CAMBRIDGE
International Education

Cambridge IGCSE™

ENTERPRISE **0454/11**

Paper 1 Case Study **May/June 2024**

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 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U 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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Question	Answer	Marks	Guidance
1(a)	**State <u>two</u> stages of the enterprise process.** 1 mark per correct point Answers may include: • identifying the problem or need • exploring creative solutions • action planning • implementing (the plan) • monitoring progress • evaluation of successes/failures.	**2**	AO1 – 2
1(b)	**Explain the difference between a need and a want.** • needs are essential to life [1] • wants are desirable items/goods services we would like but do not need [1] • wants are goods or services that a person desires but can live without. [1]	**2**	AO1 – 2
1(c)	**Explain one reason why an entrepreneur needs to adapt to the changing wants for a product.** Identification of a reason [1] Explanation of reason showing understanding [+1] Answers may include: • to develop products/services [1] which meet demand [+1] • remove products no longer required [1] reducing losses [+1] • stay ahead of the competition [1] gaining market share [+1] • creates an opportunity for enterprise [1] • maintain customer satisfaction [1] therefore gain good word of mouth. [+1]	**2**	AO1

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Question	Answer	Marks	Guidance
1(d)	**Explain how you used <u>two</u> enterprise skills in <u>your enterprise project</u>. Use an example to support each answer.** Identification of an enterprise skill [1] Explanation of how skill was used in candidate's own enterprise [+1] Answers might include: • practical skills • leadership • team-building • delegation • problem-solving • prioritisation • resourcefulness • innovation • taking initiative • taking calculated risks • responsibility • motivation/determination to succeed • creativity • perseverance • influencing skills self confidence. Example: I was innovative [1] when I designed a new flavour of cupcake. [+1]	**4**	AO1 – 2 AO2 – 2

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Question	Answer	Marks	Guidance
2(a)	**Select the most appropriate word from the list below to complete each of the sentences about laws and regulations.** • **patent** • **judge** • **government** • **logo** **Laws and regulations are established by a …** **If an entrepreneur develops a new product, it can be protected with a…..** Laws and regulations are established by a **government**. [1] If an entrepreneur develops a new product, it can be protected with a **patent.** [1]	**2**	AO1 – 2
2(b)(i)	**Explain Lin's attitude to risk. Use an example from the case study to support your answer.** Identification of correct attitude [1] Explanation showing applied understanding [+1] Example to justify choice of attitude [1] Answers may include: • risk keen/risk taker [1] willing to accept some risk [+1] she wanted to try something totally new (option 2) [1] • risk keen [1] she was willing to take the risk [+1] of leaving college. [1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

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Question	Answer	Marks	Guidance
2(b)(ii)	**Explain Rachel's attitude to risk. Use an example from the case study to support your answer.** Identification of correct attitude [1] Explanation showing applied understanding [+1] Example to justify choice of attitude [1] Answers may include: • risk reducer [1] she limits the likelihood of risk [+1] by completing research [1] • risk adverse [1] she does not want to take the risk [+1] of a new product. (option 2) [1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1
2(c)	**Explain <u>one</u> possible impact on an enterprise if potential risks are ignored.** Identification of an impact [1] Explanation showing understanding [1] Answers may include: • loss of money [1] from a risky investment [+1] • loss of sales/revenue [1] if product/service sold [+1] • potential legal action/fine [1] if they workers/customers injured. [+1]	**2**	AO1 – 2

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Question	Answer	Marks	Guidance
3(a)	**Define the term *loan*.** Precise definition [2] Partial definition showing some understanding [1] Answers may include: • short or longer term finance paid back with interest at regular periods [2] • a type of borrowing. [1]	**2**	AO1
3(b)	**Explain <u>one</u> disadvantage to Lin and Rachel of using a loan from their parents to raise finance.** Identification of a disadvantage of a family loan [1] Application to case study [1] Answers may include: • family may expect to have a say in how the enterprise is operated • if not repaid there may be a breakdown of relationships • if the enterprise fails could cause family hardship • may not be sufficient funds available to meet the enterprise needs. Example: The US$ 2000 loan from their parents [1] may not be sufficient to purchase the clothes they need. [1]	**2**	AO1 – 1 AO2 – 1

