Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/31**

Paper 3 Case Study **October/November 2023**

MARK SCHEME

Maximum Mark: 100

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 2023 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 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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Important

Please read the generic marking guidance and the subject specific marking guidance before marking.

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>
Analyse <u>two</u> advantages to CP of changing to a product–based organisational structure.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</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></tr>
</table>
</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1	**Note:** • Only reward advantages • If more than two advantages are referred to, reward the best two. **Indicative content** Responses may include: **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of the concept of a product-based organisational structure or a functionally based organisational structure or knowledge of possible impacts of changing to a product-based organisational structure.* *Developed knowledge* K + K *will be demonstrated through knowledge of the concept of a product-based organisational structure and knowledge of possible impacts of changing to a product-based organisational structure.* • Definition or explanation of product-based organisational structure – one where people in the company are divided according to which product line they work on. • Definition or explanation of functionally based organisational structure – one where people in the company are divided according to their job role, such as marketing or finance. Possible advantages include: • Employees in each product area are specialised in that product. • Increased focus on each product and the market it sells in. • Costs and revenues can be allocated more accurately to each product. • Communication between departments will be more direct. • Coordination between functions for each product is easier and quicker. • Focus will be on products and their marketing. • Competition for resources between functions will be less. Efficiency increases. • Quicker reaction time to market changes. • Quicker decision making as focus on particular product, rather than having to wait for input from other departments.	

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Question	Answer	Marks
1	**AO2 Application** *Limited application,* APP *applies knowledge to CP once.* *Developed application,* APP + APP *applies knowledge to CP twice.* *Max one* APP *for application for the first advantage of a product-based organisational structure and max one* APP *for application for the second advantage of a product-based organisational structure.* • CP produces paint for three markets – internal and external paints, aircraft industry. • Production, development and marketing for each of these are different. • Increasing competition and innovative distribution channels in the markets. • Currently organised by function: five departments. • Research centre for R&D into improving qualities of paints such as durability. • Rising costs, customer dissatisfaction because of centralisation and poor communication. **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis OR offers a two-sided analysis.* • Development of knowledge and application points, in terms of the likely advantages to CP, such as improved focus on customer needs in each of the paint markets, leading to increased sales AN revenue, and potentially profit due to increased efficiency. L2 AN • Easier and less costly to implement and focus marketing strategies for each paint product, leading to more effective strategies. AN • Specialisation and focus on product mean closer to market so quicker to react to changes AN, potentially leading to first mover advantage and higher market share. L2 AN • Accurate allocation of costs and revenues means loss makers and profitable paints can be identified clearly and quickly, leading to more efficient portfolio management AN and lower costs as weak performing products may be discontinued L2 AN • Research centre projects can be more closely linked to the different market requirements, leading to meeting customer needs AN, higher sales and increased revenue and profit. L2 AN • Functions integrated with products so more efficient production and marketing – lower costs. AN Accept all valid responses.	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>
Analyse <u>two</u> ways technological change might impact on CP’s decision to develop nanopaints.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</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></tr>
</table>
</td><td>8</td></tr>
</table>

Question	Answer	Marks
2	**Note:** • Impacts can be positive or negative. • If more than two impacts are referred to, reward the best two. **Indicative content** Responses may include: **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of the concept of technological change or knowledge of possible impacts of technological change.* *Developed knowledge* K + K *will be demonstrated through knowledge of the concept of technological change and knowledge of possible impacts of technological change.* Definition or explanation of technological change – in product design, production techniques or marketing, such as data collection, use of IT/AI. Possible impacts include: • New product designs lead to company being known as an innovator. • New processes may lead to greater efficiency in all areas of production and operations, including methods of distribution. • Innovative marketing methods may lead to more effective customer relationship marketing (CRM). • R&D into innovation and introduction of new technology is expensive. • Firms who do not innovate are in danger of being forced out of the market. **AO2 Application** *Limited application,* APP *applies knowledge to CP once.* *Developed application,* APP + APP *applies knowledge to CP twice.* *Max one* APP *for application for the first impact of technological change and max one* APP *for application for the second impact of technological change.* • CP has a research and development centre. • Recent history of new technology-based products – external paint, specialist paints, plastic/nanopaints. • Production of new paints will be costly, due to innovative materials and processes. • CP a leader in nanopaints and plastic paints. • Competitors currently not producing these new paints but will do in future. • Technology gives the new paints a USP. • CP creates technological change by research – the nanopaint is a technological change.	

