



ENTERPRISE

0454/12

Paper 1 Case Study

May/June 2017

MARK SCHEME

Maximum Mark: 100

Published

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This document consists of **10** printed pages.

Question	Answer	Marks
1(a)	<p>State <u>two</u> problems that a sole trader may face.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • lack of finance • unlimited liability • lack of knowledge/skills for all aspects of the enterprise • long hours/workload/whole responsibility 	2
1(b)	<p>Identify <u>two</u> personal attributes needed to be enterprising.</p> <p>Answers may include: leadership/self-confidence/ determination (to succeed)/innovation/creativity/ resourcefulness/interpersonal skills</p>	2
1(c)	<p>Explain how Rakesh used <u>two</u> personal attributes to help his enterprise to be successful.</p> <p>Marks per attribute explained: 1 mark – identification of how the attribute was used (from the case study) 2 marks explanation – how the attribute might impact the success of the enterprise or not</p> <p>Example: He innovated by teaching students in a hall (1), which cut down his travel time (1) and enabled him to teach more students. (1)</p>	6

Question	Answer	Marks
2(a)	<p>State <u>two</u> risks an entrepreneur may face.</p> <p>1 mark per risk identified.</p> <p>Answers may include risk of:</p> <ul style="list-style-type: none"> • losing funds invested • not knowing what the customers want/no demand • not being able to compete/losing existing customers • insufficient customers to generate a profit/costs being higher than revenue <p>Accept any realistic potential risk</p>	2
2(b)	<p>Explain <u>one</u> reason why entrepreneurs are willing to take risks.</p> <p>1 mark identified reason. Plus 1 mark for development of reason identified.</p> <p>Answers might include:</p> <ul style="list-style-type: none"> • the potential rewards are great • it is a calculated risk • they are confident that they can succeed <p>Example: Entrepreneurs consider the rewards of greater profit (1) worth the risk of potential losses (+1)</p>	2
2(c)	<p>Identify <u>two</u> approaches to dealing with risk.</p> <p>1 mark per identified risk.</p> <p>Reducer / willing to accept a certain amount of risk Optimiser / wishing to reduce the amount of risk to reduce failure Avoider / avoiding any possibility of risk</p>	2
2(d)	<p>Explain Rakesh's approach to dealing with risk, using an example from the case study.</p> <p>1 mark – correct identification that Rakesh is a risk reducer/seeks to minimise risk +2 marks – some reasoning to justify choice 1 mark – supporting example from the case study Maximum 2 marks if attitude to risk is not explicit</p> <p>Example might include:</p> <ul style="list-style-type: none"> • researched before renting the hall • gathered information before applying for a franchise • made changes slowly • planned thoroughly before making decisions <p>Example: Risk reducer because he researches thoroughly before making decisions (2). Rakesh researched if his customers would be interested in group lessons and therefore was willing to take the risk (2).</p>	4

Question	Answer	Marks
3(a)(i)	<p>What is the difference between the following terms? <i>franchisee and franchisor</i></p> <p>2 marks explicit identification of the difference between the two terms. 1 mark identified factor that suggests a difference.</p> <p>Example: Franchisee buys the rights whilst the franchisor sells those rights (2). Franchisee buys the licence/right to sell (1). Franchisor sells the license/right to use its company name (1).</p>	2
3(a)(ii)	<p>What is the difference between the following terms? <i>primary and secondary research</i></p> <p>2 marks explicit identification of the difference between the two terms. 1 mark identified factor that suggests a difference.</p> <p>Example: Primary is original research whilst secondary is not (2). Primary research is original data directly from the source (1). Secondary research is data that has already been collected by someone else (1).</p>	2
3(b)	<p>What is meant by <i>customer satisfaction</i>?</p> <p>2 marks for a clear and precise definition. 1 mark for some understanding of the term.</p> <p>Example: Customer satisfaction is the number of customers whose experience with the enterprise meets or exceeds their expectations (2). A measure of how happy customers are (1).</p>	2
3(c)	<p>Analyse <u>one</u> method that you used, or could have used, to measure customer satisfaction in <u>your enterprise project</u>.</p> <p>1 mark – identification of a method 1 mark – application to own enterprise experience 2 marks – explanation showing how method would measure satisfaction or not</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • customer surveys • comment cards • measure the number of returning customers • record the number of customer complaints • interviews with customers <p>Example: We used a customer questionnaire (1) which was handed out with their order of cakes (1) this gave us feedback on what they liked and disliked (1) and was easily collected (1).</p>	4

Question	Answer	Marks
4(a)	<p>State <u>two</u> pieces of information that would be included in a cash flow budget.</p> <p>1 mark per valid point</p> <p>Answers might include terms below or relevant examples of each:</p> <ul style="list-style-type: none"> • income/revenue • expenditure/spending • direct costs • indirect costs • overheads • fixed costs 	2
4(b)	<p>Identify <u>two</u> reasons why an enterprise needs to draw up a cash flow budget.</p> <p>1 mark – per identified reason.</p> <p>Answers might include:</p> <ul style="list-style-type: none"> • identify cash shortfalls in advance • ensure they can afford to pay bills • identify problems with customer payments • may be required by some financial bodies • avoid overspending 	2
4(c)	<p>Explain <u>one</u> problem Rakesh could face in his enterprise by <u>not</u> keeping his financial records up-to-date.</p> <p>1 mark – identification of a problem 1 mark – application through use of case study material 2 marks – explanation showing why this is a problem</p> <p>Application might include:</p> <ul style="list-style-type: none"> • unsure of the success of enterprise • profits unknown • no current business plan • records needed for the franchise agreement <p>Example: Rakesh did not know (1) how successful his changed enterprise was (1). As a result he could not make a decision (1) on whether the franchise would be more profitable (1).</p>	4

