Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **May/June 2023**

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 2023 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 descriptors 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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Annotations and their Use

Annotation	Use
✓	As an indication of relevant and rewardable content. Better to put these in the body of the answer.
NAQ	Used when the answer or parts of the answer are not answering the question asked.
BOD	Used when the benefit of the doubt is given in order to reward a response.
TV	Used when parts of the answer are considered to be too vague.
K	Indicates knowledge and understanding of the concepts and issues relating to the question.
APP	Indicates that there is specific application to the context of the question.
AN	Indicates where the answer has demonstrated analysis.
EVAL	Indicates where the answer has demonstrated evaluation.
REP	This indicates where content has been repeated.
SEEN	Indicates that content has been recognised but not rewarded.
L1, L2, L3	Indicates where the answer reaches the required standard.
1, 2, 3, 4, 5, 6	Indicates the number of K, APP, AN and EVAL marks awarded.

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

Evaluate the extent to which leadership contributed to BV's effective strategic management between 2009 and 2022.

<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>
</table>

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

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.

Responses may include:

AO1 Knowledge and understanding

Knowledge can be awarded for any relevant business knowledge on leadership (max 2 marks – annotate in left hand margin).

- Leadership: the purpose of leadership, leadership roles in business (directors, managers, supervisors, worker representatives), the qualities of a good leader.
- Theories of leadership: key leadership theories: trait, behavioural, contingency, power and influence and transformational.
- Emotional intelligence: Goleman's four competencies of emotional intelligence: self-awareness, social awareness, self-management and social skills.
- Transformational leadership – an approach to leadership to manage change for employees and businesses. It creates positive change in the business. The aim is to identify needed change, create the change objectives and inspire individuals and groups to execute the change. To align internal stakeholder objectives with the organisational change objectives.
- Motivation theory: McGregor, Maslow etc.
- Management styles: autocratic etc.

Knowledge can also be awarded for any relevant business knowledge on strategic management (max 1 mark – annotate in right hand margin).

- Strategic management is the management of an organisation's resources to achieve its goals and objectives.
- Strategic management – involving all the steps of strategic management, analysis, choice and implementation.

Question	Answer	Marks
1	**AO2 Application** Application APP can be awarded for **applying knowledge of leadership** and/or strategic management, to BV between 2009 and 2022: • Owner, Rohit: – entrepreneur with social awareness (link to Goleman) – spotted gap in the market for vegan food – his vision to have a BV in every major city, as a household name. • Growth: currently over 100 restaurants and 50 franchised in 2023, 3 restaurants in first two years, another 13 restaurants by 2014 – growth becomes more rapid. • Sale of 45% of BV to a venture capitalist: Rohit maintains control, but loss of ownership. Value of company set at $2.2m at this point (1/0.45 = $2.2m). • IPO in 2015. 90% of company sold off to public (5% left to Rohit and 5% to venture capitalist). • New organisational structure in 2016: – traditional hierarchy – four layers – no franchises at this point – how do they fit in with structure? – separation of restaurant from business functions – centralised structure. • Decision to use a franchise model. Common in restaurant industry. • Each franchise needs a leader. Traits include: – Adaptability – Intelligence – Ability to work in a dynamic business – Strict corporate culture – Social skills (Goleman) • Global pandemic in 2020-21 – crisis/contingency management/leadership. • Decision made to enter into a joint venture with a global delivery business. • Decision to grow between 2021 and 2022 with a focus on franchise growth as opposed to BV owned restaurants. **AO3 Analysis** (L1 AN and L2 AN and L3 AN) Arguments that effective leadership has (and has not) contributed to the growth and development of BV may include: • Leadership has allowed BV to maintain its core values and brand – this is likely to have been important as it grew, especially for franchise growth to keep the brand focus. • When Rohit sold 45% of BV to the venture capitalist, he would have needed to convince that he could be a transformational leadership and grow the business in this competitive market.	

