CAMBRIDGE
International Education

Cambridge IGCSE™

ENTERPRISE **0454/11**

Paper 1 **October/November 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 October/November 2024 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 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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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>1(a)</td><td>There are six stages involved in the enterprise process. Complete missing stages 1 and 5.

<table>
<tr><th>Stage number</th><th>Description of stage</th></tr>
<tr><td>1</td><td></td></tr>
<tr><td>2</td><td>Exploring creative solutions</td></tr>
<tr><td>3</td><td>Action planning</td></tr>
<tr><td>4</td><td>Implementing the plan</td></tr>
<tr><td>5</td><td></td></tr>
<tr><td>6</td><td>Evaluation of successes and failures</td></tr>
</table>

1 Identifying the problem (or need) [1]
5 Monitoring progress [1]</td><td>2</td><td>AO1–2</td></tr>
</table>

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Question	Answer	Marks	Guidance
1(b)	**Describe how Mariam used <u>two</u> enterprise skills.** Each point should be marked as follows: identification of an enterprise skill [1] application to Mariam's actions. [+1] Answers may include: • practical skills [1] Mariam wrote children's stories [+1] • self-confidence [1] she thought that she would be an author/could publish a book [+1] • took the initiative [1] to research publishers [+1] • willing to take calculated risk [1] spending US$1000 deciding which was the better publishing option [+1] • determination to succeed [1] she did not give up at the first problem [+1] • problem-solving [1] she researched the problem of how to publish a book [+1] • creative [1] • innovative [1].	**4**	AO1–2 AO2–2

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Question	Answer	Marks	Guidance
1(c)	**Explain how each of the following could affect Mariam's proposed enterprise:** **(i) a change in the population** **(ii) a change in real income.** Each point should be marked as follows: identification of a change that could affect Mariam's enterprise [1] Explanation of the affect. [+1] Change in population answers may include: • increase in the average age of the population [1] may reduce demand for children's books [+1] • rise in the number of children [1] may increase demand for children's books [+1] • change in the ethnicity mix [1] need to translate the books into different languages. [+1] Change in real income answers may include: • falling incomes [1] fewer people may buy the books as they are a luxury product/price may have to be reduced [+1] • rising incomes [1] creates rising demand for books/ price may be increased. [+1] • Mariams's income rising [1] would allow more investment. [+1]	**4**	AO2–2 AO3–2

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Question	Answer	Marks	Guidance
2(a)	**Define the term *risk reducer.*** precise definition showing clear knowledge and understanding [1] imprecise definition showing some knowledge and understanding [1] Examples: A person who attempts to limit the likelihood and amount of a possible risk. [2] Person who researches to reduce risk [1] Person who tries to mitigate/ manage each risk [1] An attitude to risk. [1]	**2**	AO1–2
2(b)	**Explain how two risks influenced your enterprise project.** Each risk should be marked as follows: identification of a risk [1] explanation of the impact of the risk/or action taken to mitigate [+1] application to own enterprise [1] Answers will depend on the candidate's own enterprise experience. Examples: There was a risk we would run out of finance [1] stopping us from being able to buy more raw materials needed [+1] to produce more cupcakes. [1] There was a risk the Rector [1] would not give permission for unhealthy food to be sold [1] therefore we changed the enterprise to healthy food. [+1]	**6**	AO1–2 AO2–2 AO3–2

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Question	Answer	Marks	Guidance
2(c)	**State <u>two</u> examples of ethical actions in an enterprise**. Each correct example [1] Answers could include: • fair trade • organic farming/eco-friendly/cruelty-free goods • donations to charity • paying **fair** wages/**fair** prices to suppliers • charging **fair** prices/ prices in line with quality • ensure workers have **fair** hours.	**2**	AO1–2

Question	Answer	Marks	Guidance
3(a)	**State <u>two</u> methods of primary market research.** Each correct method [1] Answers may include: • interviews • surveys • questionnaires • focus groups • observation.	**2**	AO1