Question	Answer	Marks
5(a)	<p>State <u>two</u> business objectives of an enterprise.</p> <p>Answers might include:</p> <ul style="list-style-type: none"> • make a high number of sales/sell all stock/earn profit • establish the enterprise • gain experience • attract repeat business • environmental • ethical • satisficing 	2
5(b)	<p>Explain <u>two</u> reasons why an entrepreneur would need to update their business plan.</p> <p>1 mark per stated reason (maximum of two). Plus 1 mark – further development of each point.</p> <p>Answers might include:</p> <ul style="list-style-type: none"> • changes to customer base • altered location • new source of finance added • increased range of products/services • altered business organisation <p>Example: The services offered have changed (1) and the plan would need to show who is being targeted/potential revenue (+1).</p>	4
5(c)(i)	<p>What is meant by a <i>business network</i>?</p> <p>2 marks for a clear and precise definition. 1 mark for some understanding of the term.</p> <p>Example: A group of business people gathering (1) to share and learn from their experiences (1). Or Entrepreneurs who pool their resources and capitalise on shared assets (2).</p>	2
5(c)(ii)	<p>Explain <u>two</u> sources of support used in <u>your enterprise project</u>.</p> <p>1 mark per identified source (max 2) Plus 1 mark per explanation – showing how the support was used. Sources might include: friends/family, business networks, entrepreneurs, and teachers.</p> <p>Example: Our teacher (1) helped us to complete the profit and loss account. (1)</p>	4

Question	Answer	Marks
6(a)	<p>Rakesh used both oral and written communications. Discuss the advantages and disadvantages of these methods of communication in helping Rakesh to gather information about the franchise opportunity.</p> <p>Level 4 (9–10 marks) Candidate is able to offer a very thorough discussion of both oral and written communication. Advantages and disadvantages are discussed in the context of the case study material.</p> <p>Level 3 (6–8 marks) Candidate is able to offer an analysis of the methods of communication, illustrating either advantages or disadvantages of the methods used in the case study. For 7 plus marks, there must be some attempt to discuss both areas.</p> <p>Level 2 (3–5 marks) Candidate is able to apply knowledge and understanding of oral and written communication methods used in the case study. For 5 marks, both methods must be applied.</p> <p>Level 1 (1–2 marks) Candidate is able to demonstrate some knowledge and understanding of oral and written communication, but there is no application to an example.</p> <p>Level 0 (0 mark) Candidate is unable to demonstrate any knowledge or understanding of oral or written communication methods.</p>	10

Question	Answer	Marks
6(b)	<p>Rakesh made a decision not to buy the franchise. Recommend whether or not this was the <u>best</u> option for the future of Rakesh’s enterprise. Justify your decision.</p> <p>Level 4 (10–15 marks) Candidate is able to offer a very thorough evaluation of the decision to remain a sole trader with some reference to the advantages and disadvantages of both business organisations. For 13 plus marks, justification of decision needs to be explicit and logical.</p> <p>Level 3 (6–9 marks) Candidate is able to offer an analysis of the suitability of franchising for Rakesh’s business. At this level answers may be one sided – the advantages or disadvantages of franchising or a sole trader may be considered in depth, or both in less detail.</p> <p>Level 2 (3–5 marks) Candidate is able to apply knowledge and understanding of a franchise or sole trader organisation with reference to the case study material.</p> <p>Level 1 (1–2 marks) Candidate is able to demonstrate some knowledge and understanding of a franchise or sole trader organisation.</p> <p>Level 0 (0 mark) Candidate is unable to demonstrate any knowledge or understanding of a franchise or sole trader organisation</p>	15

Question	Answer	Marks
7(a)	<p>Rakesh believed that he could do better working alone. Discuss, using examples, how working as a team helped, or could have helped, you when setting up <u>your enterprise project</u>.</p> <p>Level 4 (9–10 marks) Candidate is able to offer a very thorough discussion of both the potential benefits and problems of team working in the context of their own enterprise experience.</p> <p>Level 3 (6–8 marks) Candidate is able to offer an analysis of the potential benefits or problems of team working within their enterprise project. For 7 plus marks, there must be some attempt to discuss more than one aspect.</p> <p>Level 2 (3–5 marks) Candidate is able to apply knowledge and understanding of how team working could have been used in their enterprise project, with the use of examples.</p> <p>Level 1 (1–2 marks) Candidate is able to demonstrate some knowledge and understanding of team working, or its benefits and costs. There is no application to an example.</p> <p>Level 0 (0 mark) Candidate is unable to demonstrate any knowledge or understanding of team working.</p>	10

Question	Answer	Marks
7(b)	<p>Rakesh needed to encourage more students to use his services. Evaluate the methods you used in <u>your enterprise project</u> to encourage customers to buy your goods or services.</p> <p>Level 4 (10–15 marks) Candidate is able to offer a very thorough evaluation of the methods to encourage customers with some reference to the advantages and disadvantages of at least two methods of encouraging customers to buy within the market. For 13 plus marks, evaluation needs to be explicit and logical.</p> <p>Level 3 (6–9 marks) Candidate is able to offer an analysis of the suitability of the methods chosen. At this level answers may be one sided – the advantages or disadvantages of one method may be considered in depth, or two methods in less detail.</p> <p>Level 2 (3–5 marks) Candidate is able to apply knowledge and understanding of methods of encouraging customers to buy within the market, which would be appropriate for their own enterprise project.</p> <p>Level 1 (1–2 marks) Candidate is able to demonstrate some knowledge and understanding of methods of encouraging customers to buy within the market, e.g. mass media, electronic etc.</p> <p>Level 0 (0 mark) Candidate is unable to demonstrate any knowledge or understanding of methods of encouraging customers to buy within the market.</p>	15