



ENTERPRISE

0454/01

Paper 1 Case Study

October/November 2017

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 2017 series for most Cambridge IGCSE[®], Cambridge International A and AS Level components and some Cambridge O Level components.

© IGCSE is a registered trademark.

This syllabus is approved for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

This document consists of **12** printed pages.

Question	Answer	Marks
1	The dance groups wanted more people to watch the show but they needed a larger hall.	
1(a)	What is the difference between the following terms?	
1(a)(i)	<p><i>needs and wants</i></p> <p>2 marks explicit identification of the difference between the two terms. 1 mark identified factor that suggests a difference.</p> <p>Example: Needs are essential, wants are desirable. (2) Needs are essential items for life. (1) Wants are desirable items that people would like to own. (1)</p>	2
1(a)(ii)	<p><i>rewards and challenges</i></p> <p>2 marks explicit identification of the difference between the two terms. 1 mark identified factor that suggests a difference or gives a relevant example of either.</p> <p>Example: Rewards are the positive factors that an entrepreneur gains whilst challenges are the problems that they have to overcome. (2) Rewards are benefits such as profit or sense of satisfaction. (1) Challenges are problems to be overcome such as finding the finance. (1)</p>	2
1(b)	<p>Explain, using an example, how <u>your enterprise project</u> met your customers' needs and/or wants.</p> <p>1 mark – identification of the customers' need/want. 1 mark – action taken to meet the need/want identified Plus 1 further mark – development showing how this helped meet the need/want of the customer</p> <p>Example: Customers wanted good quality products (1) so we had to buy quality materials (1) which meant the final product lasted longer (+1).</p>	3

Question	Answer	Marks
2	The dance carnival would be organised as a social enterprise.	
2(a)	<p>Explain <u>one</u> advantage and <u>one</u> disadvantage of operating as a social enterprise.</p> <p>1 mark identification of the advantage/disadvantage Plus 1 mark further development of each point. ×2</p> <p>Advantages might include that they:</p> <ul style="list-style-type: none"> • make use of local skills • help good causes / support the local community • gain community support. <p>Disadvantages might include:</p> <ul style="list-style-type: none"> • Owners might not have suitable skills, knowledge and ability to run a social enterprise • Lack of profit may act as a disincentive to work hard • Difficult to raise finance <p>Example: It may be difficult to raise sufficient finance (1) because they are often reliant on grants and donations (+1).</p>	4
2(b)(i)	<p>Identify <u>two</u> types of business organisation, other than social enterprise.</p> <p>1 mark per business organisation type, ×2</p> <p>Answers might include:</p> <ul style="list-style-type: none"> • Sole trader • Partnership • Limited company • Charity • Franchise • Cooperative 	2

Question	Answer	Marks
2(b)(ii)	<p>Explain why <u>one</u> of the types of business organisation identified in (b)(i) might be suitable for the dance carnival enterprise.</p> <p>1 mark – use of case study to identify a suitable business organisation. 2 marks – some explanation showing why the chosen business organisation could be suitable for this enterprise. 3 marks – detailed explanation showing why the chosen business organisation could be suitable for this enterprise. Suitable organisations would include: Partnership, Charity, Co-operative</p> <p>Example: Co-operative (1) – because members of a co-operative pool their resources (1), the members of the dance carnival organisation could each put something into the project, sharing resources (1).</p>	3

Question	Answer	Marks
3	<p>Essa and Mercy drew up an action plan that showed the tasks to be completed and who would complete them.</p>	
3(a)	<p>Identify <u>two other</u> pieces of information that might be included in an action plan.</p> <p>1 mark per relevant point, ×2.</p> <p>Answers might include:</p> <ul style="list-style-type: none"> • Time period for completion / date for completion • Methods of monitoring for activity • Results of monitoring / what they achieved • Level of risk • Resources required at each stage • Outcomes 	2

Question	Answer	Marks
3(b)	<p>When planning, enterprises must answer key strategic questions, such as ‘where is the enterprise going?’ Identify <u>two other</u> key strategic questions.</p> <p>1 mark per relevant question identified, ×2.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Where has the enterprise come from? • Where is the enterprise now? • How is it going to get where it wants to be? / What can I do to improve? • How long will this take? 	2
3(c)	<p>State <u>two</u> items that would normally be included in a budget.</p> <p>1 mark per identified item, ×2.</p> <p>Answers might include:</p> <ul style="list-style-type: none"> • Income / cash inflow • Revenue • Expenditure / cash outflow • Direct costs • Indirect costs • Fixed costs • Variable costs 	2
3(d)	<p>Explain <u>two</u> ways that producing a budget assisted, or could have assisted, the operation of <u>your enterprise project</u>.</p> <p>Each way should be marked as follows: 1 mark – identification of a reason budgets are produced. 1 mark – use of example to identify the use of budgets for their enterprise. Plus 1 mark – Explanation showing why the use of a budget would / could assist their enterprise. ×2</p> <p>Example: Budgets help to identify the finance available (1) so I would know that I only had \$5 to purchase raw materials (+1), this would have stopped me from overspending and getting into debt (+1).</p>	6

