruption caused by Rotate 5.0. We have decided to remove the Rotate app from all online stores in 30 days and will be releasing our new messaging app next year.'

Answer **both** questions.

1 Evaluate the effectiveness of AH's crisis management strategy between July 2025 and January 2026. [20]

2 Advise AH on an appropriate marketing strategy to successfully launch the Candlestick app. [20]

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BUSINESS **9609/41**

Paper 4 Business Strategy **May/June 2026**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme contains the instructions and marking guidance that our examiners used to mark candidate responses for this component.

Before they start marking, examiners complete a standardisation process. They review a range of candidate responses and discuss the mark scheme in detail to agree which answers can and cannot be accepted. Examiners award marks where it is clear that candidate responses have met the requirements of the mark scheme. These requirements may vary between different components or different versions of the same component, depending on the exact requirements of the question and the candidate responses seen during the standardisation process.

Sometimes, our mark schemes may allow marks to be awarded to responses which contain elements that are factually incorrect or for content not covered by the syllabus. We do this in response to the demands of a specific question to support candidates and make sure that our assessments are fair. However, these allowances should not be used as a guide for teaching and learning.

We cannot discuss the mark scheme with schools, and we recommend that schools read the mark scheme together with the assessment material and the Principal Examiner Report for Teachers.

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General marking principles

All examiners must apply these marking principles when marking candidate responses.

1	Examiners must award marks for each response in line with: • the specific **content** defined in the mark scheme • the specific **skills** defined in the mark scheme or in the level descriptions • the **standard of response** required as exemplified by the standardisation scripts.
2	Examiners must award **whole marks** (not half marks, or other fractions).
3	Examiners must award marks **positively**. This means that: • marks are not deducted for errors or omissions • marks are awarded for correct/valid answers as defined in the mark scheme and also for **other valid answers** which go beyond the scope of the syllabus and mark scheme referring to your team leader as appropriate • the quality of spelling, punctuation and grammar are judged **only** when the mark scheme indicates that these features are **specifically assessed** in the question. However, the meaning of all responses must be unambiguous.
4	Examiners must **consistently** apply the requirements of the mark scheme and any rules for what to do when candidates have not followed instructions correctly.
5	Examiners must use the **full range of marks** defined in the mark scheme, unless limited by the quality of the candidate responses seen.
6	Examiners must award marks according to the mark scheme and **must not** award marks with grade thresholds or grade descriptions in mind.

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Social Sciences-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. corrasion/corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are correct.
	For objective points that are wrong.
 and TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
NUT	When the context has not been used.
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focused on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.

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Annotation	Meaning
OFR	The own figure rule applies – acts as a mark/tick.
K	When limited knowledge (AO1) has been awarded.
DEV	When developed knowledge (AO1) has been awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
A1	When AO3 at Level 1 has been awarded.
A2	When AO3 at Level 2 has been awarded.
A3	When AO3 at Level 3 has been awarded.
N1	When AO4 at Level 1 has been awarded.
N2	When AO4 at Level 2 has been awarded.
N3	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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PREPARATION FOR MARKING

1. Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2. Make sure that you have read and understand the question paper, which you can download from https://ca.assessor.rm.com/
3. Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1. Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2. If you are in doubt about applying the mark scheme, consult your Team Leader.
3. Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4. Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1. **All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2. The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3. Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1. Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2. Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3. Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4. Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

1. Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
2. Every page of a script must have at least one annotation e.g. <BP> for a blank page.

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Use this grid for both questions

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>

Evaluate the effectiveness of AH's crisis management strategy between July 2025 and January 2026.

Responses may include:

AO1 Knowledge and understanding of crisis management

Knowledge K (max 1 mark) can be awarded for knowledge about crisis management. DEV can be awarded for understanding of how crisis management works or steps that should be taken including:

- Crisis management: the process of dealing with a sudden emergency event.
- Crises such as fire, floods, damage to inventory, illness of key employees, IT system failure, accidents etc.
- May make it difficult or impossible to carry out normal everyday business operations.
- Different to contingency planning which allows a business to take steps to minimise the potential impact of a disaster and ideally prevent it from happening in the first place.
- If unexpected emergencies do occur, they require effective crisis management (after the incident).
- Immediate response to the crisis; stakeholders communication; use of a backup plan (may be from the contingency plan); identifying level of risk; crisis team; allocating a spokesperson; managing staff expectations.

Allow knowledge of contingency planning as a reaction to the crisis and terms of what AH did not do; time frame before reacting; public communication; ownership of the issue.

<table>
<tr><td>Crisis management is the process of dealing with a sudden emergency event K</td><td>Some basic knowledge about crisis management so only K</td></tr>
<tr><td>Crisis management is the process of dealing with a sudden emergency event K. This could include how they deal with minimising the results of the crisis including a plan of action DEV</td><td>1 K for identification and 1 Dev for a point of explanation</td></tr>
<tr><td>Crisis management is the process of dealing with a sudden emergency event K. This could include how they deal with minimising the results of the crisis including a plan of action DEV. The plan may include how they will deal with the media and customers to limit the effects of the crisis DEV</td><td>1 K for identification and 2 Devs for two points of explanation</td></tr>
</table>

<u>No other AO2, AO3 OR AO4 marks can be awarded without AO1.</u>

</td><td>20</td></tr>
</table>

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Question	Answer	Marks
1	**AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of crisis management** to AH. ***Context that is used, but not linked to another AO is REP***. • Appendix 1 – SWOT analysis • Over 1 bn users globally • Brand valued at over $2 bn • Few customers in Asia • No profit until 2026 (forecast) • Strategic alliance to enter Asia under consideration • 93 per cent of AH revenue from Rotary • Increased risk of security threats (hacks) • Rotary v5 released in August 2025 • Immediate complaints received (Appendix 2) • Complaints increased by 500 per cent • Contact and banking data being stolen • Forces smartphone to power down • Messages being sent to wrong people • Customer waiting times from 8 minutes to 3 hours	

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Question	Answer	Marks
1	• V 5.1 to be sent within five days. • Marketing Director believes AH should apologise publicly • Rotary 5.1 is released in August and solves issues of v5.0 • News agencies continue to contact AH in September • Marketing Manager resigns and gives interview • No contingency plans in place • 'Disaster waiting to happen' • MD did not listen to Marketing Director • Has 'no confidence' in the future of the business • Experts advise AH customers to delete Rotary from smartphones • Competitor advertises as being 'safer than Rotary' • Use of Rotary falls for first time since launch • Managing Director and Operations Director dismissed in November 2025 • New Managing Director is recruited in December 2025 • Issues apology for Rotary v5.0 • Removes Rotary app from all online stores • New messaging app will be released next year • Rotary app removed from online stores in January 2026 • Rotary no longer supported from January 2026	

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Question	Answer	Marks
1	**AO3 Analysis** Analysis should be about how AHs crisis management **may have had** a positive effect on AH **and** how crisis management **may have had** a negative effect/cost to AH (A1 and A2 and A3), including: Analysis should be about the way in which AH's crisis management was effective, including: • Minimises impact on business; new v5.1 released in same month as V5.0, likely to show speedy response and have a positive impact on reputation – maintain revenue – more likely to reach forecast of profit in 2026. • Ensures continuity; V5.1 is released in same month as issue with v5.0 is found which may mean many consumers see no change in their usage – maintains users and revenue streams. • Also the release of Candlestick (due in 2026) shows the speedy response from AH, which is made possible by AH's crisis management which may allow AH to remain as a functioning business through 2026 – however, by removing Rotary (93 per cent of AH revenue) AH will have very little revenue incoming – may lead to failure of AH. • Protects reputation; speed of response; • Customers may feel that the business is responding to problems in real time, and this may lead to a positive reputation – increased usage of the app/revenue. • AH had an emergency meeting in the same month as the issue occurred – fast reaction may mean many customers are unaware and no damage AH's reputation. • AH had completed quality control on the app showing that AH does have quality standards – however these did not prevent the release of an unsafe app, so may be inappropriate/ additional cost to AH with no benefit • Improves employee confidence; employees are likely to use the software themselves and will be aware of issue which may make them fear for their job – increased labour turnover. • Compliance with regulatory requirements; AH does not admit liability immediately; perhaps sensible to allow more investigation and to stop AH admitting liability where it may not have been their responsibility – however may have led to customers not believing AH – loss of reputation and revenue.	

