Cambridge Assessment International Education

Cambridge IGCSE™

ENTERPRISE **0454/12**

Paper 1 **October/November 2022**

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 2022 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.

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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)	**Define the term *business enterprise*.** Precise definition [2] Imprecise definition showing some understanding [1] An organisation that has profit as its main aim [2] A business enterprise sells goods and/or services [1] for financial gain [+1] An organisation /business owned/run by people who take the initiative/risk. [1]	**2**	**AO1**
1(b)	**Describe the type of business organisation of Pepijn's bakery shop enterprise.** Identification of a sole trader business organisation [1] Explanation showing understanding of sole trader [1] Application to the bakery. [1] **Example:** Pepijn's bakery is run as a sole trader organisation [1] the business is owned by one person [1] Pepijn makes all the decisions about bread and cakes. [1]	**3**	**AO1 – 2** **AO2 – 1**
1(c)(i)	**Explain <u>one</u> suitable objective for Pepijn's bakery shop enterprise.** Identification of a suitable objective for the enterprise [1] Explanation of why suitable [+1] Application to this business [1] Answers might include: • break even [1] ensuring sales cover costs [+1] as sales are falling [1] • make a profit [1] because this is Pepijn's income [1] and as a sole trader he keeps the profit [+1] • expand [1] to gain sales from more areas [+1] by operating the delivery service [1] • attract new customers [1] to replace those lost [1] and increase sales revenue [+1] • benefit the community [1]by providing a delivery service [+1] for customers that can no longer get to the shop [1] • survival [1] because his sales are falling. [1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

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Question	Answer	Marks	Guidance
1(c)(ii)	**Explain <u>one</u> other possible objective of an enterprise.** Identification of an objective [1] Explanation of the objective showing understanding [+1] Answers might include: • being ethical [1] doing the morally right thing [+1] • legal compliance [1] following laws such as health and safety [+1] • improve cashflow [1] by reducing spending or increasing revenue. [+1]	**2**	**AO1 – 2**

Question	Answer	Marks	Guidance
2(a)	**State <u>three</u> methods of secondary research.** 1 mark per example given. Answers might include: • existing sales records • newspapers or magazine articles • (trade) journals • government statistics/statistics agencies • company reports • market research reports/agencies.	**3**	**AO1**
2(b)	**Explain the difference between *primary research* and *secondary research*.** Primary – collection of original/ first-hand information [1] Secondary – using existing information/ information collected for another purpose. [1]	**2**	**AO1**

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Question	Answer	Marks	Guidance
2(c)	**Explain <u>one</u> benefit to Pepijn of completing market research by using a questionnaire.** Identification of a benefit [1] Explanation showing application to Pepijn' s bakery [+1] Answers might include: • specific to the enterprise needs [1] Pepijn can ask what bakery customers want [+1] • cheap to set up [1] as he organised the questionnaire himself [+1] • can be completed face to face [1] so he/Anke can explain what they question meant [+1] • can ask many people [1] giving him a better idea if the bakery products were liked.[+1]	**2**	**AO1 – 1** **AO2 – 1**
2(d)	**Explain how <u>one</u> piece of market research assisted decision making in <u>your enterprise project.</u> Use an example to support your answer.** Identification of knowledge gained from market research [1] Explanation showing how it assists decision making [+1] Application to own enterprise project. [1] Answers will depend upon own enterprise project. Example: Using online research to find competitors [1] helped us choose a competitive price [+1] for our jewellery. [1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

Question	Answer	Marks	Guidance
3(a)	**State <u>two</u> legal obligations when marketing and selling food products such as cakes.** 1 mark per correct legal obligation. Answers might include: • must be fit for purpose/ not expired • legally allowed to be sold in the country have a permit/licence • safe to be sold/ health and safety • as described / advertised • ingredients should be listed.	**2**	**AO1**
3(b)	**Explain <u>one</u> consequence to Pepijn's bakery shop enterprise of ignoring laws and regulations.** Identification of a consequence [1] Explanation showing possible impact on an enterprise [+1] Application to Pepijn's enterprise [1] Answers might include: • a fine • imprisonment • customers could sue/take them to court • poor word of mouth advertising/reputation • customers will not be retained • business closure. Example: Customers will not return [1] to buy cakes and bread [1] leading to a further reduction in sales revenue. [+1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

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Question	Answer	Marks	Guidance
3(c)	**Define the term *ethics*.** Precise definition [2] Imprecise definition showing some understanding. [1] Moral values (and principles) that govern an entrepreneur's behaviour. [2] Doing the right thing. [1]	**2**	**AO1**
3(d)	**Explain <u>one</u> way Pepijn could act ethically in his bakery shop enterprise. Use an example to support your answer.** Identification of an ethical action [1] Explanation showing understanding [+1] Application to the Pepijn's enterprise. [1] Answers might include: • buying fair trade products • donating to charity • paying workers more than the minimum wage • buying organics products • removing waste items in an environmentally friendly manner. Example: Pepijn could buy organic products [1] such as flour [1] which is better for the environment. [+1] Using paper packaging instead of plastic [1] for the cakes and breads [1] will help reduce pollution. [+1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