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Question	Answer	Marks	Guidance
3(b)	**Explain why you needed to consider each of the following when choosing the methods of market research for <u>your enterprise project</u>:** **(i) the cost of the method** **(ii) the suitability of the method for reaching the potential target market.** Each factor should be marked as follows: Application of factor to enterprise project [1] Explanation of why this was important [+1] Answers may include: **(i) the cost of the method** We spent US$50 on research [1] this limited the advertising we could do. [+1] Would limit the money to spend on anything else. [1] **(ii) the suitability of the method for reaching the potential target market.** The enterprise project only ran for 2 weeks [1] we needed a fast method of research to help us start quickly. [+1] To ensure we gained the correct information [1] therefore we would make the cupcakes people would buy. [+1] If wrong method chosen, we will waste time and money. [1]	**4**	AO2–2 AO3–2

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Question	Answer	Marks	Guidance
3(c)	**Explain <u>two</u> ways that market research was helpful to Mariam.** Each way should be marked as follows: **Method of research Mariam used [1] and the information discovered [+1]** Answers may include: • discussing with her aunt [1] helped identify that people liked her story / gave her the idea to publish [+1] • 'Mariam used internet research' [1] identified option 1 and 2 as ways to publish books [+1] • meeting with the lawyer [1] made her realise the risks of publishing. [+1] **OR** **Information found [1] and what decision this helped Mariam to make [+1]** Answers may include: • identified the cost of each option [1]allowing her to choose the best option for printing [+1] • helped identify the selling price for the book [1] therefore she could decide if it would be profitable [+1] • Mariam's research identified two ways that she could publish books [1] which helped her to see that she could afford to publish. [+1]	**4**	AO2–2 AO3–2

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Question	Answer	Marks	Guidance
4(a)	**Explain <u>one</u> source of start-up funding that could be suitable for Mariam.** identification of a source of finance [1] explanation showing why suitable for Mariam [+1] Answers may include: • personal saving • bank overdrafts • bank loans • grants • crowdfunding • friends and family. Example: Personal savings [1] as she only needed a small amount of US$3.50 per book. [+1]	**2**	AO1–1 AO2–1
4(b)	**State the difference between *fixed costs* and *variable costs*.** Clear statement of the difference **or** definition of each term [2] imprecise statement showing some understanding. [1] Examples: Fixed costs don't vary with output/do not depend on enterprise activity [1] Variable costs do change with output/enterprise activity. [1]	**2**	AO1–1 AO2–1

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Question	Answer	Marks	Guidance
4(c)	**Calculate, using Table 1, the expected total revenue Mariam will receive for <u>Option 1</u> if she produces 250 books. Show your working.** US$1500 [4] If answer is incorrect marks may be awarded as follows: • Mariam receives 60% × 2500. [3] OR • total revenue US$ 2500 [2] Or • price per book US$10 /Mariam Receives 0.6 × selling price [1]	**4**	AO1–2 AO2–2
4(d)	**Calculate, using Table 1, the expected profit for each book for <u>Option 2</u>. Show your working.** US$6.50 [2] If answer is incorrect: selling price – cost [1] **OR** US$10 – US$3.50 [1]	**2**	AO1–1 AO2–1

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Question	Answer	Marks	Guidance
5(a)	**Define the term *negotiation*.** Precise definition showing clear knowledge and understanding [1] imprecise definition showing some knowledge and understanding. [1] Answers may include: • reaching outcomes to satisfy the interests of all involved [2] • a discussion between two parties [1] to reach a mutual agreement [1] • the process of resolving disputes [1] to the satisfaction of both parties. [1]	**2**	AO1–2
5(b)	**State <u>two</u> documents used in enterprise planning.** Each correct document [1] Answers may include: • agenda • action plan • business plan • cashflow forecast/financial documents • negotiation plan.	**2**	AO1–2

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Question	Answer	Marks	Guidance
5(c)	**Explain <u>one</u> reason why enterprise plans may need to be updated.** Identification of a reason [1] explanation showing understanding. [+1] Answers may include: • change of costs • external factors change – e.g. population/economic factors • changes in the level or type of competition • new products developed • additional finance is required • change of ownership • growth • achieved original objectives • enterprise is failing in some way e.g. not making sales, management failure/leaving. Example: The original objectives have been achieved [1] and the business needs to set new ones. [+1]	**2**	AO1–2

