CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/41**

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

MARK SCHEME

Maximum Mark: 40

Published

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

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

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

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

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Generic Marking Principles

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

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

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

GENERIC MARKING PRINCIPLE 2:

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

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

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

GENERIC MARKING PRINCIPLE 4:

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

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

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

1. Components using point-based marking:

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

From this it follows that we:

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

2. Presentation of mark scheme:

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

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3. Calculation questions:

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

4. Annotation:

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

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Guidance on using levels-based marking

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

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

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

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

Assessment objectives

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

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

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

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

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

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

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

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

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Annotation

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

Paper 4 annotations for RM Assessor

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

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

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Please refer to this grid for BOTH questions.

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

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

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

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

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

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

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

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