

# ENTERPRISE

Paper 0454/01  
Case Study

## Key message

- Candidates are required to apply the knowledge that they have gained from operating their own enterprise to the questions set in the examination. They should be encouraged to use examples from their own experience wherever possible.
- In **Section A** questions which required recall of knowledge were done well, while the answers to questions which required explanation needed to contain more developed detail.
- **Section B** answers require detailed discussion, which looks at both positives and negatives before reaching a supported conclusion.

## General comments

Candidates generally responded well to the paper and the case study material appeared to be within the understanding of candidates. In nearly all cases candidates attempted all questions. Centres had prepared their candidates well by ensuring coverage of the syllabus content so that candidates possessed knowledge of Enterprise terminology. This led to success in questions such as **1(a)(i)**, **3(a)** and **4(b)**, which required textbook style answers. Some aspects of the syllabus were not fully understood, such as the purpose of Business Planning. The paper provided the opportunity for candidates to apply their own experience of running an enterprise to given situations and to make evaluative judgements. Such opportunities were taken by strong candidates.

There was evidence that some candidates did not read the questions carefully and consequently the answers were not focused correctly on the question set. A lack of application in answers also significantly reduced the marks awarded. This was a problem in questions such as **2(b)** and **3(b)(ii)**. Candidates also need to be reminded that marks are lost in explanation-style questions by identifying separate points of knowledge rather than developing fully each point raised.

**Section B** questions were the most challenging for all candidates. These questions ask for a justification of the decision made. The evaluation marks were sometimes lost because the candidate did not make a decision at all, or the decision made was not linked to the knowledge and analysis presented. Candidates would benefit from considerable practice in essay-style questions.

There are some considerations that might be helpful in enabling candidates to achieve higher marks in future exam sessions.

- Key terms should be learnt accurately.
- Candidates need to pay careful attention to the question asked. Questions such as **3(b)(ii)**, which asked for 'two factors which any entrepreneur would need to consider before negotiating with a supplier', required an awareness of factors and an explanation of why each factor is important in the process of negotiation.
- Working should be shown in all calculations.
- Candidates should use the information in the case study and their own experience to develop explanations with examples.

## Comments on specific questions

### Section A

#### Question 1

- (a) (i) This was well answered by many candidates. A common error was to confuse entrepreneurship with business start-up. A clear precise definition is required for such questions.
- (ii) This was a difficult question for some candidates. Excellent answers identified an element of entrepreneurship, such as risk, and explained how that applied to their own enterprise experience.
- (b) This question required candidates to identify appropriate and realistic sources of help for a new entrepreneur. The candidates were therefore expected to apply their knowledge of topic 9 of the syllabus. Many candidates misinterpreted this question and discussed how an entrepreneur, either present or historical, had skills which Mabel could use.

#### Question 2

This question was not attempted by every candidate.

- (a) Most candidates identified an area of operation which will be affected by law. The better candidates used an example, from the case study or their own enterprise, to show how the law identified would impact upon the enterprise.
- (b) This question discriminated well between the candidates. Effective answers showed good knowledge and understanding of PESTEL and risk, which were explained using examples from their own enterprise experience. Weaker candidates were able to identify the risks involved in enterprises although they did not relate this to PESTEL.

#### Question 3

The theory underlying these questions was well understood and therefore questions requiring definitions were done well.

- (a) This was generally a well-answered question.
- (b) (i) Candidates clearly had very good understanding of this term and used examples to develop their answers fully.
- (ii) While most candidates identified one factor to consider, some needed to explain why this was an important part of the negotiation process.
- (c) Better answers identified an entrepreneurial skill, explained how Mabel would apply that skill and then developed the explanation to show how this would improve her enterprise.

#### Question 4

- (a) (i) This term was understood by most candidates. Candidates need to explain that these costs alter with output.
- (ii) Candidates need to be more precise in their definitions and show that overheads cannot be directly related to a product.
- (iii) Profit was not well defined. Weaker answers confused profit with sales revenue.
- (b) Many good answers were provided here. A common error was to identify the purpose of the spending rather than the cost, e.g. location rather than rent.
- (c) This question differentiated well between candidates. Weaker answers concentrated upon a definition of the term budget or descriptions of a particular budget, such as a cash flow forecast, rather than an explanation of how a budget helps an entrepreneur.

### Question 5

Candidates had clearly covered this section of the syllabus in their studies.