Question	Answer	Marks
1	• To attract new franchise owners – a very competitive industry so BV will need to have clear leadership to attract new franchise owners who want to 'buy' the BV brand. • BV has been through rapid growth during this period – without effective leadership the stakeholders may not be focused on the business's objectives. • A service centred business – many employees are customer focussed so they need to be inspired to maintain standards and sales. • Significant disruption in 2020 with global pandemic – many employees, managers and franchise owners will need guidance and control from the leadership of BV to focus on the business's survival. • As BV changed from a private limited company to a public limited company, the leadership of BV (Rohit) becomes answerable to the shareholders. Must present the business at AGM. • BV's share price will reflect the confidence that the market has in the leadership of BV. Could lead to a hostile takeover if the share price falls too low (Rohit and venture capitalist only own 10% between them). • The restaurant industry is very competitive and by using veganism as a USP, Rohit will need to enforce strict standards and quality control or face legal issues and poor reputation. • Not just about Rohit's leadership – franchise owners will have needed effective leadership to be allowed to own a BV franchise and to run it effectively within the strict corporate culture of BV. • Organisational structure may have been effective in 2016, with a clear hierarchy and responsibilities, however there is no scope to add the franchise owners into the structure. May lead to a disconnect between the leadership of BV and the BV franchises. BV needs close control over these franchises to maintain the brand. *Award L1 AN for analysis of a benefit to BV of leadership. If the analysis develops award L2 AN. If the analysis is developed AND two sided, then award L3 AN.* **AO4 Evaluation** (L1 EVAL and L2 EVAL and L3 EVAL): Evaluation will largely depend on the points raised in the analysis. • Rohit is unable to lead each restaurant, so the brand identity and marketing may have been more important that the leadership during this time of growth. • Each restaurant manager will lead in their own style which works in that location. This may be more important that centralised effective leadership of BV. • The quality of service and meal may be more important than the transformational leadership in this competitive market, especially with a USP of veganism. • Crisis management in 2020–21 is likely to have been more important than transformational leadership to cope with the pandemic.	

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Question	Answer	Marks
1	• As BV expands overseas, many of the restaurants are unlikely to be influenced heavily by Rohit's transformational leadership – focussed more on the market where they are, not on the brand as a whole. • Weighing up of the arguments about the importance of effective leadership for BV between 2009 and 2022. • Overall judgement required about the importance of effective leadership for BV between 2009 and 2022. *Award L1 EVAL for a simple evaluative judgement or comment with little justification. If the evaluation develops award L2 EVAL. If the evaluation is developed AND in context then award L3 EVAL.* Accept all valid responses. **Exemplar and annotations:** Rohit is the leader of BV and he made decisions about the business K. For example, he set the aim for BV to become a major brand in every US city APP. This aim is an essential part of strategic management by planning to achieve the organisations aims and objectives K. This aim is likely to have been a driving force in BV's growth, leading to an increase in sales L1 AN and may have contributed to BV's brand awareness increasing to 60% by 2023 APP. This may have increased BV's profitability L2 AN. However, just setting an objective is not enough. Rohit must have a strategic plan to be able to achieve this objective, otherwise it may not be achieved L3 AN. Another important part of the leadership of BV is Rohit's emotional intelligence. Emotional intelligence is about understanding your own competencies and those of other people K. By understanding his own skills and how that may be complemented by the other managers of BV, he could motivate the team to be more productive L1 AN and perhaps reduce labour turnover L2 AN. However, Rohit is the Managing Director of BV, so he probably will not be interacting with the staff every day, so it is doubtful that his emotional intelligence will have a big impact on the business L3 AN.	

Question	Answer	Marks
1	Leadership did make an important contribution to the effective strategic management of BV because it was largely Rohit's vision that has grown the business between 2009 and 2022 L1 EVAL. Without his drive and talents in emotional intelligence, BV would have been unlikely to have become such a successful business L2 EVAL with the opportunity to grow by opening a restaurant in country X L3 EVAL. However, Rohit is not the only leader within BV and it is unlikely that every leader of every franchise is as good as Rohit at managing their business. As the business grows, especially using more franchises, the overall leadership of BV is likely to become less important to the strategic management and the leaders of each franchise will become more important L3 EVAL.	

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

Advise the Board of Directors on a marketing strategy to use when BV enters the market in country X.

<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
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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>

Question	Answer	Marks
2	Responses may include: **AO1 Knowledge and understanding** Knowledge can be awarded for knowledge of marketing strategy, including: • The 4 Ps: product, price, place and promotion • Marketing objectives • Marketing resources • Market research Knowledge can be awarded for any knowledge of strategies for international marketing: • the implications for marketing of increased globalisation and economic collaboration • the importance of international marketing for a business • international markets – identification, selection and entry • whether a business in a given situation should develop an international market through pan-global marketing or maintain local differences • choosing a strategy, in a given situation, to develop a global market • the factors influencing the method of entry into international markets. **AO2 Application** • Data from Appendices 4 and 5, including: – Brand awareness: lower in country X (5%) than US (60%) – Target market: lower in country X (8%) than US, but Government policy may support future growth. – Core competencies: corporate identity – however not in country X, consistent quality (may support pan-global strategy), customer loyalty (but not in country X). – Scenario planning: driving forces support targeting of country X, critical uncertainties show need for promotion and may support a strategy to maintain local differences, plausible strategies. – Decision tree: pan-global = $0 EMV, local differences = -$2.8m – pan global may have less risk based on EMV. Allow relevant context from the timeline if used correctly.	

