Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ENTERPRISE **0454/11**

Paper 1 Case Study **May/June 2019**

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.

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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.

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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Question	Answer	Marks
1(a)	**Explain the term *business objective*.** The stated, measurable short-term targets**.** (1) help to achieve business aims (1)	**2**
1(b)	**State <u>two</u> business objectives for an enterprise, other than to help people.** 1 mark per objective identified. Answers may include: • Growth • Survival • Sales revenue growth/ maximisation • Satisficing • Environmental objectives • Providing a service • Providing a good quality product	**2**
1(c)	**Explain <u>two</u> ways that Mari was being enterprising when helping people in her local area.** Marks awarded per way explained as follows: 1 mark – identified example of a way of being enterprising. 1 mark – example applied to the case study Plus 1 mark – developed explanation showing how this was enterprising Answers might include: • Thinking creatively • Working as part of a team (AO1) with Lester's charity (AO2) • Solving problems (AO1) about which organisation should receive the food. (AO2) • Communicating in different ways (AO1) talking to Krishnan and helping with the writing of a news story. (AO2) Example: Mari thought creatively (AO1) when she found a way to use the unsold food (AO2) by giving it to charities she found a way to reduce waste. (AO3)	**6**

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Question	Answer	Marks
2(a)	**Explain the term *a charity.*** An organization set up to provide help and raise money [1] for those in need. [1] A type of social enterprise [1] that does not have profit as its motive. [1]	**2**
2(b)	**Explain <u>one</u> advantage and <u>one</u> disadvantage of operating as a charity.** Marks should be awarded as: 1 mark – identification of an advantage/ disadvantage Plus 1 mark – explanation of the advantage/ disadvantage Examples of advantages might include: • May attract customers (1) because people want to help others. (+1) • Do not have to pay tax (1) so costs are lower (+1) Examples of disadvantages might include: • Can not make a profit (1) so workers may not have an incentive to do well (1) • Lack of finance (1) because they rely on donations/fundraising (1)	**4**
2(c)	**Explain <u>two</u> differences between a sole trader and a limited company.** Marks should be awarded per way as: 1 mark – identification of a difference Plus 1 mark – explanation of the difference, this maybe through comparison with the other business organisation. Answers might include: • Sole trader is owned and run by one person (1), but a limited company is run by directors and owned by shareholders. (+1) • Profit shared with shareholders in limited companies (1) but a sole trader keeps all of the profits (+1) • Capital is raised from owners or selling shares in a limited company (1) a sole trader uses loans or their own capital. (+1) • Sole trader has unlimited liability (1) but a limited company has limited liability (+1).	**4**

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Question	Answer	Marks
3(a)	**Explain <u>one</u> possible consequence to an enterprise of <u>not</u> meeting laws and regulations covering health and safety.** 1 mark – identification of a consequence Plus 1 mark – explanation of the consequence. Answers might include: • Maybe taken to court/fined (1) because they have broken the law (+1) • Customers/staff might be injured (1) because health and safety is not taken care of. (+1) • Business maybe closed (1) if the breach of responsibility is serious. (+1) • Customers may not visit the enterprise (1) because they consider it unsafe (+1)	**2**
3(b)	**Explain <u>two</u> reasons why governments set laws and regulations for enterprises, other than for health and safety reasons.** Marks for each reason should be awarded as follows: 1 mark – reason identified Plus 1 mark – explanation showing why this is necessary, this may include a practical example Answers may include: • restricting the sale of harmful goods • ensuring the consumer is protected from inaccurate information • ensuring employees are not exploited or treated unfairly • protecting property rights Example: To ensure that employees are not exploited (1) and receive the correct pay for their work (+1)	**4**
3(c)	**Explain <u>two</u> ways that you made sure <u>your enterprise project</u> did <u>not</u> break laws and regulations.** Marks for each way should be awarded as follows: 1 marks – identification of an action they took in context +1 mark – explanation showing how that helped to meet laws and regulations. Answers will depend upon their individual enterprise but may include: • researching the legal requirements • ensuring adverts were truthful and honest • correctly labelling all products with their contents • drawing up contracts/ partnership agreement	**4**

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Question	Answer	Marks
4(a)	**Describe <u>one</u> purpose of a business network.** 1 mark – basic identification of purpose. 2 marks – developed description showing full understanding. Answers might include: • Offer advice (1) • Provides a way for entrepreneurs to meet (1) informally (+1) • Allow entrepreneurs to meet in order support and advise each other using their experience. (2)	**2**
4(b)	**State <u>two</u> ways a financial institution can support an enterprise.** 1 mark – per valid point. Answers might include: • Providing finance (loans/overdrafts) • Advice on how to raise finance • Help with drawing up business plans • Assistance with financial record keeping	**2**
4(c)	**Explain <u>two</u> benefits to the café and restaurant owners of giving their unsold food to Lester's charity.** Marks for each benefit should be awarded as follows: 1 mark per identified point (max 2) Plus 1 mark per explanation showing how this aids the café enterprise. Answers may include: • Improves the café's public image (1) which may attract more customers (+1) and therefore raise revenue (+1) • Reduces waste food that has to be thrown away (1) therefore less food in bins (+1) which may cause a smell (+1) • Creates a link with Lester's charity (1) which they can use on advertising (+1) which improves their image (+1) • More people will be aware of the café (1) because the charity will talk about their donations (+1) which might attract custom (+1) • Café owners will be happier (1) because they are helping others (+1)	**6**