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Question	Answer	Marks
1	Analysis can also be about what AH did that was not effective, including: • Failure to collect adequate information; the response time (same month) suggests that Ah had a 'knee jerk' reaction not a considered response – may lead to lack of customer confidence – reduced revenue – inability to meet forecast profit in 2026. • Failure to establish a command hierarchy. • Marketing Director is in opposition to MD and resigns which is likely to lead to more media attention and the insinuation that AH is responsible – deletion of Rotary from users' phones– reduced revenue streams. • Managing Director and Operations Director both dismissed in December 2025 – clear responsibility, but four months after issue – likely to affect AH reputation. • Inability to designate team/organisational responsibilities; all board members called into emergency meeting suggests that this was not done – may have had a better/quicker/more effective response if tasks had been designated to departments/functions. • Poor communication – internal and external; Customers and media informed of update, but no further action deemed necessary in August 2025. Likely that better communication may have reduced the impact of Rotary 5.0 and possibly improved take up of Rotary 5.1. • Failure to contingency plan; no evidence of contingency plans and Marketing Director explicitly states there was no contingency plan. • Contingency plans give confidence to internal and external stakeholders of the business – likely to reduce negative impacts and may have reduced likelihood of Rotary 5.0 of being released. • May have made the process speedier and assigned responsibilities – reduced negative reputation – maintain revenue – may improve the likelihood of Rotary 5.1 of being accepted in market. • May not have required an emergency board meeting (which occurred two weeks after the release) as the plan would already have been in place – reduced risk of mass media being involved – maintain AH revenue. • Needs to be easily understandable, accessible and implementable; since the board had to meet, it can be assumed that there was no management plan in place – more time needed to respond – reduced users of Rotary. Candidates' analysis **must** be business facing. They may identify an advantage of crisis management and provide developed analysis to get to L2, this then needs to be counterbalanced to get to L3. If a candidate does this twice, they will gain 8 marks.	

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Question	Answer	Marks
1	**AO4 Evaluation** Evaluation (N1 and N2 and N3). Evaluation will largely depend on the points raised in the analysis. Candidates MUST answer the question – how effective was AH's crisis management between July 2025 and January 2026. The development and support of this judgement will help them to move through L2 and L3. To award L3 the answer must be in context and draw upon the previous analysis. • A judgement over the effectiveness of AH's crisis management between July 2025 and January 2026. • A judgement over the other approaches AH could have used to manage the crisis between July 2025 and January 2026 (such as contingency planning). • What the judgement(s) may depend upon; the reaction of the media/customer, the actions of competitors, the external environment (social, legal, economic, political, technological), the objectives of stakeholders, the funding/finance/cashflow of AH, the perspective of the stakeholders (i.e. customers vs Directors, media vs shareholders etc.) etc. • Weighing up of the relative arguments about the effectiveness of AH's crisis management.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>
<table>
<tr><th>No credit</th><th>L1 N1 including: (limited supporting evidence)</th><th>L2 N2 including: (developed supporting evidence)</th><th>L3 N3 (developed supporting evidence with context)</th></tr>
<tr><td>AH’s crisis management was effective.</td><td>AH’s CM has been effective as they have been able to lessen the impact of the software</td><td>AH’s CM has been effective as they have been able to lessen the impact of the software This has insured the company has survived and is still trading</td><td>AH’s CM has been effective as they have been able to lessen the impact of the software This has ensured the company has survived and is still trading with the ability to recruit a new managing director and launch the new product candlestick to replace the version 5.0 of Rotate.</td></tr>
<tr><td>The crisis management was not effective.</td><td>AH’s CM was not effective as they have lost their main product.</td><td>AH’s CM was not effective as they have lost their main product. The speed in which they dealt with the issue was too long and stakeholders communication hampered their ability to solve the issue.</td><td>AH’s CM was not effective as they have lost their main product. This meant they lost 50 per cent of the company’s revenue and with only 7 per cent of their revenue coming from other products this shows they were not ready to deal with any crisis and that the speed in which they dealt with the issue was too long and stakeholders communication hampered their ability to solve the issue.</td></tr>
</table>
Accept all valid responses.
</td><td></td></tr>
</table>

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Question	Answer	Marks
2	**Advise AH on an appropriate marketing strategy to successfully launch the Candlestick app.** **Indicative content** **AO1 Knowledge and understanding** Knowledge K (max 1 mark) can be awarded for any relevant business knowledge about business strategy, marketing; elements of marketing , including: Responses may include: The elements of a marketing strategy, including: • The nature of marketing • The purpose of marketing • Market research • The marketing mix • Product – USP, quality, features of • Price – and pricing strategies • Promotion – advertising, social media • Place – New Asian market – target segmentation new market targeting • Pan-global marketing • Elasticity • Product development (including R&D) • Sales forecasting • Marketing strategy • Marketing plan (objectives, resources, research, marketing mix) • Marketing planning • Consistency with the business, product, market • Coordinated marketing strategy • Ansoff Matrix (use of to help with decision making) • Marketing objectives • IT and AI in marketing Do not accept discussion of Blue Ocean or Red Ocean, PESTLE, SWOT, Porters 5 Forces or other strategic business tools.	**20**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>
Award DEV for any explanation of relevant business knowledge, up to a max of 2 marks.
<table>
<tr><td>AH can use the Marketing mix to design a marketing strategy K.</td><td>Some basic knowledge about marketing, so only K.</td></tr>
<tr><td>AH can use the Marketing mix to design a marketing strategy K, for example they can focus on the Product and ensure adequate R&D is completed to ensure there are no bugs DEV.</td><td>1 K for identification and 1 DEV for a point of explanation</td></tr>
<tr><td>AH can use the Marketing mix to design a marketing strategy K, for example they can focus on the Product and ensure adequate R&D is completed to ensure there are no bugs DEV and that the additional features really do work before using this aspect in their Promotional campaign.</td><td>1 K for identification and 2 DEVs for two points of explanation</td></tr>
</table>
<u>No other AO2, AO3 OR AO4 marks can be awarded without AO1.</u>

AO2 Application
• Appendix 1 – SWOT analysis
• Over 1 bn users globally
• Brand valued at over $2 bn
• Few customers in Asia
• No profit until 2026 (forecast)
• Purchase offer from major social media platform
• Strategic alliance to enter Asia under consideration
• 93 per cent of AH revenue from Rotary
• Increased risk of security threats (hacks)
• Rotary v5 released in August 2025
• Immediate complaints received (Appendix 2)
• Complaints increased by 500%
• Contact and banking data being stolen
• Forces smartphone to power down
• Messages being sent to wrong people
• Customer waiting times from 8 minutes to 3 hours#
• V 5.1 to be sent within five days.
• Marketing Director believes AH should apologise publicly
</td><td></td></tr>
</table>

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Question	Answer	Marks
2	• Rotary 5.1 is released in August and solves issues of v5.0 • News agencies continue to contact AH in September • Marketing Manager resigns and gives interview • No contingency plans in place • 'Disaster waiting to happen' • MD did not listen to Marketing Director • Has 'no confidence' in the future of the business • Experts advise AH customers to delete Rotary from smartphones • Competitor advertises as being 'safer than Rotary' • Use of Rotary falls for first time since launch • Managing Director and Operations Director dismissed in November 2025 • New Managing Director is recruited in December 2025 • Issues apology for Rotary v5.0 • Removes Rotary app from all online stores • New messaging app will be released next year • Rotary app removed from online stores in January 2026 • Rotary no longer supported from January 2026	

