Cambridge Assessment International Education

Cambridge IGCSE™

ENTERPRISE **0454/11**

Paper 1 Case Study **May/June 2023**

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 May/June 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

© UCLES 2023

[Turn over

PUBLISHED

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.

© UCLES 2023

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.

© UCLES 2023

PUBLISHED

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).

© UCLES 2023

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.

© UCLES 2023

Question	Answer	Marks	Guidance
1(a)	**Explain the difference between a *business enterprise* and a *social enterprise.*** Precise explanation showing understanding of difference [2] Imprecise explanation showing some understanding of either term [1] Answers may include: Business enterprise has profit as its main aim [1] Social enterprise aims to better society/improve welfare. [1]	**2**	
1(b)	**Explain <u>two</u> potential stakeholders in <u>your enterprise project.</u>** Each answer should be marked as follows: Identification of a stakeholder not related to their own enterprise [1] Explanation linking to the candidate's enterprise project [+1] Answers may include: • employees • owners/shareholders • customers • government • local community • suppliers • financiers/lenders • competitors. Example: Competitors [1] would compete with us for sales of candles. [+1]	**4**	AO1 – 2 AO2 – 2

Question	Answer	Marks	Guidance
1(c)	**Explain <u>one</u> benefit of an enterprise operating as a partnership.** Identification of a benefit [1] Explanation of benefit showing understanding [+1] Answers may include: • easy to set up [1] as there are few legal requirements [+1] • partners can share the workload [1] reducing the pressure on each partner [+1] • partners bring more ideas [1] therefore better decision making [+1] • decision making is shared [1] so better decisions may be made [+1] • more finance can be raised [1] as each partner will invest [+1] • partners bring more skills [1] can specialise in part of the enterprise. [+1]	**2**	AO1

© UCLES 2023

Question	Answer	Marks	Guidance
1(d)	**Explain <u>one</u> disadvantage of an enterprise operating as a partnership.** Identification of a disadvantage [1] Explanation of disadvantage showing understanding [+1] Answers might include: • unlimited liability [1] personal possessions could be taken to pay for any debt [+1] • decisions made by one partner legally binding on all other partners [1] if one person takes a loan the remaining partners must pay the debt [+1] • difficult to raise finance [1] as cannot sell shares [+1] • disagreements between partners [1] may reduce efficiency [+1] • must share profit [1] which would not be true as a sole trader. [+1]	**2**	AO1
2(a)	**State <u>two</u> methods of primary research.** Each correct method [1] Answers may include: • survey • questionnaire • interviews • consumer panels • focus groups • observation • test marketing.	**2**	AO1

© UCLES 2023

Question	Answer	Marks	Guidance
2(b)	**Explain <u>two</u> advantages of using websites as a method of secondary research in <u>your enterprise project.</u>** Each advantage should be marked as follows: Identification of an advantage [1] Explanation showing applied understanding [+1] Answers may include: • low cost [1] as we had little finance for our candles [+1] • easily available [1] as students we had no experience of research [+1] • less time consuming [1] • wide range of material available. [1]	**4**	AO1 – 2 AO2 – 2
2(c)	**Explain <u>two</u> potential negative effects on an enterprise if it does not deal effectively with its customers' complaints.** Each effect should be marked as follows: Identification of a negative effect [1] Explanation showing why this would arise [1] Answers may include: • unhappy customers [1] increasing problems for staff [+1] • less customer retention [1] therefore will need to gain more new customers [+1] • poor word of mouth advertising [1] losing potential customers [+1] • poor brand image/ poor reputation [1] reducing sales revenue. [+1]	**4**	AO1 – 2 AO3 – 2

© UCLES 2023

Question	Answer	Marks	Guidance
3(a)	**State <u>two</u> items usually included in the human resources section of a business plan.** 1 mark per correct point. Answers may include: • employees' names • job roles • employees experience/existing skills • wages • recruitment • training required/given • skills required.	**2**	AO1
3(b)	**Explain <u>one</u> way that producing a business plan would have helped Chinmaya's enterprise.** Identification of a way [1] Explanation showing how this would assist an enterprise [+1] Application to the case study [1] Answers may include: • used to gain finance [1] as financiers check if you can afford the finance [+1] • identifies the amount of finance required • checks the viability of the idea • helps the entrepreneur make marketing decisions • used to produce targets to measure success • ensures all aspects of enterprise have been considered. Example: Checks the viability of the idea [1] so Chinmaya will be able to see if he is likely to gain sufficient customers [+1] to make setting up the website worthwhile. [1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

Question	Answer	Marks	Guidance
3(c)	**Explain <u>one</u> reason why a business plan may need to be updated.** Identification of a reason [1] Explanation showing understanding [+1] Answers may include: • achieved original objectives • costs changed • change in the market conditions – customers, competitors • change of ownership • need additional finance • enterprise growth. Example: The enterprise requires additional finance [1] and must prove to lenders that they can afford the new repayment costs. [+1]	**2**	AO1