Question	Answer	Marks
4	The local town council would have to look at the effect of the dance carnival on all stakeholders.	
4(a)	<p>What is meant by <i>stakeholders</i>?</p> <p>2 marks clear definition. 1 mark less clear definition showing some understanding.</p> <p>Definition; A person, group or organisation (1) with an interest in the activities of an enterprise (1) People who are directly and indirectly interested in an enterprise (2)</p>	2
4(b)	<p>State <u>two</u> external stakeholders in an enterprise.</p> <p>1 mark per stakeholder group identified, ×2.</p> <p>Answers might include:</p> <ul style="list-style-type: none"> • suppliers • customers • government • local community • financiers/banks 	2
4(c)	<p>State <u>two</u> methods of communication that could be used to communicate with external stakeholders.</p> <p>1 mark per method identified, ×2.</p> <p>Answers might include:</p> <ul style="list-style-type: none"> • internet • email • poster • newsletter • letters • telephone 	2

Question	Answer	Marks
4(d)	<p>Using examples from Fig. 1 (Insert), explain the difference between horizontal and vertical lines of communication.</p> <p>1 mark per explanation (max. 2) 1 mark per example (max. 2)</p> <p>Example: Horizontal communication is between people or groups on the same level (1) For example between dance group A and dance group B (1) Vertical communication is between groups or people on different levels of the organisation chart (1) For example from the committee to any of the dance groups (1)</p>	4
5	<p>Essa completed some market research. The next step would be to start promoting the dance carnival.</p>	
5(a)	<p>State <u>three</u> methods of identifying potential customers for an enterprise.</p> <p>1 mark per method identified, ×3.</p> <p>Answers might include:</p> <ul style="list-style-type: none"> • interviews • questionnaires/surveys • focus groups • observation • business reports • other companies' accounts • internet searches 	3
5(b)	<p>Analyse the effectiveness of <u>one</u> method of identifying potential customers.</p> <p>1 mark – basic analysis of a positive or negative aspect. 2 marks – analysis with some detail showing how the method will/will not work to identify customers. 3 marks – detailed consideration of effectiveness</p> <p>Example Information in newspapers may be outdated (1) so may not be true for your enterprise (1) and you may target the wrong people (1).</p>	3

Question	Answer	Marks
5(c)	<p>Identify and explain <u>two</u> suitable methods of marketing the dance carnival.</p> <p>Each method should be marked in the following manner:</p> <p>1 mark – identification of a marketing method [that may or may not be suitable for this enterprise activity] 2 marks – selection of a suitable method in this context 3 marks – explanation of why the chosen method is suitable ×2</p> <p>Note – this is a local dance carnival, so methods must be suitable for the local audience and cheap enough for them to be able to afford, so national newspaper, national radio, and television would not be suitable methods for this enterprise. Local newspaper, posters, social media, and word of mouth would be suitable methods for this enterprise.</p> <p>Example: A national newspaper (1). A local newspaper (2). A local newspaper (2) because the committee does not have a large amount of money available and this is a cheap method (1)</p>	6

Question	Answer	Marks
6(a)	<p>The dance carnival would be partially funded by sponsorship, and Mercy and Essa considered applying for a government grant or a bank loan.</p> <p>Discuss the benefits and drawbacks on the carnival enterprise of each method of finance: a bank loan and a government grant.</p> <p>Level 4 (9–10 marks) Candidate is able to offer a very thorough discussion of at least one potential benefit and at least one potential drawback of each source of finance applied to this enterprise.</p> <p>Level 3 (6–8 marks) Candidate is able to offer an explanation of the potential benefits and drawbacks in this enterprise with reference to information from within the case study. For 7 plus marks, there must be some attempt to discuss both methods of finance.</p> <p>Level 2 (3–5 marks) Candidate is able to apply knowledge and understanding by using information from the case study material to identify benefits/drawbacks of government grants or bank loans for this enterprise.</p> <p>Level 1 (1–2 marks) Candidate is able to demonstrate some knowledge and understanding of government grants/bank loans, but there is no application to the case study material.</p> <p>Level 0 (0 marks) Candidate is unable to demonstrate any knowledge or understanding of government grants/bank loans in enterprise.</p> <p>Example points A loan would have to be paid back with interest (L1), this would increase the costs for the carnival committee (L2). They may not raise enough money to repay the loan (L1), so the event would need to be cancelled next year (L3). Social enterprises such as the dance carnival will struggle to gain loans (L2), because they do not aim to make a profit (L3), so banks are not sure they will be repaid (L3).</p>	10