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Question	Answer	Marks
2	**AO3 Analysis** **(L1 Analysis – limited analysis of element(s) of a marketing strategy, L2 Analysis – good analysis of element(s) of a marketing strategy, L3 Analysis –** *this then needs to be counterbalanced to get to L3. If a candidate does this twice, they will gain 8 marks.* Analysis is likely to be based on the marketing strategies AH could use to launch the new product (A1 and A2 and A3), including: • Setting marketing objectives; gives focus for the other elements of a marketing strategy – likely to lead to a more coordinated marketing strategy – better chance of success. • Resources – AH has experience of selling and maintaining Rotate which may mean that the business has appropriate resources to launch Candlestick – however, due to the poor reputation of Rotate, AH may need to significantly change the way they operate to not be associated with Rotate anymore. • Research – will AH's previous (assumed) research still be relevant. If not then they may need to spend significant money to research Candlestick, especially with a global market, in a dynamic environment – however, Rotate was being sold up to November 2025 and AH may have good research for the majority of the past – less cost than a new business in the market. • Product – AH may be able to use many aspects from Rotate – reducing development costs – however, this may tarnish Candlestick's reputation from being associated with Rotate – reduced uptake of new app – lower revenue opportunities. • Price – Rotate was free to download and use – so Candlestick could be released for free – increased number of users – increased advertising revenue. • However if Candlestick has to be paid for this might give customers some confidence of the level of quality – also increase AH's revenue – however, less users may lead to less advertising revenue. • Promotion – Many apps are advertised on TV (especially games apps) and for a global product, such as Candlestick, mass media is likely to be seen by a large number of potential customers – increasing revenue – however the cost of globally advertising Candlestick would be very high and likely to be unaffordable for AH, especially after the crisis of Rotate. • Many apps are promoted in combination with other apps. AH may consider a joint venture with another business who have complimentary goods. Cross promotion may allow AH to target specific market segments – lower cost than mass media advertising – however likely to take longer to engage enough customers. • Place – most apps are 'sold' on the Apple app store or Google play store (online shops) – wide audience – more likely to attract a large number of customers – however likely to be expensive and reduce AH opportunity to meet their profit forecast for 2026.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

AO4 Evaluation

Evaluation (N1 and N2 and N3) including:

Candidates MUST answer the question – .what strategies will help improve performance at AH. The development and support of this judgement will help them to move through L2 and L3.

To award L3 the answer must be in context and draw upon the previous analysis.

- A judgement over the appropriateness of the chosen marketing strategy.
- A judgement over the likely success of the chosen marketing strategy.
- A judgement over the best marketing strategy.
- What the judgement(s) may depend upon; the reactions of competitors, the dynamism of the external environment, the likely development of technology, the reactions of customers to the failure of Rotate etc.
- Weighing up of the likely success of the marketing strategy for the future success of Candlestick.

<table>
<tr><th>No credit</th><th>L1 N1 including: (limited supporting evidence)</th><th>L2 N2 including: (developed supporting evidence)</th><th>L3 N3 (developed supporting evidence with context)</th></tr>
<tr><td>AH should focus on the Product in their strategy</td><td>AH should focus on the quality and features of the new product in their strategy as this is the most important aspect when launch this type of product.</td><td>AH should focus on the quality and features of the new product in their strategy as this is the most important aspect when launch this type of product. This will help support with regaining customers confidence.</td><td>AH should focus on the quality and features of the new product in their strategy as this is the most important aspect when launch this type of product. As they lost 50 per cent of their customers through the inadequate product development of Rotate 5.0. This will help support with regaining customers confidence</td></tr>
</table>

Accept all valid responses.

</td><td></td></tr>
</table>

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **May/June 2026**

1 hour 15 minutes

4534970913

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages.

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Gas Motels (GM)

A motel is a hotel targeted at motorists. GM owns a chain of motels across Europe. The original GM motel was built in 1958, and the owners have used external growth to take over smaller motel chains.

In 2018 GM purchased Travel Pal (TP), a chain of 20 motels. GM now owns 104 motels across Europe.

Timeline of GM

2018	Takeover of TP by GM is completed. New legislation requires all motels to have an updated fire evacuation plan. The human resource (HR) director proposes an updated fire evacuation plan for GM (see **Appendix 1**). The updated fire evacuation plan is adopted by GM.
2019	The finance director attends the European Cybersecurity Forum. Cybersecurity is the use of technology to protect systems, networks, software, and hardware from attacks. He advises that GM should purchase this protection. The two best cybersecurity businesses present their products to the board of directors (see **Appendix 2**). The board of directors decides to implement product B, due to the lower cost.
2020	All GM motels are closed due to the global pandemic. New safety equipment and barriers must be installed into every GM motel before they can reopen. Suppliers of the safety equipment increase prices by over 300%. GM is only able to reopen half of its motels. Revenue decreases significantly and GM makes a $4m loss – the first loss in the company's history.
2021	Safety equipment and barriers are installed in all GM locations and all motels are reopened. GM makes a $1m loss.
2022	GM breaks even for the year.
2023	GM installs self-check-in devices in all motels (see **Appendix 3**).
2024	GM's self-check-in devices are damaged by cybercriminals. This leads to all of the self-check-in devices being unusable for two weeks during the summer peak season. Employees have to check in customers, causing delays and customer complaints.
2025	The board of directors decides to review GM's existing insurance policies. They decide that GM is adequately covered.

Developing a strategy for improving employee performance

GM's revenue and profit have not yet returned to the levels reached before 2020. The HR Director believes that poor employee performance is to blame. He believes that GM needs a strategy to improve employee performance to increase revenue and profit.

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Appendix 1: GM's updated fire evacuation plan in 2018

Emergency evacuation plan for employees and guests of GM motels.

On discovery of fire:

- raise the alarm by the nearest 'break glass' call point.

Call points are located on each floor.

Do not attempt to fight the fire.

Call the emergency services.

Each GM motel will have a fire practice once a year.

Appendix 2: Cybersecurity products in 2019

product	A	B
cost (per motel)	$6000	$2500
maximum number of motels protected	150	110
software and network security – protecting all software used by GM, including; the GM customer app and room booking software	✓	✓
cloud and data security – protecting all sensitive data that is kept by GM on employees and customers	✓	✓
hardware security – protecting all devices	✓	✗

key
✓ included in product
✗ not included in product

Appendix 3: GM installs motel self-check-in devices in 2023

GM has invested $10m in replacing some employees with devices.

GM has made over 200 employees redundant.

'Guests at GM can check themselves in as easily as using the checkout at the supermarket', said GM's managing director. 'We are making sure that GM will remain competitive in the European markets for years to come'.

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4

Answer **both** questions.

1 Evaluate the effectiveness of GM's contingency planning between 2018 and 2025. [20]

2 Advise GM's board of directors on an appropriate strategy for improving employee performance. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **May/June 2026**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme contains the instructions and marking guidance that our examiners used to mark candidate responses for this component.

Before they start marking, examiners complete a standardisation process. They review a range of candidate responses and discuss the mark scheme in detail to agree which answers can and cannot be accepted. Examiners award marks where it is clear that candidate responses have met the requirements of the mark scheme. These requirements may vary between different components or different versions of the same component, depending on the exact requirements of the question and the candidate responses seen during the standardisation process.

Sometimes, our mark schemes may allow marks to be awarded to responses which contain elements that are factually incorrect or for content not covered by the syllabus. We do this in response to the demands of a specific question to support candidates and make sure that our assessments are fair. However, these allowances should not be used as a guide for teaching and learning.