Question	Answer	Marks
2	**AO3 Analysis** (L1 AN and L2 AN and L3 AN) Arguments may follow the plausible scenarios, or any valid strategy based on the context. • BV has a successful marketing strategy in US with a consistent brand image that has worked. Using this established strategy would allow BV to use their knowledge of the market in US to enter country X's market and give them a basis for decision making that has been tried and tested. This may include: – An objective of growth which has seen BV increase significantly in size from 2009 until 2022 with a current focus on franchise growth. By using the franchise model in country X, BV can capitalise on the owner's market knowledge and work within the known corporate culture and marketing strategy. – Use research gained in the US market to forecast the behaviour of customers in country X. However, this market shows signs of divergence from the US market (brand awareness and target market size). – Focussing on a pan-global marketing strategy has the better EMV and has a lower risk of initial capital ($2m compared with $4m), but a lower chance of success (50% compared to 60%). – BV's current marketing mix has worked in US, which is a diverse market, so there may be good reason to think it will work in country X. – BV's current marketing mix is the only tried and tested model for BV and therefore carries less risk. • If BV focuses on maintaining local differences this may allow the business to be more customer orientated in country X and develop a business model that is more likely to succeed. However, it may require significant changes to the marketing strategy. This may include: – BV may need to focus on survival as an objective in the first few years of development of the country X market, instead of the growth it has aimed for in US. – BV will need to research the market to be able to develop a marketing mix that still uses the core values of BV but is more suitable for country X, including a new product portfolio (to suit the country X palate), pricing strategy (depending on the income levels and PED of the target market) and a new distribution strategy, assuming the joint venture does not operate in country X. – Maintaining local differences has a better chance of success (60% compared to 50%) but a lower EMV (-$2.8m), which suggests that BV may lose money as it establishes itself with a new marketing strategy. – BV has maintained its brand identity in US (60% brand awareness with a strong growth in franchise purchases) and changing the strategy as it moves into country X may weaken the image in US and damage the basis of the business. *Award L1 AN for analysis of a benefit to BV of leadership. If the analysis develops award L2 AN. If the analysis is developed AND two sided, then award L3 AN.*	

Question	Answer	Marks
2	**AO4 Evaluation** (L1 EVAL and L2 EVAL and L3 EVAL): • A judgement about a marketing strategy for BV to develop a global market. • Judgement may depend upon: market research findings, external influences in country X (PEST), internal and external influences on BV (SWOT), the reactions of potential competitors in country X, the extent of the differences needed to maintain local differences, the cost of promotion for BV in country X to increase brand awareness. • Weighing up of the relevant arguments for different international strategies. • The board of directors (and shareholders) level of risk that they would be willing to accept. *Award L1 EVAL for a simple evaluative judgement or comment with little justification. If the evaluation develops award L2 EVAL. If the evaluation is developed AND in context, then award L3 EVAL.* Accept all valid responses. **Exemplar and annotations:** A marketing strategy includes marketing objectives, resources, research and a marketing mix K. BV's decision tree suggests that a pan-global strategy would have a better outcome; $0 compared to -$1.2m APP. This would involve using the same product, price promotion and place K in country X as they used in the US. This would mean that BV could benefit from marketing economies of scale, such as using the same vegan burger recipes APP in both countries which would reduce BV's costs L1 AN and increase their profit margin L2 AN. But this may not be the best strategy for a totally new country and if the consumers in country X don't like the same recipes as the US market, then BV may fail in their expansion plans L3 AN. Alternatively, BV could adapt to the country X market by adapting elements of the marketing mix. They could overcome the restraining force of limited awareness in country X APP by promoting BV as a joint venture with a successful business in country X K. This is likely to link BV with the established country X business and increase sales L1 AN leading to a more successful entry into this international market L2 AN. However, this joint venture will reduce BV's profits as they will have to share them with the other business L3 AN.	

Question	Answer	Marks
2	The least risky strategy is to use a pan-global approach because BV knows it worked in the US. L1 EVAL. This will mean that BV sticks to what it knows best and means it can use the knowledge it has gained in the US market L2 EVAL and take advantage of the doubling of the vegan food market in country X over the next three years L3 EVAL. However, this depends on how different the country X market is from the US market for vegan food. If BV finds that the pan-global marketing strategy is not working within the first year of operating in country X, then they should consider utilising some of the suggested changes to the marketing mix, to take advantage of the different market conditions L3 EVAL.	

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