Cambridge Assessment International Education

Cambridge IGCSE™

ENTERPRISE **0454/11**

Paper 1 **October/November 2021**

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 2021 series for most Cambridge IGCSE™, Cambridge International A and AS Level 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 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.

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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.

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)

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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).

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> objectives an enterprise may have.** 1 mark per objective Answers might include: • being ethical/social objectives • legal compliance • sales revenue • growth • survival • break-even • sales maximisation • increase market share • profit.	**2**	**AO1 – 2**
1(b)	**Explain the term *enterprise capability.*** Clear definition or two features [2] Imprecise answer showing one of the key attributes of enterprise capability. [1] The resources and skills needed to be able to operate an enterprise. [2] **Or** Taking the initiative, to make decisions and take calculated risks. [2] Features worth one mark might include: • risk taking [1] • decision-making [1] • innovating [1] • having a positive attitude. [1]	**2**	**AO1 – 2**

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Question	Answer	Marks	Guidance
1(c)	**Explain how Jack and/or Enrique used <u>two</u> enterprise skills. Use examples from the case study to support your answer.** Each point should be marked as follows: Identification of an enterprise skill [1] Application to example from the case study enterprise [1] Explanation showing how this was used. [+1] Examples could include: • innovation [1] Enrique designed the swap shop [1] which was a new way to encourage recycling [+1] • determination to succeed [1] even when the teacher said his enterprise would not work [1] Jack did not give up [+1] • self-confidence [1] Jack knew that he would win [1] even though the teacher was not as sure [+1] • taking initiative [1] Jack researching straight away [1] so he was ready for the lesson [+1] • team building [1] Jack and Enrique found a way to work together [1] they combined both of their ideas [+1] • time-management [1] Enrique knew there was work to do [1] and started a business plan [+1] • resourcefulness.	**6**	**AO1 – 2** **AO2 – 2** **AO3 – 2**

Question	Answer	Marks	Guidance
2(a)	**State <u>two</u> risks for an enterprise.** 1 mark per risk Answers might include risks from any of the following areas: • financial • economic • health and safety/environmental • human resources • production.	**2**	**AO1 – 2**
2(b)	**Describe <u>one</u> method used in enterprise to identify risks.** Identification of a method [1] Description showing understanding of the method [+1] Answers may include: • SWOT • PEST • research. Example: SWOT [1] identifies the weaknesses and threats. [+1]	**2**	**AO1 – 2**

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Question	Answer	Marks	Guidance
2(c)	**Explain <u>two</u> possible rewards that Jack is expecting to gain from his enterprise.** Identification of a reward not related to Jack [1] Example from the case study linking reward to Jack [1] Explanation showing understanding of the reward. [+ 1] Answers may include: • gain experience • maximise revenue • achieve profit • be successful/recognition. Examples: Jack wanted to be successful [1] he wanted to win the competition [1] and be the best entrepreneur in the class. [+1] Jack wanted to make lots of profit [1] by selling donated items for cash [+1] and keeping the money. [1]	**6**	**AO1 – 2** **AO2 – 2** **AO3 – 2**

Question	Answer	Marks	Guidance
3(a)(i)	**Explain <u>one</u> reason why financial regulations are needed in enterprise.** Identification of a reason [1] Explanation showing understanding of the reason. [+ 1] Examples: • financial institutions/people more willing to lend money [1] if they know the law will ensure they are repaid. [+1] • customers more willing to borrow [1] if they know they will be charged a fair amount. [+1] • protect stakeholders [1] from losing their money. [+1]	**2**	**AO1**
3(a)(ii)	**Identify <u>two</u> other areas of enterprise covered by regulations, apart from finance.** 1 mark per point. Answers might include: • employment • production • marketing • selling.	**2**	**AO1 – 2**