We cannot discuss the mark scheme with schools, and we recommend that schools read the mark scheme together with the assessment material and the Principal Examiner Report for Teachers.

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General marking principles

All examiners must apply these marking principles when marking candidate responses.

1	Examiners must award marks for each response in line with: • the specific **content** defined in the mark scheme • the specific **skills** defined in the mark scheme or in the level descriptions • the **standard of response** required as exemplified by the standardisation scripts.
2	Examiners must award **whole marks** (not half marks, or other fractions).
3	Examiners must award marks **positively**. This means that: • marks are not deducted for errors or omissions • marks are awarded for correct/valid answers as defined in the mark scheme and also for **other valid answers** which go beyond the scope of the syllabus and mark scheme referring to your team leader as appropriate • the quality of spelling, punctuation and grammar are judged **only** when the mark scheme indicates that these features are **specifically assessed** in the question. However, the meaning of all responses must be unambiguous.
4	Examiners must **consistently** apply the requirements of the mark scheme and any rules for what to do when candidates have not followed instructions correctly.
5	Examiners must use the **full range of marks** defined in the mark scheme, unless limited by the quality of the candidate responses seen.
6	Examiners must award marks according to the mark scheme and **must not** award marks with grade thresholds or grade descriptions in mind.

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Social Sciences-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. corrasion/corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are correct.
	For objective points that are wrong.
 and TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
NUT	When the context has not been used.
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focused on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.

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Annotation	Meaning
OFR	The own figure rule applies – acts as a mark/tick.
K	When limited knowledge (AO1) has been awarded.
DEV	When developed knowledge (AO1) has been awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
A1	When AO3 at Level 1 has been awarded.
A2	When AO3 at Level 2 has been awarded.
A3	When AO3 at Level 3 has been awarded.
N1	When AO4 at Level 1 has been awarded.
N2	When AO4 at Level 2 has been awarded.
N3	When AO4 at Level 3 has been awarded.

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Please refer to this grid for BOTH questions.

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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Question	Answer	Marks
1	**Evaluate the effectiveness of GM's contingency planning between 2018 and 2025.** Responses may include: **AO1 Knowledge and understanding of contingency planning** Knowledge K (max 1 mark) can be awarded for knowledge about contingency planning, DEV can be awarded for understanding of how contingency planning works including: • contingency planning is the process of preparing for and responding to unexpected events that disrupt normal operations • it is a key part of disaster recovery for a business that has faced a crisis • often involves risk management and emergency planning • may be linked with crisis management • contingency planning is the process of preparing for potential emergencies, while crisis management is the overall management of emergencies when they do occur • these should work in tandem before an incident (contingency planning) and during the incident (crisis management) **Contingency planning can involve:** • anticipating problems/issues – considering potential risks before they happen, businesses can make informed decisions if a contingency plan is needed. • minimising negative effects – a well-developed contingency plan can help reduce the negative impact of unexpected events. • protecting against cyberattacks – contingency plans can outline procedures for cybersecurity teams to protect against threats and malicious attacks. **Contingency plans often include:** • who the organization's key suppliers and customers are. • how to recover outstanding debts. • whether the organization can quickly source replacement goods or services. • how to replace lost revenue. • how the insolvency of key suppliers or customers might affect contract performance.	**20**

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Question	Answer	Marks
1		

Contingency planning is the process of preparing for and responding to unexpected events K.	Some basic knowledge about contingency planning, so only K.
Contingency planning is the process of preparing for and responding to unexpected events K. This could include a plan that anticipate possible problems DEV.	1 K for identification and 1 DEV for a point of explanation
Contingency planning is the process of preparing for and responding to unexpected events K. This could include a plan that anticipate possible problems DEV. The contingency plan may work alongside crisis management DEV.	1 K for identification and 2 DEVs for two points of explanation

No other AO2, AO3 OR AO4 marks can be awarded without AO1.

AO2 Application

Application APP (max 2 marks) can be awarded for applying knowledge, analysis or evaluation of contingency planning to GM. ***Context that is used, but not linked to another AO is REP***.

- Chain of motels (hotels dedicated to motorists).
- Original GM motel built in 1958.
- GM used external growth to takeover smaller motel chains. – in 2018 GM purchased TP, a chain of 20 motels.
- GM owns 104 motels in 2018.
- In 2018 new legislation requires all motels to have an updated fire evacuation plan (contingency plan).
- Appendix 1 – outline of GM's fire evacuation plan in 2018.
- In 2019 Finance Director attends the European Cyber Security Forum – thinks GM needs to improve cyber security.
- Advises GM partner with a cyber security business.
- Appendix 2 – comparison of cyber security partners (A and B):
  Product A is more expensive ($6000 compared with $2500)
  Both products cover enough motels for GM in 2018 (104), but product A has a maximum of 110 motels, whereas product B has a maximum of 150 motels.
  Product B does no cover critical infrastructure.

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Question	Answer	Marks
1	• In 2020 all GM motels closed due to Covid – new equipment and barriers must be installed into every GM motel. • Safety equipment prices raise by over 300% • GM only able to reopen half motels in 2020. • Decrease in revenue in 2020 and GM makes a $4m loss (first loss in company history). • In 2021, all motels have covid-safe equipment and all reopen. • In 2021, GM makes a loss of $1m. • In 2022, GM breaks even. • In 2023 GM installs self-check-in machines in all motels (Appendix 3). • In 2024 GM is targeted by cyber hackers. • In 2024 the self-check-in machines are offline for two weeks during summer peak season. • Increased customer complaints and delays in 2024. • In 2025 – review of GM's insurance products. **AO3 Analysis** Candidates will probably analyse in context – using the fire evacuation plan, cybersecurity, pandemic, installation of safety features or insurance policies – so award analysis that is linked to the type of contingency plan that was produced and its benefits/drawbacks Analysis should be about how GM's contingency planning **may have had** a positive effect on GM **and** how contingency planning **may have had** a negative effect/cost to GM (A1 and A2 and A3), including: • Fire evacuation plan may have given reassurance to customers about safety – leading to loyalty/repeat custom – leading to increase in sales/profits. • Fire evacuation plan will have taken time and money to draw up and implement – leading to increased costs and lower profits. They had to do this because of legislation change – if not they could have been fined – reducing profits. • Cybersecurity – increased threats from cyber criminals means GM should be protected – customers may be happy that their data is secure and may be a USP leading to repeat sales/more bookings – improves brand reputation/image is better. • Cybersecurity costs a lot of money and may not protect from every threat. If data is lost customers will be unhappy and demand refunds and/or bookings may fall. • Global pandemic was not foreseeable, and no contingency plan could have been in place for this scenario – GM has been reactive and it has cost a lot of money.	

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Question	Answer	Marks
1	• Plans to deal with the global pandemic have been put in place – safety barriers – to reassure customers and get hotel open – sales slowly recovering and back to breakeven • However, the plans cost a lot of money and take a long time to implement. • 2024 cyberattack shows the planning in 2020 was not updated – hardware was damaged and GM had no plan in place – this put strain on employees and upset customers – leading to complaints and impacts on profits. • Insurance policies are deemed adequate – this means that GM is covered for a number of eventualities. Offers reassurance to management/owners that the business would receive cover in the event of an incident – may encourage investors • However, none of these incidents may occur and GM will be paying a lot of money to insurance firms – decreasing profits and shareholder returns Candidates may not analyse in context in which case the positive and negative effects could be: Positive effects: • It may motivate employees - leading to increased productivity and reduced average costs. • It may encourage customers, to make a purchase, increasing sales revenue and profit. • Residents may feel safer having a business with a contingency plan, leading to less complaints from local residents, reducing costs and increasing profitability. • It minimises the negative impact on customers/supplier in the event of a major disaster, leading to the business being able to continue trading – increased sales and possibly increased profit. • A contingency plan is likely to lead to better PR, this is likely to lead to increased consumer confidence and increased sales. Negative effects may include: • Contingency planning may take significant time - increased costs and lower profitability. • Contingency planning may also increase training costs for an incident that may never happen - increases total costs and may reduce the profitability. • Time taken for practicing contingency plans, such as fire drills, IT failure, terrorist attack, an accident involving company vehicles, may increase costs and reduce profits. • It needs to be constantly updated as the number and range of potential disasters can change over time, leading to ongoing costs and lower profitability. *Candidates' analysis must be business facing. They may identify an advantage of contingency planning and provide developed analysis to get to L2, this then needs to be counterbalanced to get to L3. If a candidate does this twice, they will gain 8 marks*.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>

AO4 Evaluation

Evaluation (N1 and N2 and N3) will largely depend on the points raised in the analysis.