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Question	Answer	Marks	Guidance
5(d)	**Explain <u>two</u> ***<u>formal</u>* **sources of help and support for enterprise other than a lawyer.** Identification of a formal source of help and support [1] explanation showing help and support offered. [+1] Answers may include: • government /business agencies • consultants • financial institutions/banks • charities • business networks • other entrepreneurs. Example: Financial institutions [1] offer sources of finance to help entrepreneurs raise the funds to start operating. [+1]	**4**	AO1–4

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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>
There are several potential stakeholders in Mariam's proposed enterprise. These include:
• banks (financier)
• her mother
• parents and children (customers)
• publishing and printing businesses (suppliers).

Analyse how <u>two</u> of these potential stakeholders could affect Mariam's proposed enterprise. Use examples from the case study to support your answer.

<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:
• description of generic support offered by stakeholders e.g. banks give loans.
• other stakeholders identified.
</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
6(a)	**Phrases which demonstrate some analysis may include:** • parents buy the books for their children creating revenue • parents could recommend that others buy her books • her mother was willing to provided her with US$1000 finance needed. **Phrases which demonstrate good analysis will explain the impact of the stakeholder on Mariam's enterprise. These may include**: • parents may not be willing to pay US$10 therefore Mariam will not cover the costs of production and breakeven • parents could recommend that others buy her books, this positive word of mouth may increase sales influencing Mariam's success and profit levels. Her mother was willing to provide her with US$1000 finance therefore allowing her to choose Option 1 (business publishing.)		

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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>
Mariam is considering <u>two</u> options to publish her book, Option 1 and Option 2.
Evaluate which of the <u>two</u> options you would recommend Mariam should choose. You should consider the advantages and the disadvantages of both options 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 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:
• stated cost /benefits of each option.
</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
	Phrases which demonstrate some analysis may include: • Mariam will earn US$6.50 for each book sold with Option 2 • Mariam will earn US$10 for each book with option 1 • Option 1 more expensive than option 2 • Explanation of a cost or benefit. **Phrases which demonstrate good analysis will show why this is a point to consider and may include:** • Completing another calculation such as total profit Option 1 is ($6 × 250 minus $1000 costs**) $500**. Option2 ($6.50 × 250**) $625.** • Can produce 35 more books for $1000 with option 2. **Evaluation may be shown by a two-sided approach considering the advantages and disadvantages of each option.** Total profit of Option 1 is **$500**. Option2 is **$625.** Therefore Option 2 is better for profit. However this means that Mariam will have to complete all of the work of publishing and selling the books.		

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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>
Non-verbal communication includes body language. Analyse any <u>two</u> effects that non-verbal communication had on the success of face-to-face communications 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>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:
• Examples of non-verbal communication methods.

Phrases which demonstrate some analysis may include:
• Explanation of the effects of non-verbal communications e.g. making eye contact leads to suppliers are more likely to want to work with you.
• I made eye contact with each potential customer and smiled which encouraged them to visit our cupcake stall.
</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 good analysis will explain the impact of this type of communication on the success/failure of face-to-face communication. These may include**: Explanation of the effects of non-verbal communications. I made eye contact with each potential customer and smiled encouraging them to visit our cupcake stall. The customers felt they were welcome and they were more willing to buy our cupcakes.		

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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>
The success of an enterprise can be measured in many ways. These include:

achieving sales
customer retention
producing a quality good or service
profit.

Evaluate the success of <u>your enterprise project</u> using <u>two</u> of the ways listed above.
<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
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</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
7(b)	**Knowledge may include:** • description of the meaning or calculation of measures identification of alternative measures of success. **Phrases which demonstrate some analysis may include:** Explanation of how objective were achieved/ actions taken e.g. We achieved the highest sales in our class which proves that our cupcakes project successfully attracted customers. **Phrases which demonstrate good analysis will show why this is a point to consider and may include:** We achieved profit of US$100 for our cupcake business therefore we were successful in selling products. However, I do not know if the quality of cupcakes was good because I did not ask the customers, therefore I am assuming the quality was fine because we made a profit. **Evaluation maybe shown by a two-sided approach considering the benefit and negative aspects of each choice.**		

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