Question	Answer	Marks	Guidance
3(d)	**Explain <u>one</u> non-financial document, other than a business plan, that could have helped Chinmaya in his enterprise.** Identification of a document [1] Explanation showing understanding of how it helps an enterprise [+1] Application to case study [1] Answers may include: • action plan • minutes of a meeting • meeting agenda • notice of meeting. Example: An action plan [1] would ensure he did not forget important tasks [+1] such as advertising the new photography service. [1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

Question	Answer	Marks	Guidance
4(a)	**Explain the difference between *legal responsibilities and ethical considerations.*** Explanation of both terms showing explicit difference [2] Explanation of one term showing some understanding [1] Answers may include: Ethical considerations: • moral values or principles • doing the right thing. Legal responsibilities: • actions governed by law • actions you must complete or face consequences such as fines.	**2**	AO1
4(b)	**Explain <u>one</u> reason why the employee at the local newspaper might have decided to behave unethically.** Identification of a reason [1] Explanation showing why this occurred. [+1] Application to local magazine enterprise/photographs [1] Answers may include: • to save money • to save time • unaware the action was unethical. Example: To save money [1] using photographs downloaded from social media is free [1] so saving costs. [+1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

© UCLES 2023

Question	Answer	Marks	Guidance
4(c)	**Explain <u>one</u> area of legislation that could affect Chinmaya's enterprise. Use an example from the case study to support your answer.** Identification of a legislation [1] Explanation showing understanding of the legislation [+1] Application to the case study [1] Answers may include: • employment • production • marketing and selling • finance. Example: If Chinmaya employs a web designer to set up the website [1] he must pay that person [1] the amount agreed. [+1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1
4(d)	**Explain <u>one</u> action Chinmaya could take that would have a positive impact on his local community.** Identification of an action affecting the local communities [1] Application to the case study [1] Answers may include: • supporting community actions e.g. sponsorship • giving to local charity • reduce pollution. Example: Chinmaya could donate some of his photographs [1] for the local magazine to use. [1]	**2**	AO1 – 1 AO2 – 1

© UCLES 2023

Question	Answer	Marks	Guidance
5(a)	**Calculate Chinmaya's revenue if he sells 10 photographs.** US $100 [2] If answer incorrect marks can be awarded for method: Total revenue = Price × quantity sold. [1]	**2**	AO1 – 1 AO2 – 1
5(b)	**Calculate the total number of photos Chinmaya will need to sell to break even. Show your working using the following headings:** 53 photographs [5] 52.63 [4] If answer incorrect marks are awarded for method as follows: 500/(10 – 0.50) [3] **Or** Contribution = 9.50 [2] **Or** Break even = Fixed cost/(Price – variable cost)[1] Fixed cost = $500 [1] Variable cost of each photo =5% of $10 [1] or 50c [1]	**5**	AO1 – 1 AO2 – 3 AO3 – 1

Question	Answer	Marks	Guidance
5(c)	**Explain <u>one</u> way Chinmaya could reduce the break-even number of photos he needs to sell.** Identification of a way to reduce break even quantity [1] Explanation showing how this would work [+1] Application to case study [1] Answers could include: • reduce fixed costs • increase selling price • reduce variable costs. Example: Choosing a cheaper website designer [1] would lower fixed costs [1] below US$500.[+1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(a)</td><td>
Enterprising people have many attributes, characteristics and learned skills. These include:

creativity
motivation
problem-solving
resourcefulness.

Analyse how using two of these skills could help Chinmaya to be successful in his proposed new enterprise. Use examples from the case study to support your answer.
<table>
<tr><th>Level</th><th>Description</th><th>Mark</th></tr>
<tr><td>3</td><td>Good analysis consistently applied to the case study
Demonstrates good knowledge of concepts</td><td>8–10</td></tr>
<tr><td>2</td><td>Some analysis supported by good application to the case study
Demonstrates knowledge of concepts</td><td>4–7</td></tr>
<tr><td>1</td><td>Limited application to the case study
Demonstrates knowledge of concepts</td><td>1–3</td></tr>
<tr><td>0</td><td>No creditable response</td><td>0</td></tr>
</table>
</td><td>10</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

Question	Answer	Marks	Guidance
6(a)	**Knowledge may include:** • Identification of any enterprise skill from syllabus topic 3.1 such as: practical skills, problem-solving, time management, (self)confidence, resourcefulness, innovation, initiative, taking risks, taking responsibility, determination, creativity and perseverance. **Phrases which demonstrate some analysis may include:** Chinmaya was creative when he took photos of the buildings he admired. **Phrases which demonstrate good analysis will the impact of this on Chinmaya and his enterprise. These may include**: Chinmaya used creativity when he took his photos which allowed him to develop an income.		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(b)</td><td>Chinmaya intends to use his website and social media to advertise his proposed enterprise.