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Question	Answer	Marks
2	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis OR offers a two–sided analysis.* • Development of knowledge and application points explaining the potential influences of technological change on CP. • Paint industry has a history of new technological based products so important to keep producing these, to maintain market position. AN • Keeping up with technological change will lead to innovative products, which will lead to higher sales and be an important factor in market success AN. However, may lead to more competition if competitors develop innovative products first, decreasing sales and market share. L2 AN • Research centre has produced new ideas so important to maintain confidence in research, in order to move the business forward and expand the paint range, leading to increased sales, AN market share and profit. L2 AN • Universities engage in research so market requires change and new products to avoid a company being left behind, AN but cost of new production line technology may make it uneconomic to go ahead even if the paint technology is good. L2 AN • The USP is likely to bring first mover advantage and commercial success. AN Accept all valid responses.	

Question	Answer	Marks
3(a)	**Refer to Table 1.1 and Fig. 1.1. Calculate the minimum project duration.** Responses may include: CP = 13 (weeks) (1)	**1**
3(b)	**Refer to Table 1.1 and Fig. 1.1. Calculate the total float for activity D.** Responses may include: Total float activity is time an activity can be delayed without delaying overall project duration. LFT – duration – EST (1) 10 – 1 – 4 (2) Total Float = 5 (weeks) (3) Accept all valid responses.	**3**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(c)</td><td>

Evaluate whether critical path analysis (CPA) will ensure CP achieves its objective of minimising interruption to production.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 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>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 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 mark
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>12</td></tr>
</table>

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Question	Answer	Marks
3(c)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of critical path analysis (CPA) or benefits of CPA* *Developed knowledge* K + K *+ will be demonstrated through knowledge of critical path analysis (CPA) and benefits/limitations of CPA* • Understanding of CPA – network diagram, critical path, floats, minimum duration. • Benefits of CPA: knowing minimum project time, start times for activities, progress monitoring, assessing significance of delays and if necessary, corrective actions. • Limitations of CPA: analysis only as good as input data, planning costs, does not ensure effective management. **AO2 Application** *Limited application,* APP *applies knowledge to CP once.* *Developed application,* APP + APP *applies knowledge to CP twice.* *Max one* APP *for application for the first impact of technological change and max one* APP *for application for the second impact of technological change.* • Importance of continuous supply to retailers. • Contractor produced CPA. • Contract based on accuracy and reliability of CPA.	

Question	Answer	Marks
3(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis OR offers a two-sided analysis.* • Development of knowledge and application points about usefulness of CPA to CP. • CPA is quantitative as it allocates timings to activities, so can help with planning and monitoring to ensure project does not over-run. AN • Contractor may have produced CPA and contract terms in order to get the contract. This may mean contract takes longer AN, which will lead to delays and dissatisfied customers. L2 AN • CPA enables CP to determine non-production time and prepare, by building up inventory, before work starts. This will enable sales to proceed as normal AN and avoid potential of unmet orders and decreased sales and profit. L2 AN • Enables monitoring critical activities, such as E (delivery of components) and allows CP to take action if a delay is threatened to ensure project is completed on time AN, minimising production interruptions. **AO4 Evaluation** *Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment.* *Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.* *Developed evaluation in context* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.* • Either conclusion is valid, as long as it is justified. • CP has contract provision that CPA for the external use paint production line is accurate and reliable so more likely that it is, as the contractor will not want to pay penalty fees. • CP experienced in paint production, rather than production line installation, so not likely to know accuracy of CPA. • An accurate CPA will be very important for enabling continuous supply of external paints, so customers are not disappointed. • CPA only as good as data and the skills of the person who prepared it. Some question about its accuracy so CP wise not to rely solely on its results, especially as the price is low and the contractor produced it. • Other information is also important, such as staff training. The CPA does not allow for this. • Work progress has to match the CPA plan, so CP would be wise to maintain constant check on progress before and after work starts. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(a)</td><td>Using the data in Table 1.2, calculate the forecast dividend cover ratio for 2024.