Question	Answer	Marks
6(b)	<p>Essa and Mercy understood that starting an enterprise was a risk but they knew it could also be rewarding.</p> <p>Evaluate the potential risks and rewards involved in attempting to make the dance carnival a successful enterprise.</p> <p>Level 4 (10–15 marks) Candidate is able to offer a detailed consideration of both risk and reward. For 13 plus marks, answer must give a thorough evaluation of the potential risks or rewards with some reference to both.</p> <p>Level 3 (6–9 marks) Candidate is able to offer an explanation of the potential risks and rewards to this enterprise. At this level answers may be one-sided – the potential risks or rewards maybe considered in-depth, or both in less detail. For 7 plus marks, there must be some attempt to discuss both risks and rewards.</p> <p>Level 2 (3–5 marks) Candidate is able to apply knowledge and understanding of potential risks and rewards with reference to the case study material.</p> <p>Level 1 (1–2 marks) Candidate is able to demonstrate some knowledge and understanding of either potential risks or rewards in enterprise.</p> <p>Level 0 (0 marks) Candidate is unable to demonstrate any knowledge or understanding of potential risks and rewards.</p> <p>Example points A risk for the carnival is that it will cause noise pollution (L2), so local people may start a pressure group to try to stop it operating (L3), which might stop sponsors from giving sponsorship next year (L3). A reward for organising the carnival is that the event will be a success (L2), therefore it will attract more sponsorship next year (L3).</p>	15

Question	Answer	Marks
7(a)	<p>Essa used a number of entrepreneurial skills: she took the initiative and came up with a creative solution to the problem of a lack of space for people.</p> <p>Discuss, using examples, how you used <u>two other</u> entrepreneurial skills during <u>your enterprise project</u>.</p> <p>Level 4 (9–10 marks) Candidate is able to offer a very thorough discussion of the impact of entrepreneurial skills, or their absence, in the context of their own enterprise experience.</p> <p>Level 3 (6–8 marks) Candidate is able to offer an analysis of the impact of the use of entrepreneurial skills, or their absence, within their enterprise project. For 7 plus marks, there must be some attempt to discuss more than one skill.</p> <p>Level 2 (3–5 marks) Candidate is able to apply knowledge and understanding of the entrepreneurial skills used in their own enterprise experience. This may be provided by the use of practical examples.</p> <p>Level 1 (1–2 marks) Candidate is able to demonstrate some knowledge and understanding of entrepreneurial skills by identification or explanation of skills. There is no application to their enterprise project.</p> <p>Level 0 (0 marks) Candidate is unable to demonstrate any knowledge or understanding of entrepreneurial skills.</p> <p>Example point I showed perseverance (L1). When I first sold cakes no one bought them, but I kept trying new recipes (L2). Eventually I found a flavour people liked and I sold them all within one lunchtime (L3).</p>	10

Question	Answer	Marks
7(b)	<p>Essa and Mercy thought that the meeting with the local town council representative had been effective.</p> <p>Evaluate the effectiveness of one or more meetings in <u>your enterprise project</u>.</p> <p>Level 4 (10–15 marks) Candidate considers both successes and failures of meetings. For 13 plus marks, there must be a thorough evaluation of the effectiveness of their meetings.</p> <p>Level 3 (6–9 marks) Candidate is able to offer an analysis of the effectiveness of their meetings. At this level answers will be one-sided – the successes or failings of the meetings and how that was achieved is considered.</p> <p>Level 2 (3–5 marks) Candidate is able to apply knowledge and understanding of the problems or success of meetings within their own enterprise experience.</p> <p>Level 1 (1–2 marks) Candidate is able to demonstrate some knowledge and understanding of methods used to make meetings successful; this might be through reference to notice of meeting, agendas and minutes.</p> <p>Level 0 (0 marks) Candidate is unable to demonstrate any knowledge or understanding of formal meetings.</p> <p>Example point We arranged an agenda for the meeting with the teacher to discuss the location of our stall (L2). This meant everyone was prepared for the meeting and we finished on time (L3).</p>	15