Candidates MUST answer the question – how effective was GM's contingency planning between 2018 and 2025. The development and support of this judgement will help them to move through L2 and L3.
To award L3 the answer must be in context and draw upon the previous analysis.

- A judgement over the effectiveness of GM's contingency plan between 2018 and 2025.
- What the judgement(s) may depend upon; external environment, past experience, business objectives of GM, the level of risk that GM/Directors are willing to take, the likely cost of contingency planning, the probability of an incident occurring, the likely impact of an incident (the seriousness).
- Weighing up of the relative arguments about GM's contingency planning.

<table>
<tr><th>No credit</th><th>L1 N1 including: (limited supporting evidence)</th><th>L2 N2 including: (developed supporting evidence)</th><th>L3 N3 (developed supporting evidence with context)</th></tr>
<tr><td>GM's contingency planning was effective.</td><td>GM's CP has been effective as they have been able to lessen the impact of some events.</td><td>GM's CP has been effective as they have been able to lessen the impact of some events. This has boosted staff morale and helped reassure customers.</td><td>GM's CP has been effective as they have been able to lessen the impact of the problems faced by the pandemic restrictions. This has boosted staff morale and helped reassure customers keeping losses down.</td></tr>
<tr><td>The contingency planning was not effective.</td><td>GM's CP was not effective as they have still seen revenue decrease despite having plans in place.</td><td>GM's CP was not effective as they have still seen revenue decrease despite having plans in place. The lower profits may mean that corners will still be cut moving forward, undermining the CP.</td><td>GM's CP was not effective as they have still seen revenue decrease despite having plans in place. The cybersecurity attack was bad due to the wrong package being purchased as GM cut costs.</td></tr>
</table>

Accept all valid responses.

</td><td></td></tr>
</table>

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Question	Answer	Marks
2	**Advise GM's Board of Directors on an appropriate strategy for improving employee performance.** **Indicative content** **AO1 Knowledge and understanding** Knowledge K (max 1 mark) can be awarded for any relevant business knowledge about business strategy, employee performance and improving employee performance, including: • The purpose and roles of HRM • Workforce planning • Recruitment and selection • Redundancy and dismissal • Morale and welfare • Training and development • Management and workforce relations • Motivation • Management • Organisational structure • Delegation and accountability • Control, authority and trust • Centralisation and decentralisation • Business communication • Leadership • HRM strategy, including: Hard and soft HRM Flexible working contracts Management by objectives (MBO) • Role of IT and AI in HRM Award DEV for any explanation of relevant business knowledge, up to a max of 2 marks.	**20**

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Question	Answer	Marks
2		

Motivation is the desire to do something K	Some basic knowledge about motivation, so only K.
Motivation is the desire to do something K, for example a person can be motivated to work harder by financial incentives DEV.	1 K for identification and 1 DEV for a point of explanation
Motivation is the desire to do something K, for example a person can be motivated to work harder by financial incentives DEV. A worker can also be motivated by non-financial incentives, like belonging DEV.	1 K for identification and 2 DEVs for two points of explanation

No other AO2, AO3 OR AO4 marks can be awarded without AO1.

AO2 Application

Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of strategies to improve employee performance**.

Candidates MUST apply this to GM

Allow any use of the data that is linked to another AO. Context that is used, but not linked to another AO is REP.

- Chain of motels (hotels dedicated to motorists).
- In 2018 GM purchased TP, a chain of 20 motels.
- Business will trade under GM brand.
- GM owns 104 motels in 2018.
- In 2020 all GM motels closed due to Covid – new equipment and barriers must be installed into every GM motel.
- Safety equipment prices raise by over 300%
- GM only able to reopen half motels in 2020.
- Decrease in revenue in 2020 and GM makes a $4 m loss (first loss in company history).
- In 2021, all motels have covid-safe equipment and all reopen.
- In 2021, GM makes a loss of $1 m.
- In 2022, GM breaks even.
- In 2023 GM installs self-check-in machines in all motels (Appendix 3).
- In 2024 the self-check-in machines are offline for two weeks during summer peak season.
- Increased customer complaints and delays in 2024.
- Aim to improve employee performance, aiming to return GM to pre 2020 revenue

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Question	Answer	Marks
2	Any element of the case study Any element of the appendices **AO3 Analysis** Analysis must be business facing, however given that the question is about employee performance, accept that increased motivation/productivity/efficiency of workers as a result of the policy chosen as the A1 and then develop to A2 with how this policy fully impacts the business. Analysis is likely to be based on the policies GM could use to improve performance (A1 and A2 and A3) , including: • Workforce planning – help GM to forecast future HR needs, which may improve efficiency by reducing unnecessary costs. However, central workforce panning may not be suitable for each motel. • Recruitment and selection – GM may need to change their recruitment and selection methods, which could increase costs and lengthen the recruitment process. • Training and development – increase costs, but could lead to an increase in revenue if customer satisfaction is prioritised. Workers may also be motivated if training is about personal development – leading to productivity gains. • Motivation **Financial methods** of motivation will increase costs, with no guarantee of success but suits a Theory X worker. **Non-financial methods** may prove cheaper, but do individual motel managers have the skills to effectively motivate their staff using non-financial methods. Motivation derived from the implementation of employee participation in an Operational Strategies – TQM, Quality circles, Kaizen • Management – managers are also employees, so this could be from the angle of employee/manager performance, or the effects of good/poor management on the rest of the business. • HRM strategy may include Hard HRM – may increase efficiency, but also demotivate employees. Soft HRM – may motivate employees, but could decrease efficiency. Flexible working contracts – some employees (such as cleaners) may be able to have some flexibility in their work hours, but the majority of motel employees are unlikely to be able to have significantly levels of flexibility. Management by objectives (MBO) – may need a SMART objective (current objective is not SMART). Might be a suitable method for managers, but less likely to be useful for other employees. Role of IT and AI in HRM – Use of the internet and AI to recruit, including application filters and the use of AI to design HR resources, such as job descriptions. Likely to require a significant investment in the short term, but could reduce costs in the long term.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

Candidates need to identify a policy and provide developed analysis to get to L2, this then needs to be counterbalanced to get to L3. If a candidate does this twice, they will gain 8 marks.

AO4 Evaluation

Evaluation will largely depend on the points raised in the analysis.

Evaluation (N1 and N2 and N3) including:

Candidates MUST answer the question – .what strategies will help improve performance at GM. The development and support of this judgement will help them to move through L2 and L3.

To award L3 the answer must be in context and draw upon the previous analysis.

- A judgement/recommendation on an appropriate strategy for improving employee performance.
- A judgement over the most important aspects of an HR strategy for GM.
- A judgement over the likely effectiveness of the recommended HR strategy.
- What the judgement(s) may depend upon; the type of employee, business objectives, external environment (in particular economy and its impact on the motel industry), the ongoing effects of Covid, etc.

