



CARIBBEAN EXAMINATIONS COUNCIL

**CAPE<sup>®</sup>**

**Entrepreneurship**

**SYLLABUS  
SPECIMEN PAPER  
MARK SCHEME  
SUBJECT REPORTS**

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## **Entrepreneurship**

Entrepreneurship seeks to empower students by providing the knowledge, skills and attitudes to achieve entrepreneurial success in a variety of settings. It places emphasis on the individual's acumen to realise opportunity, assess risk, and apply the skills necessary to transform innovative ideas into viable, sustainable ventures. The CAPE Entrepreneurship syllabus provides students with the mindset that supports creativity and innovation needed to transform ideas into ventures that create value and wealth. The syllabus seeks to fill that void in the continuum from idea generation to venture creation.

Several governments, as well as many non-governmental organisations in the region have implemented entrepreneurial initiatives which offer training, tax incentives, funding and start-up support to individuals to assist them in actualising entrepreneurial ambitions. The syllabus apprises students of ways to access these training, technical support, funding and legislative incentives.

The syllabus addresses fundamentals of entrepreneurial behaviour and thinking and engages students in practical experiences through idea generation and opportunity identification to implementing, managing and harvesting a venture. The syllabus also acquaints students with the essentials of business ownership, legal and regulatory frameworks, the importance of market research, feasibility analysis and the development of a business model in order to successfully compete in the global marketplace. The syllabus provides a good foundation for further studies in Entrepreneurship, starting and operating a venture and/or becoming an entrepreneurial employee (intrapreneur).

The syllabus is divided into two (2) Units.

### **Unit 1: Entrepreneurship Theory**

- Module 1 - The Entrepreneurial Mindset
- Module 2 - The Entrepreneurial Process
- Module 3 - Creativity and Innovation

### **Unit 2: Entrepreneurship Practice**

- Module 1 - Essentials of Business Ownership
- Module 2 - New Venture Planning and Creation
- Module 3 - Managing and Growing the Venture





CARIBBEAN  
EXAMINATIONS  
COUNCIL

Caribbean Advanced  
Proficiency Examination®

# SYLLABUS

# ENTREPRENEURSHIP

CXC A31/U2/13

Effective for examinations from May–June 2015



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## NOTE TO TEACHERS AND LEARNERS

First issued in 2013

*Amended 2016*

*Amended 2020*

*Amended 2022*

Please check the website [www.cxc.org](http://www.cxc.org) for updates on **CXC**<sup>®</sup>'s syllabuses.

Please access relevant curated resources to support teaching and learning of the syllabus at <https://learninghub.cxc.org/>

For access to short courses, training opportunities and teacher orientation webinars and workshops go to our Learning Institute at <https://cxclearninginstitute.org/>

### PLEASE NOTE



This icon is used throughout the syllabus to represent key features which teachers and learners may find useful.

# Introduction

The Caribbean Advanced Proficiency Examination® (**CAPE**®) is designed to provide certification of the academic, vocational and technical achievement of students in the Caribbean who, having completed a minimum of five years of secondary education, wish to further their studies. The examinations address the skills and knowledge acquired by students under a flexible and articulated system where subjects are organised in 1-Unit or 2-Unit courses with each Unit containing three Modules. Subjects examined under **CAPE**® may be studied concurrently or singly.

The Caribbean Examinations Council offers three types of certification at the **CAPE**® level. The first is the award of a certificate showing each **CAPE**® Unit completed. The second is the **CAPE**® Diploma, awarded to candidates who have satisfactorily completed at least six Units, including Caribbean Studies. The third is the **CXC**® Associate Degree, awarded for the satisfactory completion of a prescribed cluster of *eight* **CAPE**® Units including Caribbean Studies, Communication Studies *and Integrated Mathematics*. *Integrated Mathematics is not a requirement for the **CXC**® Associate Degree in Mathematics*. The complete list of Associate Degrees may be found in the **CXC**® Associate Degree Handbook.

For the **CAPE**® Diploma and the **CXC**® Associate Degree, candidates must complete the cluster of required Units within a maximum period of five years. *To be eligible for a **CXC**® Associate Degree, the educational institution presenting the candidates for the award, must select the Associate Degree of choice at the time of registration at the sitting (year) the candidates are expected to qualify for the award.* Candidates will not be awarded an Associate Degree for which they were not registered.

# Entrepreneurship Syllabus

## ◆ RATIONALE

Entrepreneurship seeks to empower students by providing the knowledge, skills and attitudes to achieve entrepreneurial success in a variety of settings. It places emphasis on the individual's acumen to realise opportunity, assess risk, and apply the skills necessary to transform innovative ideas into viable, sustainable ventures. The **CAPE®** Entrepreneurship syllabus provides students with the mindset that supports creativity and innovation needed to transform ideas into ventures that create value and wealth.

In developing this syllabus consideration was given to the relatively high rate of unemployment, constraints on job creation, the imperatives of globalisation in the Region, and the need to inculcate the spirit of entrepreneurship. Recent research has shown that one of the main obstacles to individuals starting their own business ventures is the lack of knowledge of how to transform an idea into a successful venture. Most aspiring entrepreneurs lack the ability to analyse opportunities, assess risk, develop and implement a business plan in order to get their ventures started. The **CAPE®** Entrepreneurship syllabus seeks to fill that void in the continuum from idea generation to venture creation.

Several governments, as well as many non-governmental organisations in the region have implemented entrepreneurial initiatives which offer training, tax incentives, funding and start-up support to individuals to assist them in actualising entrepreneurial ambitions. The syllabus appraises students of ways to access these training, technical support, funding and legislative incentives.

The syllabus addresses fundamentals of entrepreneurial behaviour and thinking and engages students in practical experiences through idea generation and opportunity identification to implementing, managing and harvesting a venture. The syllabus also acquaints students with the essentials of business ownership, legal and regulatory frameworks, the importance of market research, feasibility analysis and the development of a business model in order to successfully compete in the global marketplace. It contributes to the development of the Ideal Caribbean person, as agreed by CARICOM Heads of Government, essentially supporting "the creative imagination in its various manifestations and nurtures its development in the economic and entrepreneurial spheres in other areas of life". In keeping with UNESCO pillars of learning, students will learn to know, to do and transform oneself and society in a sustainable way. The syllabus provides a good foundation for further studies in Entrepreneurship, starting and operating a venture and/or becoming an entrepreneurial employee (intrapreneur).

## ◆ AIMS

This syllabus aims to:

1. develop an entrepreneurial mind-set within individuals to deal with high uncertainty in regional and global market environments;
2. increase understanding of the diverse character traits of entrepreneurs, which inform their behaviour;
3. enhance the students' understanding of the entrepreneurial process from idea generation, to concept development and creation of the venture;
4. develop critical thinking and problem solving skills through creativity, innovation and logical applications;
5. apprise students of existing opportunities and support services for venture creation and sustainability within and outside the region to support economic and social gains;
6. broaden the students' understanding of the status of the ethical and legislative framework which supports entrepreneurship development in the region;
7. enable students to appreciate the increasing impact of disruptive innovations which lead to rapid transformation of current knowledge, technology and industries;
8. introduce students to the appropriate tools used to assess the viability of a venture;
9. expose students to the various stages of managing and growing a venture over its life cycle; and,
10. encourage students to utilise ICT tools in the practice of entrepreneurship.

## ◆ SKILLS AND ABILITIES TO BE ASSESSED

The skills and abilities that students are expected to develop on completion of this syllabus have been grouped under three headings:

- (a) Knowledge and Comprehension.
- (b) Application.
- (c) Communication and Networking.

### **Knowledge and Comprehension**

The examinations will test candidates' skills and ability to:

- (a) identify and recall basic facts, concepts, and principles of Entrepreneurship theory;

- (b) understand the diverse Entrepreneurship concepts; and,
- (c) discuss the impact of entrepreneurial behaviour on venture creation.

### **Application**

The examinations will test candidates' skills and ability to:

- (a) select and use facts, theories and concepts appropriately in formulating solutions to entrepreneurial problems;
- (b) draw conclusions based on a body of information; and,
- (c) critically analyse complex situations and determine innovative solutions.

### **Communication and Networking**

The examinations will test candidates' skills and ability to:

- (a) distinguish relationships among various components of business and its environment;
- (b) communicate information effectively to peers and stakeholders; and,
- (c) develop professional networks to harness resources.

## **◆ PREREQUISITES OF THE SYLLABUS**

Entrepreneurship is directed to students pursuing any field of study regardless of their career aspirations. However, a minimum knowledge of the areas of business would be helpful. Successful participation in the course of study will also depend on good verbal and written communication skills.

## **◆ STRUCTURE OF THE SYLLABUS**

The syllabus is divided into two (2) Units. Each Unit comprises three Modules, each requiring 50 hours. The total time for each Unit is therefore expected to be 150 hours. Each Unit can independently offer students a comprehensive programme of study with appropriate balance between depth and coverage and provide a basis for further study in this field.

### **Unit 1: Entrepreneurship Theory**

- Module 1 - The Entrepreneurial Mindset
- Module 2 - The Entrepreneurial Process
- Module 3 - Creativity and Innovation



## Unit 2: Entrepreneurship Practice

Module 1	-	Essentials of Business Ownership
Module 2	-	New Venture Planning and Creation
Module 3	-	Managing and Growing the Venture

### ◆ APPROACHES TO TEACHING THE SYLLABUS

Teachers are encouraged to use the following approaches when teaching these Modules:

- (a) Experiential learning – ‘learning by doing’
- (b) Classroom discussion, peer tutoring and scaffolding of knowledge.
- (c) Guest lecturers/presentations by stakeholders from the business community, Non-Governmental Organisations (NGOs), Government, private sector organisations.
- (d) First-hand interaction with local and regional entrepreneurs.
- (e) Research, discussion on the experiences of notable entrepreneurs in the Caribbean region.
- (f) Use of cases, scenarios, simulations, role play.
- (g) Use of portfolios.
- (h) Group work on projects.
- (i) Group work and group presentation of School-Based Assessment.
- (j) ICT tools and internet sources (including audio-visual materials on reputable sites).

## ◆ UNIT 1: ENTREPRENEURSHIP THEORY

### MODULE 1: THE ENTREPRENEURIAL MINDSET

#### GENERAL OBJECTIVES

On completion of this Module, students should:

1. develop an understanding of the entrepreneurial mindset;
2. develop an awareness of the diverse characteristics of an entrepreneur; and,
3. understand the best practices of entrepreneurship development.

#### SPECIFIC OBJECTIVES

Students should be able to:

1. explain the nature and growth of entrepreneurship;
2. distinguish between entrepreneurship and intrapreneurship;
3. differentiate between entrepreneurship and small business management;
4. identify types of entrepreneur;
5. discuss the characteristics of an entrepreneur;
6. discuss the work of at least three (3) noted entrepreneurs within and outside the region;
7. examine the impact of cultural diversity on entrepreneurship development;
8. identify potential mistakes/pitfalls of entrepreneurship;
9. assess successes and failures of entrepreneurship; and,
10. discuss the myths of entrepreneurship.

#### CONTENT

##### 1. The nature and growth of entrepreneurship

- (a) Introduction to the origins and concept of entrepreneurship:
  - (i) evolution: Schumpeter, Drucker, Cantillon;
  - (ii) culture, tradition;
  - (iii) poverty; and,
  - (iv) desire for wealth.

## UNIT 1

### MODULE 1: THE ENTREPRENEURIAL MINDSET (cont'd)

- (b) Emerging drivers of contemporary entrepreneurship – Information and Communication Technology (ICT), Globalisation, Changing demands, unemployment, changing demographics, institutional support, ease of entry in the informal sector.
- (c) Role of entrepreneurship in national and regional development – impact on job creation, growth in GDP, social development (social entrepreneurship).
- (d) Emerging areas for enterprise development - including the creative and cultural industries, renewable energy; agro-preneurship, ICT.

#### 2. Entrepreneurship and Intrapreneurship

- (a) Entrepreneurship vs Intrapreneurship.
- (b) Types of entrepreneurship:
  - (i) Survival;
  - (ii) Lifestyle;
  - (iii) Dynamic growth; and,
  - (iv) Speculative.
- (c) Role of the entrepreneur and the intrapreneur in enterprise development:
  - (i) Factors that contribute to enterprises becoming more entrepreneurial.
  - (ii) Openness and flexibility, innovation, proactivity.
  - (iii) Environment of change, chaos, complexity, competition, uncertainty and contradiction.

#### 3. Entrepreneurship and Small Business Management

- (a) Innovation as the main difference between entrepreneurship and small business management.
- (b) Nature and characteristics of small business.

## UNIT 1

### MODULE 1: THE ENTREPRENEURIAL MINDSET (cont'd)

#### 4. Types of Entrepreneur

- (a) Nascent.
- (b) Novice.
- (c) Habitual.
- (d) Serial.
- (e) Portfolio.

#### 5. Characteristics of an Entrepreneur

Including, but not limited to:

- (a) innovative;
- (b) creative;
- (c) calculated risk takers;
- (d) systematic planner;
- (e) visionary;
- (f) achievement oriented;
- (g) persistent;
- (h) dynamic;
- (i) hard-working;
- (j) self-confident;
- (k) aggressive;
- (l) egotistic; and,
- (m) emotional intelligence.

## UNIT 1

### MODULE 1: THE ENTREPRENEURIAL MINDSET (cont'd)

#### 6. Noted regional entrepreneurs

Including but not limited to:

Chris Blackwell, Marley Family, Eddie Grant, Arthur Lok Jack, Thalia Lyn, Vincent Hosang, Audrey Marks, Joan Duncan, Aleem Mohammed, Anthony Sabga, Richard Branson, Bill Gates, Mark Zuckerberg, Reno Gajadhar, Jay Z, Oprah Winfrey, Steve Jobs, Hubert and Helen Bhagwansingh, James Husbands, Allen Chastanet, Adrian Augier, Ronald Ramjattan, Edward Beharry, Sir Charles Williams and Yesu Persaud.

#### 7. Cultural diversity of Entrepreneurship

- (a) Gender and entrepreneurship.
- (b) Youth and entrepreneurship.
- (c) Ethnicity and entrepreneurship.
- (d) Family and entrepreneurship.
- (e) Religion and entrepreneurship.

#### 8. Mistakes of Entrepreneurs

Including but not limited to:

- (a) Human Resource HR/Management failures: lack of leadership, judgement and knowledge, lack of experience.
- (b) Operation failures: poor inventory management; poor planning.
- (c) Marketing failures: weak marketing strategy; uncontrolled growth; poor location; incorrect pricing.
- (d) Financial Failures: poor financial control; inadequate record keeping.
- (e) Failure as a natural part of the entrepreneurial process.

#### 9. Factors that Contribute to the Success of Entrepreneurs

Including but not limited to:

- (a) Know your business in depth.
- (b) Develop a solid business plan.

## UNIT 1

### MODULE 1: THE ENTREPRENEURIAL MINDSET (cont'd)

- (c) Manage financial resources.
- (d) Understand financial statements.
- (e) Manage people effectively.
- (f) Know your strengths and weaknesses.

#### 10. Myths of Entrepreneurship

Including but not limited to:

- (a) Entrepreneurship ventures and small businesses are the same thing.
- (b) All entrepreneurs are rich.
- (c) Entrepreneurs are born not made.
- (d) Entrepreneurship is easy.
- (e) All you need is money to start.
- (f) Successful entrepreneurship needs only a great idea.
- (g) Entrepreneurs always generate new ideas.
- (h) All you need is luck.
- (i) Entrepreneurs are extreme risk takers.

#### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives in this Module, teachers are encouraged to engage students in the following teaching and learning activities.

1. Review of media/local environment (for example, trade shows) to identify potential areas of entrepreneurial opportunities and how this will aid in national development.
2. Role-play of the entrepreneur and the intrapreneur.
3. Debate on the essential characteristics of an entrepreneur.
4. Group presentations and discussions on cultural diversity of entrepreneurship.
5. Invite entrepreneurs to share their experience; and/or use audio visual presentations of successful and/or unsuccessful entrepreneurs.

## UNIT 1

### MODULE 1: THE ENTREPRENEURIAL MINDSET (cont'd)

#### RESOURCES

##### Texts

- Barreira, J., and B. Urban. The Entrepreneurial Mindset: Cognition, Motivation and Behaviours. South Africa: Pearson Education, 2011.
- Kuratko, Donald F. Entrepreneurship: Theory, Process, Practice 9<sup>th</sup> Edition. Mason, Ohio: South-Western Cengage Learning, 2011.

##### Electronic Sources and Websites

Babson College - <http://www.babson.edu/faculty/teaching-learning/research-publications/Pages/home.aspx>

Oklahoma State University (Experiential Class room): <HTTP://Enterpreneurship.OKSTATE.EDU>  
Skolls Foundation - [http://www.skollfoundation.org/?gclid=CLXQ4f\\_2-7ECFYg7OgodADQAFQ](http://www.skollfoundation.org/?gclid=CLXQ4f_2-7ECFYg7OgodADQAFQ)

##### Academic Journals:

Journal of Entrepreneurship Theory and Practice  
Journal of Small Business and Entrepreneurship  
International Journal of Entrepreneurship and Innovation  
Ebscohost - <http://search.ebscohost.com/>

## **UNIT 1**

### **MODULE 2: THE ENTREPRENEURIAL PROCESS**

#### **GENERAL OBJECTIVES**

On completion of this Module, students should:

1. understand the entrepreneurial process;
2. appreciate the key stages in the process; and,
3. understand the process through which business ideas are evaluated.

#### **SPECIFIC OBJECTIVES**

Students should be able to:

1. identify the steps in the entrepreneurial process;
2. discuss some of the methods of generating ideas;
3. identify sources of entrepreneurial opportunities;
4. distinguish between an idea and an opportunity;
5. evaluate an opportunity from given information;
6. describe a business concept;
7. identify sources of business concepts;
8. develop a business concept from an idea;
9. determine the required resources for a venture;
10. identify sources of required resources for a venture;
11. evaluate the required resources for a venture;
12. explain the activities involved in implementing and managing a venture; and,
13. assess the various options of harvesting a venture.



## UNIT 1

### MODULE 2: THE ENTREPRENEURIAL PROCESS (cont'd)

#### CONTENT

##### Steps in the Entrepreneurial Process:

Idea generation, opportunity identification, business concepts, resources, implementing and managing, harvesting.

#### 1. Generating Ideas

- (a) Methods of generating ideas: brainstorming, focus group, check list methods, problem inventory analysis, scenario thinking, the note book method, reverse brainstorming, Delphi methodology, Gordon method, free association.
- (b) Screening ideas and selecting among competing ideas.
- (c) How ideas are linked to opportunity.

#### 2. Opportunity Identification

- (a) Changing demographics.
- (b) Emerging markets.
- (c) New technologies.
- (d) Regulatory changes.
- (e) Social changes.
- (f) Opportunity evaluation: market issues, economic issues, competitive advantage issues and management issues.

#### 3. Business concepts

- (a) Definition/ description of a business concept.
- (b) Sources of business concept: New products, new services, new processes, new markets, new organisational structures/forms, new sales or distribution channels, new development paradigms.
- (c) Steps in developing a business concept from an idea.

## UNIT 1

### MODULE 2: THE ENTREPRENEURIAL PROCESS (cont'd)

#### 4. Resources (Financial, Physical and Human)

- (a) Determine the required resources: including skilled employees, general management expertise, marketing and sales expertise, technical expertise, financing, distribution channels, sources of supply, production facilities, licences, patents and legal protection.
- (b) Acquiring the required resources: including internal sources (equity, family and friends) and external (debt, leveraging, outsourcing, leasing, contract labour, angel funding, venture capitalist, temporary staff, supplier financing, joint ventures, partnerships, barter and gifts).
- (c) Business and entrepreneurial development organisations: including Caribbean Group of Youth Business Trusts (Jamaica, Barbados, Guyana, Trinidad and Tobago, St. Lucia, St. Vincent and the Grenadines, Dominica, Belize, and Antigua and Barbuda), Jamaica Business Development Corporation, HEART Trust/NTA (Jamaica), Institute of Private Enterprise Development (IPED); National Entrepreneurship Development Company Limited (NEDCO), Micro, Small and Medium Sized Enterprises (MSME) Alliance (Jamaica); Caribbean Association of Small and Medium Enterprises (CASME); DFLSA Incorporated (Guyana and Suriname).

#### 5. Implementing and managing the venture

- (a) Implementation of concept.
- (b) Monitoring of performance.
- (c) Payback of resource providers.
- (d) Reinvestment in the business.
- (e) Expansion of the business.
- (f) Achievement of performance goals.

#### 6. Harvesting the venture

Harvesting strategies:

- (a) absorption of new concept into mainstream operations;
- (b) licensing of rights;
- (c) family succession;
- (d) go public (IPO);

## UNIT 1

### MODULE 2: THE ENTREPRENEURIAL PROCESS (cont'd)

- (e) employee share ownership plan (ESOP);
- (f) liquidate (Shut down) venture;
- (g) selling the venture;
- (h) management buy-out (MBO); and,
- (i) mergers and acquisitions.

Exit Strategies: Note that exit strategies (including selling the venture, liquidation, mergers, acquisitions and management buyout) can be part of a harvesting plan.

#### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives in this Module, teachers are encouraged to engage students in the following teaching and learning activities.

1. Use any of the methods of idea generation to develop an idea for a venture.
2. Evaluate the environment to determine whether opportunity exist for pursuing a chosen venture.
3. Present a simulated activity which incorporates the entrepreneurial process.
4. Invite entrepreneurs and resource persons from the business environment as guest lecturers.

#### RESOURCES

##### Texts:

- |                           |   |
|---------------------------|---|
| Bessant, J. , and J. Tidd | Innovation and Entrepreneurship, 2 <sup>nd</sup> Edition. New Jersey: John Wiley and Sons, 2011.                        |
| Kuratko, Donald F.        | Entrepreneurship: Theory, Process, Practice 9 <sup>th</sup> Edition. Mason, Ohio: South-Western Cengage Learning, 2011. |

#### WEBSITES

Oklahoma State University (Experiential Class room): [HTTP://Enterpreneurship.OKSTATE.EDU](http://Enterpreneurship.OKSTATE.EDU)  
Indiana State University - <http://www.entrepreneur.com/colleges/school/1022665.html>

#### ACADEMIC JOURNALS:

Journal of Entrepreneurship Theory and Practice  
Journal of Small Business and Entrepreneurship  
International Journal of Entrepreneurship and Innovation

**UNIT 1**  
**MODULE 3: CREATIVITY AND INNOVATION**

**GENERAL OBJECTIVES**

On completion of this Module, students should:

1. understand the nature of creativity and innovation;
2. appreciate the process of nurturing and managing innovation;
3. appreciate the value of creativity and innovation; and,
4. understand the importance of protecting creations and innovations.

**SPECIFIC OBJECTIVES**

Students should be able to:

1. define creativity;
2. explain the role and process of creativity in entrepreneurship;
3. define innovation;
4. explain the role and process of innovation in entrepreneurship;
5. discuss the types of innovation in relation to the 4Ps (product, process, position, paradigm);
6. list the core innovation concepts;
7. identify the sources of innovation;
8. explain disruptive and incremental innovations;
9. discuss open innovations;
10. identify micro factors that would nurture innovation;
11. identify macro factors that would nurture innovation; and,
12. discuss the various methods of protecting innovations and creativity.

**UNIT 1**  
**MODULE 3: CREATIVITY AND INNOVATION (cont'd)**

**CONTENT**

**1. Principles of creativity**

- (a) What is creativity?
- (b) Process of creativity.
- (c) Roles of creativity.
- (d) Importance of creativity.

**2. Principles of Innovation**

- (a) The meaning of innovation.
- (b) The importance of innovation.
- (c) Types of Innovation – the 4Ps, product, process, position and paradigm.
- (d) Core innovation concepts:
  - (i) incremental;
  - (ii) modular;
  - (iii) discontinuous; and,
  - (iv) architectural.
- (e) Sources of innovation:
  - (i) new markets;
  - (ii) new technologies;
  - (iii) new political rules;
  - (iv) running out of roads (limited options);
  - (v) change in sentiments or behaviours;
  - (vi) deregulations; and,
  - (vii) changes in the business models.

## UNIT 1

### MODULE 3: CREATIVITY AND INNOVATION (cont'd)

#### 3. Disruptive, Incremental and Open innovations

- (a) Concept of disruptive and incremental innovations.
- (b) Effect of disruptive and incremental innovations on the entrepreneurial process.
- (c) The concept of open innovation.
- (d) Dynamics of open innovation.
- (e) Impact of open source innovation.

#### 4. Nurturing and Managing Innovation

Conditions for effective innovation:

- (a) Micro/Organisational level
  - (i) incentives for innovating;
  - (ii) internal policy; and,
  - (iii) organisational culture:
    - inspiration;
    - observation;
    - listening to consumer; and,
    - organisational structure.

- (b) Macro/National level

Policy development:

- (i) social (for example, changing demographics);
- (ii) political (for example, internal governance, stability);
- (iii) economic (for example, entrepreneurship policies, incentives);
- (iv) environmental (regulations, environmental responsibility);
- (v) cultural (respect for indigenous customs and practices); and,
- (vi) ethical (adherence to sound principles and business practices).

**UNIT 1**  
**MODULE 3: CREATIVITY AND INNOVATION (cont'd)**

**5. Methods of protecting Innovation and creativity**

Including but not limited to:

- (a) Intellectual property rights.
  - (i) Branding.
  - (ii) Trademarks.
  - (iii) Patents.
  - (iv) Copyrights.
  - (v) Registered design protection.
  - (vi) Trade secrets (processes, techniques, confidential disclosure agreements).