Evaluate whether using only online communication and social media as methods of marketing is the best decision for Chinmaya’s proposed enterprise. You should consider other methods of marketing communication in your answer. [15]

<table>
<tr><th>Level</th><th>Description</th><th>Mark</th></tr>
<tr><td>4</td><td>Clear reasoned evaluation is present
Good analysis applied consistently to the case study
Demonstrates good knowledge of relevant concepts</td><td>12–15</td></tr>
<tr><td>3</td><td>Good analysis applied consistently to the case study is leading to evaluation
Demonstrates knowledge of relevant concepts</td><td>8–11</td></tr>
<tr><td>2</td><td>Some application to the case study supported by some analysis
Demonstrates knowledge of relevant concepts.</td><td>4–7</td></tr>
<tr><td>1</td><td>Limited application to the case study
Demonstrates some knowledge of relevant concepts.</td><td>1–3</td></tr>
<tr><td>0</td><td>No creditable response</td><td>0</td></tr>
</table>
</td><td>15</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

Question	Answer	Marks	Guidance
6(b)	**Knowledge may include:** • Stated costs /benefits of online and social media • Alternative methods of marketing communication. **Phrases which demonstrate some analysis may include:** • Chinmaya can use/link his online communication/social media account with his ecommerce site. • Explained costs /benefits of online. **Phrases which demonstrate good analysis will show why this is a point to consider and may include:** • Chinmaya may find that his images can easily be stolen from the site reducing his potential income/sales revenue. **Evaluation maybe shown by a two-sided approach considering the benefit and negative aspects of each choice.**		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(a)</td><td>
Analyse <u>two</u> actions that you could have taken which would have improved the success of the presentation given as part of <u>your enterprise project.</u> Use examples to support your answer. [10]
<table>
<tr><th>Level</th><th>Description</th><th>Mark</th></tr>
<tr><td>3</td><td>Good analysis consistently applied to their own enterprise experience.
Demonstrates good knowledge of concepts</td><td>8–10</td></tr>
<tr><td>2</td><td>Some analysis supported by good application to their own enterprise experience.
Demonstrates knowledge of concepts</td><td>4–7</td></tr>
<tr><td>1</td><td>Limited application to their own enterprise experience.
Demonstrates knowledge of concepts</td><td>1–3</td></tr>
<tr><td>0</td><td>No creditable response</td><td>0</td></tr>
</table>
Knowledge may include:
• identification of actions that could be taken e.g. research, provide more detailed work, add images.

Phrases which demonstrate some analysis may include:
I would research the exact costs for the candles and calculated the profit we could make.
Adding pictures to the power point to show the candles.
</td><td>10</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

Question	Answer	Marks	Guidance
7(a)	**Phrases which demonstrate good analysis will the impact of this action on the success/failure of the presentation. These may include**: I researched the exact costs for the candles and calculated the profit we could make therefore the lender was willing to offer us the loan. By clearly explaining what we were going to produce in the candle enterprise with images this led to the audience understanding what we intended to do.		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(b)</td><td>
The enterprise process involves the following six stages:
1 identifying the problem or need or want
2 exploring creative solutions
3 action planning
4 implementing the plan
5 monitoring progress
6 evaluation of successes and failures.
Evaluate how important <u>three</u> of these stages were to the success of <u>your enterprise project</u>. Use examples to support your answer.[15]
<table>
<tr><th>Level</th><th>Description</th><th>Mark</th></tr>
<tr><td>4</td><td>Clear reasoned evaluation is present
Good analysis applied consistently to their enterprise
Demonstrates good knowledge of relevant concepts</td><td>12–15</td></tr>
<tr><td>3</td><td>Good analysis applied consistently to their enterprise is leading to evaluation
Demonstrates knowledge of relevant concepts</td><td>8–11</td></tr>
<tr><td>2</td><td>Some application to their enterprise supported by some analysis
Demonstrates knowledge of relevant concepts</td><td>4–7</td></tr>
<tr><td>1</td><td>Limited application to their enterprise
Demonstrates some knowledge of relevant concepts</td><td>1–3</td></tr>
<tr><td>0</td><td>No creditable response</td><td>0</td></tr>
</table>
</td><td>15</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

© UCLES 2023

Question	Answer	Marks	Guidance
7(b)	**Knowledge may include:** • description of meaning of each stage. **Phrases which demonstrate some analysis may include:** Action planning helped me to know when to start production of the candles to meet my deadlines. **Phrases which demonstrate good analysis will show why this is a point to consider and may include:** Action planning helped me to know when to start production of the candles to meet my deadlines. This ensured there were enough available for the selling day so I gained enough revenue to cover my costs. **Evaluation maybe shown by a two-sided approach considering the benefit and negative aspects of each choice.**		

© UCLES 2023