<table>
<tr><th>No credit</th><th>L1 N1 including: (limited supporting evidence)</th><th>L2 N2 including: (developed supporting evidence)</th><th>L3 N3 (developed supporting evidence with context)</th></tr>
<tr><td>GM should start using a soft HRM approach.</td><td>GM should start using a soft HRM approach as this will have a bigger impact on staff morale.</td><td>GM should start using a soft HRM approach as this will have a bigger impact on staff morale. If staff are treated well they will be more motivated and productive helping GM increase productivity and bring down costs.</td><td>GM should start using a soft HRM approach as this will have a bigger impact on staff morale. If staff are treated well they will be more motivated and productive helping GM increase productivity and bring down costs. This is important as they recover from their earlier losses in 2022.</td></tr>
</table>

Accept all valid responses.

</td><td></td></tr>
</table>

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/43**

Paper 4 Business Strategy **May/June 2026**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages.

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2

Edmund's Hollow Farm (EH)

EH is a farm that grows a range of vegetables which are sold to local retailers (B2B). Ursula bought EH in 2014 using all of her savings. At that time she was a sole trader.

Ursula struggled to make enough revenue from just growing and selling vegetables.

Timeline of EH

2015	Ursula takes out a bank loan (see **Appendix 1**) to build a farm shop to sell her vegetables direct to consumers (B2C).
2016	The farm shop increases EH's revenue (see **Appendix 2**). Ursula decides to stock a wider range of goods to sell in the farm shop.
2017	Ursula is pleased with the performance of the farm shop and decides to expand it. She uses investment appraisal to decide whether to expand the current farm shop or move to larger premises. She uses payback to evaluate these options and decides to move to larger premises.
2018	Ursula believes that opening a café on the farm will increase her revenue even further. To fund this, Ursula decides that EH should become a private limited company. EH becomes a private limited company and sells shares to raise capital for the café (see **Appendix 3**).
2019	Ursula wants to expand EH even further. However, the other directors are concerned about Ursula's rapid expansion of EH. The board of directors review the financial statements published this year (see **Appendix 4**) as they have not received any dividend.
2020–2022	A global pandemic forces the farm shop and café to close temporarily.
2023	EH re-opens the farm shop and café but trade is now low, and they are operating at a loss.
2024	EH's board of directors are concerned for the long-term survival of EH. They think the whole business is at risk because of its rapid expansion. The board of directors decide to review EH's financial ratios (see **Appendix 5**). The board of directors votes to remove Ursula as managing director.
2025	EH's board of directors make the decision to close the farm shop and café permanently. The farm continues to trade by selling a range of vegetables.

Developing a new business strategy

EH's board of directors want the farm to survive but are unsure how to achieve this. A SWOT analysis approach has been suggested as a starting point to developing a new business strategy.

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Appendix 1: Details of the loan for the farm shop in 2015

- $65 000 loan amount
- 15% interest per annum
- To be repaid over 7 years
- Gearing of EH after the loan is 35%

Appendix 2: Financial data for EH in 2016

	2016 ($)	2015 ($)	2014 ($)
revenue	146 000	132 500	128 000
gross profit	128 000	110 000	98 500
operating profit	16 000	15 800	15 500

Appendix 3: Details of EH incorporation in 2018

- There are five shareholders, including Ursula.
- Ursula is the managing director, and she owns 45% of the shares.
- Share capital raised $55 000. All of this is spent to open the café.

Appendix 4: Extracts of financial statements for EH 2019

	2019 ($)	2018 ($)
revenue	161 000	159 500
gross profit	99 000	125 500
expenses including interest payments	111 700	107 500
profit for the year	(12 700)	18 000

	2019 ($)	2018 ($)
non-current assets after depreciation	150 000	200 000
current assets	10 000	23 000
current liabilities	44 000*	36 000

* includes bank overdraft of $9000

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Appendix 5: Ratios for EH in 2024

- Current ratio = 0.8 : 1
- Acid test = 0.4 : 1
- Return on capital employed = 2%
- Gearing = 65%
- Dividend cover = 0.5 times

Answer **both** questions.

1 Evaluate EH's finance and accounting strategy between 2015 and 2025. [20]

2 'A SWOT analysis approach has been suggested as a starting point to developing a new business strategy.'

Advise the board of directors on **additional** approaches they should use to develop a new business strategy. [20]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/43**

Paper 4 Business Strategy **May/June 2026**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme contains the instructions and marking guidance that our examiners used to mark candidate responses for this component.

Before they start marking, examiners complete a standardisation process. They review a range of candidate responses and discuss the mark scheme in detail to agree which answers can and cannot be accepted. Examiners award marks where it is clear that candidate responses have met the requirements of the mark scheme. These requirements may vary between different components or different versions of the same component, depending on the exact requirements of the question and the candidate responses seen during the standardisation process.

Sometimes, our mark schemes may allow marks to be awarded to responses which contain elements that are factually incorrect or for content not covered by the syllabus. We do this in response to the demands of a specific question to support candidates and make sure that our assessments are fair. However, these allowances should not be used as a guide for teaching and learning.

We cannot discuss the mark scheme with schools, and we recommend that schools read the mark scheme together with the assessment material and the Principal Examiner Report for Teachers.

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General marking principles

All examiners must apply these marking principles when marking candidate responses.

1	Examiners must award marks for each response in line with: • the specific **content** defined in the mark scheme • the specific **skills** defined in the mark scheme or in the level descriptions • the **standard of response** required as exemplified by the standardisation scripts.
2	Examiners must award **whole marks** (not half marks, or other fractions).
3	Examiners must award marks **positively**. This means that: • marks are not deducted for errors or omissions • marks are awarded for correct/valid answers as defined in the mark scheme and also for **other valid answers** which go beyond the scope of the syllabus and mark scheme referring to your team leader as appropriate • the quality of spelling, punctuation and grammar are judged **only** when the mark scheme indicates that these features are **specifically assessed** in the question. However, the meaning of all responses must be unambiguous.
4	Examiners must **consistently** apply the requirements of the mark scheme and any rules for what to do when candidates have not followed instructions correctly.
5	Examiners must use the **full range of marks** defined in the mark scheme, unless limited by the quality of the candidate responses seen.
6	Examiners must award marks according to the mark scheme and **must not** award marks with grade thresholds or grade descriptions in mind.

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Social Sciences-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. corrasion/corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are correct.
	For objective points that are wrong.
 and TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
NUT	When the context has not been used.
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focused on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.

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Annotation	Meaning
OFR	The own figure rule applies – acts as a mark/tick.
K	When limited knowledge (AO1) has been awarded.
DEV	When developed knowledge (AO1) has been awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
A1	When AO3 at Level 1 has been awarded.
A2	When AO3 at Level 2 has been awarded.
A3	When AO3 at Level 3 has been awarded.
N1	When AO4 at Level 1 has been awarded.
N2	When AO4 at Level 2 has been awarded.
N3	When AO4 at Level 3 has been awarded.

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Please refer to this grid for BOTH questions.