Responses may include:

<table>
<tr><th>Answer</th><th>Note</th><th>Marks</th></tr>
<tr><td>DC = 4 (times)</td><td>Correct answer</td><td>4</td></tr>
<tr><td>DC = 5 (times)
DC = $4 or 4%
DC = 0.24 / 0.05 = 4.8</td><td>DC for 2023
Incorrect units
Incorrect figure for profit used</td><td>3</td></tr>
<tr><td>0.2 / 0.05</td><td>Knowledge of correct equation & correct numbers</td><td>2</td></tr>
<tr><td>Profit for the year / Annual dividend</td><td>Knowledge of correct equation</td><td>1</td></tr>
</table>
</td><td>4</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>

Evaluate the usefulness of the annual report to CP's shareholders in deciding whether to sell their shares.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 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>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 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 mark
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>12</td></tr>
</table>

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Question	Answer	Marks
4(b)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of the role of shareholders or annual reports or why shareholders may sell or keep shares.* *Developed knowledge* K + K+ *will be demonstrated through knowledge of the role of shareholders and why shareholders may sell or keep shares.* • Explanation of contents and purpose of annual report – legal requirement, sets out company objectives, policies, plans, contains annual accounts and details regarding directors. • Content of income statement. • Content of statement of financial position. • Possible meaning and implications of these two statements. • Understanding of shareholders' role and possible purposes of holding shares – capital gain or dividend income. **AO2 Application** *Limited application,* APP *applies knowledge to CP once.* *Developed application,* APP+APP *applies knowledge to CP twice.* *Max one* APP *for application for the first usefulness of the annual report to shareholders and max one* APP *for application for the second usefulness of the annual report to shareholders.* • CP is a paint manufacturing plc. • Nanopaints and finance needed, new production line and its cost. • Static market share and increasing competition in country Q. • Possible international marketing. • Use made of information in Table 1.2 including any calculations undertaken. Calculations might include for 2024 and 2023: • Operating profit margins: 0.47% in 2023 and 0.26% forecast for 2024 • ROCE is forecast to decrease by 0.57% points • Forecast decrease in operating profit of $0.18m • Forecast decrease in profit for the year of $0.8m (80%) • Forecast decrease in dividends payable of $0.15m (75%) • Increase in gearing ratio	

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Question	Answer	Marks
4(b)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis OR offers a two-sided analysis.* • Development of knowledge and application points in terms of the impact of the annual report on shareholders decision to keep or sell shares. • Optimistic written section of annual report will encourage shareholders to keep shares, hoping for higher returns in the future to make their investment worthwhile. AN • CP seems a company with a good future, investing in new products, new production line, considering expansion internationally, so this should lead to higher future sales revenue AN and profits, leading to higher dividends. L2 AN • Forecasted financial information is not optimistic, which may encourage 'short termist' shareholders to sell shares, due to low expected returns. AN This could drive down the market value of CP. L2 AN • Analysis of accounting data for two years linked to shareholder decision AN and L2 AN if impact on shareholders is developed. **AO4 Evaluation** *Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment.* *Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.* *Developed evaluation in context* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.* • Shareholders hold shares for different reasons: capital gain, income, interest in the company, commitment as owners. Reason will be a factor in decision. • More information needed to finalise a decision including share price (difficult to forecast), and previous years information to see any trends. • Objectives of shareholders vital component in decision to sell or not – short-term income seekers more likely to sell, capital seekers less likely as costs in the next year are likely to generate future revenues, committed owners, maybe founders, less likely to sell unless want to realise financial gain. • Very important factor is timescale – short term sees a deteriorating financial position due to investment that will generate longer term improved figures. • Key factor is how shareholders perceive the accuracy of the forecast information. • Longer term forecasts would be extremely useful in making the decision. • Are shareholders capable of interpreting the report information accurately? Accept all valid responses.	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5</td><td>