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Question	Answer	Marks	Guidance
3(c)	**Explain how any <u>two</u> stages of the negotiation process helped, or could have helped, the negotiation in <u>your enterprise project</u>. Use an example to support each answer.** Each way should be marked as follows: Identification of a stage [1] Explanation showing how this would assist the negotiation enterprise [+1] Application to the candidate's enterprise [1] Answers may include: • planning – setting objectives, choosing evidence, identifying benefits and weaknesses, arguments and counter arguments • conducting/implementation – setting the tone, presenting the proposal, understanding views, summarising, coming to an agreement • measuring/evaluating success. Example: Planning [1] I collected relevant research to prove to the principal that I would earn enough revenue [+1] to repay the loan $50 for cupcake ingredients.	**6**	AO1 – 2 AO2 – 2 AO3 – 2

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Question	Answer	Marks	Guidance
4(a)	**Explain <u>one</u> reason, other than buying raw materials, why finance was required in <u>your enterprise project</u>.** Identification of a reason [1] Application to own enterprise [+1] Answers may include: • pay bills/rent /utilities/wages • to advertise/promote the enterprise • purchase equipment. Examples: • finance maybe needed to purchase [1] smoothie equipment [+1] • to print our posters [1] to put around the school for students. [+1]	**2**	AO1 – 1 AO2 – 1
4(b)(i)	**Calculate, using Table 1, the total cost for one year of Option 2 (producing their own range of clothes). Show your working.** Total cost US$ per year = 23100 [3] If the total is incorrect marks can be awarded as follows: • total cost per month 1925 [2] • cost for one year = cost per month multiplied by 12. [1]	**3**	AO1 – 1 AO2 – 2
4(b)(ii)	**Calculate the amount of interest paid on a loan for the amount in <u>(b)(i)</u> if the interest rate is 10% a year.** 2310 [3] If the answer is incorrect marks may be awarded as follows: • 10% of 23100 (or OFR from (b)(i)) [2] • interest = 10% of amount of loan. [1]	**3**	AO1 – 2 AO2 – 1 OFR applies

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Question	Answer	Marks	Guidance
4(c)	**Explain <u>one</u> reason why financial records are kept by an enterprise.** Identification of a reason [1] Explanation showing understanding of the reason [+1] Answers may include: • provide a fair view of the enterprise to stakeholders • for legal reasons • to calculate tax due • for forecasting purposes • to assist decision making by owners/managers. Example: To provide correct information to shareholders (a stakeholder) [1] so they can make decisions about their investment. [+1]	**2**	AO1 – 2

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Question	Answer	Marks	Guidance
5(a)	**State <u>two</u> disadvantages of interviews as a method of research.** 1 mark per correct disadvantage. Answers may include: • can be time consuming • expensive • interviewer bias • sample size is often very small • people interviewed may not represent the target market.	**2**	AO1 – 2
5(b)	**Explain <u>one</u> reason why it is important that an ecommerce enterprise deals with complaints quickly.** Identification of a reason [1] Explanation of why important [+1] Application to ecommerce enterprise [1] Answers may include: • method of measuring customer satisfaction • creates bad word of mouth • loss of customers/repeat sales • creates bad reputation. Example: Complaints may lead to a bad reputation for the enterprise [1] as complaints can be posted on the ecommerce site.[1] This may discourage new customers from buying. [+1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

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Question	Answer	Marks	Guidance
5(c)	**Justify <u>one</u> suitable method of marketing communication for an ecommerce enterprise.** Identification of a method of marketing communication [1] Explanation showing why this marketing communication would be suitable [+1] Application to the ecommerce enterprise. [1] Answers could include: • sponsorship • social media • online communication • viral marketing. Example: Online communications [1] as these would be seen by a large audience [+1] of the target market looking for online retailers. [1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

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Question	Answer	Marks	Guidance
5(d)	**Explain <u>one</u> source of help and support suitable for Lin and Rachel's ecommerce enterprise, other than an enterprise consultant.** Identification of a source of help and support [1] Explanation showing suitability for this enterprise [+1] Answers may include: • government /business agencies • financial institutions • charities • business networks • teachers at college • other entrepreneurs. Example: Lin and Rachel could ask the bank [1] to help analyse their reports on each option to suggest which is the more viable. [+1]	**2**	AO1 – 1 AO2 – 1

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr>
<td>6(a)</td>
<td>
If Lin and Rachel decide to choose option 2, they would need to comply with laws or regulations in the areas of:

employment
production
marketing and selling.