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>

Evaluate EH's finance and accounting strategy between 2015 and 2025.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
3 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
8 marks</th><th>AO4 Evaluation
7 marks</th></tr>
<tr><td></td><td>Description</td><td>Description</td><td>Description</td><td>Description</td></tr>
<tr><td>3</td><td></td><td></td><td>7–8 marks
Developed analysis of the overall strategy that identifies connections between causes, impacts and/or consequences.</td><td>6–7 marks
Effective evaluation
A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2–3 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>4–6 marks
Developed analysis of individual strategic element(s) that identifies connections between causes, impacts and/or consequences.</td><td>3–5 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1–3 marks
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>20</td></tr>
</table>

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Question	Answer	Marks
1	**Indicative content:** **AO1 Knowledge and understanding** Knowledge K (max 1 mark) can be awarded for **knowledge about accounting and finance strategy**, DEV can be awarded for understanding of the accounting and finance strategy up to two marks including: • Definition of accounting and finance strategy • Definition of sources of finance such as loan • Costs, including break-even analysis • Costing • Budgets and variances • Financial statements **Statement of Profit or Loss (Income Statement):** This tells managers if their current strategy is working in terms of generating sales, controlling costs, and achieving profits. Definitions of revenue, cost of sales, gross profit, expenses, profit from operations (operating profit), taxation, profit for the year, dividends, retained earnings. **Statement of Financial Position (Balance Sheet):** This shows the financial structure of the business – what assets it owns and how those assets are funded through liabilities and equity. Definitions of non-current assets, current assets, current liabilities, net current assets, net assets, non-current liabilities, working capital, reserves and equity. **Cash flow Statement –** showing the cash inflows and outflows for the business over a period of time. • Analysis of published accounts Liquidity ratios; current ratio, acid test ratio. Profitability ratios; ROCE, gross profit margin, profit margin. Gearing ratio. Investment ratio; dividend yield, dividend cover, PE ratio. • Investment appraisal; payback, ARR, NPV. • Understanding of long-term borrowing – example, debts, liability • Understanding of what dividends are – reward for investment to shareholders	

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Question	Answer	Marks
1		

Profitability ratios help assess the performance of a business based on its ability to generate profit K.	Some basic knowledge about finance strategy, so only K.
Profitability ratios help assess the performance of a business based on its ability to generate profit K such as ROCE which shows the relationship between sales revenue and the capital invested in the business . DEV.	1 K for identification and 1 DEV for a point of explanation
Profitability ratios help assess the performance of a business based on its ability to generate profit K such as ROCE which shows the relationship between sales revenue and the capital invested in the business . DEV ROCE formula is operating profit/capital employed ×100. DEV.	1 K for identification and 2 DEVs for two points of explanation

Note: *Candidates can gain full marks for AO1 from one term that is explained (K+DEV+DEV) or from two terms partially explained (K+DEV and K+DEV).*

No other AO2, AO3 OR AO4 marks can be awarded without AO1.

AO2 Application

Application APP (max 2 marks) can be awarded for **applying knowledge of accounting and finance strategy,** to EH between 2015 and 2025:

Award one APP for each application of knowledge to EH between 2015 and 2025.

- Takes out a loan for the farm shop
  $65 000 loan amount
  15% interest per annum
  To be repaid over 7 years
  Gearing of EH after the loan is 35%
- Issues shares to raise capital
  $55 000 raised
  All used for café expansion
  She owns 45% of shares
- Financial statements in Appendix 4

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Question	Answer	Marks
1	• Ratios in Appendix 5 Current ratio = 0.8:1 Acid test = 0.4:1 ROCE = 2% Gearing = 65% Dividend cover = 0.5 times • Any data from Appendix 1–4 **AO3 Analysis** Analysis is likely to be based on EH's loan, expansion of the shop/sources of finance, profit and loss data (Appendices 1–4). Analysis of the effectiveness of EH's financial strategy (A1 and A2 and A3) including: • Loan has interest payments which means the cost of borrowing increases leading to lower profits. However, the loan helped in funding the café which generated revenue for the farm increasing their profitability. • The gearing ratio increased which mean they will have difficulty paying their debt decreasing their cash flow. • 2019 has a loss made in the accounts – how does this impact on the overall financial position of the firm? Is this because some elements of the expansion are not profitable? • Revenue has increased in 2017 which meant that the business has more chances for growth. But the pandemic forced their sales to drop closing their shop and café. • Global pandemic closes the shop/café which results in a loss of income – putting more pressure on the revenue from the farm business for those 2 years. • Financial position between 2022–24 is poor. Ratios are poor. Gearing has soared – possibly to get through the pandemic. All of this puts pressure on the finances of the farm which must be supporting the rest of the business. Lack of dividends is going to cause concern with shareholders which may discourage shareholders from investing in EH.	

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Question	Answer	Marks
1	**AO4 Evaluation** Evaluation (N1 and N2 and N3) including: **L1** N1 **limited supporting evidence – answering the question with a brief explanation** **L2** N2 **developed supporting evidence – Reason is developed further** **L3** N3 **developed supporting evidence with context – Level 1 and 2 is answered in context.** Candidates **MUST answer the question** – **Evaluate EH's finance and accounting strategy between 2015 and 2025.** how effective was EH's finance strategy between 2015 and 2025. The development and support of this judgement will help them to move through L2 and L3. To award **L3 the answer must be in context** and draw upon the previous analysis. Evaluation will largely depend on the points raised in the analysis. • A judgement over the effectiveness of the financial strategy between 2015 and 2025 • EH/Ursula have relied very much on external finance – loans and share issues which have put the business in a poor state financially by 2025. • Profits are low given the nature of the business, but should that mean they use external finance as much as they have? • A lot of the expansion seems to have been underfunded or managed ineffectually which comes from Ursula's management and maybe the four other investors may want a different approach which could change the direction of the business. • There has been a global pandemic which is unpredictable and perhaps the business and the expansion would have been successful if this hadn't have happened. • There was no way of knowing how the business would bounce back and this is out of EH's control – unfortunately the customers did not return as expected – again not necessarily EH's fault. • Accounting and Finance strategy has been successful given survival over the last 7 years/162 years • This depends upon external factors such as increasing interest rates and its effect on the accounting and finance position of EH – Evaluative comments needs to answer the question in terms of success/effectiveness of strategy. Accept all valid responses.	

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Question	Answer	Marks
1		

No credit	L1 N1 including: **(limited supporting evidence)**	L2 N2 including: **(developed supporting evidence)**	L3 N3 **(developed supporting evidence with context)**
EH's accounting and finance strategy was successful	EH's accounting and finance strategy was successful as there were short term increases in profits	EH's accounting and finance strategy was successful as there were short term increases in profits. Using the loan allowed the business to open the stores and increase customers and revenue.	EH's accounting and finance strategy was successful as there were short term increases in profits. Using the loan allowed the business to open the stores and increase customers and revenue from 159 500 in 2018 to 161 000 in 2019.
The effectiveness of the accounting and finance strategy depends on other factors	The effectiveness of the accounting and finance strategy depends on business objectives. If the business depends on the wrong objectives this will lead to an ineffective strategy.	The effectiveness of the accounting and finance strategy depends on business objectives. If the business focuses on the wrong objectives If the business depends on the wrong objectives this will lead to an ineffective strategy. For example, if EH focussed on growth and opening stores very fast this might lead to failure.	The effectiveness of the accounting and finance strategy depends on business objectives. If the business focusses on the wrong objectives this will lead to an ineffective strategy. For example, if EH focussed on growth and opening stores very fast this might lead to failure. The directors are concerned at the rapid expansion which lead to the closure of the café and shop permanently showing how the objectives led to an ineffective strategy.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

'A SWOT analysis approach has been suggested as a starting point to developing a new business strategy.'
Advise the board of directors on <u>additional</u> approaches they should use to develop a new business strategy.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
3 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
8 marks</th><th>AO4 Evaluation
7 marks</th></tr>
<tr><td></td><td>Description</td><td>Description</td><td>Description</td><td>Description</td></tr>
<tr><td>3</td><td></td><td></td><td>7–8 marks
Developed analysis of the overall strategy that identifies connections between causes, impacts and/or consequences.</td><td>6–7 marks
Effective evaluation
A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.</td></tr>
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Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>4–6 marks
Developed analysis of individual strategic element(s) that identifies connections between causes, impacts and/or consequences.</td><td>3–5 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1–3 marks
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>20</td></tr>
</table>