- (a) This was the most difficult part of the question for some candidates. The most successful answers started with a clear definition of cash flow followed by an explanation of how it would help an enterprise to avoid over-spending.
- (b) A common error here was to subtract the opening bank balance from the net cash flow.
- (c) Some very effective answers were presented which explained how their enterprise managed the financial aspect. Weaker candidates defined cash flow deficits and ignored the instruction to explain the methods used to control it.

### Section B

#### Question 6

- (a) It was clear that some candidates were not fully aware of the term business objectives and had not set objectives in their enterprise. Effective answers identified the objectives set in their enterprise and explained how the objectives helped or limited the running of their enterprise.
- (b) The purpose of business planning was not clearly understood by some candidates. The weakest candidates simply described the content of a business plan. Stronger candidates explained how each element of the plan would help an entrepreneur to be more successful when starting up. Some candidates struggled to gain Level 4 because they did not address all aspects of the question and reach a supported judgement. The aspect of growth in the long term was not addressed at all.

#### Question 7

- (a) Many very effective answers were given to this question showing good knowledge and application of communication methods. Weaker candidates needed to assess the benefits and disadvantages of the methods suggested in relation to Mabel's small local food enterprise.
- (b) The concept of marketing was understood by nearly all candidates. The strongest candidates used the case study, analysed at least two suitable methods of communication for this small enterprise and produced a supported judgement as to the best methods for Mabel. A common error was to ignore the communication aspect of the question and discuss promotions such as free delivery.

# ENTERPRISE

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Paper 0454/02  
Coursework

## Key messages

- To score top marks, candidates must provide evidence of all activities for each task.
- Activities requiring demonstration of practical enterprising skills were done well.
- Activities that required candidates to show analysis and evaluation skills (AO3) need to contain explanation and supporting evidence.

## General comments

Paper 2 is the coursework component for this syllabus, through which candidates have the opportunity to carry out their own enterprise project either on their own or as a member of a group. Candidates are required to complete four main tasks, each of which requires them to provide a range of materials as evidence. These tasks are designed to assess a range of assessment objectives and skills associated with enterprising activities.

This was the first session for this new Paper 2 coursework. Candidates seemed to have been well advised in their choice of suitable projects. Many candidates were able to use appropriate enterprising techniques to gather the evidence required for each task.

Candidates should provide evidence for all elements of each task to avoid limiting the potential number of marks that they can score. It is therefore important that both Centres and candidates are familiar with the coursework requirements as specified in the syllabus.

## **Task 1**

Candidates are required to submit both a written report and either a wall chart or information leaflet. Better candidates included appropriate posters which summarised their chosen project. Others needed to provide more information about why they had selected their particular project.

Better-performing candidates were also able to communicate the process and outcome of their investigations into choosing a suitable project. They were able to present their data in a meaningful way and were able to draw valid conclusions from the data they had obtained. There was good evidence of higher order skills of analysis and evaluation within the better reports. Others needed to develop more detailed explanations to say why they had chosen one option over other possible options, rather than just stating their choice.

## **Task 2**

Candidates were required to present evidence of business planning. All candidates were required to produce an action plan, risk assessment and evidence of either financial planning or marketing communication. Most candidates omitted evidence for one element of this task.

Many good responses contained detailed explanations to show possible risks, and the reasons behind their decisions. Others needed to develop more detailed explanations in order to achieve high marks. For example, candidates could explain why the risks identified were issues for their project, why certain tasks in the action plan were given to a specific individual, and reasons behind the choice of their marketing or financial options. Candidates needed to provide detailed explanations for all parts of the task, in order to show a 'very good ability to analyse information' as described in the mark scheme.

### Task 3

Candidates were required to provide evidence of preparation for negotiation and a written record of how they had implemented their action plan. Candidates were well prepared to carry out this practical task. Most candidates seemed to enjoy the opportunity to practise their negotiation skills. It is worth emphasising for Centres using a witness statement as evidence of negotiation that it should be signed by an appropriate person and include detailed comments to support the mark awarded. This would greatly assist the Moderator in determining how well the skills of enterprise were applied.

### Task 4

Candidates were required to produce a formal report. Some of the written reports adhered closely to the guidelines from the syllabus regarding good practice for report generation. The majority of candidates were able to make simple conclusions about the success of their project. Fewer candidates were able to use evidence collected to support their conclusions, which they needed to do to merit a high mark.

The annotation of the work was limited. It would assist the external moderation process if the Centres would identify where candidates have demonstrated the relevant assessment criteria. For example, writing AO1, AO2 and AO3 or comments such as good analysis at appropriate points in the work would be helpful.