**Suggested Teaching and Learning Activities**

To facilitate students' attainment of the objectives in this Module, teachers are encouraged to engage students in the following teaching and learning activities.

1. Provide a simple scenario which allows students to apply the knowledge on how to protect an innovation.
2. *Have* students present an item in class and discuss ways of adding value through innovation.
3. *Arrange for* students to visit intellectual property rights office in their locale to learn the processes involved in the registration of intellectual property.

**RESOURCES**

**Texts:**

- |                                      |   |
|--------------------------------------|---|
| Mariotti, S., T. Towle, and N. Patel | Entrepreneurship: Owning your future, 11 <sup>th</sup> Edition. New Jersey: Prentice Hall, 2011.                        |
| Mariotti, S. and Toni Towle          | Entrepreneurship: How to Start and Operate a Small Business, 10 <sup>th</sup> Edition. New Jersey: Prentice Hall, 2011. |
| Scarborough, N. M.,                  | Essentials of Entrepreneurship and Small Business Management, 6 <sup>th</sup> Edition. New Jersey: Prentice Hall, 2011. |

## **UNIT 1**

### **MODULE 3: CREATIVITY AND INNOVATION (cont'd)**

Harvard Business School -

<http://cb.hbsp.harvard.edu/cb/search/entrepreneurship?Ntk=HEMainSearch&N=0>

Babson College - <http://www.babson.edu/faculty/teaching-learning/research-publications/Pages/home.aspx>

#### **ACADEMIC JOURNALS:**

Journal of Entrepreneurship Theory and Practice

Journal of Small Business and Entrepreneurship

International Journal of Entrepreneurship and Innovation



## ◆ UNIT 2: ENTREPRENEURSHIP PRACTICE

### MODULE 1: ESSENTIALS OF BUSINESS OWNERSHIP

#### GENERAL OBJECTIVES

On completion of this Module, students should:

1. understand the various types of ventures;
2. conform to local, regional and international legal and regulatory frameworks; and,
3. understand the importance of ethics and social responsibility in operating venture.

#### SPECIFIC OBJECTIVES

Students should be able to:

1. describe the various types of ventures;
2. evaluate the risks and benefits associated with each form of venture;
3. discuss the importance of observing legal and regulatory practices in operating a venture; and,
4. explain the role of ethics and corporate social responsibility.

#### CONTENT

##### 1. Types of ventures

- (a) Sole trader.
- (b) Partnership (Limited and General).
- (c) Franchise.
- (d) Limited Liability Company/Corporation (LLC).
- (e) Private Companies.
- (f) Non-Governmental Organisation (NGO), including (Community Based Organisations (CBOs), Social Enterprises, Charities and Endowments/Foundation) and Cooperative Societies.
- (g) State-owned enterprises (Statutory Organisations).

## UNIT 2

### MODULE 1: ESSENTIALS OF BUSINESS OWNERSHIP (cont'd)

#### 2. Risk and Benefits

- (a) Advantages and disadvantages of each type of venture.

#### 3. Legal and Regulatory Framework

- (a) Registration of a venture.
- (b) Labour laws.
- (c) Tax obligations.
- (d) International Standards and Regulations (ISO Standards); Duty of Care (Occupational Safety and Health Administration (OSHA) and Hazard Analysis and Critical Control Points (HACCP).
- (e) Environmental stewardship.
- (f) Intellectual property.
- (g) Open innovation.

#### 4. Ethics and Social Responsibility

- (a) Importance of business ethics and integrity.
- (b) Code of ethics.
- (c) Business Etiquette (Contextualised professional business practices).
- (d) Corporate Social Responsibility (CSR).
- (e) Good corporate governance.
- (f) Social entrepreneurship (Social Enterprises, Philanthropic Organisations and Individuals).
- (g) Social Sector Actors/Non-Governmental Organisations (NGOs).

## UNIT 2

### MODULE 1: ESSENTIALS OF BUSINESS OWNERSHIP (cont'd)

#### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives in this Module, teachers are encouraged to engage students in the following teaching and learning activities.

1. *Have* students conduct research on legal and regulatory framework for venture creation and operation within your country or region.
2. Students should organise a formal business meeting/dinner to help them develop acceptable etiquette.

#### RESOURCES

##### Texts:

- |  |  |
|--|--|
| Verstraete, T. and Jouisson-Laffitte, E. | A Business Model for Entrepreneurship. Cheltenham: Edward Elgar Publishing Ltd, 2012.                                    |
| Spinelli, S., and R. Adams               | New Venture Creation, Entrepreneurship for the 21st Century, 9 <sup>th</sup> Edition. New York: McGraw Hill/Irwin, 2011. |
| Barringer, B.R., and D. Ireland          | Entrepreneurship: Successfully Launching New Ventures, 4 <sup>th</sup> Edition. New Jersey: Pearson Education, 2011,     |

#### ELECTRONIC SOURCES AND WEBSITES

Harvard Business School -  
<http://cb.hbsp.harvard.edu/cb/search/entrepreneurship?Ntk=HEMainSearch&N=0>

Kauffman Foundation - <http://www.kauffman.org/>  
Oklahoma State University (Experiential Class room): <HTTP://Enterpreneurship.OKSTATE.EDU>

#### ACADEMIC JOURNALS:

Journal of Entrepreneurship Theory and Practice  
Journal of Small Business and Entrepreneurship  
International Journal of Entrepreneurship and Innovation

## **UNIT 2**

### **MODULE 2: NEW VENTURE PLANNING AND CREATION**

#### **GENERAL OBJECTIVES**

On completion of this Module, students should:

1. understand the importance of a market research and feasibility analysis;
2. appreciate the process of determining the viability of a venture;
3. be aware of the components of a business model and a business plan;
4. understand the importance of start-up capital and financial statements in venture creation; and,
5. understand the importance of a business model and a business plan.

#### **SPECIFIC OBJECTIVES**

Students should be able to:

1. explain market research;
2. conduct a market research for a venture;
3. explain feasibility analysis;
4. conduct a feasibility analysis for a venture;
5. distinguish between market research and feasibility analysis;
6. identify sources of funding;
7. discuss the elements of various financial statements;
8. prepare a Cash Flow Statement (projected inflows and outflows of cash);
9. identify various savings and investment options;
10. explain the components of a business model;
11. develop a business model for a business plan; and,
12. identify the components of a business plan.

## UNIT 2

### MODULE 2: NEW VENTURE PLANNING AND CREATION (cont'd)

#### CONTENT

##### 1. Market Research (venture opportunity screening)

- (a) Purpose of market research.
- (b) Benefits of conducting market research.
- (c) Key elements of market research:
  - (i) product characteristics;
  - (ii) definition of market;
  - (iii) expected sales trends;
  - (iv) customer analysis;
  - (v) promotional strategy; and,
  - (vi) nature and level of competition.
- (d) Cost-benefit analysis approach to market research.

##### 2. Feasibility Analysis

- (a) Purpose of a feasibility analysis.
- (b) Benefits of a feasibility analysis.
- (c) Key elements of a feasibility analysis:
  - (i) personality feasibility (individual's SWOT profile);
  - (ii) management feasibility;
  - (iii) operational feasibility;
  - (iv) financial feasibility;
  - (v) marketing feasibility;
  - (vi) time feasibility;
  - (vii) industry feasibility; and,

## UNIT 2

### MODULE 2: NEW VENTURE PLANNING AND CREATION (cont'd)

- (viii) cultural feasibility.
- (d) Distinguishing features of market research and feasibility analysis.

#### 3. Start-up capital and Financial Statements

- (a) Sources of funding: equity financing, debt financing (loans, venture funding, angel funding), grants, gifts, bequests.
- (b) Simple review of accounting cycle (including accounting concepts).
- (c) Simple Statement Cash Flow (should be used to support the business model).
- (d) Statement of Comprehensive Income (Income statement), Statement of Financial Position (Balance Sheet).
- (e) Break-even analysis; (appreciate significance of break-even value).
- (f) Savings and investments options (including stocks and bonds, fixed deposits, treasury bills).

#### 4. Developing the Business Model

- (a) Description of a business model.
- (b) Components of a business model:
  - (i) Value proposition (how do you create value?):
    - product offering: good, service or combination of both;
    - standardised or customised;
    - direct or indirect distribution; and,
    - internal manufacturing or outsourcing.
  - (ii) Beneficiary (for whom do you create value?):
    - business to business, business to consumer or both; and,
    - local, regional or international; general or niche market.

## UNIT 2

### MODULE 2: NEW VENTURE PLANNING AND CREATION (cont'd)

- (iii) Operations (what is your internal source of advantage?):
  - Internal capabilities of a business, including unique skills, technologies, resources.
  
- (iv) Product differentiation (how do you differentiate your product?):
  - operational excellence;
  - product quality;
  - innovative leadership;
  - cost; and,
  - networks.
  
- (v) Income generation (how do you intend to make money?):
  - operating leverage (fixed and variable costs);
  - volumes (high, medium, low), margins (high, low);
  - pricing (fixed, flexible); and,
  - revenue sources.
  
- (vi) Growth (what are the time scope and ambitions of the venture?):
  - subsistence model;
  - income model;
  - growth model; and,
  - speculative model.

#### 5. Introduction to the Business Plan (students are not required to produce a business plan)

- (a) Purpose of a business plan.
- (b) Benefits of a business plan.

## UNIT 2

### MODULE 2: NEW VENTURE PLANNING AND CREATION (cont'd)

- (c) Key Sections of a business plan:
  - (i) executive summary:  
(Concise summary of various components);
  - (ii) business description (business concept/value proposition)  
(What does the business do?);
  - (iii) management  
(Who comprise the team that can make this happen?);
  - (iv) marketing  
  
(How is revenue potential determined? What/who is my competition? How am I better or different? What will my ideal customer pay? Location?);
  - (v) operations  
  
(What are resource requirements?); and,
  - (vi) financials  
  
(Is the company viable for me or for my investors?).

#### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives in this Module, teachers are advised to engage students in the following teaching and learning activities.

1. *Engage students in activities to develop a survey instrument to gather data for a needs assessment of their venture idea.*
2. *Engage students in activities to conduct a SWOT analysis of their personal profile.*
3. *Engage students in activities to conduct a SWOT analysis of an existing venture.*
4. *Engage students in activities to identify funding needs and sources for a venture.*
5. *Engage students in activities to prepare a simple statement of cash flow.*



## UNIT 2

### MODULE 2: NEW VENTURE PLANNING AND CREATION (cont'd)

#### RESOURCES

##### Texts:

Kuratko, Donald F. Entrepreneurship: Theory, Process, Practice 9<sup>th</sup> Edition. Mason, Ohio: South-Western Cengage Learning, 2011.

Mariotti, S. ,and T. Towle Entrepreneurship: How to Start and Operate a Small Business, 10<sup>th</sup> Edition. New Jersey: Prentice Hall, 2011

#### ELECTRONIC SOURCES AND WEBSITES

Harvard Business School -  
<http://cb.hbsp.harvard.edu/cb/search/entrepreneurship?Ntk=HEMainSearch&N=0>

Babson College - <http://www.babson.edu/faculty/teaching-learning/research-publications/Pages/home.aspx>

Oklahoma State University (Experiential Class room): <HTTP://Enterpreneurship.OKSTATE.EDU>  
Indiana State University - <http://www.entrepreneur.com/colleges/school/1022665.html>

#### ACADEMIC JOURNALS:

Journal of Entrepreneurship Theory and Practice  
Journal of Small Business and Entrepreneurship  
International Journal of Entrepreneurship and Innovation

## **UNIT 2**

### **MODULE 3: MANAGING AND GROWING THE VENTURE**

#### **GENERAL OBJECTIVES**

On completion of this Module, students should:

1. understand the stages in the venture life cycle;
2. be aware of various venture models; and,
3. understand how E-Commerce can aid in the operations and growth of the venture.

#### **SPECIFIC OBJECTIVES**

Students should be able to:

1. identify the stages of a venture life cycle;
2. explain the stages of a venture life cycle;
3. distinguish among the venture models;
4. explain the importance of valuation of ventures;
5. discuss methods used in venture valuation;
6. explain how the internet impacts venture development;
7. identify approaches to E-Commerce;
8. identify the elements to consider before launching into E-Commerce;
9. assess the online potential of a venture;
10. discuss the benefits of selling via the internet;
11. outline some of the Myths about E-Commerce; and,
12. identify strategies for E-Commerce success.

## UNIT 2

### MODULE 3: MANAGING AND GROWING THE VENTURE (cont'd)

#### CONTENT

##### 1. Venture Life Cycle

Stages of the venture life cycle:

- (a) new venture development;
- (b) start-up activities;
- (c) venture growth;
- (d) business stabilization; and,
- (e) innovation or decline.

##### 2. Venture Models

Knowledge of how a venture can grow from one model to another over time:

- (a) promising start-ups;
- (b) venture-backed start-ups; and,
- (c) corporate-supported start-ups.

##### 3. Importance of Venture Valuation

- (a) Know the real value of venture (to track increase or decrease in business value).
- (b) Buying or selling a business/ major asset.
- (c) Raising growth capital (IPO, sale of stocks).
- (d) Establishing an employee stock option (ESOP) plan.
- (e) Tax management (obligations).
- (f) Structuring a buy, sell or joint venture agreement with stockholders (example, mergers and acquisitions).
- (g) Attempting to buy-out a partner or shareholder.

## UNIT 2

### MODULE 3: MANAGING AND GROWING THE VENTURE (cont'd)

#### 4. Venture Valuation Methods

Including but not limited to:

- (i) book value (balance sheet value);
- (ii) price earnings (multiple earnings value); and,
- (iii) discounted future earnings (discounted cash flow).

#### 5. E-Commerce and Growing the Venture

(a) The Internet and its impact on venture development:

- (i) speed and flexibility;
- (ii) less emphasis on size/space;
- (iii) high volume; and,
- (iv) low margin.

(b) Approaches to E-Commerce:

- (i) on-line shopping malls;
- (ii) *virtual* communities - store-front services;
- (iii) internet service providers (partnership with existing online payment facilities (pay pal); and,
- (iv) private initiative:
  - hiring a professional to customise a website for the venture; and,
  - building a site in-house.

(c) Elements to consider before launching into E-Commerce:

- (i) networking potential;
- (ii) integration of web into overall strategy;
- (iii) importance of lasting relationship with customers;

## UNIT 2

### MODULE 3: MANAGING AND GROWING THE VENTURE (cont'd)

- (iv) on-going investment of resources; and,
  - (v) data mining.
- (d) Assessing the online potential of the venture:
- (i) appeal to customers;
  - (ii) target market;
  - (iii) distribution cost; and,
  - (iv) costs and benefits.
- (e) The benefits of a website in selling through the Internet:
- (i) capacity to enhance customer service;
  - (ii) interactive communication;
  - (iii) lower cost of doing business; ability to grow faster;
  - (iv) track sales results; and,
  - (v) ability to spot new business opportunities.
- (f) Myths about E-Commerce:
- (i) setting up the site is easy and inexpensive;
  - (ii) customers will flock to my site;
  - (iii) making money is easy;
  - (iv) privacy is not an important issue;
  - (v) technology is the most important element;
  - (vi) do not need a strategy only a site; and,
  - (vii) customer service is not as important as in traditional retail store.

## UNIT 2

### MODULE 3: MANAGING AND GROWING THE VENTURE (cont'd)

- (g) Strategies for E-Commerce Success:
  - (i) data mining;
  - (ii) develop an online marketing plan;
  - (iii) develop a community;
  - (iv) attract by giving freebies;
  - (v) creative use of email;
  - (vi) credibility;
  - (vii) strategic alliances; and,
  - (viii) promote site on and off line.

#### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives in this Module, teachers are encouraged to engage students in the following teaching and learning activities.

1. Students develop a comparative matrix of different venture models.
2. Students debate a topical issue relating to the impact of E-Commerce on new venture creation.

#### RESOURCES

##### Texts:

- |                                 |   |
|---------------------------------|---|
| Allen, K. R.                    | Launching New Ventures: An Entrepreneurial Approach, 6 <sup>th</sup> Edition.<br>Mason, Ohio: South-Western Cengage Learning, 2011. |
| Barringer, B.R., and D. Ireland | Entrepreneurship: Successfully Launching New Ventures, 4 <sup>th</sup> Edition.<br>New Jersey: Pearson Education, 2011.             |

## **UNIT 2**

### **MODULE 3: MANAGING AND GROWING THE VENTURE (cont'd)**

#### **ELECTRONIC SOURCES AND WEBSITES**

Harvard Business School -

<http://cb.hbsp.harvard.edu/cb/search/entrepreneurship?Ntk=HEMainSearch&N=0>

Babson College - <http://www.babson.edu/faculty/teaching-learning/research-publications/Pages/home.aspx>

Oklahoma State University (Experiential Class room): <HTTP://Enterpreneurship.OKSTATE.EDU>

Indiana State University - <http://www.entrepreneur.com/colleges/school/1022665.html>

#### **ACADEMIC JOURNALS:**

Journal of Entrepreneurship Theory and Practice

Journal of Small Business and Entrepreneurship

International Journal of Entrepreneurship and Innovation

Ebscohost - <http://search.ebscohost.com/>

## ◆ OUTLINE OF ASSESSMENT

Each Unit of the syllabus will be assessed separately. The same scheme of assessment will be applied to each Module in each Unit. Grades will be awarded independently for each Unit.

The Assessment will be comprised of two components, one external component and one internal.

### EXTERNAL ASSESSMENT FOR EACH UNIT

(40 per cent)

**Paper 01** This paper consists of forty-five (45) multiple-choice items. There are fifteen (15) items on each Module. (20 per cent)  
(1 hour 30 minutes)

**Paper 02** This paper consists of three sections, each corresponding to a Module in the Unit. Each section will contain two mini-case study scenarios. Each scenario will present candidates with the kind of situations that entrepreneurs come face to face with on a daily basis. It will require candidates to draw on their knowledge of all areas of the syllabus in general, to critically analyse the issues involved and prescribe real and defensible solutions to problems. (20 per cent)

**Paper 031**

(60 per cent)

### SCHOOL-BASED ASSESSMENT

Students should create a portfolio with evidence of their entrepreneurial experience in completing their SBA. While it will not be submitted for external moderation, it is considered critical for students 'to appreciate the concepts and reinforce them for life-long learning'.

#### Unit 1

Candidates must interview an entrepreneur and produce a written Case Study report and make an oral presentation. The Case Study report should not exceed 1,500 words and must be presented as outlined on pages 41 – 43. The presentation will be made to the teacher and peers in the classroom setting. The School-Based Assessment requires that candidates undertake a project which must demonstrate their skills in research, analysis, evaluation and presentation of information.

#### Unit 2

Candidates are required to undertake ONE project that includes conducting a Market Research on a product or service and then develop a Business Model. Candidates must identify an original business idea, translate the idea into a well-conceptualised business concept, and then build a Business Model around it. This Business Model must demonstrate the basic market and economic feasibility of the proposed business.

*The market research report should not exceed 1500 words and must be presented as outlined on page 47. The Business Model should not exceed 1500 words and must be presented as outlined on pages 48 – 49.*



**Candidates must complete the School-Based Assessment for each unit that they write.**

## **Paper 032**

### ***Units 1 and 2***

Private candidates are required to write an Alternative Paper – Paper 03/2. It comprises a single case encompassing issues under all three modules.

## **MODERATION OF SCHOOL-BASED ASSESSMENT**

School-Based Assessment Record Sheets are available online via the **CXC**<sup>®</sup>'s website [www.cxc.org](http://www.cxc.org).

All School-Based Assessment Record of Marks must be submitted online using the SBA data capture module of the Online Registration System (ORS). A sample of assignments will be requested by **CXC**<sup>®</sup> for moderation purposes. These assignments will be reassessed by CXC Examiners who moderate the School-Based Assessment. Teachers' marks may be adjusted as a result of moderation. The Examiners' comments will be sent to schools.

Copies of the students' assignment that are not submitted must be retained by the school until three months after publication by **CXC**<sup>®</sup> of the examination results.

## ◆ ASSESSMENT DETAILS

### External Assessment by Written Papers

(40 per cent of Total Assessment)

#### Paper 01 (1 hour 30 minutes – 20 per cent of Total Assessment)

##### 1. Numbers of Questions

All questions are compulsory. This paper will consist of 45 multiple-choice questions. There will be 15 questions from each Module.

##### 2. Syllabus Coverage

- (a) Knowledge of the entire syllabus is required.
- (b) The intention of this paper is to test candidates' knowledge across the breadth of the syllabus.

##### 3. Mark Allocation

- (a) One mark will be assigned for each question.
- (b) The total number of marks available for this paper is 45.
- (c) This paper contributes 20 per cent towards the final assessment.

##### 4. Use of Calculators

Candidates may use silent non-programmable calculators.

#### Paper 02 (2 hours 45 minutes – 20 per cent of Total Assessment)

This paper will be divided into three sections, each section corresponding to a Module of the Unit.

##### 1. Composition of Paper

- (a) This paper will consist of six mini-case study scenarios, each with extended response questions.
- (b) There will be two mini-case study scenarios in each section.
- (c) Candidates are required to attempt six questions, two from each section.
- (d) The total number of marks available for the paper is 45.
- (e) This paper contributes 20 per cent towards the final assessment.

## 2. Syllabus Coverage

- (a) Each question requires a greater depth of understanding than those questions in Paper 01.
- (b) The purpose of this paper is to test candidates' in-depth knowledge of the syllabus.

## 3. Question Type

Questions require an extended response involving reasoning, analysis and synthesis.

## 4. Mark Allocation

Each question is worth 15 marks.

## 5. Award of Marks

Marks will be awarded for:

- (a) clear logical reasoning;
- (b) evidence of ability to analyse a problem step by step and to apply principles and practices, skills and knowledge to reach a logical conclusion;
- (c) evidence of problem solving ability; and,
- (d) evidence of the ability to synthesise information.

Full marks will be awarded when candidate meets all criteria.

## SCHOOL-BASED ASSESSMENT

School-Based Assessment is an integral part of the students' assessment of the course of study covered by this syllabus. It is intended to assist the students in acquiring certain knowledge, skills and attitudes that are associated with the subject. The activities for the School-Based Assessment are linked to the syllabus and should form part of the learning activities to enable the students to achieve the objectives of the syllabus.

During the course of study for the subject, students obtain marks for the competence they develop and demonstrate in undertaking their School-Based Assessment assignments. These marks contribute to the final marks and grades that are awarded to the students for their performance in the examination.

The guidelines provided in this syllabus for selecting appropriate tasks are intended to assist teachers and students in selecting assignments that are valid for the purpose of School-Based Assessment. The guidelines provided for the assessment of these assignments are also intended to assist teachers in awarding marks that are reliable estimates of the achievements of students in the School-Based

Assessment component of the course. In order to ensure that the scores awarded are in line with the **CXC®** standards, the Council undertakes the moderation of a sample of the School-Based Assessments marked by each teacher.

School-Based Assessment provides an opportunity to individualise a part of the curriculum to meet the needs of the student. It facilitates feedback to the student at various stages of the experience. This helps to build the self-confidence of the students as they proceed with their studies. School-Based Assessment also facilitates the development of the critical skills and abilities emphasised by this **CAPE®** subject and enhance the validity of the examination on which the students' performance is reported. School-Based Assessment, therefore, makes a significant and unique contribution to both the development of the relevant skills and the testing and rewarding of the student.

## **REQUIREMENTS OF THE SCHOOL-BASED ASSESSMENT**

### **UNIT 1**

#### **The Project – Paper 031**

Candidates are required to conduct an intensive interview with an entrepreneur in their locality/community and write a comprehensive report.

The interview will cover all three modules in the Unit – The Entrepreneurial Mindset, The Entrepreneurial Process, and Creativity and Innovation as they relate to the particular entrepreneur *and* industry.

The purpose of this project is to enable the candidate to develop, appreciate and embrace the entrepreneurial mindset.

Secondly, the candidate should explore with the interviewee the entire entrepreneurial process, from generating venture ideas right through to exiting the venture as it relates to the particular entrepreneur.

Finally, the interview should draw out from the entrepreneur how he/she handles the joint issues of creativity and innovation especially how these two issues were nurtured, managed and protected. The interview may be conducted and submitted in *groups*. The group may present the findings of the interview but each candidate is required to play a role in the CLASS PRESENTATION FOR WHICH A TOTAL OF 10 MARKS MUST BE ALLOCATED.

### **PRESENTATION OF PROJECT**

1. The aims of the project are to:
  - (a) promote self-learning;
  - (b) allow teachers the opportunity to engage in the formative assessment of their students;
  - (c) allow students to enhance their understanding of the nature of entrepreneurship;
  - (d) allow students to display evidence of careful observation and some degree of originality in their work;

- (e) allow students to analyse business information gathered and make practical decisions; and,
- (f) explore more fully, some areas of the Unit which may not be assessed adequately in an external examination.

**Essentially the group mark will be out of a total of 50. Candidates would individually be assigned up to 10 marks for their presentations.**

### **Skills to be assessed**

- |                                       |   |
|---------------------------------------|---|
| 1. Knowledge and Understanding:       | candidate's ability to demonstrate knowledge and understanding of the objectives being assessed in the Module.        |
| 2. Application:                       | candidate's ability to collect, classify and communicate information.   |
| 3. Analysis:                          | candidate's ability to distinguish relationships among components of the business environment.                        |
| 4. Evaluation and Reasoned Judgement: | candidate's ability to interpret, make judgement and recommendations appropriate to the business under investigation. |
| 5. Presentation:                      | candidate's ability to present the report using, where necessary, relevant charts, tables and graphs.                 |

### **Managing The Research Project**

**The research project is worth 60% of the candidate's total mark.** Teachers should ensure that sufficient time is allowed for teaching the research skills contained in the Module, explaining the requirements of the School-Based Assessment, discussing the assessment criteria and monitoring and evaluating the project work.