Analyse the possible effects of any <u>two</u> laws or regulations on this ecommerce enterprise.
<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>
Knowledge may include:

description of laws or regulations
actions taken if laws not adhered to e.g. sued/fined.
Phrases which demonstrate some analysis may include:
Lin and Rachel must give accurate job descriptions, so candidates are aware of the requirements of the job
meeting regulations/legislations will add to production costs
obtaining a license may take time.

</td>
<td>10</td>
<td>
The grade descriptions describe performance at the top of the band.

Application

will need to employ one designer and two tailors
workshops will have equipment which may be a health risk
they plan to purchase insurance
currently they sell clothing/ have experience of marketing and selling
comply with all current government regulations.

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

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Question	Answer	Marks	Guidance
6(a)	**Phrases which demonstrate good analysis will the impact of this on the enterprise. These may include:** Lin and Rachel must give accurate job descriptions so candidates are aware of the requirements of the job therefore they will be safeguarded against legal action for unfair employment practises.		

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(b)</td><td>
Lin and Rachel were considering two enterprise options:

adding a clothing alterations service to their website
producing their own range of clothes.

Evaluate which option you believe would be most suitable for Lin and Rachel. You should consider the benefits and disadvantages of both options in your answer.
<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>

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Question	Answer	Marks	Guidance
6(b)	**Knowledge may include:** • option 2 is most inexpensive option/option 1 least expensive • option 2 involves employing more workers • option 2 more potential for growth. **Phrases which demonstrate some analysis may include:** • use of calculations from Q4b • option 1 lower risk because less cost and resources needed • option 2 costs US$1925 per month • option 2 involves employing more workers which may be difficult to manage and take a longer time. **Phrases which demonstrate good analysis will show why this is a point to consider and may include:** • additional calculation not shown in question 4b • option 2 at US$1925 involves employing more workers which may be difficult to manage and take a longer time to break even and make a profit • producing the legal paperwork and the required staff for option 2 may slow down the project. **Evaluation maybe shown by a two-sided approach considering the benefit and negative aspects of each choice.**		

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(a)</td><td>
PEST is a way to identify the risks involved in an enterprise.
Analyse the effect of any <u>two</u> factors of PEST on the operation or success of <u>your enterprise project</u>. Use examples 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 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:
P – political change such as changes in laws and regulations
E – economic changes such as inflation or unemployment/ the income of our target market
S – social or society change such as an interest/ concern about the environment or willingness to purchase online, the wants of our target market
T – technology such as the improvements to internet connections facilitating online retailing.
</td><td>10</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

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Question	Answer	Marks	Guidance
7(a)	**Phrases which demonstrate some analysis may include:** • technology – we bought a card reader machine to take credit payments increasing payment options • economical – I had low set up costs so breakeven point was low. **Phrases which demonstrate good analysis will the impact of this on their enterprise. These may include:** Technology – we bought a card reader machine to take credit payments which led to more customers buying T-shirts because they could pay easily without cash.		

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(b)</td><td>
Enterprises use many types of communication. These can include:
• non-verbal communication such as body language
• verbal communication
• written communication.

Evaluate <u>two</u> types of communication used with stakeholders in your enterprise project. Justify which type was most effective.
<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>
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Question	Answer	Marks	Guidance
7(b)	**Knowledge may include:** • examples of each type of verbal communication being used • key elements of each type of communication e.g. tone when speaking. **Phrases which demonstrate some analysis may include:** • examples of how each type of communication was used in the context of their own enterprise and the advantages and costs. **Phrases which demonstrate good analysis will show why this is a point to consider and may include:** The impact that each type of communication had on the operation of the enterprise. **Evaluation may be shown by a two-sided approach considering the benefit and negative aspects of each choice.**		

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