Question	Answer	Marks	Guidance
4(a)	**Calculate the number of deliveries that Pepijn must make to break even when setting up the website. Show your working.** 200 deliveries [4] If answer is incorrect award up to **3 marks** as follows: Break even formula Fixed cost / (price – variable cost) [1] Fixed cost = 400[1] Delivery price $3 and/or variable cost $1[1] Contribution =$2 [2]	**4**	**AO1 – 2** **AO2 – 2**
4(b)	**Explain <u>one</u> suitable source of finance that could be used by Pepijn to buy the computer.** Identification of source of finance [1] Explanation showing understanding of the source [+1] Application to show why suitable for a computer. [1] Answers may include: • friends and family (loan) • bank loan • micro-loan • leasing /hire purchase • retained profit • grants for SME • crowdfunding. Example: Bank loan [1] as the computer costs $300 [+1] he can spread the repayments over a few months. [1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

Question	Answer	Marks	Guidance
4(c)	**Explain <u>one</u> suitable source of finance that could be used by Pepijn to pay for the fuel.** Identification of suitable method of finance [1] Explanation showing understanding [+1] Application to show why suitable for fuel. [1] Answers may include: • overdraft • trade credit • owners capital/personal savings. Example: Overdraft [1] as the amount will vary each month [+1] depending on the number of deliveries. [1]		**AO1 – 1** **AO2 – 1** **AO3 – 1**

Question	Answer	Marks	Guidance
5(a)	**Explain two suitable methods of communication Pepijn could use to communicate with Anke.** Each point should be marked as follows: Identification of a suitable method of communication [1] Explanation showing why suitable in this situation [+1] Answers might include: • meetings • face to face conversation • telephone/ mobile • letter • email • text messages. Example: Pepijn could have a meeting with Anke [1] as they work in the same building. [+1]	**4**	**AO1 – 2** **AO2 – 2**
5(b)	**Explain <u>one</u> method of marketing communication that could be suitable for Pepijn's bakery, other than those mentioned in Fig.1.** Identification of a method of marketing communication [1] Explanation of method showing understanding [+1] Application to case study. [1] Answers may include: • local newspapers/local radio/local magazine • sponsorship • cinema • social media. Example: Local newspaper adverts [1] will reach a large group of potential customers [+1] who may be interested in cakes and bread.[1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

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Question	Answer	Marks	Guidance
5(c)	**Explain how non-verbal communication, either positively or negatively, affected <u>your enterprise project</u>. Use an example to support your answer.** Identification of a type of non-verbal communication [1] Explanation of method showing understanding positive or negative effect [+1] Application to own enterprise experience. [1] Answers may include: • body language • facial expressions • proximity • personal appearance • voice intonation /volume/clarity. Example: When observing customers for my cupcake stall [1] their facial expressions [1] helped me to identify if they were interested. [+1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 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>
Enterprising people have many skills. These may include:
• delegation
• innovation
• perseverance
• practical skills.

Analyse how Pepijn used <u>two</u> of the skills listed above in his bakery shop 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>
Knowledge may include:
Knowledge of the meaning of each skill.
Phrases which demonstrate some analysis may include:
• Pepijn delegated the task of distributing the questionnaires to Anke
• He persevered until he found a solution for the falling sales
Phrases which demonstrate good analysis will show the effect on the bakery enterprise. These may include:
By delegation of tasks to Anke she feels more motivated in her work which will improve her productivity.
</td><td>10</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(b)</td><td>
Pepijn thought that there could be two possible solutions to the problem of falling sales:
1 start a new marketing campaign
2 organise a delivery service for customers who have placed telephone orders.

Evaluate which is the better option to ensure the future success of Pepijn’s bakery shop enterprise. You should consider the advantages and disadvantages of each option 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>
Knowledge may include:
Knowledge of measures of success
Advantages and disadvantages of the advertising methods
Phrases which demonstrate some analysis may include:
The advertising is $255 but the delivery costs $400
</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 effect on the bakery enterprise. These may include:** The advertising at $255 is cheaper than the $400 needed for the delivery service but there is no guarantee of success as customers may ignore the advert. **Evaluation is shown by a two-sided approach considering the advantages and disadvantages of both options presented.**		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(a)</td><td>
Analyse the success or failure of <u>your enterprise project</u> in meeting the needs and wants of its customers. 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 may include:
• understanding the difference between a need and a want
• explanation of customer satisfaction
• methods to research customer needs or wants.
Phrases which demonstrate some analysis may include:
We made all the necessary arrangements such as wearing masks to prevent health risks.
Phrases which demonstrate good analysis will show the impact on their enterprise. These may include:
As customers were concerned about being in close contact with other people, we made all the necessary arrangements such as wearing masks and spacing customers out so they felt comfortable waiting to buy the alouda (drink).
</td><td>10</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(b)</td><td>
The negotiation process involves three stages. Two of these are:
• planning
• conducting.

Evaluate the importance of the planning and conducting stages to the successful outcome of the negotiation completed in <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>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>
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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:
• meaning of negotiation, planning, or conducting a meeting
• stages in negotiation including evaluations.
Phrases which demonstrate some analysis may include:
• examples of planning that was undertaken e.g. planning the strengths and weaknesses of my argument allowed me to avoid those weaknesses in the negotiation
• elements that were considered during the conduction of the enterprise.
</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 good analysis will show the effect on their negotiation. These may include:** As I carefully researched competitors prices as part of my planning the supplier of milk could not demand a price that was too high. the My negotiation was successful because of the strength of my planning**.** **Evaluation is shown by a two-sided approach considering the advantages and disadvantages of both aspects of the negotiation.**		

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