#### Planning

It is important to start planning for the research project work early. Agreed deadlines should be established. Dates for completion and submission of specific activities should be set by the teacher.

#### Length of the report

The length of the report should not exceed 1,500 words, *excluding* bibliography, charts, graphs, tables, pictures, references and appendices.

## FORMAT OF THE RESEARCH REPORT

### Field Interview of an Entrepreneur

Candidates must interview an entrepreneur and produce a written report and an oral presentation (PowerPoint® presentation may be used to augment the report). The Case Study report should not exceed 1,500 words and must be presented as outlined on pages 42-43. The presentation will be made to the teacher and peers in the class setting.

#### Interview Report:

Students will interview an entrepreneur based on the following guidelines.

*It would be preferable that the selected entrepreneurs have ventures that have been in operation for at least five years and have employees. This assignment is designed to provide the opportunity for students to explore different types of business or industry, to begin to develop an entrepreneurial mindset and to develop a professional network in the field if they think they would like to be a part of it.*

This *should* also show the assimilation of *their* coursework. *Candidates* are encouraged to seek permission to record the interview using relevant technology (audio visuals, still pictures). More than one face to face meeting with the entrepreneur to capture sufficient information *may be needed*, so plan ahead!

#### Content of the Interview Report

1. Name and description of the venture.
2. Background of the entrepreneur prior to starting the venture.
3. Characteristics of the entrepreneur.
4. Origin of the venture (why was it started?).
5. Industry and market description.
6. Key historical events in the start and existence of the venture.
7. Present state of the venture.
8. Major present and future challenges and emerging opportunities.
9. Analytical questions for the reader to use as they conduct the interview.
10. How findings impact student's attitudes, behaviour and inspiration towards venture creation.
11. Conclude with a presentation reflecting on what you learned from the experience of interviewing the entrepreneur and researching and writing the interview report.

## MARK SCHEME FOR SCHOOL-BASED ASSESSMENT UNIT 1

Allocation of Marks for Interview Report (60 Marks)		MARKS
<b>1. AIMS AND OBJECTIVES</b>		<b>(4)</b>
• Aim and at least two objectives of the interview report clearly stated and relevant to the topic chosen.		4
• Aim and one objective of the interview report clearly stated and relevant to the topic.		3
• Aim and at least two objectives of the interview report bearing relevance to the topic but not clearly stated.		2
• Aim and one objective of the interview report bearing relevance to the topic but not clearly stated.		1
<b>2. DATA COLLECTION</b>		<b>(8)</b>
• The method(s) of investigation clearly stated.		1-2
• Adequate justification for the method(s) used.		1-3
• A statement or explanation of limitations.		1-3
<b>3. REVIEW OF INDUSTRY</b>		<b>(6)</b>
• Thorough treatment of literature related to venture.		5-6
• Fair treatment of literature related to venture.		3-4
• Inadequate treatment of literature related to the venture.		1-2
<b>4. PRESENTATION OF INTERVIEW REPORT</b>		<b>(12)</b>
• Candidate adequately captured the mindset, characteristics, creativity and innovation of the entrepreneur, and the processes, practices and challenges of venture creation.		9-12
• Candidate moderately captured the mindset, characteristics, creativity and innovation of the entrepreneur, and the processes, practices and challenges of venture creation.		6-8
• Candidate minimally captured the mindset, characteristics, creativity and innovation of the entrepreneur, and the processes, practices and challenges of venture creation.		3-5

<b>5.</b>	<b>IMPACT ON SELF</b>	<b>(8)</b>
	<ul style="list-style-type: none"> <li>• Candidate adequately reflects on how findings impact their own attitudes, behaviour and inspiration towards venture creation. 6-8</li> <li>• Candidate moderately reflects on how findings impact their own attitudes, behaviour and inspiration towards venture creation. 3-5</li> <li>• Candidate minimally reflects on how findings impact their own attitudes, behaviour and inspiration towards venture creation. 1-2</li> </ul>	
<b>6.</b>	<b>PRESENTATION ON IMPACT ON SELF</b>	<b>(10)</b>
	<ul style="list-style-type: none"> <li>• Appearance 1</li> <li>• Preparedness/ Knowledge 3</li> <li>• Impact on attitudes towards venture creation 2</li> <li>• Response to questions 2</li> <li>• Presentation style 2</li> </ul>	
<b>7.</b>	<b>CONCLUSION</b>	<b>(4)</b>
	<ul style="list-style-type: none"> <li>• Conclusion based on findings and related to the purposes of the project. 3-4</li> <li>• Conclusion related to the purpose of the project but not clearly based on findings. 1-2</li> </ul>	
<b>8.</b>	<b>PRESENTATION OF PROJECT</b>	<b>(8)</b>
	<ul style="list-style-type: none"> <li>• Information communicated using correct grammar. 1-2</li> <li>• Use of media other than text to present information (graph, tables, charts, diagrams). 1-2</li> <li>• Bibliography presented in an acceptable manner. 1-2</li> <li>• Information in Project report presented logically and coherently. 1-2</li> </ul>	
	<b>Total Marks</b>	<b>(60)</b>



## **UNIT 2**

### **The Market Research and the Business Model – Paper 03/1**

*Candidates are required to conduct a market research and develop a business model. Each activity is to be documented according to the guidelines given below.*

#### **A. MARKET RESEARCH**

As a group of entrepreneurs, you are required to conduct a market research on a proposed product/service. Your research should consist of both primary and secondary data relevant to the product or service. You should analyse the findings and then make appropriate recommendations.

The market research will enable students to:

1. understand the importance of research in determining the feasibility of a product or service;
2. distinguish between primary and secondary data relevant to research;
3. select appropriate research instruments and procedures required to conduct research; and,
4. apply research findings in decision-making.

#### **METHODOLOGY**

The assignment should be carried out using the following methods:

1. review of available published materials; and,
2. conduct a survey in a selected market segment.

#### **FORMAT OF THE ASSIGNMENT**

The group should select a business name, slogan, logo, relevant to their role as an entrepreneur.

#### **GUIDELINES FOR THE MARKET RESEARCH**

##### **Introduction**

An outline of the proposal: business idea, the business name, type of business, location among others.

##### **Objectives**

A list of the objectives within the specified categories that the business would like to meet by means of the questionnaire.

## **Population and Sample**

*The person(s) or group(s) to whom the business will administer the questionnaire: population size, demographic. How sample was chosen, for example, random, non-random, stratified, stratified-random.*

## **Methodology**

An explanation of how the questionnaires were administered, for example, face to face interviews, telephone interviews, by mail and social media sources.

## **The Questionnaire**

A copy of the questionnaire containing a minimum of ten questions designed to meet the stated objectives above. Take into consideration:

1. the form of questions: a mix of open-ended and close-ended; and,
2. the wording of questions, sequencing of questions (lead questions first, difficult and personal questions last).

## **Findings**

This should include:

1. a summary of completed questionnaires;
2. a frequency of responses and a narration of the frequency; and,
3. use of simple statistical tools (example excel) to illustrate findings (graphs, tables and charts).

## Analysis of Results

- Product Characteristics

Describe the physical features of the product that will be offered, the added services and benefits, the quality and uniqueness.

- Market Analysis

Market size, market share; potential or opportunities for growth; threats that might pose a risk.

- Sales Analysis

Potential yearly sales (Number of potential customers times average amount to be spent). Sales trend/seasonality. Potential for increase in annual sales.

- Customer Analysis

Who are your customers? (industry, other businesses, consumers); demographic (age, income group, gender, marital status); psychographics (life-style, interests, activities, opinions, buying habits. How best can you satisfy their needs?

- Promotion and Advertising

What is the most effective way to inform customers?  
Including radio, television, press; sales promotion and freebies, fliers, telemarketing, Internet.

- Pricing Strategy

What is your suggested retail price? what level of discounts will you give for wholesale and volume purchases? Will you adjust your prices based on seasonality of demand? What will be your policy on bundling, price flexibility and price discrimination?

- Competition

Who are the competitors? Is the market fragmented (many small sellers) or concentrated (few large sellers), or is there a combination?

Who are the main competitors? What share of the market do they have? What is their competitive advantage? (Evaluate the strengths and weaknesses of their product, price, promotion and place). How do you propose to compete? What will your competitive edge be?

## Conclusions and Recommendations

A report on actions to be taken based on your analysis above.

## Appendices

*Include secondary data sources and exhibit of product design in this section.*

## ALLOCATION OF MARKS FOR MARKET RESEARCH (30 MARKS)

	<b>MARKS</b>
<b>1. RESEARCH OBJECTIVES</b>	<b>(2)</b>
• At least TWO objectives clearly stated and relevant to the topic chosen.	2
• ONE objective clearly stated and relevant to the topic.	1
<b>2. TARGET/SAMPLE</b>	<b>(4)</b>
• Population / Sample selection process adequately described.	3-4
• Population / Sample selection process moderately described.	2
• Population / Sample selection process inadequately described.	1
<b>3. METHODOLOGY</b>	<b>(4)</b>
• Thorough description of methodology used.	4
• Fair description of methodology used.	2-3
• Inadequate description of methodology used.	1
<b>4. QUESTIONNAIRE</b>	<b>(6)</b>
• Questionnaire well-constructed.	5-6
• Questionnaire fairly constructed.	3-4
• Questionnaire inadequately constructed.	1-2
<b>5. FINDINGS AND ANALYSIS</b>	<b>(10)</b>
• Comprehensive analysis of findings.	8-10
• Moderate analysis of findings.	4-7
• Inadequate analysis of findings.	1-3
<b>6. CONCLUSION</b>	<b>(4)</b>
• Conclusion related to findings and analysis.	4
• Conclusion fairly well related to findings and analysis.	2-3
• Conclusion not closely related to findings and analysis.	1
<b>TOTAL MARKS</b>	<b>(30)</b>

## **B. BUSINESS MODEL**

Student will develop an innovative venture idea, translate the idea into a well-conceptualised business concept, and then build a business model around it. This business model must demonstrate the basic market and economic feasibility of the proposed venture idea.

**NB. This activity may be the direct result of the market research conducted in A.**

**You are not asked to develop a full business plan.**

The Business Model should be developed using the following guidelines (Refer to UNIT 2, MODULE 2, developing the business model):

1. Why do you want to start this business/history?
2. Mission/vision statement- why this business?
3. Objectives.
4. Value Proposition (how do you create value?).
5. Beneficiary (for whom do you create value?).
6. Operations (what is your internal source of advantage?).
7. Product differentiation (how do you differentiate your product?).
8. Income generation (how do you intend to make money?).
9. Growth (what are the time scope and ambitions of the venture?).
10. Financial request-start-up funds needed and likely source(s).
11. One-page cash flow- summary financials for start-up year.

### **Overall Presentation**

*The final documents should include:*

- (a) *Cover Page.*
- (b) *Acknowledgements.*
- (c) *Table of Contents.*
- (d) *Bibliography.*
- (e) *Appendices*

They should also demonstrate appropriate writing skills such as:

- (a) Organisation of ideas.
- (b) Vocabulary, use of language.
- (c) Grammar and Spelling.

### ALLOCATION OF MARKS FOR BUSINESS MODEL (30 Marks)

		MARKS
<b>1.</b>	<b>History of the Venture</b>	<b>(2)</b>
	• Comprehensive description of concept and venture	2
	• Weak description of concept and venture	1
<b>2.</b>	<b>MISSION/VISION STATEMENT</b>	<b>(2)</b>
	• Mission and vision statements clearly stated	2
	• Mission and vision statements not clearly stated	1
<b>3.</b>	<b>Value Proposition</b>	<b>(3)</b>
	• Comprehensive description of value proposition	3
	• Moderate description of value proposition	2
	• Inadequate description of value proposition	1
<b>4.</b>	<b>Beneficiaries</b>	<b>(2)</b>
	• Comprehensive description of beneficiaries	2
	• Inadequate description of beneficiaries	1
<b>5.</b>	<b>Operations</b>	<b>(2)</b>
	• Comprehensive description of Operations	2
	• Inadequate description of Operations	1
<b>6.</b>	<b>Product differentiation</b>	<b>(3)</b>
	• Comprehensive description of product innovation	3
	• Moderate description of product innovation	2
	• Inadequate description of product innovation	1
<b>7.</b>	<b>Income Generation</b>	<b>(4)</b>
	• Comprehensive description of income generation	4
	• Moderate description of income generation	2-3
	• Inadequate description of income generation	1
<b>8.</b>	<b>Growth</b>	<b>(2)</b>
	• Comprehensive description of venture growth model	2
	• Moderate description of venture growth model	1
<b>9.</b>	<b>Summary of Financial Analysis</b>	<b>(3)</b>
	• Comprehensive treatment of financial request and cash flow statement	3
	• Moderate treatment of financial request and cash flow statement	2
	• Inadequate treatment of financial request and cash flow statement	1

<b>10. Presentation of Project</b>	<b>(7)</b>
• Table of contents presented in an acceptable format	1
• Information communicated using correct grammar	1-2
• References presented in appropriate format	1-2
• Information in Project report presented logically and coherently	1-2
<b>TOTAL</b>	<b>(30)</b>

## ◆ REGULATIONS FOR PRIVATE CANDIDATES

Private candidates will be required to write Papers 01 and 02. Detailed information on Papers 01 and 02 is given on pages 35 - 38 of this syllabus.

Private candidates are required to write, Paper 032, an Alternative Paper to the School-Based Assessment. This paper is worth 60% of the total mark for the Unit.

### UNIT 1 and UNIT 2

#### Paper 032 - (60 per cent of Total Assessment)

##### Composition of the Paper

This paper comprises one compulsory question incorporating all three Modules of the Unit being examined.

Private candidates are expected to undertake an investigation on a specific topic in order to address the scenarios presented in the examination.

The Industries for the examination years 2018 - 2022 are listed below. The following identifies the examination year and the industries to be investigated.

1.	Industries for 2020	-	Retail and wholesale; Renewable energy.
2.	Industries for 2021	-	Transportation Industry; Entertainment Industry.
3.	Industries for 2022	-	Agriculture Industry; Sports Industry
4.	<i>Industries for 2023</i>	-	<i>Health Care Industry</i>
5.	<i>Industries for 2024</i>	-	<i>Artificial Intelligence Industry</i>

#### 1. Question Type

Questions in this paper may be short answer and extended essay type, based on the case.

#### 2. Mark Allocation

The total number of marks available for this paper is 60, which will be weighted to 135 by CXC®.

## ◆ REGULATIONS FOR RESIT CANDIDATES

Resit candidates must complete Papers 01 and 02 of the examination for the year for which they re-register. Resit candidates may elect not to repeat the School-Based Assessment component, provided they rewrite the examination no later than two years following their first attempt.



A candidate who rewrites the examination in the same Unit within two years may reuse the moderated SBA score earned in the previous sitting within the preceding two years. Candidates reusing SBA scores in this way must register as 'Resit candidates' and *must* provide the previous candidate number.

Resit candidates may be entered through schools, recognised educational institutions, or the Local Registrar's Office.

## ◆ ASSESSMENT GRID

The Assessment Grid for the TWO Units showing marks assigned to Papers and Modules and percentage contributions of each paper to the total scores.

Papers	Module 1	Module 2	Module 3	Total	Percentage (%)
<b>External Assessment</b> Paper 01 1 hr 30 minutes	15	15	15	45	20
Paper 02 2 hours 45 minutes 6 mini cases, 2 per module	30 (15)	30 (15)	30 (15)	90 (45)	20
<b>Internal Assessment</b> Paper 031 Unit 1 SBA - Interview Report Unit 2 - Market Research and Business Model	20 (45)	20 (45)	20 (45)	60 (135)	60
Paper 032 2 hours 1 case covering all three Modules of the <i>respective</i> Unit					
<b>Total</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>225</b>	<b>Percentage (100)</b>

For the **internal assessment**, the total mark earned by the candidate for the entire project must be divided equally among the three modules. Any remainder should be added to any module according to the candidate's strength based on the teacher's judgement BUT SHOULD NOT EXCEED 20 MARKS.

### WEIGHTED SCORES IN BRACKETS

## ◆ GLOSSARY OF BEHAVIOURAL VERBS USED IN THE ENTREPRENEURSHIP EXAMINATION

WORD	DEFINITION
Analyse	Examine methodically and in detail the elements of a process, a situation or a theory, and then draw (a) conclusion(s).
Apply	Use knowledge and/or principles, approaches or theories to solve problems.
Assess	Present reasons for the importance of particular structures, relationships, processes or approaches.
Comment	State opinion or view with supporting reasons.
Compare and contrast	State, describe and elaborate on the similarities and differences.
Define	Provide a precise statement giving the <b>nature</b> or the <b>scope</b> or the <b>meaning</b> of a term; or use the term in one or more sentences so that the meaning is clear and precise.
Describe	Provide a detailed account, including significant characteristics or elements of an issue or situation.
Develop	Elaborate on or expand an idea or argument with supporting reasons.
Differentiate or Distinguish	State or explain briefly those differences between or among items or situations which can be used to define them or place them into separate categories.
Discuss	Write an extended answer defining key concepts, stating what is, exploring <b>related</b> concepts and issues, present reasoned arguments for and against, using detailed examples but <b>not</b> necessarily drawing a conclusion.
Evaluate	Weigh evidence and make judgements based on given criteria.  The use of logical supporting reasons for a particular point is more important than the view held; usually both sides of an argument should be considered.
Examine	Write an extended answer defining key concepts, stating what is and exploring <b>related</b> concepts and issues.

<b>WORD</b>	<b>DEFINITION</b>
<b>Explain</b>	Provide statements on <b>what</b> happened, <b>how</b> it happened and <b>why</b> it happened. Provide elaboration of particular terms, concepts, approaches.
<b>Formulate</b>	Develop a hypothesis.
<b>Give/State</b>	Provide short, concise statements.
<b>Identify</b>	Name specific components or features. Point out, indicate without explanation or recognise and select.
<b>Interpret</b>	Explain the meaning of.
<b>Investigate</b>	Use appropriate procedures to observe, research, record data, analyse and draw logical conclusions.
<b>Justify</b>	Explain the correctness of/give reasons for the selection of.
<b>List</b>	Use headings only.
<b>Name</b>	Provide actual names (but no other details).
<b>Outline</b>	Provide main points, or features only without details.
<b>Plan</b>	Prepare to conduct an investigation.
<b>Suggest</b>	Offer an explanation deduced from information provided or previous knowledge and consistent with subject knowledge.

**Western Zone Office**  
**29 August 2022**

# CARIBBEAN EXAMINATIONS COUNCIL

Caribbean Advanced Proficiency Examination®  
**CAPE®**



## ENTREPRENEURSHIP

### Specimen Papers and Mark Schemes/Keys

#### **Specimen Papers:**

Unit 1 Paper 01  
Unit 1 Paper 02  
Unit 1 Paper 032  
Unit 2 Paper 01  
Unit 2 Paper 02  
Unit 2 Paper 032

#### **Mark Schemes and Key:**

Unit 1 Paper 01  
Unit 1 Paper 02  
Unit 1 Paper 032  
Unit 2 Paper 01  
Unit 2 Paper 02  
Unit 2 Paper 032



TEST CODE **02124010**

**SPEC 2013/02124010**

**C A R I B B E A N E X A M I N A T I O N S C O U N C I L**

**CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®**

**ENTREPRENEURSHIP**

**SPECIMEN PAPER**

**Unit 1 Paper 01**

*1 hour 30 minutes*

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This test consists of 45 items. You will have 1 hour 30 minutes to answer them.
2. Each item in this test has four suggested answers lettered (A), (B), (C), (D). Read each item you are about to answer and decide which choice is best.
3. Look at the sample item below.

Sample Item

The process of creating an idea and turning it into a product or service is termed

- (A) innovation
- (B) commerce
- (C) production
- (D) manufacturing

Sample Answer



The best answer to this item is “innovation”, so answer space (A) has been shaded.

---

**DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.**

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1. Which of the following BEST describes an entrepreneur?
  - (A) Has a strong desire to achieve and is innovative
  - (B) Recognizes opportunities but sacrifices them
  - (C) Has the urge to keep a product in the existing market
  - (D) Has a strong desire for money but does not go after it
  
2. Which of the following statements is NOT a myth associated with entrepreneurs?
  - (A) Entrepreneurs are bold.
  - (B) All entrepreneurs are rich.
  - (C) Entrepreneurs generate ideas.
  - (D) Entrepreneurs are born, not made.
  
3. “Creative destruction is the process whereby products, processes, ideas and businesses are replaced with better ones.”  
  
Which of the following theorists made this proposition?
  - (A) Peter Drucker
  - (B) Jean Baptiste Say
  - (C) Richard Cantillon
  - (D) Joseph Schumpeter
  
4. Which of the following is central to the concept of entrepreneurship?
  - (A) Financing
  - (B) Stabilization
  - (C) Manufacturing
  - (D) Innovation
  
5. Entrepreneurship involves the management of
  - (A) processes, people and growth
  - (B) global economies, people and growth
  - (C) global economies, processes and growth
  - (D) people, processes and regional economies
  
6. Which of the following is a driving force behind contemporary entrepreneurship?
  - (A) Globalization
  - (B) Demographic stability
  - (C) Stagnation in innovation
  - (D) Decreasing consumption
  
7. Which of the following does NOT encourage entrepreneurship?
  - (A) Information revolution
  - (B) Changing demographics
  - (C) Technological advances
  - (D) Government bureaucracy
  
8. Which of the following is a KEY characteristic for a successful entrepreneur?
  - (A) Ability to work hard
  - (B) Technical skills
  - (C) Access to personal money
  - (D) Eye for an opportunity

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9. An individual who is in the process of starting a new venture for the first time is described as a

- (A) novice entrepreneur
- (B) serial entrepreneur
- (C) nascent entrepreneur
- (D) habitual entrepreneur

10. Which of the following factors distinguishes an entrepreneur from a traditional small business owner?

- (A) Wealth
- (B) Ability to innovate
- (C) Number of start-ups
- (D) Employment status

Items 11 - 12 refer to the following types of entrepreneurs.

- (A) Serial entrepreneur
- (B) Novice entrepreneur
- (C) Habitual entrepreneur
- (D) Portfolio entrepreneur

In answering items 11–12, match each item with one of the options above. Each option may be used once, more than once or not at all.

11. An individual who has NO prior experience in starting up a business, inheriting a business or purchasing a business

12. An entrepreneur who creates, starts and sells ventures

13. Which of the following BEST describes an entrepreneur when starting or expanding a business?

- (A) Opportunist
- (B) Angel funder
- (C) Venture capitalist
- (D) Calculated risk taker

14. Gender can constitute a barrier to the development of entrepreneurship when

- (A) venture financing availability is based on one's gender
- (B) venture capitalists invest in multiple ventures
- (C) both men and women are free to access venture capital
- (D) both men and women are given the same level of entrepreneurial training

15. Jenny started her business one year ago. The business failed. As a typical entrepreneur, what will Jenny MOST likely do?