Question	Answer	Marks	Guidance
3(b)	**Explain <u>one</u> possible positive benefit to the community of The Swap Shop. Use an example from the case study to support your answer.** Identification of a positive benefit/impact on the community [1] Example from enterprise [1] Detailed explanation showing the effect on the community of the enterprise. [+1] Answers might include: • supporting community activities • giving money to charity • reducing pollution • raises community incomes. Example: • Improves (student's) quality of life [1] by giving students access to items [+1] they cannot afford to buy new. [1] • Reduces pollution [1] items are transferred to new owners [+1] rather than being put into the bin [1] • Raises community incomes [1] by providing an opportunity to sell items [+1] that would normally be thrown away. [1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

Question	Answer	Marks	Guidance
3(c)	**Explain <u>one</u> way that an enterprise could be unethical. Use an example to support your answer.** Identification of unethical behaviour [1] Example from an enterprise [1] Detailed explanation showing how the enterprise could be unethical. [+1] Answers might include: • not paying fair wages • not providing appropriate care for the employees • providing incomplete information in adverts • not paying people for the items that they sell. Example: Jack was taking items from people to sell for profit [2] he was not intending to share the profit with people. [1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

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Question	Answer	Marks	Guidance
4(a)	**Explain one reason why marketing is helpful to an enterprise.** Identification of reason [1] Explanation showing understanding. [+1] Answers might include: • increases customer awareness • maintains brand loyalty • increases sales/market share. Example: Marketing tells potential customers the enterprise exists [1] which may persuade them to visit. [1]	2	**AO1 – 2**
4(b)	**Explain <u>one</u> marketing communication method suitable for The Swap Shop enterprise.** Identification of an appropriate communication method [1] Explanation of method in this context. [+1] Answers might include: • school magazine advert • posters/flyers/noticeboards • word of mouth • social media/ intranet. Example: Posters around the school [1] can be used to inform students where the Swap Shop will be. [+1]	2	**AO2 – 2**

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Question	Answer	Marks	Guidance
4(c)	**Explain <u>two</u> methods of market research suitable for The Swap Shop enterprise.** Each method should be marked as follows: Identification of a method of research [1] Identification of a method of research suitable for this small enterprise in the case study [2] Explanation showing why the method is suitable for the case study enterprise. [+1] Suitable methods might include: • primary research [1] • secondary research [1] • focus group [2] • interviews [2] • questionnaire or survey [2] • evidence of previous enterprise experiences [2] • secondary data concerning online shopping or swap shops. [2] Example: Jack and Enrique could produce a questionnaire [2] as the students will be the customers for the event. [+ 1]	**6**	**AO1 – 2** **AO2 – 2** **AO3 – 2**

Question	Answer	Marks	Guidance
5(a)	**Define the term *action plan.*** Clear definition [2] Imprecise answer showing a key attribute of an action plan. [1] Answers might include: A list of tasks that need to be completed in order for a set goal to be achieved. [2] A step-by-step framework of individual tasks to achieve a project. [2] A way of organising tasks to be done. [1] Identifies key stages in a project. [1]	**2**	**AO1 – 2**
5(b)	**Explain <u>two</u> ways producing an action plan helped or would have helped your enterprise project.** Identification of a reason for producing an action plan [1] Example from own enterprise experience [1] Explanation showing understanding of how an action plan assists. [+1] Answers might include: • acts as a checklist • ensures actions completed at the right time • helps identify potential problems/obstacles • keeps track of who is responsible for each task • helps avoid delays. Example: The action plan acted as a checklist [1] so we knew when we needed to order the ingredients for the cakes [1] to have stock in time for the bake sale. [+1]	**6**	**AO1 – 2** **AO2 – 2** **AO3 – 2**

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Question	Answer	Marks	Guidance
5(c)	**Describe <u>one</u> other non-financial document an enterprise would usually produce.** Identification of a document [1] Explanation showing understanding of its purpose. [+1] Answers might include: • Business plan • Agenda • Minutes of meeting • Notice of meeting.	**2**	**AO1 – 2**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(a)</td><td>
Jack liked two enterprise ideas. He decided that selling pre-owned books through online marketplaces would be the better idea.

