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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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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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.

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 K (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 K. 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 K. 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>
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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

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.

<table>
<tr><td>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.</td><td>1 K for identification and 1 DEV for a point of explanation</td></tr>
<tr><td>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.</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	**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><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>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>
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