- (A) Go to work for a major corporation
- (B) Try to learn from her failed venture
- (C) Give up becoming a successful entrepreneur
- (D) Spend the rest of her life wondering what happened to her business

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16. Which of the following is NOT a method of generating a venture idea?
- (A) Training
  - (B) Checklist
  - (C) Notebook
  - (D) Brainstorming
17. Which of the following organizations will MOST likely give financial assistance and technical support to implement a business idea?
- (A) Central banks
  - (B) Angel investors
  - (C) Commercial banks
  - (D) Business development agencies and programmes
18. An entrepreneur creates new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying
- (A) threats
  - (B) people
  - (C) products
  - (D) opportunities
19. Every business venture starts with
- (A) capital
  - (B) an idea
  - (C) a market
  - (D) an opportunity
20. What is the LAST step to be taken by an entrepreneur in selecting a business opportunity?
- (A) Preparing a business plan
  - (B) Screening of business opportunity
  - (C) Evaluating self and the community
  - (D) Identifying the needs and wants of customers
21. Which of the following strategies can be described as both harvesting and exit?
- (A) Licensing
  - (B) Shut down
  - (C) Management buyout
  - (D) Family succession
22. Which of the following is a characteristic of a business idea?
- (A) Always abstract
  - (B) May look bad at first
  - (C) Always structured and systematic
  - (D) Requires more than one person to generate
23. The first step in the entrepreneurial process ESSENTIALLY involves
- (A) idea generation
  - (B) resource mobilization
  - (C) opportunity identification
  - (D) business concept utilization



24. Planning for unexpected growth in an entrepreneurial venture involves
- (A) determining future goals and objectives
  - (B) assigning tasks and allocating resources
  - (C) motivating persons towards achieving goals
  - (D) ensuring that performance is in accordance with goals
25. Demographic segmentation strategies separate potential customers into
- (A) age, gender and income
  - (B) region, city and population
  - (C) loyalty, product use and culture
  - (D) lifestyle, social class and education
26. Which of the following factors should an entrepreneur consider MOST when hiring employees?
- (A) Skills and education
  - (B) Wages, motivation and benefits
  - (C) Skills, experience and education
  - (D) Performance appraisal, skills and education
27. Which of the following is NOT a source of a business concept?
- (A) New markets
  - (B) New products
  - (C) Existing markets
  - (D) New organizational structures
28. Financial funding (backing) offered to an entrepreneur in return for an equity position in his/her venture is known as
- (A) leasing
  - (B) outsourcing
  - (C) angel funding
  - (D) supplier financing
29. What type of financing is venture capital funding?
- (A) Equity
  - (B) Long-term debt
  - (C) Preferred stock
  - (D) Short-term debt
30. The process by which a small group of people interact to produce a large quantity of imaginative ideas is called
- (A) idealization
  - (B) brainstorming
  - (C) mind mapping
  - (D) group thinking
31. Authors or publishers of software are protected under
- (A) patent
  - (B) copyright
  - (C) trademark
  - (D) trade security

32. Which of the following innovative concepts describes managing continuity in an entrepreneurial venture?
- (A) Radical
  - (B) Modular
  - (C) Incremental
  - (D) Architectural
33. Which of the following core innovative concepts provides customers with products which they never knew they needed?
- (A) Modular
  - (B) Incremental
  - (C) Discontinuous
  - (D) Architectural
34. Sources of innovation include
- I change in behaviour
  - II new technology
  - III deregulation
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
35. Which of the following methods of protecting innovation and creativity can be used for creation of the G-pan steel pan in Trinidad and Tobago?
- (A) Patent
  - (B) Branding
  - (C) Copyright
  - (D) Registered design protection
36. Which of the following is NOT a source of innovation?
- (A) Deregulation
  - (B) New technology
  - (C) Existing markets
  - (D) Changing demographics
37. The creative and innovative secret herbs and spices used by a popular multinational company through franchised outlets for the preparation of fast food is protected under
- (A) copyright
  - (B) trademarks
  - (C) trade secrets
  - (D) intellectual property
38. Which of the following may be used to protect a specific way of doing business and the underlying computer codes, programs and technology?
- (A) Patent
  - (B) Copyright
  - (C) Trademark
  - (D) Trade secret
39. Which of the following may be regarded as a micro-level condition for nurturing innovation?
- (A) Social or changing demography
  - (B) Organizational culture that inspires innovation
  - (C) Ethics or adherence to sound principles by regulators
  - (D) Entrepreneurship policies developed and implemented by government

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40. What type of innovation can be described by the term 'supply chain'?
- (A) Process
  - (B) Position
  - (C) Product
  - (D) Paradigm
41. One special type of mobile phone has gone through a series of small improvements over the years which has helped to keep its competitive position. This type of innovation can be described as
- (A) modular
  - (B) incremental
  - (C) product
  - (D) service
42. Which type of innovation leaves the existing components and the core design concepts essentially untouched, but changes the ways in which the components are linked?
- (A) Modular
  - (B) Incremental
  - (C) Architectural
  - (D) Discontinuous
43. Which of the following are forms of protection for intellectual property rights?
- (i) Patent
  - (ii) Trademark
  - (iii) Copyright
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
44. Which of the following is NOT one of the four Ps of innovation type?
- (A) Price
  - (B) Process
  - (C) Position
  - (D) Paradigm
45. An entrepreneur's failure to adhere to sound business practices can be considered as
- (A) behaving unethically
  - (B) ignoring indigenous customs
  - (C) not observing local regulations
  - (D) ignoring entrepreneurial decisions

**END OF TEST**

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

### Paper 01 Unit 1

Item	Specific Objective	Key	Item	Specific Objective	Key
1	1.1.5	A	26	1.2.11	A
2	1.1.10	C	27	1.2.7	C
3	1.1.6	D	28	1.2.10	C
4	1.1.1	D	29	1.2.10	A
5	1.1.1	A	30	1.2.2	B
6	1.1.1	A	31	1.3.12	B
7	1.1.1	D	32	1.3.2	C
8	1.1.5	D	33	1.3.2	C
9	1.1.4	C	34	1.3.7	D
10	1.1.3	B	35	1.3.12	A
11	1.1.4	B	36	1.3.7	C
12	1.1.4	A	37	1.3.7	C
13	1.1.5	D	38	1.3.7	A
14	1.1.7	A	39	1.3.10	B
15	1.1.9	B	40	1.3.5	A
16	1.2.2	A	41	1.3.5	B
17	1.2.10	D	42	1.3.5	C
18	1.2.4	D	43	1.3.12	D
19	1.2.8	B	44	1.3.5	C
20	1.2.5	B	45	1.3.11	A
21	1.2.13	C			
22	1.2.8	B			
23	1.2.1	A			
24	1.2.12	B			
25	1.2.12	A			



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ENTREPRENEURSHIP

ENTREPRENEURIAL THEORY

UNIT 1 – Paper 02

*3 hours*

SPECIMEN PAPER

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This paper consists of SIX mini-case scenarios, TWO from EACH module.
2. Answer ALL SIX questions.
3. EACH question is worth 15 marks.
4. Write your answers in the spaces provided in this booklet.
5. Do NOT write in the margins.
6. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
7. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

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**INSTRUCTION: Read EACH case and answer the questions which follow.**

**MODULE 1: ENTREPRENEURIAL MINDSET**

**Case 1: The Great Entrepreneur**

John Harold Johnson, while at a presentation at his US high school, approached the guest speaker who was the president of a large black-owned insurance company with a request for support to go to college, as he did not have the money to do so. The speaker invited him to meet with him in the fall, resulting in John getting a part-time job in the black-owned insurance company to support his future studies. Shortly thereafter, John became editor of the company's in-house magazine, which focused on successful, contemporary African-Americans. This inspired John to create a black American magazine called the Niagra Digest, given that there were no other national black consumer magazines at the time. To finance his idea, he borrowed \$5 000 from his local bank using his mother's prestige furniture as collateral. To break into the market, John recruited his friends and gave them money to go around to various shops seeking to purchase the new black magazine although John knew that his magazine was not being carried by many shops at the time. This strategy was successful as the newsstands started to carry his magazine. He expanded his business to include other magazines, an insurance company, radio stations and real-estate holding. John overcame the obstacles of poverty, negativism and racism to reach great heights in the publishing world and became the first black man to be named to the Forbes 400 List of Richest Men.

- 1. (a) Identify FIVE characteristics of an entrepreneur that were demonstrated by John.

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- (b) Outline how social and economic conditions presented entrepreneurial opportunities for John.

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**[4 marks]**

- (c) Explain the impact of cultural diversity on John’s publishing business.

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**[6 marks]**

**Total 15 marks**

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**Case 2: Doubt Bars the Way**

Annita and Andrea are recent graduates of the University of the West Indies; Annita studied law while Andrea pursued business. Both were considered creative and innovative by their lecturers, traits which could help them as employees or persons capable of establishing their own ventures. Both graduates contemplated how to make money to take care of their personal and family needs in Jamaica. Their first thought was to seek employment overseas, as it is difficult to get employment locally. The other option was to start a venture; they thought that the latter option was too risky for them, basing their thinking on some ideas they have long held about who is an entrepreneur.

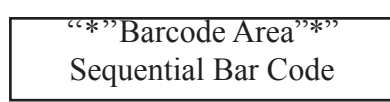
John, a brother of Annita, encouraged them to be more entrepreneurial with their knowledge and their network. He argued that at a time when there is a global recession, persons with entrepreneurial drive and thinking could successfully start and sustain a venture. However, Annita and Andrea argue that they are neither intrapreneurs nor entrepreneurs (terms they consider alien to them), they have never operated a business, they do not have money and worse yet, they are not lucky. Both of them have decided that they would rather invest their time in trying to get a visa to go to Canada as there is a Canadian programme which they have heard about that enables Caribbean nationals to become citizens and guarantees them jobs.

- 2. (a) Outline the differences between an entrepreneur and an intrapreneur, for the benefit of Annita and Andrea.

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(b) In assisting Annita and Andrea to make a decision, identify FIVE myths of entrepreneurship.

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(c) For FOUR of the myths identified in (b) above, state ONE reason why EACH is so considered.

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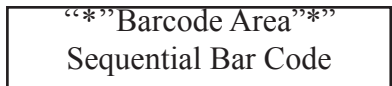
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[4 marks]

**Total 15 marks**

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**MODULE 2: THE ENTREPRENEURIAL PROCESS**

**Case 3: The Business Idea to Make Money**

Jack and Jill are children of the Bing family, earning \$50 per week from chores at their home. They want to buy a video game system that costs \$1 000. Their parents have told them that they must generate money to buy the system themselves. However, the children do not have enough money to purchase it from their earnings. With summer approaching, they have thought of selling soft drinks and candies at events held during the holidays. There are usually large crowds of hot, thirsty people around during such periods. Their idea is to fill a large cooler with ice, cans of soft drinks and candy bars and sell these to the customers at these events.

The parents like their entrepreneurial spirit and have offered them a loan to buy the initial products (soft drinks, candy bars) for the venture and their large picnic cooler so that they could begin making ice and storing it in the freezer in the basement. This would save on overhead costs. The parents believe that this idea is feasible, as they know that the opportunity exists for the children to sell at their local sports park and club where cold soft drinks are always in great demand.

3. (a) The case presents the need for idea generation. List FIVE methods of generating new venture ideas.

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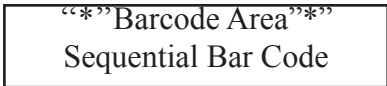
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**Case 4: Look Before You Leap**

Ingrid and Phillip are cousins who live in Montserrat. Because of the regular volcanic eruptions, many of their friends have left the island to live in England. Being very patriotic, both decided that they would not leave. Moreover, they think that the large population of Montserratians in England presents an opportunity for them to sell Montserratian products to their Montserratian friends who have migrated. They think that this will work because Montserratians in general are patriotic and would prefer to support their homeland businesses.

Both cousins inherited a substantial amount of money from their deceased grandmother and decided that it was best to invest in a business. After brainstorming ideas, they decided that they would pre-cook and package ‘goat head soup’, the Montserratian National Dish, and sell this to their target market in England. They believed that this venture would be successful as it was grounded in the culture of Montserrat. They took 80 per cent of the inherited money and invested it in the venture, hoping that within one year they would recover their expenditure and start to reap substantial profits by the first quarter of the second year.

4. (a) Identify the SIX steps in the entrepreneurship process.

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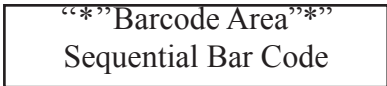
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- (b) Based on the case, explain the business concept of Ingrid and Phillip.

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[5 marks]

- (c) List TWO activities that would be required to implement Ingrid and Phillip’s venture idea.

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**MODULE 3: CREATIVITY AND INNOVATION**

**Case 5: Entrepreneur: Ken Kutaragi**

While employed as a sounds lab specialist at Sony, Ken Kutaragi bought his daughter a Nintendo (a game console made by a competitor of Sony). He found the sound effects primitive and thought he could make improvements to it using a digital sound clip. Consequently, Ken developed the SPC7000 for the next generation of Nintendo machines. On discovery of this innovation, the then CEO of Sony, Norio Ohga, realized its value and did not chastise Ken. Instead, he encouraged Ken to develop a gaming system for Sony, which became the PlayStation. This made Sony a major player in the games market, with PlayStation 2 becoming the best-selling game console of all time.

Ken was persistent and he went on to develop other PlayStation products earning him the name The Father of the PlayStation. He was soon rewarded for his significant achievement. He was promoted to the position of Chairman and Chief Executive Officer of Sony Computer Entertainment (SCEI), the video game division of Sony Corporation, and made it into a major profit centre for the Sony Corporation.

5. (a) Distinguish between creativity and innovation.

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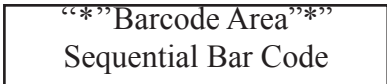
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- (b) Name FIVE things which the management of Sony Computer Entertainment Inc did (in relation to Ken) to promote a culture of creativity.

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- (c) With reference to the case, identify TWO sources of innovation that was utilized by Kutaragi.

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**Total 15 marks**

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**Case 6: Double Blank**

Assata is a citizen of The Bahamas who is living in Jamaica and pursuing her studies at the University of the West Indies, Mona. As a non-Jamaican, she has found that there are additional expenses and costs that she has incurred which were neither anticipated nor planned for. She has thus found herself in a situation where she needs to find a sustained source of income. Given here artistic talent, she is considered to be very creative and innovative. She is deemed to be a good choreographer and visual artist and has many admirers. However, Assata has come to realize that being innovative and creative in the artistic sense is different from being innovative and creative in the business sense. She has come to this conclusion partly because she is finding it difficult to come up with a way to make some money using her raw talent. Her hope is to come up with a novel idea regarding a good or service, which she would develop, implement and protect, with the hope of expanding her venture to The Bahamas and the rest of the Caribbean.

6. (a) Explain THREE methods of protecting innovation and creativity.

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(b) Identify the TWO Ps of innovation in the case.

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[2 marks]

(c) Explain how being innovative could be applied to these TWO Ps to generate a business idea for Assata.

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**Total 15 marks**

**END OF TEST**

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ENTREPRENEURSHIP

ENTREPRENEURIAL THEORY

UNIT 1 – Paper 032

*2 hours*

SPECIMEN PAPER

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This paper consists of a case study and THREE questions, ONE from EACH module.
2. Answer ALL THREE questions.
3. EACH question is worth 20 marks.
4. Write your answers in the spaces provided in this booklet.
5. Do NOT write in the margins.
6. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
7. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

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**INSTRUCTION: Read the case study and answer the questions that follow.**

### CASE STUDY

#### Go for Gold

Phillip and Nieema, two old school mates, met each other in Saint Lucia at the recently concluded Australian tour to the Caribbean. Phillip, who is a general sports enthusiast, had always wanted an opportunity to convert his passion into enterprise.

In the discussion that followed, Nieema asked Phillip, “Will you be going to the 2014 FIFA world cup finals in Brazil? He disappointedly answered, “No, it costs too much and I cannot afford it.” Nieema, being very optimistic, said, “Man, you need to be there, there might be a way to generate some money, or better still, make some money while you are there to cover your costs and make a profit as well.” Phillip smiled, as he always wanted an idea regarding how to make money from products associated with sports.

Phillip then asked, “What could I do? You know I am not an entrepreneur like you. Moreover I do not have the money to start any business.” Nieema responded, “While you need money, that is not all, furthermore you already possess some characteristics of an entrepreneur. I think you are very creative and innovative. You are confident, hardworking, systematic in your planning and achievement oriented. These are major positives. With these kinds of attributes, you will not make the same mistakes that many persons who have money make. To further increase your chances of success, you should ensure that you know your business in depth, and have a clear business plan to map out your idea. Management is also critical and you are already a good manager of both people and your finances. Essentially, you should know your strengths and weaknesses so as to create an advantage. As you know, proper preparation prevents poor performance.”

Phillip replied, “No matter how much you prepare, there are always risks, I do not have the luck as others and I am not a born entrepreneur like you.” Nieema smiled and said, “Yes it is true that there are always risks, but once you think through the entrepreneurial process you will be less likely to fail.”

Nieema continued, her tone as encouraging as always, “We could develop an idea and business together. We know that the opportunity exists and we can get support from JBDC to develop the business concept and access some of the needed resources including the funding. The key is to ensure proper management in the implementation of the idea so you can reap the benefits of your efforts.” Remember however that in order to effectively implement the idea, you need a good management and marketing team, technical expertise and skilled employees. You must ensure that there are good distribution channels and consistent sources of supply. Additionally you must ensure that your operations and production facilities are up to standard with the national and international regulations. In doing so you will have a successful venture, which can be sustained and harvested whenever you so desire.

Phillip responded, “Nieema, you are always optimistic. I know that the idea has to be very innovative and creative.” Nieema, in response said, “Yes that is so, however there are sources of innovation, which we can use to differentiate our product from that of anyone else. There are new markets emerging, new technologies, new generations with changing behaviors, markets are being deregulated the entire political landscape has changed since 2000. Man, we are Caribbean; we can find a way within all these changes.” For the second time, Phillip smiled, but being cautiously optimistic he asked, “Suppose someone tries to steal our ideas?”

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Nieema assured him, “No worries, depending on what we come up with, we could register a brand or trademark; try to secure a patent; copyright, register the design or ensure that we protect our trade secret. We need to be in Brazil, Phillip, just as Bolt and Blake, Veronica and all our Caribbean brothers and sisters have all gone for the gold in London, so should we. Make sure you have a visa.”

Phillip smiled for the third time, with a golden glow in his eyes.

1. Phillip was concerned that he was not ‘a born entrepreneur’ while Nieema sought to convince him that he might be.

(a) Outline FIVE characteristics of an entrepreneur that came out in the discussion.

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[10 marks]

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- (b) Give FOUR ways that Phillip with his limited experience, could safeguard his success as an entrepreneur.

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[4 marks]

- (c) Identify THREE myths of entrepreneurship highlighted in the case.

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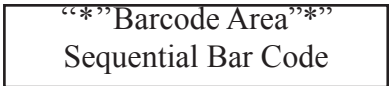
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2. Niema tried to convince Phillip that entrepreneurship was not about luck but more of a process.

(a) State (in order) SIX steps that should be considered when thinking through the entrepreneurial process.

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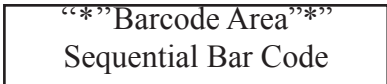
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(b) Outline FOUR ways in which Phillip could harvest the venture if he chooses to do so.

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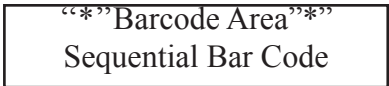
(c) Identify from the case, TWO resources that Phillip would require to translate his idea into a successful venture.

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3. Niema encouraged Phillip to join with her in developing and successfully implementing a profitable idea; however, Phillip was concerned that this idea could be stolen.

(a) List THREE sources of innovation that could help Phillip in generating an idea.

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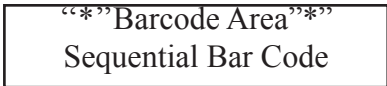
[3 marks]

(b) State FIVE ways in which Phillip could protect his idea.

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(c) Explain FOUR of the venture protection methods mentioned in (b) above.

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Total 20 marks

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TEST CODE **02224010**

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**C A R I B B E A N E X A M I N A T I O N S C O U N C I L**

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**SPECIMEN PAPER**

**Unit 2 Paper 01**

*1 hour 30 minutes*

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This specimen paper consists of 45 items. You will have 1 hour 30 minutes to answer them.
2. Each item in this test has four suggested answers lettered (A), (B), (C), (D). Read each item you are about to answer and decide which choice is best.
3. Look at the sample item below.

Sample Item

One of the major challenges online retailers have is

- (A) tracking sales results
- (B) managing communication
- (C) the capacity to enhance customer service
- (D) the ability to maintain sufficient stock levels

Sample Answer



The best answer to this item is “the ability to maintain sufficient stock levels,” so answer space (D) has been shaded.

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1. Which of the following may be considered an activity that falls under the corporate social responsibility of a lumber company?

- (A) Cash donations towards reforestation
- (B) Supporting company fun-day celebrations
- (C) Increasing workers' salaries and wages
- (D) Spearheading the growth of the company

2. When an existing company grants a licence to another company to operate using the former's name and design to provide the same service, the arrangement is called

- (A) a franchise
- (B) a partnership
- (C) an undertaking
- (D) limited liability

3. Which of the following contains guidelines for regulating process and service standards irrespective of the type of business?

- (A) COSSH
- (B) ISO standards
- (C) Employee Handbook
- (D) Economic Partnership Agreement

4. Which of the following organizations would MOST likely provide financial and technical assistance to implement a business idea?

- (A) IPO
- (B) Banks
- (C) Angel investors
- (D) Business development agencies

5. Timothy is seeking direction in deciding the BEST way to organize his entrepreneurial venture. His first decision is to determine the form of legal ownership.

Which of the following aspects of the venture has direct bearing on legal ownership?

- (A) Growth
- (B) Liability
- (C) Taxation
- (D) Profitability

6. Hawa is the owner of a female hair-styling salon. Pasha is an entrepreneur managing his own barber shop. Due to individual challenges they are facing, the two have decided to merge their businesses to take advantage of their individual expertise.

Which of the following forms of business would be MOST suitable for the new venture?

- (A) Franchise
- (B) Partnership
- (C) Corporation
- (D) Non-governmental organization

7. Max is a professional accountant who has decided to go into the preparation of fast food for sale. His business adviser has told him to purchase yellow cones to be placed on wet floors in the restaurant.

Which of the following regulations covers this advice?

- (A) Tax and profits
- (B) Employment law
- (C) Registration of business
- (D) Occupational health and safety

GO ON TO THE NEXT PAGE

8. Which of the following types of business has unlimited life and allows for the easy transferability of ownership interest?
- (A) Partnership
  - (B) Corporation
  - (C) Sole proprietorship
  - (D) Limited liability partnership
9. A Caribbean government recently asked an airline to obtain a licence before operating in that territory. This means the airline was being asked to satisfy
- (A) a social obligation
  - (B) a legal requirement
  - (C) an ethical obligation
  - (D) a corporate social responsibility
10. The Corporate Charter is BEST described as the
- (A) basic legal declaration contained in the bylaws
  - (B) legal document that establishes the corporation
  - (C) set of rules and procedures established to govern the daily operations of the corporation
  - (D) document that governs the relationship between the workers of the corporation and management
11. Which of the following courses of action is available to the regulatory agency in a country if a registered company fails to pay its taxes?
- (A) Prosecute the company
  - (B) Arrest the company's employees
  - (C) Cut the company's source of raw material supply
  - (D) Ask buyers to boycott the company's products
12. Which of the following may be considered unethical behaviour on the part of a dairy product venture owner?
- (A) Giving cows minimum medical attention
  - (B) Milking cows only when they are healthy
  - (C) Allowing cows to graze on clean, authorized grass
  - (D) Implementing medical advice given by veterinary officers
13. The legal protection of a word, name, phrase or a symbol granted to a venture is known as a
- (A) patent
  - (B) domain
  - (C) trademark
  - (D) copyright
14. Which of the following is a feature of a 'lifestyle' venture?
- (A) It is fast growing.
  - (B) It has great opportunity to serve customers.
  - (C) It exists primarily to support the owner's standard of living.
  - (D) It makes research and development a priority.
15. A company has decided to pay the college fees of 50 children of poor families living within its local community. This is an example of the company's
- (A) legal obligation
  - (B) mandatory duties
  - (C) ethical behaviour
  - (D) corporate social responsibility

GO ON TO THE NEXT PAGE

16. The primary purpose of a business plan is to
- (A) clarify the venture's vision
  - (B) clarify the venture's mission
  - (C) determine an exit strategy
  - (D) establish the venture's feasibility
17. Which of the following is a key component of a business model?
- (A) Cost
  - (B) Price
  - (C) Value position
  - (D) Business plan
18. In which of the following sections of a business plan would you find promotional resource?
- (A) Financial
  - (B) Marketing
  - (C) Operations
  - (D) Management
19. The process by which the strengths and opportunities for an existing venture are identified is known as
- (A) SWOT analysis
  - (B) PEST analysis
  - (C) benchmarking
  - (D) financial ratio analysis
20. The potential success of an entrepreneurial venture is determined through a
- (A) feasibility study
  - (B) vision statement
  - (C) mission statement
  - (D) profit and loss statement
21. The BEST reason for preparing a statement of cash flow for a new venture is
- (A) to determine unpaid debts
  - (B) to support the business model
  - (C) for the benefit of shareholders
  - (D) because it is one of the documents required to register the venture
22. The point at which a venture is neither making profits nor losses is described by the term
- (A) start-up
  - (B) buck-up
  - (C) cash strap
  - (D) break even
23. Which of the following is NOT a source of funding for a new venture?
- (A) Gift
  - (B) Loan
  - (C) Sales
  - (D) Grant
24. Which of the following is a KEY component of a business plan?
- (A) Venture logo
  - (B) SWOT analysis
  - (C) Executive summary
  - (D) Organizational chart
25. The business model for a new venture must
- (A) show the source of funding
  - (B) show the top managers of the venture
  - (C) include a contract between management and workers
  - (D) state what will be done differently to create value

GO ON TO THE NEXT PAGE

26. The financial statement that shows the value of an organization's assets, liabilities and owner's equity is the
- (A) cash budget
  - (B) balance sheet
  - (C) income statement
  - (D) cash flow statement
27. Which of the following is a saving and investment option?
- (A) Cash
  - (B) Inventory
  - (C) Raw materials
  - (D) Fixed deposits
28. To create a successful, new product a company MUST understand the customers, the market, competitors and
- (A) develop a great advertising campaign
  - (B) have a strong website to push the product
  - (C) adopt a push rather than pull promotional concept
  - (D) develop products that deliver superior value to customers
29. Patrick is a novice entrepreneur. He has to prepare a business model for his business plan. Which of the following components of the business model will determine for whom he has to create value?
- (A) Beneficiary
  - (B) Value proposition
  - (C) Income generation
  - (D) Product differentiation
30. Which of the following is NOT a key aspect of the feasibility analysis for a new venture?
- (A) Time
  - (B) Culture
  - (C) Finance
  - (D) Employment
31. The MOST appropriate form of financing during the rapid growth stage of a venture is
- (A) first-round financing
  - (B) start-up or seed financing
  - (C) public and seasoned financing
  - (D) second-round or mezzanine financing
32. During which stage of a venture's life cycle may first-round external financing be utilized?
- (A) Survival
  - (B) Maturity
  - (C) Start-up
  - (D) Rapid growth

**Items 33 - 34** refer to the following financial valuation methods.

- (A) Income capitalization
- (B) Book value (balance sheet value)
- (C) Price earning (multiple earnings value)
- (D) Discounted future earnings (discounted cash flow)

In answering items 33-34, match each item with one of the options above. Each option may be used once, more than once or not at all.

- 33.** Which valuation method may become subjective if the shares for a company are NOT traded on the stock market?
- 34.** Which method is NOT an income valuation method?

**Items 35–36** refer to the following information.

Hodge Company hired a financial analyst for the company. The financial analyst was provided with the following financial data.