Analyse how Jack’s decision may have been affected by each of the following:
• increased ownership of smartphones
• an increase in the price of new books.

<table>
<tr><td>Level</td><td>Description</td><td>Mark</td></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:
• smartphones allow owners to surf the internet, purchase online
• new books are an alternative to second-hand books.

Phrases which demonstrate some analysis may include:
An increase in the price of new books may increase the number of customers for Jack’s second-hand book enterprise.
</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)	**Phrases which demonstrate good analysis will show the effect on Jack's decision. These may include**: An increase in the price of new books may increase the number of customers for Jack's second-hand book enterprise thus improving the likely success/revenue. Therefore, this helped him to choose this enterprise idea. [8]		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(b)</td><td>
Jack wanted to work alone but was willing to work with Enrique as a partner.
Evaluate the benefits and disadvantages to Jack of working in partnership with Enrique.
<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>
Knowledge could include:
• benefits and costs/disadvantages of being a sole trader or partnership.

Phrases which demonstrate some analysis will explain how the benefit could apply to Jack and Enrique and may include:
• Jack will gain from Enrique’s planning/ organisational skills
• Jack would be able to combine both his idea of second books and Enrique’s ideas for the swap shop
• The two partners could split the tasks of market research and keeping financial records between them.
</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)	**Phrases which demonstrate good analysis will show the impact on the enterprise or partners and may include:** • Jack will gain from Enrique's planning/ organisational skills which will help the new enterprise to be set up quickly and help to improve its likely success. • The two partners could split the tasks of market research and keeping financial records between them. They are more likely to finish the work in time for the competition start in two weeks. **Evaluation is shown by a two-sided approach considering the benefits and disadvantages of this partnership.**		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(a)</td><td>
<u>Now consider your enterprise project.</u>

There are several financial calculations and records used in enterprise which include:
• cash flow
• break-even
• profit.

Analyse how <u>two</u> of these calculations or records helped you to make decisions in <u>your enterprise project</u>.

<table>
<tr><td>Level</td><td>Description</td><td>Mark</td></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:
• cashflow – movements of money in to and out of an enterprise
• break-even – when income from sales covers all costs in the enterprise
• profit – when total income is greater than total expenditure.
</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 some analysis will show the purpose of the calculation and may include:** • cashflow can be used to predict what might happen in the future • break-even is used to identify the minimum output required and to model 'what if' situations • profit is used to prove the enterprise is a success and to reinvest for the future. **Phrases which demonstrate good analysis will show how the calculations assisted the enterprise. These may include**: • calculating break-even in advance allowed us to compare the cupcake and celebration card ideas. This helped us to see that cupcakes would be the better enterprise idea as we were more likely to break-even by the end of the project • cashflow can be used to predict what might happen in the future for our cupcake enterprise. It helped us to set budgets and targets for the enterprise • profit was used to prove the enterprise was a success and to pay each member of the cupcake enterprise some dividend at the end.		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(b)</td><td>
Evaluate the appropriateness of the methods of communication you used with:
• one internal stakeholder
• one external stakeholder
during <u>your enterprise project</u>.

You should consider a maximum of <u>two</u> methods of communication, for each stakeholder, in your answer.

<table>
<tr><td>Level</td><td>Description</td><td>Mark</td></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>
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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>
Knowledge may include:
• internal and external stakeholders
• methods of communication.
</td><td>15</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

Question	Answer	Marks	Guidance
7(b)	**Phrases which demonstrate some analysis will show how appropriate methods of communication were used with the stakeholder in their enterprise, for example:** • the co-owners used meetings • with suppliers we used emails to order the stock. **Phrases which demonstrate good analysis will show why the method was/was not suitable in their situation. For example:** • the co-owners used face to face communication/ meetings at school which meant we could give lots of detail in a short space of time • because we have been friends for a long time we did not show respect for each other in the meeting (they were informal) so we shouted over each other and did not share the information effectively. **Evaluation maybe shown by a two- sided approach considering the negative aspects of each method of communication.**		