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Question	Answer	Marks
2	**Indicative content** **AO1 Knowledge and understanding** Knowledge [K] (max 1 mark) can be awarded for any relevant business knowledge about business strategy and SWOT as well as the alternative strategies including: • approaches to develop business strategy, including: **Blue ocean strategy** aims to combine product differentiation with low-cost to develop new markets and demand. It is about finding uncontested markets to gain a competitive advantage. Comparison with red ocean strategy is awardable. **Scenario planning** – Managers consider the main risks and uncertainties and adopt different strategies for different scenarios. **SWOT analysis**: Strengths, weaknesses, opportunities, threats. SWOT is very easy to construct so can be subjective. **Porter's five forces** – threats of substitutes, supplier power, threat of entry, buyer power, competitive rivalry **Core competence framework** – core competencies lead to the development of core products. Core products are not necessarily sold to final consumers. Instead, they are used to produce many end-user products. **Ansoff matrix** – Market penetration, market development, diversification, product development. Different options open to a marketing manager when considering new opportunities for sales growth. It includes thinking of the market in which the business is going to operate and the product(s) it plans to sell. Business decides whether to remain in the existing market or to enter new ones along with whether to sell existing products or develop new ones. **Force field analysis** – It weighs up the potential advantages and disadvantages of a decision before a choice is made. It gives managers an insight that will allow them to strengthen the forces supporting a decision and reduce the forces that oppose it. **Decision trees** – consider all of the options open to a manager, the different possible outcomes resulting from these options, the chances of these outcomes occurring, and the economic returns from these outcomes. **PEST analysis –** It focuses on the macro environment. Political, Economic Social and technological. Award PESTLE **Other knowledge marks may be awarded for:** The meaning and purpose of a business strategy; plan of action to achieve the vision and objectives of a business and upon which decisions are made. The meaning and purpose of strategic management (the entire process of identifying, choosing and implementing the planning of business activity): analysis (identifying options and understanding the business, market and external environment), choice (between strategic options) and implementation (the decision making of implementing a strategic decision).	

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Question	Answer	Marks
2	(***do not reward just the mention of SWOT but understanding of SWOT is awardable***) K For identifying an approach and DEV follows for the definition of the approach up to two DEV to gain the full 3 marks. Award DEV for any explanation of a policy that affects a business' strategy, up to a max of 2 marks.	

Blue ocean strategy K.	Some basic knowledge about a policy, so only K.
Blue ocean strategy K, aims to combine product differentiation with low cost to develop new markets and demand.DEV.	1 K for identification and 1 DEV for a point of explanation
Blue ocean strategy K, aims to combine product differentiation with low cost to develop new markets and demand.DEV. It is about finding uncontested markets to gain a competitive advantage.DEV.	1 K for identification and 2 DEVs for two points of explanation

Note: Candidates can gain full marks for AO*1 from one term that is explained* (K+DEV+DEV) *or from two terms partially explained* (K+DEV *and* K+DEV).

<u>No other AO2, AO3 OR AO4 marks can be awarded without AO1.</u>

AO2 Application APP

Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of approaches to develop a new business strategy for EH.**

Candidates MUST apply this to EH's business model
- Any relevant data from Appendix 1–4
- High gearing
- Loss of different business/revenue streams from areas closed down
- Shareholder power – the 4 other shareholders own 55% of the company – able to overrule Ursula
- Debt of company – have an overdraft and loans and have made a loss since the pandemic closed the café, etc.
- Liquidity is poor

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Question	Answer	Marks
2	• Return on capital is low and dividends are still non-existent • Takes out a loan for the farm shop $65 000 loan amount 15% interest per annum To be repaid over 7 years Gearing of EH after the loan is 35% • Issues shares to raise capital $55 000 raised All used for café expansion She owns 45% of shares • Ratios in Appendix 5 Current ratio = 0.8:1 Acid test = 0.4:1 ROCE = 2% Gearing = 65% Dividend cover = 0.5 time **AO3 Analysis** ***Analysis of the usefulness of approaches <u>OTHER THAN SWOT</u> to help EH survive (A1 and A2 and A3) including:*** • Blue ocean strategy may allow EH to focus on the farming as their strength and build this up as the core business. This may help them to build their reputation and sell more produce. • Scenario planning could allow EH to explore different possibilities but how will they get data to help construct different scenarios within those markets? • PEST analysis will understand the external environment which has had a big impact on the success of EH but these are things out of EH's control. However, understanding these will help understand which direction may be more useful to the survival of the business. • Porter's five forces may help the directors to develop an understanding of the forces in each potential market. It will require an investment in market research to understand the competitive nature of each market. But given they are farmers is this as useful as they don't really have suppliers – which could be powerful. They are a small farm which is common in this industry so will this be as useful to them in terms of survival?	

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Question	Answer	Marks
2	• Core competencies might not work as they really only do one thing – farming – this is their core competency, and they are not looking to use that in any other market. • Ansoff matrix may be the most useful to analyse the risk of any new strategy. However, does this really help the directors to develop a strategy? • Force field analysis could help EH to understand the constraining and driving forces in developing a new strategy. This may help to identify actions that need to be taken to reduce constraining forces. However, EH may not have enough data and experience to do a force field analysis. • Decision trees are unlikely to be helpful in developing a new strategy, but they could be used to help decide between alternative strategies. EH may find it difficult to obtain the data on probabilities and economic outcomes to construct a decision tree. • Any other relevant operations methods. *Candidates may choose to contrast two approaches together.* *Candidates need to identify an approach and provide developed analysis to get to L2, this then needs to be **counterbalanced** to get to L3. If a candidate does this twice, they will gain 8 marks.* **AO4 Evaluation** Evaluation (N1 and N2 and N3) including: **L1** N1 **limited supporting evidence – answering the question with a brief explanation** **L2** N2 **developed supporting evidence – Reason is developed further** **L3** N3 **developed supporting evidence with context – Level 1 and 2 is answered in context.** • A judgement about the **additional approaches** when developing a new business strategy for EH to use to help the survival of the farm. • Judgement may depend upon; financial situation of EH after the rationalisation (high gearing), external environment. Weighing up of the relevant arguments for the different strategic approaches in making decisions about developing a new business strategy for EH. • The board of directors (and shareholders) level of risk that they would be willing to accept. Accept all valid responses. ***The judgement must advise 'additional approaches' to SWOT.***	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>Exemplars and annotations for AO4 (assuming relevant AO1 has been awarded):
<table>
<tr><th>No credit (no supporting evidence)</th><th>L1 N1 (limited supporting evidence)</th><th>L2 N2 (developed supporting evidence)</th><th>L3 N3 (developed supporting evidence with context)</th></tr>
<tr><td>Overall in addition to SWOT, PEST analysis is also a great approach to use.</td><td>Overall in addition to SWOT, PEST analysis is also a great approach to use. This is because PEST can focus on more external factors of the market like inflation or customer trends.</td><td>Overall in addition to SWOT, PEST analysis is also a great approach to use. This is because PEST can focus on more external factors of the market like inflation or customer trends. This will allow EH to look at market trends and identify if they should expand and continuously make profit.</td><td>Overall in addition to SWOT, PEST analysis is also a great approach to use. This is because PEST can focus on more external factors of the market like inflation or customer trends. This will allow EH to look at market trends and identify if they should expand and continuously make profit. This way they will ensure that they will achieve their objective of survival.</td></tr>
<tr><td>Overall, I think the additional approaches depend on many factors.</td><td>Overall, I think the additional approaches depend on many factors such as business objectives and risk. If the company is willing to take the risk, then they should use Blue Ocean Strategy to enter uncontested markets and reduce competition.</td><td>Overall, I think the additional approaches depend on many factors such as business objectives and risk. If the company is willing to take the risk, then they should use Blue Ocean Strategy to enter uncontested markets and reduce competition. This will allow EH to find new revenue streams and increase their profits.</td><td>Overall, I think the additional approaches depend on many factors such as business objectives and risk. If the company is willing to take the risk, then they should use Blue Ocean Strategy to enter uncontested markets and reduce competition. This will allow EH to find new revenue streams and increase their profits allowing them to pay off the $65 000 loan borrowed.</td></tr>
</table></td><td></td></tr>
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