<b>Balance Sheet</b>	<b>2012</b>	<b>2011</b>
Current Assets	\$2 680 112	\$1 926 802
Net Fixed Assets	\$817 040	\$939 790
Total Assets	\$3 497 152	\$2 866 592
Current Liabilities	\$1 144 800	\$1 650 568
Long-term Debt	\$400 000	\$723 432
<b>Other Data</b>		
No. of shares	250 000	100 000
EPS	\$1.014	-\$1.602
DPS	\$0.220	\$0.110
Stock Price	\$12.17	\$2.25

**35.** Using the book value approach, what is the value of Hodge Company in 2012?

- (A) \$492 592
- (B) \$1 952 352
- (C) \$2 866 592
- (D) \$3 497 152

**36.** What is the price earnings multiple of Hodge Company in 2012?

- (A) 2
- (B) 8
- (C) 10
- (D) 12

**37.** The process of buying and selling via the internet is called

- (A) E-commerce
- (B) E-marketing
- (C) E-banking
- (D) E-communication

**38.** Which of the following products are NOT suitable for online selling?

- (A) CDs
- (B) Books
- (C) Fresh vegetables
- (D) Financial services

**39.** Which of the following statements is NOT a feature of business ventures?

- (A) Ventures are sown.
- (B) Ventures can be grown.
- (C) Ventures are harvested.
- (D) Ventures can be exported.

GO ON TO THE NEXT PAGE

40. At which stage of the venture life cycle does the entrepreneur create the capacity to possess the product or service?
- (A) Start-up
  - (B) Innovation
  - (C) Venture growth
  - (D) New venture development
41. Which of the following is a factor to consider before launching into E-commerce?
- (A) Location
  - (B) Nationality
  - (C) Bandwidth
  - (D) Data mining
42. Which of the following venture valuation methods takes the time value of money into account?
- (A) Book value
  - (B) Price earnings
  - (C) Payback period
  - (D) Discounted future earnings
43. Which of the following strategies can promote success in E-commerce?
- (A) Focusing on market needs
  - (B) Minimizing the use of emails
  - (C) De-emphasizing strategic alliances
  - (D) Focusing on corporate social responsibility
44. The stage in the venture life cycle where the entrepreneur can consider entering other target markets is described as
- (A) growth
  - (B) decline
  - (C) start-up
  - (D) business stabilization
45. One reason for valuing a venture fairly accurately is to
- (A) promote goodwill
  - (B) avoid under-harvesting
  - (C) enhance accountability
  - (D) avoid customer complaints

**END OF TEST**

**IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.**

## Unit 2 Paper 01

Item	Specific Objective	Key	Item	Specific Objective	Key
1	2.1.4	A	26	2.2.8	B
2	2.1.1	A	27	2.2.8	D
3	2.1.3	B	28	2.2.4	D
4	2.1.1	D	29	2.2.10	A
5	2.1.1	B	30	2.2.3	D
6	2.1.1	B	31	2.3.1	B
7	2.1.3	D	32	2.3.1	A
8	2.1.1	B	33	2.3.5	C
9	2.1.4	B	34	2.3.5	B
10	2.1.3	B	35	2.3.5	B
11	2.1.3	A	36	2.3.5	A
12	2.1.4	A	37	2.3.6	A
13	2.1.3	C	38	2.3.9	C
14	2.1.1	C	39	2.3.2	D
15	2.1.4	D	40	2.3.2	A
16	2.2.12	D	41	2.3.8	D
17	2.2.10	C	42	2.3.4	D
18	2.2.12	B	43	2.3.11	A
19	2.2.12	A	44	2.3.1	A
20	2.2.3	A	45	2.3.4	B
21	2.2.7	B			
22	2.2.9	D			
23	2.2.3	C			
24	2.2.12	C			
25	2.2.10	D			





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ENTREPRENEURSHIP

ENTREPRENEURIAL PRACTICE

UNIT 2 – Paper 02

*3 hours*

SPECIMEN PAPER

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This paper consists of SIX mini-case scenarios, TWO from EACH module.
2. Answer ALL SIX questions.
3. EACH question is worth 15 marks.
4. Write your answers in the spaces provided in this booklet.
5. Do NOT write in the margins.
6. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
7. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

**DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.**

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**INSTRUCTION: Read EACH case and answer the questions which follow.**

**MODULE 1: ESSENTIALS OF BUSINESS OWNERSHIP**

**Case 1: Jackson’s Big Decision**

Jackson, a college student, worked two part-time jobs, one with a newspaper and the other with a pet shop. On graduating, he accepted a full-time position as a reporter with the newspaper company from which Mr Briggs, the owner, was retiring and selling the business for \$300 000. He was excited at the prospect of buying the venture, given his experience. At the pet shop, Jackson was responsible for cleaning the animals and their cages, feeding them, ensuring that they had adequate shelter, got their medication on time and were generally healthy. Most of all, he ensured that the animals were treated kindly.

To be able to buy the newspaper company, he estimated that he could save \$100 000 this year from his wages; he would also take a loan from his parents and then negotiate the selling price with Mr Briggs. Additionally, his friend Mark, who had experience in running a small business, was willing to invest in this business venture. Jackson agreed to work with Mark on this venture given their access to funds, competence and his love for this line of work.

- 1. (a) With Jackson and Mark deciding to form a partnership, what is the name of the document which will form the basis of their relationship?

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[1 mark]

- (b) Outline FIVE advantages of this type of venture.

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[10 marks]

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- (c) Identify from the case, FOUR ethical obligations that Jackson and Mark should consider in managing an animal venture.

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[4 marks]

**Total 15 marks**

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**Case 2: Crossroads**

Kendra, a recent university graduate, has heard of a technology business incubator service offered by a local university. She is excited to learn of this service as she considers herself to be a potential entrepreneur given that her father once owned a business. As such, she has visited the incubator centre and gathered information pertaining to establishing her business. She however has a challenge because she has been informed that there are many forms of business and that not everyone is suited for all types; in some cases one might not be suited for any business at all. Additionally, there are legal, regulatory and ethical factors to consider when operationalizing the venture, which can be both costly and time consuming. On leaving the centre, Kendra has decided to choose between forming a sole proprietorship and a private company.

2. (a) Compare the features of these two ventures being considered by Kendra under the following headings:

- Formation
- Source of funding
- Liability

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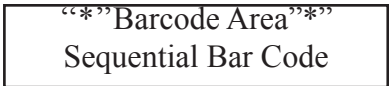
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- (b) Kendra has decided to go into private company business without further delay. Name THREE components of the legal and regulatory framework in which the business will operate.

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- (c) Explain to Kendra THREE ways in which the business can demonstrate its corporate social responsibility (CSR).

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[6 marks]

**Total 15 marks**

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**MODULE 2: NEW VENTURE PLANNING AND CREATION**

**Case 3: The Village Café**

Saheed inherited \$10 000 from his late father and is thinking of setting up an internet café to target students in his home village. There is a large population of students in Saheed’s village who depend on the use of the internet to do their research. However, due to the absence of such facilities in Saheed’s village, students are forced to travel to other villages to access the internet. In order to attract the students to his business, Saheed plans to offer his service at a reduced cost. Saheed believes that this marketing strategy would allow him to benefit from a high volume of business.

Unfortunately, Saheed’s inheritance is inadequate to start up the venture. In an effort to establish the venture, Saheed has approached a local commercial bank for the additional funds. The bank has requested that Saheed prepare a business plan that should include a business model.

3. (a) Explain any THREE components of a business model.

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(b) Based on the case, state the components of Saheed's value proposition.

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(c) Identify the SIX key components of the business plan for Saheed's benefit.

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**Case 4: Not all that Glitters is Gold**

Chappy, a youth from rural Jamaica, travelled to Guyana in the hope of finding windows of opportunity to earn a livelihood. On arrival, he met with an elder Guyanese who lived in the jungle where the ‘black water’ flows; the elder invited him to accompany him home, as he thought Chappy reminded him of his grandson, Pasha. While on their way, Chappy noticed a river and asked the elder if that was the ‘Black Water’ river. The elder confirmed that it was. Chappy asked that they should stop for a drink. Chappy noticed that the water had a rich golden colour, and remarked “but this is not black water it is golden water, we could make a fortune selling this”. The elder smiled as he remembered that as a child there was a legend that the ‘black water’ possessed healing power; when one drank the water, the skin gave off a golden hue. Chappy became more excited and convinced that this was the golden opportunity that he was waiting for. However, the experienced elder asked, “Is this feasible? How would you market it? Is there a marketing plan? What would be your business model? Will you develop a business plan?” Chappy asked the elder, “How do you know about these things? I never thought that I would have to do so much.” The elder replied, “Experience teaches wisdom.” These were the same questions which the elder’s grandson, Dr Pasha, a professor in entrepreneurship at the University of Guyana asked Chappy when he first came up with the idea of the ‘Golden Water’.

4. (a) State ONE purpose of conducting a market research.

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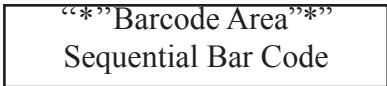
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(b) Identify FOUR key elements of a market research.

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- (c) In helping Chappy to develop the business plan, outline THREE reasons why a business model is important.

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- (d) With reference to the black water product (Golden Water), explain any THREE components in the business model that Chappy should consider.

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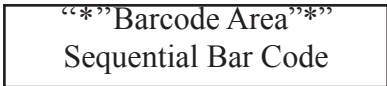
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**MODULE 3: MANAGING, GROWING AND HARVESTING THE VENTURE**

**Case 5: The Fruit Mart**

The government of Caribbean territory launched the “Grow More Food” campaign in 2000 with the aim of encouraging the export of non-traditional agricultural crops. Under this initiative, the government offered numerous fiscal incentives as well as financial support to farmers. In an effort to take advantage of opportunities created by the initiative, Anthea established a company to produce and export a wide range of fruits to the United States and Canada.

Before he commenced operation, Anthea prepared a business plan and was able to source financing for the venture from a local commercial bank. During the first two years of operation, the revenue of the company merely covered its operational expenses. However, between the third and fifth years, the company posted robust profits due to the rapid growth in its sales revenue. From years six to nine the company’s revenue levelled off and declined thereafter mainly as a result of competition from other suppliers who penetrated the market for organic fruits in the United States and Canada. Given the lack of the anticipated growth in the business, Anthea has taken the decision to dispose of the venture to the disappointment of many top managers who hold stock options in the company.

5. (a) Based on the case above, list the FIVE stages of the venture life cycle (VLC).

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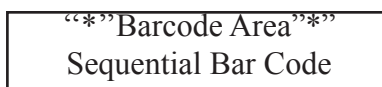
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- (b) From the passage, explain the TWO effects that overseas competition had on Anthea's business.

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- (c) Identify the main elements of an employee stock option plan (ESOP).

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**Case 6: Fools Rush In**

Maurice, a native of Grenada has recently completed his master’s degree in food science at the University of Guyana. He learnt from Professor Sulaman, a lead researcher in biochemistry, that the nutraceutical industry is valued at over US\$175 billion and that Caribbean countries have an advantage in this industry. The Caribbean is known to have over 80 of the more popular medicinal plants in this industry. Maurice, having an idea to grow spices in Grenada and package them in tablet form, called his friend Bishop to share his idea. Bishop was an IT/Web specialist. Maurice’s idea was to develop tablet forms of the spices to sell overseas, through an online system. While he was aware that there were many successful e-commerce ventures, he also knew that there were many failures. He now seeks Bishop’s advice on how to proceed.

6. (a) State TWO elements that Maurice should consider before launching into E-commerce.

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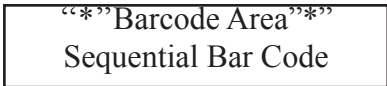
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- (b) Explain why the TWO elements stated in (a) above are considered important in E-commerce.

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- (c) In guiding Maurice, discuss THREE strategies that are required for E-commerce success.

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**IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.**

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EXTRA SPACE

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Question No.

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ENTREPRENEURSHIP

ENTREPRENEURIAL PRACTICE

UNIT 2 – Paper 032

*2 hours*

SPECIMEN PAPER

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This paper consists of a case study and THREE questions, ONE from EACH module.
2. Answer ALL THREE questions.
3. EACH question is worth 20 marks.
4. Write your answers in the spaces provided in this booklet.
5. Do NOT write in the margins.
6. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
7. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

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**INSTRUCTION: Read the case study and answer the questions that follow.**

**CASE STUDY**

**Taste of Barbados Ltd**

John Smith was until 1990, the sole proprietor of Taste of Barbados Ltd which was a family owned business that specialized in the production of hot pepper sauce. The business was started by John's grandmother who initially made the product for her neighbours using peppers grown by her husband on their farm. As word spread about the product, demand increased and the business expanded beyond the boundaries of the home to cover the whole of Barbados and over into Trinidad. That transition also included the handover of the management of the business to qualified and highly paid specialized managers, the investment in new equipment, the adoption of a more formal structure for the business, the registration of Taste of Barbados as a private company with the Ministry of Trade and sale of shares to private individuals to the tune of \$60 million. With this registration, Taste of Barbados Ltd acquired its own legal existence, with John Smith as Managing Director.

Over the last 20 years the production of hot pepper sauce has become a major component of the manufacture of condiments in Barbados. Hot pepper sauce is produced, branded and sold by numerous small and medium sized manufacturers. Although all Barbados hot pepper sauces are similar, each manufacturer uses her own "secret" recipe. Production in the industry (in Barbados and Trinidad) is estimated at \$50 million annually and there are 15 manufacturers. Taste of Barbados Ltd has annual sales of \$25 million and is currently producing at 75% of its full capacity and controlling 50% of the combined Barbados and Trinidad market.

Hot pepper sauce which is a household product for all Barbadians has become very popular with visitors to the island. Based on this observation, Invest Barbados (the national export development agency) sponsored a five day trade mission to New York, USA in search of markets for the hot pepper sauce produced by the various producers from Barbados. Mr John Smith attended this mission on behalf of Taste of Barbados Ltd. There, he met with some major American food distributors and conducted sampling and cooking demonstrations with pepper sauce as a condiment at selected locations in New York City. Impressed by the demonstration, a major US food company has decided to partner Taste of Barbados Ltd but is asking for a feasibility analysis of the company.

Taste of Barbados Ltd, like any other viable venture would go through a venture life cycle. It could also be subject to valuation at any time for various purposes including raising growth capital.

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1. (a) Taste of Barbados Ltd was originally a sole proprietorship business. State FOUR benefits of this type of business.

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[4 marks]

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- (b) Before registration, Taste of Barbados Ltd adopted a more formal structure. Discuss FOUR changes that may have been introduced as part of the formal structure.

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**[12 marks]**

- (c) Explain the significance of the legal existence status which Taste of Barbados acquired after its registration.

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**[4 marks]**

**Total 20 marks**

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2. (a) Using information from the case, discuss FOUR key elements of the feasibility analysis that John Smith may submit.

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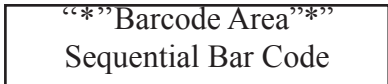
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- (b) John Smith has decided to prepare a business plan with a view to seeking more funding back in Barbados. Name FOUR sections of a business plan.

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3. (a) List THREE stages in the venture cycle.

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[3 marks]

(b) Outline THREE key features of EACH of the stages listed in (a) above.

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- (c) Explain how EACH of any TWO methods of venture valuation could be used by John Smith to give an indication of the worth of the venture.

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[8 marks]

Total 20 marks

END OF TEST

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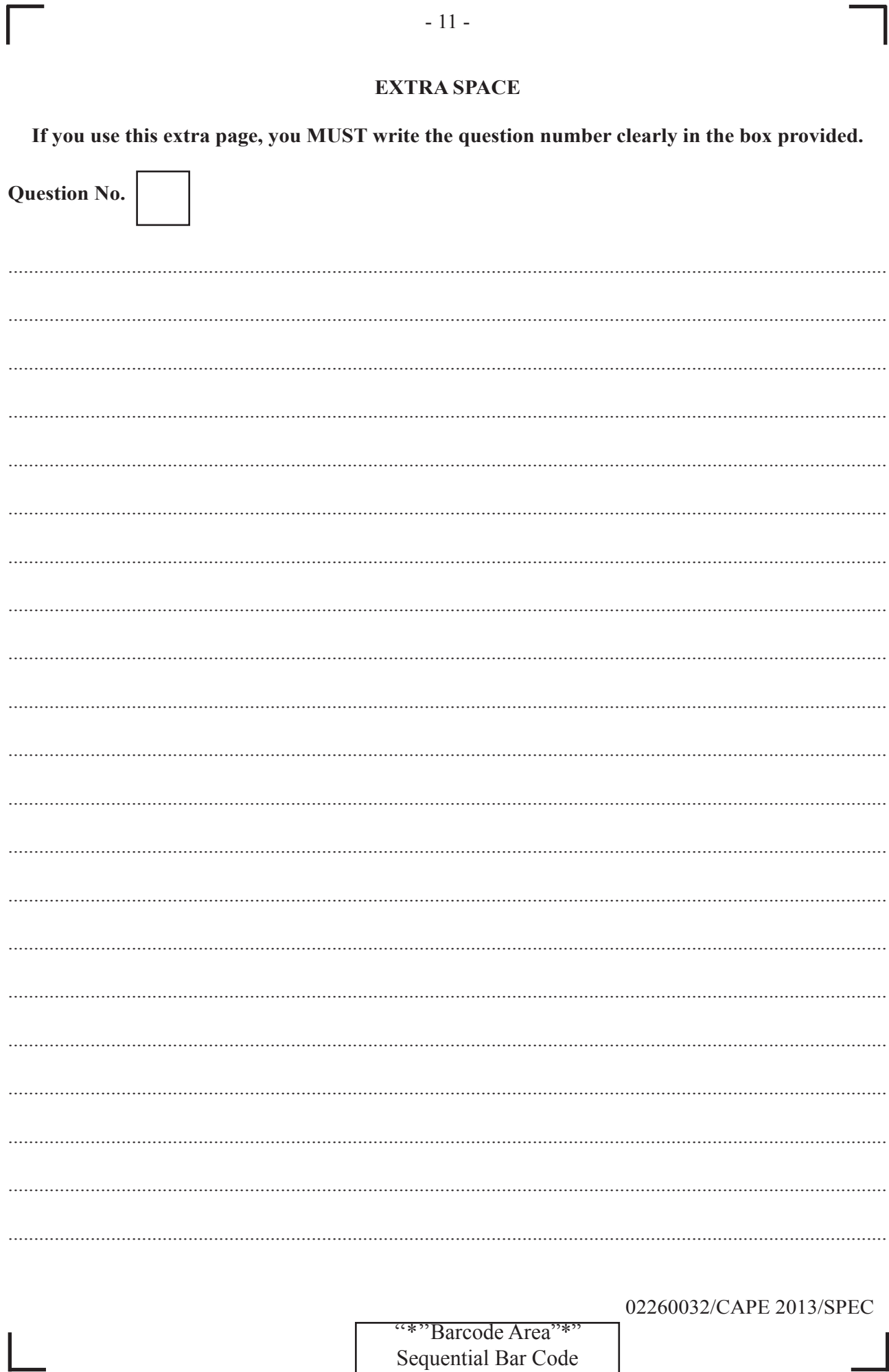
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**CARIBBEAN EXAMINATIONS COUNCIL**

**REPORT ON CANDIDATES' WORK IN THE  
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®  
MAY/JUNE 2015**

**ENTREPRENEURSHIP**

## GENERAL COMMENTS

CAPE Entrepreneurship consists of two units. Unit 1 focuses on Entrepreneurship Theory, while Unit 2 focuses on Entrepreneurship Practice. The overall performance of candidates on each unit was good. The candidates' knowledge of the units was examined through the following papers:

Paper 01 — Multiple Choice — consisted of 45 multiple-choice items, with 15 items on each module.

Paper 02 — Mini Cases — consisted of six mini cases, two per module. There were three sections, each corresponding to a module in the unit. Each section contained two mini case study scenarios.

For Paper 031 — School-Based Assessment (SBA) — students were expected to create a portfolio. For Unit 1, the SBA required students to complete an interview with an entrepreneur, produce a written case report and make an oral presentation of the report. For Unit 2, students were to undertake one project that includes conducting a market research on a product or service and then developing a business model.

Paper 032 — Alternative to School-Based Assessment (SBA) — is an examination in which private candidates write an alternative paper comprising a single case, encompassing issues under all three modules.

The results indicate that the performance of candidates ranged from satisfactory to good across all papers.

Unit 1 — Entrepreneurship Theory — was divided into three modules:

Module 1: The Entrepreneurial Mind-set

Module 2: The Entrepreneurial Process

Module 3: Creativity and Innovation

Module 1 tested candidates' understanding of the entrepreneurial mind-set, their awareness of the diverse characteristics of an entrepreneur and their understanding of the best practices of entrepreneurship development. Overall performance on this module was satisfactory.

Module 2 assessed candidates' understanding of the entrepreneurial process, their appreciation of the stages in the process and how business ideas are evaluated.

Module 3 examined candidates' understanding of the nature of creativity and innovation, how to nurture and manage innovation and the value and importance of protecting one's creations and innovations.

Unit 2 — Entrepreneurship Practice — was also divided into three modules:

Module 1: Essentials of Business Ownership

Module 2: New Venture Planning and Creation

Module 3: Managing and Growing the Venture

Module 1 tested candidate's knowledge of the essentials of business ownership. It examined whether they understood the various types of ventures and if they conform to local, regional and international legal and regulatory frameworks. Additionally, it assessed if they understood the importance of ethics and social responsibility in operating a venture.

Module 2, which focused on new venture planning and creation, tested candidates' understanding of the importance of market research and feasibility analysis; the process of determining the viability of a venture; the importance and components of a business model and a business; and the importance of start-up capital and financial statements in a venture.

Module 3 examined candidates' understanding of managing and growing the venture. It tested whether candidates understood the venture life cycle, their awareness of the various venture models and how e-commerce can aid in the operation and growth of the venture.

The data related to the performance of candidates are detailed in the following section; this will provide greater insight into how candidates performed on the specific papers.

## **DETAILED COMMENTS**

### **UNIT 1 – ENTREPRENEURSHIP THEORY**

#### **Paper 01 – Multiple Choice**

This paper consisted of 45 questions, comprising 15 questions from each module. Total marks allocated were 45, one mark for each question, representing 20 per cent of the total assessment. The data indicate that overall candidate performance was satisfactory. The mean score was 27.47 with a standard deviation of 5.47.

#### **Paper 02 – Mini Cases**

This paper consisted of six mini case scenarios, with two mini cases for each section. Candidates were required to attempt all questions. The questions required a greater depth of understanding than that required in Paper 01 and, therefore, tested candidates' in-depth knowledge of the syllabus. The total marks for the paper was 45, contributing 20 per cent towards the final assessment. The paper required higher levels of assessment and required extended responses involving reasoning, analysis and synthesis.

##### Question 1

Candidates did well on this question which tested entrepreneurial mind-set. They were able to identify the myths from the case as required in Part (a).

Candidates also did well on Part (b) which also tested knowledge of myths of entrepreneurship.

Candidates were able to identify the critical factors of entrepreneurship in Part (c). However, they were not able to explain the critical factors well. They simply stated the critical factors.

The mean score was 8.51 out of 15 marks and standard deviation 3.05 with 19 candidates attaining full marks. Over 500 candidates attained a score between 10 and 15.

##### Question 2

This question also tested candidates' knowledge of the entrepreneurial mind-set.

Candidates did not perform well on Part (a). It was apparent that candidates misunderstood the question. Some candidates gave responses that were reflective of answers in Part (c).

Most of the candidates did extremely well on Part (b), as they were able to give characteristics of the entrepreneur.

Candidates answered Part (c) extremely well. They were able to identify the innovations directly from the case study.

The mean score was 8.80 with a standard deviation of 3.6; however, only one candidate received full marks on this question.

##### Question 3

This question tested candidates' knowledge of the entrepreneurial process.

Candidates responded to Part (a) adequately and were able to identify the solutions from the case. Responses to Part (b) were satisfactory.



Candidates performed satisfactorily on Part (c) and were able to identify and explain three components within the entrepreneurial process. Some candidates were only able to list and outline as they did not contextualize the responses using examples in the explanation.

The mean score was 8.34 and standard deviation 3.68 with 52 candidates receiving full marks. Over 500 candidates attained a score between 10 and 15.

#### Question 4

This question also tested candidates' knowledge of the entrepreneurial process.

Candidates were able to identify the correct responses from the case on Question 4 (a).

In Question 4 (b), candidates generally seemed to have difficulty explaining the benefits of liquidating the venture.

The majority of candidates were able to list rather than outline the elements, thus not scoring full marks in Question 4 (c).

The mean score was 5.84 and standard deviation 3.41. However, eight candidates received full marks on this question.

#### Question 5

This question assessed candidates' knowledge of creativity and innovation.

In Part (a), candidates generally understood the difference between creativity and innovation — one emphasizing idea generation, with the other emphasizing converting ideas into good/services, ready for the market etc. Note that a response that the steel pan was developed for stress is acceptable as it speaks to positioning the product as a wellness product.

For Part (b), candidates did not do well in identifying the elements. Their answers did not speak to the broad framework, for example, social, political, economic, ethical, cultural and environmental.

In Part (c), candidates needed to have responded with greater clarity when providing their explanations. For example, patents are primarily geared towards inventions/mechanics; copyright works for literary work, for example, books, songs. In order for a candidate to get full marks the definition must be clear and distinct from other plausible meanings. Note that sometimes meanings are close and are differentiated primarily through the product/service etc.

Overall, candidates performed better on this question, than on Questions 1–4.

The mean score was 9.83, the highest on the paper, and standard deviation 2.52, with 32 candidates attaining full marks and another 32 attaining 14 marks. Over 700 candidates attained a score between 10 and 15.

