GradeMax

Cambridge Assessment International Education

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BUSINESS **9609/42**

Paper 4 Business Strategy **October/November 2025**

1 hour 15 minutes

0403790331

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages.

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Kelp Kings (KK)

Kelp (or seaweed) farming is the practice of cultivating and harvesting seaweed. Farmers gather the kelp from natural beds in the sea. This farming has a low environmental impact.

KK has a licence to harvest and exploit an area of the seabed in country W. The harvested kelp is dried and packaged at KK's premises before being sold to food manufacturers. KK is a labour intensive social enterprise with a mission to 'benefit the planet by the most efficient use of natural resources'.

In 2020 KK decided to build a kelp refinery (see **Appendix 1**). The cost was estimated to be $5 million, and KK would need to borrow most of this. The refinery would use kelp as a raw material to create a pulp that can be used to produce biodegradable plastics.

Timeline of KK

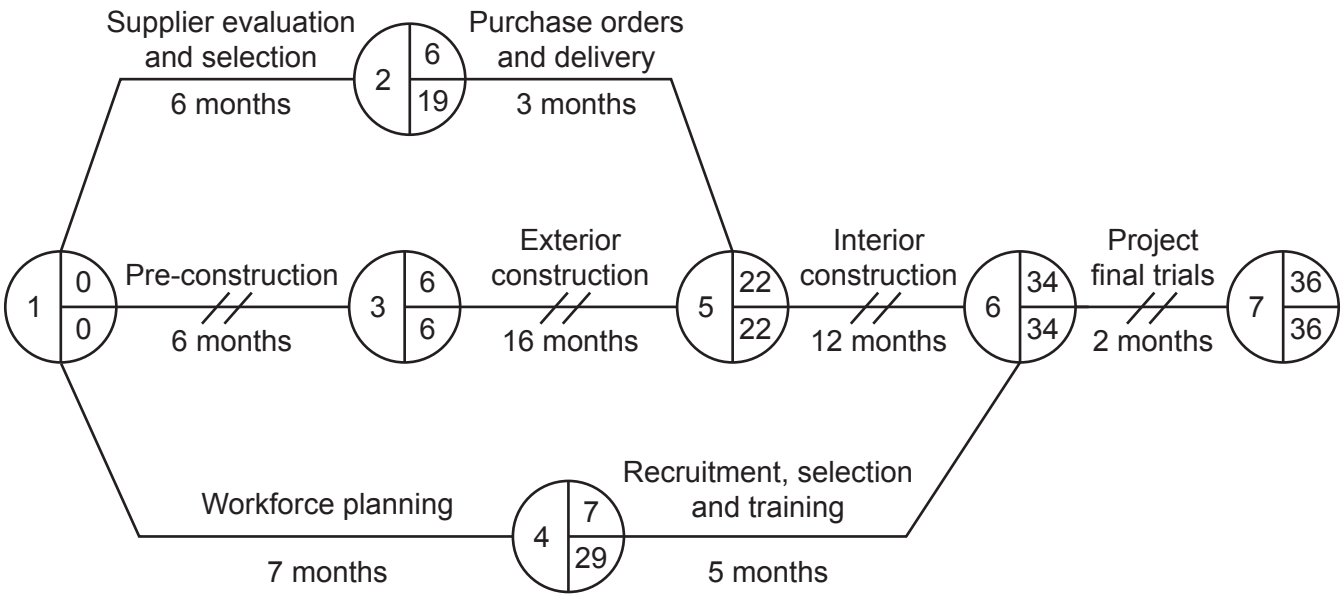
2021	Operations Director implements Just in Time (JIT) inventory management to reduce costs and cut wastage (see **Appendix 2**). Worker representatives meet with management to discuss poor employee motivation. Construction of the exterior walls (exterior construction) of the new kelp refinery is completed after only 15 months.
2022	Training of employees for new kelp refinery begins six months behind schedule because of skills shortage in country W. KK's Managing Director is interviewed by local newspaper (see **Appendix 3**). KK's sales of kelp increase by 200%. The average lead time for customer orders increases from one week to one month.
2023	The new kelp refinery is opened. 50% of KK's kelp production is now processed in the refinery. The refinery operates at 40% capacity.
2024	KK starts to import kelp from lower-income countries to be processed in the refinery.

Future business strategies

In 2025 a new government was elected in country W with policies aimed at improving the economy (see **Appendix 4**). The directors of KK are considering the likely impact of the government's policies on KK's business strategies.

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Appendix 1: Network diagram of kelp refinery project in 2020



Three teams to use simultaneous engineering to complete the project:

- purchasing team
- construction team
- human resource team.

Appendix 2: JIT implemented at KK in 2021

Before implementation of JIT	After implementation of JIT
• Kelp is harvested each week. • Harvested kelp is placed in a large drying facility for five days. • Dried kelp is packed in bags ready to be stored. • Bags are stored in secure warehouse.	• Kelp is harvested each day. • Harvested kelp is sent directly to manufacturers with no processing or packaging. • Costs are much lower, as kelp is unprocessed.

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Appendix 3: Interview with Managing Director about the new kelp refinery in 2022

Kelp farming is a new and exciting industry in country W. KK is one of its champions and is developing a new kelp refinery. The innovative business has sustainability at its core and is trying to be as efficient as possible. Elis Nik, the Managing Director of KK, said 'we believe that the key to success is to keep getting better. Our new refinery will be state-of-the-art, but we will not be complacent. Our employees will always have new ideas to increase efficiency, which we collect through an employee suggestion scheme.'

The refinery aims to have zero waste, with recycling of key components and renewable energy powering the entire facility.

Appendix 4: New government's policies in 2025

- use of monetary policy to stabilise inflation
- government grants to support carbon-efficient businesses
- minimum wage to be increased by 40% by 2028
- reform of country W's education system, including government-funded university tuition
- elimination of trade barriers for businesses in the primary sector.

Answer **both** questions.

1 Evaluate the effectiveness of KK's operations strategy between 2020 and 2024. [20]

2 Advise KK on the likely impact of the new government's policies on its future business strategies. [20]

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