Question	Answer	Marks
5(a)	**Explain <u>two</u> forms of market research, using an example of each.** Marks for each form of research should be awarded as follows: 1 mark – either primary or secondary research explained Plus 1 mark per relevant example (max 2). Example: Primary research is information collected first hand (1) e.g. a survey, (1) whilst secondary research has been collected and published by another person. (+1) e.g. a news article (1).	**4**
5(b)	**Explain <u>two</u> ways that market research was, or could have been, used to ensure the success of <u>your enterprise project</u>.** Marks should be awarded per method of research as: 1 mark – use of research 1 mark – example showing how this would apply to their own enterprise project +1 mark – explanation showing how this would help the enterprise. Answers might include to: • identify potential customers • identify the requirements for any of the 4P's • check customer satisfaction • examine competition For example: We could have identified potential customers (AO1) within the school who would buy our hot chocolate (AO2) therefore we could save money by targeting adverts at them. (AO3)	**6**

Question	Answer	Marks
6(a)	**The enterprising food donation idea affected a number of different people, known as stakeholders. For some of these stakeholders, this idea involved risk.** **Discuss the possible risks involved in the enterprising food donation idea for <u>two</u> different stakeholders. Use examples to support your answer.** **Level 4 (9–10 marks)** Candidate offers a very thorough discussion of the level of risk for two stakeholders in the context of the case study material. **Level 3 (6–8 marks)** Candidate offers an analysis of the level of risk to stakeholders in the case study. For 7 plus marks, there must be some attempt to discuss two stakeholders. **Level 2 (3–5 marks)** Candidate applies knowledge and understanding of risk to the stakeholders in the case study. For 5 marks, more than one risk or stakeholder must be applied. **Level 1 (1–2 marks)** Candidate demonstrates some knowledge and understanding of risk, but there is no application to an example. **Level 0 (0 mark)** Candidate is unable to demonstrate any knowledge or understanding of risk.	**10**

Question	Answer	Marks
6(b)	**Lester gave an oral presentation to the local business network.** **Evaluate the <u>most</u> suitable method of communication that could be used to persuade entrepreneurs to become involved in the enterprising food donation idea. You should consider <u>three</u> methods of communication in your answer.** **Level 4 (10–15 marks)** Candidate offers a very thorough evaluation of the suitability of three methods of communication. For 13 plus marks, justification of decision needs to be explicit and logical. **Level 3 (6–9 marks)** Candidate offers an analysis of the suitability of different methods of communication. At this level answers may be one sided, one method maybe considered in depth, or two in less detail. For 7 plus marks there must be some consideration of two methods. **Level 2 (3–5 marks)** Candidate applies knowledge and understanding of suitable methods of communication with reference to the case study material. **Level 1 (1–2 marks)** Candidate demonstrates some knowledge and understanding of methods of communication. **Level 0 (0 mark)** Candidate is unable to demonstrate any knowledge or understanding of methods of communication.	**15**

Question	Answer	Marks
7(a)	**Mari and Krishnan were helping Lester to meet the needs of people in the local area.** **Discuss how successful <u>your enterprise project</u> was in meeting the needs and wants of its customers.** **Level 4 (9–10 marks)** Candidate offers a discussion of their success in meeting customer needs and wants in the context of their own enterprise experience. **Level 3 (6–8 marks)** Candidate offers an analysis of the ways they met customer needs and wants within their enterprise project. For 7 plus marks there must be some consideration of needs and wants. **Level 2 (3–5 marks)** Candidate applies knowledge and understanding of meeting customer needs and wants within their enterprise experience with the use of examples. For 5 marks more than one example should be given. **Level 1 (1–2 marks)** Candidate demonstrates some knowledge and understanding of customer needs and wants. There is no application to an example. **Level 0 (0 mark)** Candidate is unable to demonstrate any knowledge or understanding of the concept of customer needs and wants.	**10**

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Question	Answer	Marks
7(b)	**Recommend the source of finance that was, or would have been, <u>most</u> suitable for <u>your enterprise project</u>. Justify your choice, explaining why you rejected <u>one</u> other source of finance.** **You may consider the following aspects when assessing the suitability of the finance:** • **purpose of the finance** • **amount of finance needed** • **rate of interest or cost of finance** • **security required.** **Level 4 (10–15 marks)** Candidate offers a very thorough evaluation of the importance of choosing the most suitable sources of finance in his or her own enterprise project. The advantages and disadvantages of at least two sources of finance will be considered in detail. For 13 plus marks, justification of decision needs to be explicit and logical. **Level 3 (6–9 marks)** Candidate offers an analysis of the suitability of different sources of finance within their enterprise project. At this level answers may be one sided – the success of one method maybe considered in depth, or two in less detail. For 7 plus marks there should be some consideration of at least two of the bullet points. **Level 2 (3–5 marks)** Candidate applies knowledge and understanding of different sources of finance to their enterprise. Examples maybe given to illustrate the use of finance within their enterprise project. **Level 1 (1–2 marks)** Candidate demonstrates some knowledge and understanding of different sources of finance within enterprise. There is no application to their enterprise project. **Level 0 (0 mark)** Candidate is unable to demonstrate any knowledge or understanding of sources of finance within enterprise.	**15**

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