The majority of candidates did not answer Question 5 (b) correctly. Some did not speak about the macro policy but more to the activity that a policy will support.

#### Question 6

This question also assessed candidates' knowledge of creativity and innovation. Most candidates gave correct responses based on the case and were awarded full marks.

Most candidates did not state the source of innovation for Part (b); instead they gave examples of innovation from the case, for example itunes app, steel band. Generally, candidates seemed not to understand the question as most spoke to the actual innovation and not sources.

Part (c) asked candidates to explain why patenting was used instead of branding in the given scenario. The responses to Part (c) were fairly good; approximately 75 per cent of the candidates were able to give one difference between a patent and a brand. The other candidates took their answers directly from the case without any other explanations, thus, they were not able to receive full marks.

The mean score 9.17 and standard deviation of 3.13, 48 candidates received full marks on this question.

### **Recommendations**

- Teachers are encouraged to provide more guidance to students on the difference between listing, identifying, outlining and explaining; some students were able to list and outline but not explain, using examples from the case or outside the case.
- Generally, there needs to be greater emphasis in the classroom on the higher levels of the assessment requirements.
- Greater emphasis should be placed on making a distinction between key terms such as the definition for creativity for innovation. A few candidates were not able to see that without creativity, innovation would not be possible. They saw them both in isolation and not that innovation depends on creativity.
- When delivering the modules, teachers must help students to distinguish between sources of innovation and innovation. Sources are at the ideation stage, creativity stage, while innovation is used to develop the actual product/service.

### **Paper 032 – Alternative to School-Based Assessment (SBA)**

This paper consisted of a single case (long) with relevant questions across the three models. It tested candidates' depth of knowledge of the syllabus and required deeper and higher levels of assessment and extended responses involving reasoning, analysis and synthesis. Each question was worth a maximum of 20 marks.

#### Question 1

This question tested candidates' knowledge of entrepreneurial mind-set. The mean score was 9.24 and standard deviation 3.15. No candidate received a score of above 17.

#### Question 2

This question examined candidates' knowledge of the entrepreneurship process. The mean score was the highest overall totalling 13.56 and standard deviation 4.62. Five candidates got full marks, while 16 received marks of 17 and above.

#### Question 3

This question tested candidates on creativity and innovation. The mean score was 11.76 and standard deviation 4.73. No candidate received the maximum score, however, ten candidates got above 17 marks on this question.

### Paper 031 – School-Based Assessment

Overall, the examination results showed that the SBA process is effective and that students were learning as well as communicating at a satisfactory level. Nonetheless, there is room for improvement in all three areas: administration, teaching and student performance.

#### SBA– Unit I

1. Student should be guided by the syllabus as it relates to content. As it relates specifically to content of the Interview Report, note page 41 of syllabus details what the contents of the SBA should be.
2. Teachers need to make a clear distinction between description of company and description of industry; this must also be done with reference to the syllabus as well.
3. There are concerns regarding interpretation and misinterpretation of industry, history of business etc. teachers should also pay attention to this. Teachers must ensure that interview/SBA is done on the recommended Industry: Please refer to the syllabus.
4. **IMPORTANT:** Must guard against teachers facilitating a guest lecture which is then used by the entire class as their interview with an entrepreneur; note the syllabus allows 2-3 students to conduct group interview, not an entire class. It is important that student go into the field as part of the experiential learning process.
5. Students must ensure that the interviewee is the actual entrepreneur for the venture and not an employee in the venture.
6. Students could use pictures etc. to evidence that they have conducted the interview; in cases where videos are used, the teacher should make a note on the script that this was the case.
7. Under review of industry it should be made clear that one is assessing trends size etc. in the overall landscape as it relates to the venture and not a description of the business or the history of entrepreneurship.
8. Principals and teachers should be reminded that they may source texts from publishing houses which will provide instructors manuals for the teachers for example, Prentice Hall and other publishers.
9. Greater attention must be paid to how data collection is explained. Data collection must be linked to the venture/project.
10. The Objectives required in the report need to be ‘SMART’. It should be made clear to students that they must follow the instructions closely; if asked to give one aim and two objectives; do not give multiple aims and multiple objectives. Teachers must also ensure that students’ aims and objectives are what they want and not what the teacher wants them to examine.
11. Teachers must be vigilant to ensure that student do not ‘cut and paste’ information from the internet (e.g. Wikipedia) without referencing the source of the information. There is not much referencing when conducting literature review. Absence of bibliography was noted in some instances. Proper referencing should be done.
12. A positive element coming out from the process is the noted change recorded by students in their thinking and perception of entrepreneurship.
13. Conclusions were not linking to the aims and objectives outlined by students in their project – there was no ‘not causal link between aims and objectives’ and findings in review of industry.
14. Given that there is a word limit; a word count should be presented in the submission on the front page. Instead of limit of 1500 a range should be agreed upon – 1500 – 2000, excluding appendix.

15. Teachers should ensure that there are detail subheadings for components in the project, in particular the section on 'presentation on interview report' as reflected in the marks scheme.
16. It is important to ensure that teachers recognise that their role is to guide and not to narrate to students as it might come across as plagiarism among the students. Additionally more attention must be paid to grades given for oral presentations and aims and objectives, in particular assigning maximum marks for all students in these areas.
17. Teachers should ensure that responses are contextualised, clearly linked to the interview e.g. impact on self should link the experiences of the entrepreneur to his/her thinking towards being an entrepreneur.
18. A grave concern seems to be inconsistency in the marking of scripts. It is noticed that some students whose scripts are very good are given low scores; while others with poor work are given higher scores. It is also seen where students from government high schools tend to have more guidance as reflected in the content of the work presented, with scores reflecting that quality and content. In the private schools, the students work are generally poor but the scores tends to be high. Also some students who clearly presented more organised, quality work are given lower scores than others whose work is not as good.
19. Teachers must ensure that they do not have a-prior expectations regarding answers. If a student on completing the interview/SBA states that she would not want to be an entrepreneur that is good as well; the aim is not to get persons to want to be, but to assess their own conclusions based on the experience.

## **Conclusions**

### **General**

Overall the performance of the students and the teachers in marking were satisfactory. In some cases the performance of both teachers and students reflects good guidance and quality research. This was evident in all countries, in particular to the government funding schools. Nonetheless, there is room for improvement; with additional workshops in these territories the performances will be even better. It is being emphasised that students should follow the methodology for assignments outlined for SBA, completing all components. Special attention must be paid to the section on 'content of interview report. Students must be reminded that Aims are broad and linked to a vision, while objectives must be S.M.A.R.T. Industry review should focus on the trends (number of players, is it growing or declining, barriers to entry and/or exit etc.) in the area at the macro level. Impact of student is crucial and should reflect how the interview has directly influenced their desire to be or not to be an entrepreneur, with clear referencing to sections of the interview. It should be emphasised that a bibliography is need, in particular when students has used secondary data, primarily in conducting the review of the industry. The use of charts, pictures, etc. is also useful, as this also evidence the depth and breadth of the research conducted. Nonetheless the presentation of the projects were satisfactory and reflects that when students are given proper guidance, feedback and apply themselves they will tend to perform well on the SBAs.

### **Students**

The overall performance of the students was satisfactory, with clear cases of excellence, especially among the government high schools across all territories. There was no clear distinction between the traditional and new high schools (primarily in Jamaica), although it was clear that among the sample received, the new high schools tend to do very well. This can be contributed directly to the quality of guidance and supervision offered to these students in these schools. In comparison students attending the private institutions (post high school, in particular those where students would pay go to complete CAPE), tends to perform poorly.

It is noticed that some students are incorporating relevant knowledge from other subject areas in the SBAs. This reflects that students are learning, assimilating and applying. Where this is done (e.g. to link printing and cosmetology into Tourism, emphasizing clustering approaches) the students generally produces a good SBA.

**Teachers:**

Generally the teacher's quality of marking tends to be acceptable, especially among the government high schools, traditional and new. It was noticed however that in some cases the teacher's marks varied significantly at moderation. It might be a case where the teachers are lenient. However it must be considered that giving the students invalid grades sends the wrong signal to all stakeholders and must be quickly discontinued.

**UNIT 2 – ENTREPRENEURSHIP PRACTICE****Paper 01 – Multiple Choice**

This paper consisted of 45 questions, comprising 15 from each module. Total marks allocated were 45, one mark for each question, representing 20 per cent of the total assessment. The data indicate that candidates' performance in this unit was better than in Unit 1 and overall was good. The mean score was 29.28 and standard deviation 4.86.

**Paper 02 – Mini Cases**

This paper consisted of six mini case scenarios, with two mini cases in each section. Candidates were required to attempt all questions. Similar to Unit 1, the questions required a greater depth of understanding than that required in Paper 01 and therefore tested candidates' in-depth knowledge of the syllabus. The total marks for the paper was 45, contributing 20 per cent towards the final assessment. Each question was worth 15 marks. The paper required higher levels of assessment and extended responses involving reasoning, analysis and synthesis.

Overall, students performed better in Modules 1 and 3 than in Module 2; the best overall performance was on Question 6, Module 3.

Question 1

This question tested candidates' knowledge of the essentials of business ownership.

Part (a) was answered extremely well by candidates. They were able to identify the features of the franchise as presented in the case. While candidates did well on Part (b), they had issues giving adequate explanations.

In Part (c), candidates were able to identify the advantages but like previous questions, their ability to give adequate explanations or descriptions posed a problem.

The average score on this question was 10.83, with a standard deviation of 3.03. Seven candidates received full marks. Over 37 candidates attained a score between 10 and 15 marks.

Question 2

This question also tested candidates' knowledge of the essentials of business ownership.

Candidates performed very well on Part (a) and were able to list the legal and regulatory requirements.

In Part (b), candidates made adequate responses and were able to outline benefits.

Similar to Part (b), candidates were able to outline advantages and disadvantages of a partnership.

The mean score was 10.59 and standard deviation 2.21; however, no candidate received full marks on this question.

Question 3

This question tested candidates' knowledge of new venture planning and creation.

Candidates performed very well on Part (a), giving reasons for the importance of a business plan.

Candidates adequately listed the components of a business plan in Part (b).

For Part (c), candidates again had difficulty giving full explanations; in this case, in explaining the components of the balance sheet and business plan.

The mean score was 8.61 and standard deviation was 2.93. Only one candidate received full marks. Thirty candidates achieved a score between 10 and 15 marks.

Question 4

This question tested candidates' knowledge of new venture planning and creation.

Candidates generally performed poorly on Part (a) and were not able to state the purposes of a feasibility analysis. The answers tended to be general and not as guided by the syllabus.

In Part (b), candidates were asked to explain TWO elements to be included in the financial feasibility. Candidates' explanations were less than adequate, and as such performance on this question was also poor.

In Part (c), candidates were unable to explain how personality influenced the feasibility of the business.

Similar to Unit 1, results were the lowest for Question 4, with a mean score of 4.77 and a standard deviation of 1.90. No candidate attained a score of 10 or above for this question.

Much more time needs to be spent with students on this particular area relating to feasibility analysis.

Question 5

This question assessed candidates' knowledge of managing and growing a venture.

In Part (a), candidates were required to state ways in which the company in the scenario had adopted e-commerce in the venture.

Candidates did well on Part (a) and answered as expected.

For Part (b), candidates were able to give adequate outlines of the benefits, thus, they performed well on this question.

In Part (c), candidates did not give adequate explanation of the strategic alliance through e-commerce.

The mean score was 9.93 and standard deviation 3.15. Seven candidates attained full marks. Thirty-seven candidates attained a score between 10 and 15.

Question 6

Based on the case, candidates were asked to outline three situations that might require a valuation of the business.

Candidates responded to Part (a) adequately and performed well.

For Part (b), candidates were able to list and mention the stages in the venture life cycle, but did not provide adequate explanations for the stages.

The mean score was 10.69, the highest average for this unit. The standard deviation was 4.04. Sixteen candidates received full marks on this question. Over 49 candidates attained a score between 10 and 15 marks

### **Recommendations**

There is a need to ensure that students understand what it means to explain.

It should be noted that for Units 1 and Units 2, candidates performed well, scoring an average of 8 and above for all questions except for Question 4 in both units. Within Unit 1, Question 4 examined candidate's knowledge of the entrepreneurship process, while for Unit 2, Question 4 examined their knowledge on new venture planning and creation.

### **Paper 032 – Alternative to School-Based Assessment (SBA)**

Similar to Unit 1, this paper consisted of a single case (long) with relevant questions across the three models. It tested candidates' depth of knowledge of the syllabus and required deeper and higher levels of assessment and extended responses involving reasoning, analysis and synthesis.

It is important to note that only five candidates sat this paper.

Overall, private candidates performed better on this unit than on Unit 1 as evidenced by the averages for this paper.

#### Question 1

This question tested candidates on the essentials of business ownership.

Part (a) required that candidates list the forms of enterprise in order of their limited liability. Candidates did not take the order into consideration. Candidates were not penalized for this omission however in future if the question requires that information be presented in a particular way, the marks will be allocated accordingly.

The majority of candidates simply listed the form of enterprise. It was evident that candidates were unable to list enterprises in order of their limited liability status. Therefore, teachers are encouraged to pay attention to this area.

Candidates were able to outline three differences between a social enterprise NGO and a sole trader. In Part (b); however, their ability to give adequate explanations was limited. The scores for this question ranged between 3 and 4 marks out of a maximum of 6 marks.

Candidates were able to get the maximum marks for Part (c) by correctly stating two reasons for an enterprise to practice good corporate social responsibility.

The mean score was 9.00 and standard deviation 4.06. For this question, no candidate received a score of 14 and above.

#### Question 2

This question examined candidates on new venture planning and creation.

Part (a) was straightforward and the majority of candidates scored the maximum marks. However, those who did not receive the maximum marks gave inadequate or wrong reasons for conducting a feasibility study.

In Part (b), candidates were able to identify the different types of feasibility analysis and were also able to explain why feasibility analysis was necessary before one could pursue setup. This Part was done well.

While Part (c) was answered relatively well, there were some candidates who simply listed the feasibility type and did not give any description of the same.

The mean score was the highest overall totalling 14.00 and the standard deviation 2.83. Similar to Question 1, no candidate got full marks or above 17 for this question.

### Question 3

This question tested candidates on managing and growing the venture. The mean score was 9.80 and standard deviation 5.31. No candidate received a maximum score; however, one candidate scored above 18 on this question.

Candidates were able to list four benefits of having a website to support business venture activities in Part (a).

Candidates answered Part (b) well by advising on five factors to be considered before launching a bad break e-commerce venture and were also able to identify the following response.

- Ensure trained persons are there to operate the system
- Ensure privacy arrangements
- Ensure all the legal requirements are met to facilitate a venture through e-commerce

## **Paper 031 – School-Based Assessment (SBA)**

### **SBA – Unit 2**

#### **Business Model component**

From the candidates' submissions it was seen that the responses did not clearly capture some of the imperatives/components for the business model as outlined below. More keen attention must be paid to how the model is detailed under the six questions (reflected in the Business Model Matrix):

- Value proposition (How does the venture create value) – while the value proposition can speak to the direct good or service being offered, it should also speak to the functionality of the good or service being offered. With this approach the entrepreneur will be able to market the product as more than just a product or service that gives explicit value, but also implicit value. For example, a football sports camp primarily offers training in football, however in the training there is the wellness, team building, motor skills development, cognitive development etc; all of which provides more avenue upon which one can market and differentiate the product offering as well.
- For beneficiaries (for who does the venture create value), emphasis must be placed on the various stakeholders for who value is being created. While the obvious beneficiary might be the final consumer, there are other beneficiaries within the value chain, who could be upstream or downstream. The value might be created for another business and not the consumer as well; who uses the good or service as an input in generating another good or service
- Source of competitive advantage (what is the venture source of competitive advantage and Differentiation (how does the venture differentiates itself– it should be emphasised that all ventures are made up of four major components, HR, Operations, Marketing and Financing – these four areas individually or any combination of can present a source of competitive advantage and differentiation
- Income generation (how does the venture makes money?) – the emphasis here should be on three elements, margins, prices and volumes – is it making high, low or medium margins on sale of products; is charging high, low or medium prices and is it supplying high, low or medium volumes. The combination of price and volume will determined its margin.



- Growth (what is the venture time, scope and size ambitions) – emphasis here is on the four growth models – subsistence, income, high growth and speculative

### **Market Research**

Note that title of SBAs should reflect a market research and not just a general investigation.

Objectives must be S.M.A.R.T and reflect market research imperatives (e.g. size of market, demography, trends, number of competitors)

For example:

1. To ascertain what percentage of the consumers will be willing to purchase the good or service in year one of operations in Scarborough, Tobago
2. To unearth what age and income group of persons will be willing to purchase the good or service within Castries St. Lucia, within year two of operations
3. To ascertain if there is increasing or decreasing demand for the good or service between 2014 - 2015
4. To find out the number of competitors and who are the major competitors to the venture within Georgetown, Guyana

It might be useful that students conduct the market research and business model on the same product/service, so that information gathered from the market research or business model can be used to inform the other, depending on which is conducted first.

While tables, charts and financials are a part of the market research requirements, these should be placed in the appendix/annex of the documents with clear references made to them in the narrative/main body of the market research report.

**CARIBBEAN EXAMINATIONS COUNCIL**

**REPORT ON CANDIDATES' WORK IN THE  
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®  
MAY/JUNE 2017**

**ENTREPRENEURSHIP**

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## GENERAL COMMENTS

CAPE Entrepreneurship consists of two units. Unit 1 focuses on Entrepreneurship Theory, while Unit 2 focuses on Entrepreneurship Practice. The overall performance of candidates on each unit was good. Candidates' knowledge of the units was examined through the following papers:

Paper 01 (multiple choice) which consisted of 45 multiple-choice items, with 15 items on each module.

Paper 02 (mini cases) which consisted of six mini cases, two per module. There were three sections, each corresponding to a module in the unit. Each section contained two mini case study scenarios.

For Paper 031 (School-Based Assessment (SBA)) for which students were expected to create a portfolio.

For Unit 1, the SBA required students to complete an interview with an entrepreneur, produce a written case report and make an oral presentation of the report. For Unit 2, students were expected to undertake one project that includes conducting market research on a product or service and then to develop a business model.

Paper 032 (Alternative to School-Based Assessment) is an examination in which private candidates write an alternative paper comprising a single case, encompassing issues under all three modules.

The results indicate that the performance of candidates ranged from satisfactory to good across all papers.

Unit 1 — Entrepreneurship Theory — was divided into three modules:

Module 1: The Entrepreneurial Mindset

Module 2: The Entrepreneurial Process

Module 3: Creativity and Innovation

Module 1 tested candidates' understanding of the entrepreneurial mindset, their awareness of the diverse characteristics of an entrepreneur and their understanding of the best practices of entrepreneurship development. Overall, performance on this module was satisfactory.

Module 2 assessed candidates' understanding of the entrepreneurial process, their appreciation of the stages in the process and how business ideas are evaluated.

Module 3 examined candidates' understanding of the nature of creativity and innovation, how to nurture and manage innovation and the value and importance of protecting one's creations and innovations.

Unit 2 — Entrepreneurship Practice — was also divided into three modules:

Module 1: Essentials of Business Ownership

Module 2: New Venture Planning and Creation

Module 3: Managing and Growing the Venture

Module 1 tested candidates' knowledge of the essentials of business ownership. It examined whether they understood the various types of ventures and if they conform to local, regional and international legal and regulatory frameworks. Additionally, it assessed if they understood the importance of ethics and social responsibility in operating a venture.

Module 2, which focused on new venture planning and creation, tested candidates' understanding of the importance of market research and feasibility analysis; the process of determining the viability of a venture; the importance and components of a business model and a business; and the importance of start-up capital and financial statements in a venture.

Module 3 examined candidates' understanding of managing and growing the venture. It tested whether candidates understood the venture life cycle, their awareness of the various venture models and how e-commerce can aid in the operation and growth of the venture.

The data related to the performance of candidates are detailed in the following section; this will provide greater insight into how candidates performed on the specific papers.

## **DETAILED COMMENTS**

### **UNIT 1 – Entrepreneurship Theory**

#### **Paper 01 – Multiple Choice**

This paper consisted of 45 questions comprising 15 questions from each module. There were 45 marks allocated for this paper, one mark for each question, representing 20 per cent of the total assessment. The data indicate that, overall, candidate performance was satisfactory. The mean score was 28.85 with a standard deviation of 5.8.

#### **Paper 02 – Mini Cases**

This paper consisted of six mini case scenarios, with two mini cases for each section. Candidates were required to attempt all questions. The questions required a greater depth of understanding than that required in Paper 01 and, therefore, tested candidates' in-depth knowledge of the syllabus. The total marks for the paper was 45, contributing 20 per cent towards the final assessment. The paper required higher levels of assessment and required extended responses involving reasoning, analysis and synthesis.

#### **Question 1**

Candidates did well on this question that tested entrepreneurial mindset. They were able to explain why a person could be considered a strategic thinker (a), the characteristics of an entrepreneur (b) and factors that must be considered if someone wanted to be successful in operating a venture (c).

The mean score was 10.9 out of 15 marks and the standard deviation 3.19 with 225 candidates attaining full marks. Over 1200 candidates attained a score between 10 and 15.

### Question 2

Overall, candidates performed well on this question; they were able to explain the myths of entrepreneurship in the case; list types of entrepreneurs and identify which type of entrepreneur best describes the character in the case.

The mean score was 9.76 with a standard deviation of 3.42. A total of 56 candidates received full marks on this question. Over 900 candidates attained a score between 10 and 15.

### Question 3

This question tested candidates' knowledge of the entrepreneurial process.

Candidates had more difficulty responding to this question than the previous two. Candidates seemed unclear as to what the question meant by *secure* and interpreted it to mean 'provide security for' and not *acquiring/sourcing*.

While candidates were able to identify sources to access capital in Part (b), they found Part (c) challenging in terms of identifying sources of business concepts.

The mean score was 7.7 and standard deviation 3.5, with 22 candidates receiving full marks. Over 500 candidates attained a score between 10 and 15.

*Candidates' performances on the remaining three questions were not as encouraging as their performance on Questions 1–3. The average scores for Questions 4–6 were 5.41, 5.60 and 6.28 respectively.*

### Question 4

This question also tested candidates' knowledge of the entrepreneurial process. However, candidates did not perform well on this question which had the lowest mean, 5.41, and a standard deviation of 2.69. No candidate received full marks and fewer than 250 candidates received scores between 10 and 15.

While they were able to identify sources of opportunities from the case, candidates had difficulty outlining those not mentioned in the case. Additionally, they had challenges giving full explanations as to why one should pay back resources, reinvest, expand and grow a venture.

### Question 5

This question assessed candidates' knowledge of creativity and innovation. Candidates were able to identify from the case sources of innovation, but again had challenges providing explanations as required. They also did not thoroughly outline the benefits of offering incentives and policy support for innovation.

Overall, candidates performed better on this question, than on Question 4, but still worse than on Question 6.

### Question 6

While performance on this question was not as good as on the first three questions, it was better than on Questions 4 and 5. The question also assessed candidates' knowledge of creativity and innovation. Most candidates gave correct responses based on the case and were awarded full marks for the kinds of core innovations. Again, they had challenges explaining time concepts of branding, copyrights and patents. Frequently, candidates confused copyrights and patents as well as branding and trademarks.

### **Recommendations**

- Teachers are encouraged to provide more guidance to students on the differences between *listing, identifying, outlining* and *explaining*; some students were able to list and outline but not explain, using examples from the case or outside the case.
- Generally, there needs to be greater emphasis in the classroom on the higher levels of the assessment requirements.
- When delivering the modules, teachers must help students to distinguish between sources of innovation and business concepts.
- Greater emphasis must be placed on ways of protecting IP and how these ways differ.

### **Paper 032 – Alternative to School-Based Assessment (SBA)**

This paper consisted of a single case (long) with relevant questions across the three models. It tested candidates' depth of knowledge of the syllabus and required deeper and higher levels of assessment and extended responses involving reasoning, analysis and synthesis. Each question was worth a maximum of 20 marks. Candidates' best performance was on Question 2, which focused on the entrepreneurial process. Performance on Question 3, which assessed candidates' knowledge of creativity and innovation was poor.

### Question 1

This question tested candidates' knowledge of the entrepreneurial mindset. The mean score was 11.9, the highest overall total and standard deviation was 3.45. No candidate attained full marks on this question.

### Question 2

This question examined candidates' knowledge of the entrepreneurship process. The mean score was the lowest overall, totalling 8.85 with a standard deviation of 4.99.

### Question 3

This question tested candidates on creativity and innovation. The mean score was 10.65 and the standard deviation 4.53.

## **UNIT 2 – Entrepreneurship Practice**

### **Paper 01 – Multiple Choice**

This paper consisted of 45 questions, comprising 15 from each module. The total marks allocated were 45, one mark for each question, representing 20 per cent of the total assessment. The data indicate that candidates' performance in this unit was better than in Unit 1 and was good overall. The mean score was 25.11 and the standard deviation 5.28.

### **Paper 02 – Mini Cases**

This paper consisted of six mini case scenarios, with two mini cases in each section. Candidates were required to attempt all questions. Similar to Unit 1, the questions required a greater depth of understanding than that required in Paper 01 and therefore tested candidates' in-depth knowledge of the syllabus. The total marks for the paper was 45, contributing 20 per cent towards the final assessment. Each question was worth 15 marks. The paper required higher levels of assessment and extended responses involving reasoning, analysis and synthesis.

The overall performance on this Unit was not as good as that on Unit 1 as evidenced by the mean scores. The mean scores for Questions 1–6 were 9.02, 4.08, 8.33, 2.26, 8.15 and 4.63 respectively. The best performance was on Question 1 and the overall poorest performance across both units was on Question 4 in this unit. Questions 2, 4 and 6 all saw average performances below a score of 5.

