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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/43**

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

MARK SCHEME

Maximum Mark: 40

Published

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

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

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

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

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Generic Marking Principles

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

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

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

GENERIC MARKING PRINCIPLE 2:

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

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

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

GENERIC MARKING PRINCIPLE 4:

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

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

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

1 Components using point-based marking:

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

From this it follows that we:

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

2 Presentation of mark scheme:

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

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3 Calculation questions:

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

4 Annotation:

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

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Guidance on using levels-based marking

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

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

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

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

Assessment objectives

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

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

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

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

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Paper 4 annotations for RM Assessor

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

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

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

Evaluate the impact of FB's finance and accounting strategy on its performance between 2016 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>
</table>

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

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

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

Indicative content

Responses may include:

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

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

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

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

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

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

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

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

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
3 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
8 marks</th><th>AO4 Evaluation
7 marks</th></tr>
<tr><td></td><td>Description</td><td>Description</td><td>Description</td><td>Description</td></tr>
<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
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</td><td>20</td></tr>
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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

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

Indicative content

Responses may include:

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

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

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

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

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

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

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

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