Evaluate which method CP should use to enter the market in country D.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 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>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 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 mark
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>12</td></tr>
</table>

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Question	Answer	Marks
5	**Indicative content** Responses may include: **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of international expansion methods, such as joint ventures or direct investment or advantages and disadvantages of methods.* *Developed knowledge* K + K *+ will be demonstrated through knowledge of international expansion methods, such as joint ventures or direct investment and advantages and disadvantages of methods.* • Understanding of methods of entry. • Exporting directly to retailers – promoting and distributing products to retailers who take responsibility for the marketing. • Joint venture – alliance with another business, two companies agree to act as one for a particular project. Direct exporting advantages: • Quick to set up and discontinue. • Little investment needed. • Low initial cost, retailer bears risk. • Retailer uses local knowledge of markets and promotion methods. • CP retains control over marketing. Direct exporting disadvantages: • May face trade barriers. • Transport costs. • CP relies on retailer to implement desired marketing strategy. • Retailers may prioritise sale of other companies' products. • CP may have cash flow and credit risks. • CP unlikely to gain market information. Joint venture advantages: • Shared risk. • Shared cost of investment. • Access to local market knowledge, distribution arrangements. • More control over marketing.	

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Question	Answer	Marks
5	Joint venture disadvantages: • Higher costs, especially management and communication, and slower, more expensive to set up. • Possible conflicts over contractual arrangements and possibility that partner may become a competitor. • Loss of control as shared venture. • Reliance on another business. **AO2 Application** *Limited application,* APP *applies knowledge to CP once.* *Developed application,* APP + APP *applies knowledge to CP twice.* *Max one* APP *for application for the first impact of technological change and max one* APP *for application for the second impact of technological change.* • Nature of CP's paint products – good quality, value for money, strong brand name, priced above similar brands. • Not supplied for own brand products. • Identified market gap is for CP's existing products. • Joint venture with wholesaler versus direct exporting to retailers. • Different countries may have different cultures in terms of domestic use of paints inside and outside of homes, maybe due to style of houses or weather. **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis or offers a two–sided analysis* • Development of knowledge and application points in terms of the advantages and disadvantages of the two stated methods. • Direct exporting may be less costly and more flexible as it can be set up quickly and the retailer takes the risk. AN However, there is no guarantee that retailers will give CP paints a high profile, so sales may not increase very fast. L2 AN • A joint venture allows CP to share the risk and gain expertise of a local company, this could increase sales. AN However, there may be some loss of control to the joint venture partner and if the company is a competitor, sales may not increase as fast as expected. L2 AN	

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Question	Answer	Marks
5	**AO4 Evaluation** *Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment.* *Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.* *Developed evaluation in context* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.* • Other options exist and could be researched: use of an agent, direct investment in a paints factory, etc. Is CP sure that the two put forward are the only realistic options? • These options rely on accurate and reliable choice of paint retailer or wholesaler. • Direct exporting may be suitable for CP as there are cost advantages for home paint production, assuming low trade barriers. • Joint ventures may be suitable if the partner has good local knowledge and contacts. In the case of CP this may be very important in the specialist paints for the aircraft industry. • Difficult to decide on these factors alone. • Time scale and finance are important factors. Direct exporting is much quicker and cheaper to set up than a joint venture. CP have limited finance, so direct exporting may be the only possible option. • Important to clarify objectives before deciding. • More information needed regarding market in country D – e.g. the market research carried out, quantitative data on forecast costs of the options, revenues and finding suitable partners. • Need to know the policy of the government in country D on foreign firms and any relevant laws or regulations covering trade, international marketing or paint products. • A justified conclusion and/or recommendation e.g. recommendation of one option, or that both options are suitable, final choice depends on other factors above. Accept all valid responses.	

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