#### Question 1

This question tested candidates' knowledge of the essentials of business ownership.

Candidates were able to explain the difference between companies and businesses as well as to list the types of ventures. However, some had challenges outlining the advantages of registering the venture in a particular form.

The average score on this question was 9.02, with a standard deviation of 2.79; however, 16 candidates received full marks on this question, with approximately 300 receiving marks between 10 and 15.

#### Question 2

This question also tested candidates' knowledge of the essentials of business ownership. In this case it was that of a social enterprise (SE).

Candidates performed very well on Part (a) but poorly on Part (b), which required them to outline reasons why a SE might not be able to secure funding, and Part (c), the core forms of value creation by the SE age of a partnership.

The mean score was 4.08 and the standard deviation 2.95.

### Question 3

This question tested candidates' knowledge of new venture planning and creation with emphasis on market research. Candidates were able to define the marketing feasibility and listing elements to be considered in conducting market research. However, they had challenges explaining benefits of market research.

The mean score was 8.33 and standard deviation 3.37. Only two candidates received full marks while more than 200 achieved a score between 10 and 15 marks.

### Question 4

This question tested candidates' knowledge of new venture planning and creation and received the lowest scores across both units with a mean of 2.26 and standard deviation of 2.85.

Candidates generally performed poorly on Part (a) and were not able to list the questions in the business model, and thus failed to explain each. They were also unable to explain the models within the time, scope and growth ambitions of the venture development.

### Question 5

This question assessed candidates' knowledge of managing and growing a venture.

In Part (a), candidates were required to state ways in which the company in the scenario had adopted e-commerce in the venture. Candidates did well on Part (a) and answered as expected, in outlining the benefits of e-commerce, but they did not properly explain the importance of building customer relationships and data mining.

For Part (b), candidates were able to adequately outline the benefits, thus they performed well on this question. In Part (c), candidates did not give an adequate explanation of the strategic alliance through e-commerce.

The mean score was 8.15 and standard deviation 3.04. Six candidates attained full marks and over 200 candidates attained a score between 10 and 15.

### Question 6

Based on the case, candidates were asked to explain the venture's stage of development and list stages in the venture life cycle. Candidates responded to these components fairly, but did not perform well in discussing the accounting components (book value and price earnings methods of valuation).

The mean score was 4.63 and the standard deviation 2.82. No candidate received full marks on this question. Fewer than 40 candidates attained a score between 10 and 15 marks.



## **Recommendations**

There is need to ensure that students understand what it means to explain and outline; there is need to have more focus on higher level components of questions. Candidates are able to list and identify but are not outlining, discussing or explaining adequately when required to do so.

Much more time needs to be spent with students on this particular area relating to business models as this is the key component in the syllabus.

More emphasis must be placed on the forms of ventures and their benefits. These forms are crucial and surpass those of social enterprises. Candidates' performance reflects little knowledge on both core concepts in the area of social entrepreneurship.

### **Paper 032 – Alternative to School-Based Assessment (SBA)**

Similar to Unit 1, this paper consisted of a single case (long) with relevant questions across the three models. It tested candidates' depth of knowledge of the syllabus and required deeper and higher levels of assessment and extended responses involving reasoning, analysis and synthesis.

Overall, the performance of private candidates was similar to performance on Unit 1 as evidenced by the averages for this paper.

#### Question 1

This question tested candidates on the essentials of business ownership. The mean score was 10.85 and standard deviation 4.27; however, no candidate gained full marks.

#### Question 2

This question examined candidates on new venture planning and creation.

The mean score was the highest overall, totalling 12.82, and the standard deviation 3.86. One candidate attained full marks while five scored above 17 marks.

#### Question 3

This question tested candidates on managing and growing the venture. The mean score was 9.26 and standard deviation 3.25. No candidate scored full marks or above 17 marks for this question.

### **Further Comments (Units 1 and 2)**

Greater emphasis needs to be placed on candidates being able to make comparisons — there are recurring problems with candidates failing to appropriately distinguish between patents and copyrights, businesses, companies etc.

Teachers are encouraged to place greater emphasis on explaining what is required from students when asked to outline, explain and or discuss.

An emerging area like social entrepreneurship needs to be treated as a main component in the examination by teachers and, as such, teachers must become more familiar with this element.

**CARIBBEAN EXAMINATIONS COUNCIL**

**REPORT ON CANDIDATES' WORK IN THE  
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION<sup>®</sup>**

**MAY/JUNE 2019**

**ENTREPRENEURSHIP**

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## GENERAL COMMENTS

CAPE Entrepreneurship consists of two units – Unit 1 which focuses on Entrepreneurship Theory and Unit 2 which focuses on Entrepreneurship Practice. Furthermore, each of the two units comprise three modules as follows:

<b>UNIT</b>	<b>Unit 1</b>	<b>Unit 2</b>
<b>MODULE</b>	<b>Entrepreneurship Theory</b>	<b>Entrepreneurship Practice</b>
<b>Module 1</b>	The Entrepreneurial Mindset	Essentials of Business Ownership
<b>Module 2</b>	The Entrepreneurial Process	New Venture Planning and Creation
<b>Module 3</b>	Creativity and Innovation	Managing and Growing the Enterprise

### Unit 1 – Entrepreneurship Theory

The general objectives for Module 1 (The Entrepreneurial Mindset) focus on helping candidates develop an understanding of the entrepreneurial mindset, cultivate an awareness of the diverse characteristics of an entrepreneur and understand the best practices of entrepreneurship development. In this year's examination, overall candidate performance on this module was excellent, as approximately 86 per cent of the candidates scored between 45 and 75 marks.

The general objectives for Module 2 (The Entrepreneurial Process) focus on helping candidates understand the entrepreneurial process, appreciate the key stages in the process and understand the process through which business ideas are evaluated. In this year's examination, overall candidate performance on this module was very good, as approximately 78 per cent of the candidates scored between 45 and 75 marks.

The general objectives for Module 3 (Creativity and Innovation) focus on helping candidates understand the nature of creativity and innovation, appreciate the process of nurturing and managing innovation, acknowledge the value of creativity and innovation, and understand the importance of protecting creations and innovations. In this year's examination, overall candidate performance on this module was very good, as approximately 77 per cent of the candidates scored between 45 and 75 marks.

### Unit 2 – Entrepreneurship Practice

The general objectives for Module 1 (Essentials of Business Ownership) focus on helping candidates understand the various types of ventures, and whether they conform to local, regional and international legal and regulatory frameworks, and appreciate the importance of ethics and social responsibility in operating a venture. In this year's examination, overall candidate performance on this module was very good, as approximately 82 per cent of the candidates scored between 45 and 75 marks.

The general objectives for Module 2 (New Venture Planning and Creation) focus on helping candidates understand the importance of market research and feasibility analysis, appreciate the process of determining the viability of a venture, become aware of the components and importance of a business model and a business plan, and understand the importance of start-up capital and financial statements in venture creation. In this year's examination, overall candidate performance on this module was very good, as approximately 81 per cent of the candidates scored between 45 and 75 marks.

The general objectives for Module 3 (Managing and Growing the Venture) focus on helping candidates understand the stages in the venture life cycle, become aware of various venture models and understand how e-commerce can aid in the operation and growth of the venture. In this year's examination, overall candidate performance on this module was very good, as approximately 81 per cent of candidates scored between 45 and 75 marks.

Candidates' knowledge of the two units and their respective modules was examined through the following papers:

- Paper 01 – Multiple Choice
- Paper 02 – Mini Cases
- Paper 031 – School-Based Assessment
- Paper 032 – Alternative to School-Based Assessment

Details on candidates' performance in each of the papers are outlined in the following section.

## **DETAILED COMMENTS**

### **UNIT 1 — Entrepreneurship Theory**

#### **Paper 01 — Multiple Choice**

Paper 01 comprised 45 multiple-choice questions, with 15 items based on each of the three modules. The paper represented 20 per cent of the total assessment score for Entrepreneurship. A total of 45 marks were allocated for the paper, one mark for each question. The allotted examination time was 1 hour and 30 minutes. CXC's statistical data reveal that overall candidate performance on this paper was good, since approximately 64 per cent of the candidates scored between 27 and 45 marks.

#### **Paper 02 — Mini Cases**

Paper 02 comprised six mini cases, with two mini cases per module. This paper represented 20 per cent of the total assessment score for Entrepreneurship. A total of 90 marks were allocated for the paper, 15 marks for each mini case. The allotted examination time was 2 hours and 45 minutes. These questions

required a greater depth of understanding than what is required for Paper 01 and necessitated candidates' use of higher-order thinking skills. CXC's statistical data reveal that overall candidate performance on this paper was unsatisfactory, since only four per cent of the candidates scored between 54 and 90 marks.

#### Question 1

This question tested candidates' ability to identify and discuss characteristics of an entrepreneur and to explain the importance of avoiding some of the known mistakes/pitfalls of entrepreneurship. Although this was the best performing question on the paper, the mean was 7.76 and the standard deviation 2.43. Candidates scored poorly on Parts (b) and (c), which required them to provide explanations. Those two parts represented a cumulative 12 of the 15 marks allocated for this question. Fewer than one per cent of the candidates who attempted the question earned the full 15 marks, while approximately 24 per cent of them attained scores between 10 and 15.

#### Question 2

The question tested candidates' ability to state two types of entrepreneur, to differentiate between a nascent entrepreneur and a novice entrepreneur, and to explain three myths of entrepreneurship. The mean was 6.39 and the standard deviation of 2.86. Generally, candidates were able to successfully state two types of entrepreneurs but had challenges correctly differentiating between a nascent entrepreneur and a novice entrepreneur. Fewer than one per cent of the candidates who attempted this question earned the full 15 marks, while approximately 15 per cent of them attained scores between 10 and 15.

#### Question 3

This question tested candidates' ability to identify two methods of generating information, to explain three steps in the entrepreneurial process and to distinguish between the internal and external sources that the entrepreneur could have used to access venture capital. Out of a total of 15, the mean score was 5.55 and the standard deviation 3.37. Generally, candidates were successful in identifying two methods of generating information and in distinguishing between the internal and external financial sources that would have been appropriate in the given scenario. However, candidates experienced difficulty explaining the three steps in the entrepreneurial process as given in Part (b); and that part alone was worth nine marks. Fewer than one per cent of the candidates who attempted the question earned the full 15 marks, while approximately 14 per cent of them attained scores between 10 and 15.

#### Question 4

This question tested candidates' ability to explain two sources of opportunity recognition, list five elements in implementing and managing a venture and to outline two benefits of liquidating a venture. This was the poorest performing question on the paper; the mean score was 2.51 out of 15 marks with a standard deviation of 2.71. Generally, candidates scored poorly on Parts (a) and (c) which cumulatively

represented 10 of the 15 marks allocated for this question. Firstly, the term *opportunity recognition* seemed to create some confusion for candidates; some candidates could not correctly list two sources of opportunity identification and hence were unable to move further and explain them. Secondly, candidates struggled with correctly explaining two benefits of liquidating a venture. Three or 0.08 per cent of the 3,769 candidates who attempted the question earned the full 15 marks while 3.1 per cent of them attained scores between 10 and 15. The majority of candidates who attempted this question, represented by 72.8 per cent, earned three or less of the maximum 15 marks.

#### Question 5

This question tested candidates' ability to (a) state two elements that could support a culture of creativity and innovation in the entrepreneur's business; (b) outline two reasons why incentives and good internal policy support a culture of innovation in businesses; and (c) explain why the three listed elements were considered to be sources of innovation. The mean score was 3.54 out of 15 marks with a standard deviation of 2.38. Candidates generally performed poorly on all three parts of the question. None of the 3,774 candidates who attempted the question earned the full 15 marks; while 1.46 per cent of them attained scores between 10 and 14. This was the second poorest performing question on the paper.

#### Question 6

This question tested candidates' ability to (a) outline two differences between creativity and innovation; (b) outline one core innovation concept; and (c) explain the differences among three stated methods of protecting innovation and creativity – branding, copyrights and patents. The mean score was 5.80 out of 15 marks with a standard deviation of 2.69. Part (c) proved challenging for candidates and most of them scored poorly in this section. Part (b) proved to be even more challenging; the majority of candidates seemed to have no knowledge of core innovation concepts, since many did not attempt a response. Three or (0.08 per cent) of the 3,769 candidates who attempted the question earned the full 15 marks while approximately 10 per cent of them attained scores between 10 and 15.

#### **Recommendations**

- Teachers should dedicate more time towards in-depth teaching on Module 3, Creativity and Innovation, since candidates seemed to have only limited or superficial knowledge of this module.
- Teachers should spend more time training students to answer questions which require higher-order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers and students can use the following recommended online resource to improve response skills for questions requiring higher-order thinking skills.  
St. Andrew's & St. Bride's High School (n.d.). *Common Command Words*.  
[www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)

### **Paper 031 — School-Based Assessment (SBA)**

For Paper 031, students are required to interview an entrepreneur, write an interview report and make an oral presentation to their classmates and teacher. The key objective of this Unit 1 SBA project is for students to demonstrate their skills in research, analysis, evaluation and presentation of information. This paper represents 60 per cent of the total assessment score for Entrepreneurship. A total of 60 marks were allocated for this paper which focused on the following eight areas:

- |                                      |                                      |
|--------------------------------------|--------------------------------------|
| (1) Aims and Objectives              | (5) Impact on Self                   |
| (2) Data Collection                  | (6) Presentation on 'Impact on Self' |
| (3) Review of Industry               | (7) Conclusion                       |
| (4) Presentation of Interview Report | (8) Presentation of Project          |

Only a representative sample of SBAs from across all centres was submitted to CXC for moderation. CXC's statistical data reveal that overall student performance on this paper was excellent, since 92 per cent of students scored between 36 and 60 marks.

#### **Recommendations**

Teachers should spend time showing students how to successfully complete the following tasks:

- Prepare a proper bibliography, properly referenced work and use proper grammar.
- Prepare a comprehensive industry review.
- Make the 'Impact on Self' section more personal to each student's individual experience.

### **Paper 032 — Alternative to School-Based Assessment**

Paper 032 comprised one case study, with three questions covering all three Unit 1 modules. This paper represents 60 per cent of the total assessment score for Entrepreneurship. A total of 60 marks were allocated for the paper, 20 marks for each question. The allotted examination time was 2 hours. Similar to Paper 020, these questions required a greater depth of understanding and necessitated candidates' use of higher order thinking skills. CXC's statistical data reveal that overall, candidate performance on this paper was unsatisfactory, since only approximately 4 per cent of candidates scored between 36 and 60 marks.

#### **Question 1**

This question tested candidates' ability to outline four myths of entrepreneurship and discuss four characteristics of an entrepreneur. This was the best performing question on the paper. Out of a total of 20, the mean score was 11.07 and standard deviation was 3.52. One of the 46 candidates (2.17 per cent)



who attempted the question earned the full 20 marks while 32.61 per cent of them attained scores between 13 and 20 marks.

### Question 2

This question tested candidates' ability to (a) outline two positive impacts of regulatory change on a business; (b) explain two processes for generating ideas; and (c) discuss two opportunity identification principles. Although most candidates correctly listed the required two processes for generating ideas, they were unable to go beyond this and adequately explain them. None of the 46 candidates who attempted the question earned 17 marks or higher; the highest mark was 16 and this was earned by only one candidate. The mean score was 7.63 out of 20 marks with a standard deviation of 3.50.

### Question 3

This question tested candidates' ability to (a) list four advantages and four disadvantages of allowing the named innovation in the case study to be adapted by other firms as open innovation; (b) discuss the core innovation concept that represented the named innovation in the case study; and (c) discuss two ways that the entrepreneurs could protect their intellectual property. This question performed the poorest on the paper with a mean score of 3.28 out of 20 marks and a standard deviation of 2.43. Candidates scored extremely low on Part (a) with the majority of candidates earning no or very low marks. Part (b) performed similarly to Part (a), as most candidates failed to correctly identify the core innovation concept and therefore were unable to discuss it. None of the 46 candidates who attempted this question earned 11 marks or higher; the highest mark was 10 and this was earned by only one candidate. Forty-one of the 46 candidates who attempted the question earned six marks or less out of 20 marks.

### **Recommendations**

Teachers should delve deeper with their students into the following three areas from Modules 2 and 3:

- Module 2 – Generating Ideas: An in-depth coverage of how each of the methods of generating ideas actually works is necessary, since most candidates could only list them but seemingly had no knowledge of what each method entailed or how it was carried out.
- Module 2 – Opportunity Identification: The details surrounding each source of opportunity identification needs to be understood, since candidates were unable to adequately outline two positive impacts of regulatory change on a business.
- Module 3 – Principles of Innovation: Keen attention needs to be paid to the teaching of this topic; knowledge of core innovation concepts and an understanding of how the relationship among components evolves under each concept were lacking, as many candidates could not identify the concepts or discuss them.

## UNIT 2 — Entrepreneurship Practice

### Paper 01 — Multiple Choice

Paper 01 comprised 45 multiple-choice questions, with 15 items based on each of the three modules. This paper represents 20 per cent of the total assessment score for Entrepreneurship. A total of 45 marks were allocated for the paper, one mark for each question. The allotted examination time for this paper was 1 hour and 30 minutes. CXC's statistical data reveal that overall, candidate performance on this paper was good, since approximately 61 per cent of candidates scored between 27 and 45 marks.

### Paper 02 — Mini Cases

Paper 02 comprised six mini cases, with two mini cases per module. This paper represents 20 per cent of the total assessment score for Entrepreneurship. A total of 90 marks were allocated for the paper, fifteen marks for each mini case. The allotted examination time for this paper was 2 hours and 45 minutes. These questions required a greater depth of understanding than what was required in Paper 01 and necessitated candidates' use of higher-order thinking skills. CXC's statistical data reveal that overall, candidate performance on this paper was unsatisfactory, since only approximately 3 per cent of the candidates scored between 54 and 90 marks.

#### Question 1

This question tested candidates' ability to define the term 'franchise' and to explain why it was not a suitable business option for the particular entrepreneur in his new venture. Candidates were also required to distinguish between two other types of ventures – limited liability company and private company. They were also asked to explain the term *partnership* and to state one advantage that the entrepreneur could gain from a partnership. The mean score was 4.62 out of 15 marks; standard deviation was 2.12. Many candidates experienced difficulty in Part (b), as they could not accurately and adequately distinguish between a limited liability company and a private company. In particular, candidates' understanding of a limited liability company was sometimes flawed. Part (b) alone represented 6 of the 15 marks allocated for this question. None of the 2,371 candidates who attempted the question earned the full 15 marks. The highest score was 13 and approximately two per cent of the candidates attained scores between 10 and 13.

#### Question 2

This question tested candidates' ability to (a) identify three actions that were necessary for the entrepreneur to legally establish her expanding business; (b) describe each of three types of organizations – *sole trader, community-based organization and non-governmental organization*; and (c) explain why the entrepreneur's actions could be considered a social value. Out of a maximum 15 marks, the mean score was 7.60; standard deviation 2.15; but this was the best performing question on the paper. Most

candidates were able to correctly and fully answer Part (a) but faltered in their responses to Parts (b) and (c). None of the 2,371 candidates who attempted this question earned the full 15 marks and those attaining scores between 10 and 14 represented 17.63 per cent.

### Question 3

This question tested candidates' ability to (a) list three of the components of the four P's in marketing strategy other than promotion; (b) explain how market research could support the promotional strategy of the venture; and (c) describe three elements that are included in a financial feasibility analysis. The mean score was 5.25 out of 15 marks with a standard deviation of 2.24. The majority of candidates was able to easily answer Part (a) but experienced great difficulty responding to Part (b). Candidates were generally able to describe at least one of the elements included in a financial feasibility analysis but none of the 2,371 candidates who attempted this question earned the full 15 marks; those attaining scores between 10 and 14 represented approximately three per cent.

### Question 4

This question tested candidates' ability to (a) list the four main components of operating a venture; (b) outline four reasons why a business plan is considered the road map for a business; and (c) explain how the business plan assists an entrepreneur in making financial projections. The mean score was 4.54 out of 15 marks with a standard deviation of 2.66. Many candidates attempted to respond to Parts (a) and (c), but the provided responses revealed a lack of concrete knowledge in both areas. Most of the candidates' performance on Part (b) was average; this question part alone was worth eight marks. None of the 2,371 candidates who attempted the question earned the full 15 marks; approximately 5 per cent of them attained scores between 10 and 14.

### Question 5

This question tested candidates' ability to (a) state four benefits the entrepreneur can gain by using a website to conduct her business, other than tracking sales results; (b) outline four ways in which e-commerce can improve the viability of the entrepreneur's venture, other than outsourcing; and (c) explain how e-commerce would allow the entrepreneur to track sales results from the business. This was the poorest performing question on the paper; the mean score was 3.93 out of 15 marks with a standard deviation of 1.88. The majority of the candidates either answered Part (b) incorrectly or did not answer it at all, resulting in numerous zeros and no response scores. With regard to Parts (a) and (c), candidates generally scored poorly as well. None of the 2,371 candidates who attempted the question earned the full 15 marks. The highest score was 13 and only 0.59 per cent of candidates attained scores between 10 and 13.

### Question 6

Question 6 tested candidates' ability to (a) outline three reasons for conducting the valuation of a business; (b) name three stages of development in the business cycle; and (c) explain the third and fifth stages in the business life cycle. The mean score was 5.88 out of 15 marks with a standard deviation of 3.84. Most candidates had no problem responding to Part (a). However, Parts (b) and (c), which cumulatively accounted for 9 of the 15 marks, proved challenging for most candidates. Only 13 (0.55 per cent) of the 2,371 candidates who attempted the question earned the full 15 marks, while 19.82 per cent of them attained scores between 10 and 15. It is also interesting to note that almost 10 per cent of the candidates who attempted the question earned zero marks.

### **Recommendations**

- Teachers should focus some more on the key characteristics, advantages and disadvantages of the various types of ventures, so that students can confidently compare and contrast them.
- Teachers should give more attention to discussing, with students, the purpose and benefits of market research, as well as the various ways in which e-commerce can aid in the operation and growth of a business venture. Since e-commerce is a cutting-edge, ever evolving area, teachers should engage real entrepreneurs in order to be continuously updated about new e-commerce strategies, approaches, technologies, considerations and opportunities. Additionally, teachers should identify entrepreneurs who use e-commerce solutions, invite them to classroom sessions and encourage them to bring real-world examples. This would be of great benefit to entrepreneurship students.

### **Paper 031 — School-Based Assessment**

For Paper 031, students are required to identify an original business idea, translate the idea into a well-conceptualized business concept, conduct market research on the chosen product or service and then develop a business model around the product or service. The students are then required to outline the market research and the business model in a report. The key objective of this Unit 2 School-Based Assessment (SBA) project is for students to demonstrate their skills in ascertaining the basic market and economic feasibility of a proposed business. This Paper represents 60 per cent of the total assessment score for Entrepreneurship. A total of 60 marks were allocated for the paper and it was equally distributed between the areas of Market Research and The Business Model.

Market Research, which was worth 30 marks, focused on the following six areas:

- |                         |                           |
|-------------------------|---------------------------|
| (1) Research objectives | (4) Questionnaire         |
| (2) Target/Sample       | (5) Findings and Analysis |
| (3) Methodology         | (6) Conclusion            |

The Business Model, which was worth 30 marks, focused on the following ten areas:

- |                              |                                   |
|------------------------------|-----------------------------------|
| (1) History of the Venture   | (6) Product Differentiation       |
| (2) Mission/Vision Statement | (7) Income Generation             |
| (3) Value Proposition        | (8) Growth                        |
| (4) Beneficiaries            | (9) Summary of Financial Analysis |
| (5) Operations               | (10) Presentation of Project      |

Only a representative sample of SBAs from across all centres was submitted to CXC for moderation. CXC's statistical data reveal that overall student performance on this paper was excellent, since 92.37 per cent of students scored between 36 and 60 marks, that is, Grades I–III.

### **Recommendations**

Teachers should spend time showing students how to successfully complete the following tasks:

- Write proper mission and vision statements.
- Prepare a comprehensive financial analysis, especially a Cash Flow Statement.

### **Paper 032 — Alternative to School-Based Assessment**

Paper 032 comprised one case study, with 3 questions covering all three Unit 1 modules. The paper represents 60 per cent of the total assessment score for Entrepreneurship. A total of 60 marks were allocated for the paper, twenty marks for each question. The allotted examination completion time for was 2 hours. Similar to Paper 02, these questions required a greater depth of understanding and necessitated candidates' use of higher-order thinking skills. CXC's statistical data reveal that overall, candidate performance on this paper was unsatisfactory, since 12.5 per cent of candidates scored between 36 and 60 marks, that is, Grades I–III.

#### Question 1

This question tested candidates' ability to (a) (i) list three features of a sole proprietorship; (a) (ii) state two disadvantages of a sole proprietorship; (b) (i) describe the new type of company which was formed; (b) (ii) outline two advantages of the new type of company formed; and (c) discuss two types of legal obligations that the entrepreneur had to observe in the Caribbean countries to which she planned to expand her business. Most candidates easily responded to Part (a). However, Parts (b) and (c) proved to be increasingly difficult for candidates. This highlighted, once again, the need for teachers to equip students to respond to questions requiring higher-order learning skills. These questions often use descriptive verbs such as *describe*, *outline* and *discuss*. None of the 24 candidates who attempted the question scored between 15 and 20 marks; the highest score was 14. The mean score was 8.92 out of 20 marks, standard deviation was 2.98.

### Question 2

This question tested candidates' ability to (a) outline four key elements of market research that the entrepreneur should pursue while developing her venture; (b) outline two key elements of a feasibility analysis that were identified in the case; and (c) explain two key elements of a feasibility analysis that were not identified in the case. Most candidate responses to Part (a) were inadequate. However, most candidates did a fair job of responding to Parts (b) and (c). The highest mark was 18 and this was scored by one candidate only. The mean score for was 7.96 out of 20 marks with a standard deviation of 4.44.

### Question 3

This question tested candidates' ability to (a) outline the four sections of a SWOT analysis that would have been useful to the entrepreneur in assessing her company; (b) explain the first section of a business plan; and (c) explain the two areas of the business plan that focus on resource requirements and the executive team. Most candidates were adept at responding to Part (b). With regard to Part (a), most candidates were at least able to name each section but failed to provide an outline of each, thereby forfeiting four valuable points. Part (c) was the most challenging for many candidates, though quite a few responded correctly. None of the 24 candidates who attempted the question scored between 15 and 20 marks; the highest score was 14. The mean score was 7.38 out of 20 marks with a standard deviation of 4.07.

### **Recommendations**

- As was recommended for Paper 02, teachers should spend more time training students to answer questions which require higher-order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers and students are reminded that they can use the recommended online resource to improve response skills for questions requiring higher order thinking skills:  
St. Andrew's & St. Bride's High School (n.d.). *Common Command Words*.  
[www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)
- Teachers should also delve deeper with their students into the area in Module 3 that focuses on identifying and explaining the various stages of the venture life cycle.

**CARIBBEAN EXAMINATIONS COUNCIL**

**REPORT ON CANDIDATES' WORK IN THE  
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®  
JULY/AUGUST 2020**

**ENTREPRENEURSHIP**

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## GENERAL COMMENTS

CAPE Entrepreneurship consists of two units: Unit 1, which focuses on Entrepreneurship Theory, and Unit 2, which focuses on Entrepreneurship Practice. Each of the two units comprise three modules as follows.

<b>UNIT</b>	<b>Unit 1</b>	<b>Unit 2</b>
<b>MODULE</b>	<b>Entrepreneurship Theory</b>	<b>Entrepreneurship Practice</b>
<b>Module 1</b>	The Entrepreneurial Mindset	Essentials of Business Ownership
<b>Module 2</b>	The Entrepreneurial Process	New Venture Planning and Creation
<b>Module 3</b>	Creativity and Innovation	Managing and Growing the Enterprise

Before elaborating on module performance under each unit, it is important to note that in 2020 the module totals exclude the score attributed to Paper 02, since there was no administration of this paper due to the COVID-19 pandemic.

The general objectives of Module 1 in Unit 1 focus on helping students develop an

- understanding of the entrepreneurial mindset
- awareness of the diverse characteristics of an entrepreneur
- understanding of the best practices of entrepreneurship development.

Overall, candidates performed well on Module 1, with 74.27 per cent of them scoring between 38 and 60 marks (that is, Grades I–III). Although this performance was good, it represented a decline in performance when compared with 2019, which saw 85.82 per cent of candidates scoring similar grades.

The general objectives of Module 2 in Unit 1 focus on helping students

- understand the entrepreneurial process
- appreciate the key stages in the process
- understand the process through which business ideas are evaluated.

Overall, candidates performed well on Module 2, with 79.69 per cent of them scoring between 38 and 60 marks (that is, Grades I–III). This performance was slightly better when compared with 2019 which saw 78.12 cent of candidates scoring similar grades.

The general objectives of Module 3 in Unit 1 focus on helping students

- understand the nature of creativity and innovation
- appreciate the process of nurturing and managing innovation
- appreciate the value of creativity and innovation
- understand the importance of protecting creations and innovations.



Overall, candidates performed well on Module 3, with 79.83 per cent of them scoring between 38 and 60 marks (that is, Grades I–III). This performance was slightly better when compared with 2019 which saw 77.34 per cent of candidates scoring similar grades.

The general objectives of Module 1 in Unit 2 focus on helping students understand

- the various types of ventures
- whether these ventures conform to local, regional and international legal and regulatory frameworks
- the importance of ethics and social responsibility in operating a venture.

Overall, candidates performed well on Module 1, with 74.44 per cent of them scoring between 38 and 60 marks (that is, Grades I–III). Although this performance was good, it represented a decline in performance when compared with 2019 which saw 82.41 per cent of candidates scoring similar grades.

The general objectives of Module 2 in Unit 2 focus on helping students

- understand the importance of market research and feasibility analysis
- appreciate the process of determining the viability of a venture
- become aware of the components and importance of a business model and a business plan
- understand the importance of start-up capital and financial statements in venture creation.

Overall, candidates performed well on Module 2, with 73.66 per cent of them scoring between 38 and 60 marks (that is, Grades I–III). Although this performance was good, it represented a decline in performance when compared with 2019 which saw 80.66 per cent of candidates scoring similar grades.

The general objectives of Module 3 in Unit 2 focus on helping students

- understand the stages in the venture life cycle
- become aware of various venture models
- understand how e-commerce can aid in the operation and growth of the venture.

Overall, candidates performed well on Module 3, with 79.16 per cent of them scoring between 38 and 60 marks (that is, Grades I–III). Although this performance was good, it represented a decline in performance when compared with 2019 which saw 81.03 per cent of candidates scoring similar grades.

It is important to note that the seeming decline in performance in 2020 was actually a manifestation of better oversight and standardization of teachers' marking of the internal assessment.

Candidates' knowledge of the two units, and their respective modules, is usually examined through the following papers:

- Paper 01 (Multiple Choice)
- Paper 02 (Mini Cases)
- Paper 031 (School-Based Assessment)
- Paper 032 (Alternative to School-Based Assessment)

As mentioned earlier, Paper 02 was not administered in 2020. Details of candidates' performance on the other papers are outlined in the following section.

## **DETAILED COMMENTS**

### **UNIT 1 — Entrepreneurship Theory**

#### **Paper 01 — Multiple Choice**

This paper comprises 45 multiple-choice questions, with 15 items based on each of the three modules. It represents ten per cent of the total assessment score for Entrepreneurship. A total of 45 marks are allocated for the paper, one mark for each question. Overall, candidates performed very well on this paper, with 75.98 per cent of them scoring between 27 and 45 marks (that is, Grades I–III). This represented a significant improvement over 2019 when 63.70 per cent of candidates scored similar grades.

This improved performance in 2020 may well be the result of candidates having more time to study due to the one-month delay in examinations and them facing less examination pressure since they did not have to sit Paper 02.

#### **Paper 031 — School-Based Assessment (SBA)**

For Paper 031, students are required to interview an entrepreneur, write an interview report and make an oral presentation to their classmates and teacher. The key objective of the SBA project is for students to demonstrate their skills in research, analysis, evaluation and presentation of information. This paper represents 60 per cent of the total assessment score for Entrepreneurship.

A total of 60 marks are allocated for Paper 031, which focuses on the following eight areas:

- |                                      |                                      |
|--------------------------------------|--------------------------------------|
| (1) Aims and Objectives              | (5) Impact on Self                   |
| (2) Data Collection                  | (6) Presentation on 'Impact on Self' |
| (3) Review of Industry               | (7) Conclusion                       |
| (4) Presentation of Interview Report | (8) Presentation of Project          |

Overall, students performed well on Paper 031, with 79.45 per cent of them scoring between 36 and 60 marks (that is, Grades I–III). There was a significant decline in performance when compared with 2019 which saw 92 per cent of students scoring similar grades.

## Recommendations

In order to improve teaching and effectively guide students' with respect to the required contents of the interview report, teachers are encouraged to do the following:

- Fully review the CAPE Entrepreneurship syllabus, especially pages 41 to 44.
- Improve their knowledge of data collection methods and the industry review.
- Show students how to successfully complete the following tasks:
  - Clearly understand the difference between an aim and an objective.
  - Write a proper aim and develop/write SMART objectives.
  - Prepare a comprehensive industry review which looks at their industry of choice at the local, regional and international levels.
  - Engage in meaningful reflection for the impact on self. Students tried to prepare individual pieces for this section in order to make it more personal, as was advised in 2019. However, this section ended up being long-winded and unfocused. Therefore, going forward, it is better for students to submit only one carefully thought-out and reflective piece, based on their collective experiences, instead of separate pieces.
  - Properly reference their work, for both in-text and end-text citations.
  - Use proper grammar and sentence construction to express themselves.

Teachers may find the following online resources helpful:

- How to Write a S.M.A.R.T. Project Objective  
<https://www.smartsheet.com/how-write-smart-project-objective>
- Grammar: An Introduction  
<https://www.skillsyouneed.com/write/grammar1.html>

Finally, only the CXC-approved cover sheet should be uploaded along with students' unmarked SBAs, that is, no teacher markings, comments or indications of how marks were allocated etc. This is critical in order to ensure objective and unbiased moderation/markings of the SBAs.

### **Paper 032 — Alternative to School-Based Assessment**

This paper comprises one case study, with three questions covering all three Unit 1 modules. It represents 60 per cent of the total assessment score for Entrepreneurship. A total of 60 marks are allocated for the paper, 20 marks for each question. The questions require a greater depth of understanding and necessitate candidates' use of higher order thinking skills. Overall, candidates performed well on this paper, with 26.66 per cent of them scoring between 36 and 60 marks (that is, Grades I–III). This

represented substantial improvement over 2019 when only 4.35 per cent of candidates scored similar grades.

In both 2018 and 2019, none of the candidates earned Grades I or II. However, in 2020, 4.44 per cent of candidates earned a Grade I and 4.44 per cent earned a Grade II.

### Question 1

This question tested candidates' ability to list three mistakes made by entrepreneurs, outline four characteristics of an entrepreneur and discuss three success factors that the entrepreneur should consider in order to be successful. This was the best performing question on the paper, with a mean score of 12.40 out of 20 marks and a standard deviation of 3.85. Only one of the 45 candidates who attempted the question earned the full 20 marks, while the others attained scores between 13 and 20.

### Question 2

This question tested candidates' ability to list five methods of generating ideas, other than reliance on industry surveys, and to describe two of those listed methods. Candidates were also required to explain the following three opportunity identification sources: *new markets emerging*, *changes in regulation and social changes*. Although most candidates were able to correctly list five methods of generating ideas, they either struggled or were unable to go beyond this and adequately describe two of them. Some candidates were also unable to adequately explain the three opportunity identification sources. None of the 45 candidates who attempted this question earned full marks. The highest mark was 19 and this was earned by only one candidate. The mean score was 10 out of 20 marks, with a standard deviation of 5.07.

### Question 3

This question tested candidates' ability to list five sources of innovation, explain the importance of creativity to the launch of the entrepreneur's venture and discuss three methods that the entrepreneur could use to protect his creations and designs. This was the worst performing question on the paper, with a mean score of 7.71 out of 20 marks and a standard deviation of 3.06.

Generally, candidates performed poorly across all three parts of the question.

Many candidates had no response to Part (b) which required them to go beyond their definitional knowledge of the term *creativity* and apply that knowledge in the given situation — *venture launch*. Additionally, while some candidates were able to correctly list at least two of the three methods that the entrepreneur could use to protect his creations and designs, they were unable to discuss them. This lack of in-depth knowledge about the various intellectual property rights was made glaringly evident as many candidates listed 'copyright' as one of the methods, despite the fact that this was an inappropriate answer based on the entrepreneur's line of business — *picture framing*. None of the 45 candidates who attempted the question earned 17 marks or higher; the highest mark was 16 and this was earned by only two candidates. The other candidates earned between 3 and 13 marks.

## Recommendations

Teachers should delve deeper into the following two areas in Module 2:

- How each of the *methods of generating ideas* actually works, since most students could only list the methods but did not know what they entailed.
- The details surrounding each *source of opportunity identification*, since students were unable to adequately outline three opportunity identification sources.

Teachers should also delve deeper into the following three areas in Module 3:

- The role and importance of creativity in entrepreneurship, with appropriate supporting application examples
- The various intellectual property rights and the appropriate circumstances in which each can be used to protect innovation and creativity
- The various sources of innovation — providing descriptions and examples

## UNIT 2 — Entrepreneurship Practice

### Paper 01 — Multiple Choice

This paper comprises 45 multiple-choice questions, with 15 items based on each of the three modules. It represents ten per cent of the total assessment score for Entrepreneurship. A total of 45 marks are allocated for the paper, one mark for each question. Overall, candidates performed well on this paper, with 83.2 per cent of them scoring between 27 and 45 marks (that is, Grades I–III). Similar to candidates' performance on Unit 1, this represented significant improvement over 2019 when 60.55 per cent of candidates scored similar grades.

This improved performance in 2020 may well be as a result of

- candidates having more time to study due to the one-month delay in examinations
- candidates facing less examination pressure since they did not have to sit Paper 02.

### Paper 031 — School-Based Assessment

For this paper, students are required to identify an original business idea; translate the idea into a well-conceptualized business concept; conduct market research on the chosen product or service and then develop a business model around the product or service. Students are then required to outline the market research and business model in a report. The key objective of the project is for students to demonstrate

their skills in ascertaining the basic market and economic feasibility of a proposed business. This paper represents 60 per cent of the total assessment score for Entrepreneurship.

A total of 60 marks are allocated for this paper, equally distributed between the market research and the business model.

The market research, which was worth 30 marks, focused on the following six areas:

- |                         |                           |
|-------------------------|---------------------------|
| (1) Research Objectives | (4) Questionnaire         |
| (2) Target/Sample       | (5) Findings and Analysis |
| (3) Methodology         | (6) Conclusion            |

The business model, which was also worth 30 marks, focused on the following ten areas:

- |                              |                                   |
|------------------------------|-----------------------------------|
| (1) History of the Venture   | (6) Product Differentiation       |
| (2) Mission/Vision Statement | (7) Income Generation             |
| (3) Value Proposition        | (8) Growth                        |
| (4) Beneficiaries            | (9) Summary of Financial Analysis |
| (5) Operations               | (10) Presentation of Project      |

Overall, students performed well on Paper 031, with 83.58 per cent of them scoring between 36 and 60 marks (that is, Grades I–III). This represented a decline in performance when compared with 2019 when 92.37 per cent of students scored similar grades. However, as indicated earlier, this seeming decline in performance was the result of better monitoring and oversight of teachers' marking of the SBAs, which revealed a high degree of over-marking by teachers at various centres.

### **Recommendations**

If we truly want CARICOM students to transition from school into opening and successfully operating their own businesses, as entrepreneurs, then they must be able to produce comprehensive and realistic market research and business model documents. Therefore, teachers need to treat with the SBA as a practical project rather than as a theoretical assignment.

In order to improve teaching and effectively guide students with respect to the market research and business model, teachers should consider the following:

- Fully review the CAPE Entrepreneurship syllabus, especially pages 25 to 26 and 44 to 50.
- Improve their knowledge in areas such as mission and vision statements, sampling techniques and cash flow statements.
- Show students how to successfully complete the following tasks:

- Write comprehensive *research* objectives. Some students wrote business objectives instead of business objectives or had a combination of both.
- Understand the various sampling techniques and when to appropriately use them.
- Choose appropriate sample sizes in order to have a meaningful amount of data for analysis. Sample sizes were generally too small; some were as low as five persons. Samples should not be fewer than 100 persons. This is not an onerous number since the vast majority of projects was completed by students in groups comprising four to seven students.
- Construct proper questionnaires.
- Properly label figures and tables presented in the Findings section.
- Clearly understand the difference between a mission and a vision statement.
- Write proper mission and vision statements.
- Prepare a comprehensive financial analysis, in particular a financial request and a cash flow statement with relevant items in the three requisite sections — Operating Activities, Investing Activities and Financing Activities.
- Properly reference their work, for both in-text and end-text citations.
- Use proper grammar and sentence construction to express themselves.

Teachers may find the following online resources helpful:

- Statistical Methods: 13 Sampling Techniques  
[https://www.academia.edu/30529447/Statistical\\_Methods\\_13\\_Sampling\\_Techniques](https://www.academia.edu/30529447/Statistical_Methods_13_Sampling_Techniques)
- Grammar: An Introduction  
<https://www.skillsyouneed.com/write/grammar1.html>

Students should be encouraged to focus on one product/service rather than several products/services. There was a noted drop in performance among students who used several products. This complicated things for students when they had to ask respondents questions in the market research about product/service details and focus on reporting details in the business model by providing specific details such as price, product/service description, income generation, value proposition, etc. (for multiple products or services).

Teachers are reminded that only the CXC-approved cover sheet should be uploaded along with students' unmarked SBAs — that is, there should be no teacher markings, comments or indications of how marks were allocated etc. This is critical in order to ensure objective and unbiased moderation/markings of the SBAs.

### **Paper 032 — Alternative to School-Based Assessment**

This paper comprises one case study, with three questions covering all three Unit 2 modules. It represents 60 per cent of the total assessment score for Entrepreneurship. A total of 60 marks are allocated for the paper, 20 marks for each question. The questions require a greater depth of understanding and necessitate candidates' use of higher order thinking skills. Overall, candidates performed well on this paper, with 45 per cent of them scoring between 36 and 60 marks (that is, Grades I–III). This represented substantial improvement over 2019 when only 12.5 per cent of candidates scored similar grades.

In 2019, none of the candidates received a Grade I; however, in 2020, 12.5 per cent of candidates received a Grade I. Additionally, the percentage of candidates who obtained a Grade II in 2020 (15 per cent) more than quadrupled when compared with 2019 (4.17 per cent) and 2018 (3.70 per cent).

#### Question 1

This question tested candidates' ability to list four legal requirements which the entrepreneurs must satisfy when setting up their business and outline the importance of observing three of the requirements previously listed. Candidates were also required to explain how the entrepreneurs' business would reflect environmental stewardship and describe the two types of ventures that were available to the entrepreneurs to regularize their business.

For Part (a), some candidates were unable to list four legal requirements and so had difficulty outlining the importance of observing three of them, as required in Part (b). Most candidates easily responded to Part (c), since the two types of ventures were hinted at in the case study. Generally, candidates tried, with varying degrees of success, to explain how the entrepreneurs' business would reflect environmental stewardship. This was good since, unlike in 2019, it showed effort on the part of candidates in trying to apply higher order thinking skills.

Only one of the 40 candidates who attempted the question earned the full 20 marks; the others attained scores between 13 and 18. Although this was the worst performing question on the paper, it had a mean score of 10.38 out of 20 marks and a standard deviation of 4.23.

#### Question 2

This question tested candidates' ability to outline two reasons why it would be important for the entrepreneurs to conduct market research, explain the 4P's of marketing and discuss two ways in which a business plan would be beneficial to the entrepreneurs. Most candidates did a fair job outlining the importance of conducting market research in Part (a) and a good job explaining the 4P's of marketing in Part (b). On the other hand, some responses to Part (c) were inadequate, since candidates were not equipped with the requisite knowledge to undertake a discussion. This highlighted, once again, the need to equip candidates to respond to questions, requiring higher order thinking skills, which use words such as *describe*, *outline* and *discuss*.



Even though none of the 40 candidates who attempted the question earned full marks, it was the best performing question on the paper, with a mean score of 12.85 out of 20 marks and a standard deviation of 4.06. Candidates obtained between 3 and 19 of the available 20 marks, with 50 per cent of them scoring between 14 and 19 marks.

### Question 3

This question tested candidates' ability to list the five stages in the venture cycle in the correct order, outline three ways in which e-commerce could benefit the entrepreneurs' business and describe three types of financing that may be available to the entrepreneurs to start their venture. With respect to Part (a), most candidates were able to list between three and five stages in the venture cycle in the correct order. Most candidates were adept at responding to Part (b). Part (c) seemed to be the most challenging section for quite a few candidates, as they were unable to list or describe three types of financing.

Only one of the 40 candidates who attempted the question earned the full 20 marks, the others attained scores between 13 and 18. This question had a mean score of 11.15 out of 20 marks and a standard deviation of 4.87.

### **Recommendations**

As was recommended in 2019, teachers should spend more time training students to answer questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare.*

Teachers may find the following online resources helpful:

- Common Command Words  
[www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)

Teachers should also delve deeper into the following area in Module 1:

- The importance of observing legal and regulatory practices when opening and operating a business, as well as the associated legal and regulatory framework

Teachers should also delve deeper into the following two areas in Module 2:

- The purpose and benefits of a business plan
- The various sources of funding available to entrepreneurs to start up and operate business



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# **SUBJECT REPORT**

with  
**Paper 02 and 032**  
**Exemplars**

**CAPE Entrepreneurship**  
**June/July 2021**

**CARIBBEAN EXAMINATIONS COUNCIL**

**REPORT ON CANDIDATES' WORK IN THE  
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION**

**JUNE/JULY 2021**

**ENTREPRENEURSHIP**

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# UNIT I – Entrepreneurship Theory

## INTRODUCTION

The general objectives for Module 1 (The Entrepreneurial Mindset) focus on helping candidates develop an understanding of the entrepreneurial mindset, cultivate an awareness of the diverse characteristics of an entrepreneur and understand the best practices of entrepreneurship development. In the 2021 examination, candidates' overall performance on the module was fair, with 62 per cent of them scoring between 45 and 75 marks.

The general objectives for Module 2 (The Entrepreneurial Process) focus on helping candidates understand the entrepreneurial process, appreciate the key stages in the process and understand the process through which business ideas are evaluated. In the 2021 examination, candidates' overall performance on the module was fair, with 58 per cent of them scoring between 45 and 75 marks.

The general objectives for Module 3 (Creativity and Innovation) focus on helping candidates understand the nature of creativity and innovation, appreciate the process of nurturing and managing innovation, acknowledge the value of creativity and innovation, and understand the importance of protecting creations and innovations. In the 2021 examination, candidates' overall performance on the module was good, with approximately 65 per cent of them scoring between 45 and 75 marks.

Candidates' knowledge of this unit and the respective modules were examined through the following papers:

- Paper 01 – Multiple Choice
- Paper 02 – Mini Cases
- Paper 031 – School-Based Assessment
- Paper 032 – Alternative to School-Based Assessment

## PAPER 01 – MULTIPLE CHOICE

Paper 01 comprised 45 multiple-choice questions, with 15 items based on each of the three modules. The paper represented 20 per cent of the total assessment score for the examination. A total of 45 marks were allocated for the paper; one mark for each question.

Overall, candidate performance on this paper was very good, with approximately 78 per cent of candidates scoring between 27 and 45 marks.

## PAPER 02 – MINI CASES

Paper 02 comprised six mini cases, with two mini cases per module. This paper represented 20 per cent of the total assessment score for the examination. A total of 90 marks were allocated for the paper, 15 marks for each mini case. These questions required a greater depth of understanding than what is required for Paper 01 and necessitated candidates' use of higher order thinking skills.

Overall, candidate performance on this paper was poor, with less than one per cent of candidates scoring between 54 and 90 marks.

### Question 1

This question tested candidates' ability to

- correctly identify the type of entrepreneur that best described the case subject
- outline three entrepreneurial characteristics displayed by the case subject
- explain two measures that the case subject could implement which were likely to contribute to his success as an entrepreneur.

The mean score for this question was 5.28 and the standard deviation 2.81. Candidates scored poorly on Parts (b) and (c). Those two parts represented a cumulative 12 of the 15 marks allocated for this question. For Part (b), while many candidates were mostly successful at correctly listing three characteristics, the supporting outline for each was not well done in many instances. In Part (c), some candidates either did not know what was required or struggled to explain the two measures. None of the 3354 candidates who attempted the question earned the full 15 marks, with only 7.43 per cent of them attaining scores between 10 and 15.

#### Candidate Answer to Part (a)

The type of entrepreneur that would best describe Phillip is  
Nascent entrepreneur. This is evident as in the case he  
plans to create a farm with a focus on agro-tourism meaning  
that the business isn't yet established. Additionally he is not  
experienced in business management.



### Examiner's Comments

This was a well-focused response as the candidate successfully identified the type of entrepreneur and then presented supporting justification with two pertinent points from the case, which showed a clear understanding of a nascent entrepreneur.

### Candidate Answer to Part (b)

Three entrepreneurial characteristics displayed by Phillip are: Visionary because Phillip dreams of a career that combines his love for agriculture and tourism. Phillip is creative because he plans to create a farm with a focus on agri-tourism. And he is self-motivated because ~~he often~~ even if he is unsure as to the potential risk Phillip intends to approach the local government business agency for start-up capital.

[6 marks]

### Examiner's Comments

This was a good response as the candidate successfully identified and outlined two of the three required entrepreneurial characteristics displayed by the case subject. The candidate could have improved the response by stating a more appropriate entrepreneurial characteristic that encapsulated the final point concerning start-up capital, which was a relevant third point in the case.

### Candidate Answer to Part (c)

• Develop a good business plan: It is an important tool to guide your decision. It acts as a road map to success and providing clarity on all the aspect of the business

• know the business in depth: This is important because it help you know what customers want. If this knowledge is used the right way, it will help ~~to~~ run the business more efficiently, decrease business risk and exploit opportunities to the fullest.

#### Examiner's Comments

This was an excellent response as the candidate provided concise explanations for two very critical measures that the case subject could implement to contribute to his success as an entrepreneur.

### Recommendations

Teachers should dedicate more time towards in-depth teaching on the characteristics of each type of entrepreneur. Students should also be given exercises that require them to describe and provide real-world examples of entrepreneurial characteristics, in order to grasp each entrepreneurial characteristic.

Teachers should also spend more time instructing students on how to answer questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers can use the following recommended resources in order to improve students' response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)

## Question 2

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The question tested candidates' ability to

- explain the meaning of the term *entrepreneurship*
- justify calling the case subject a habitual entrepreneur
- outline two myths of entrepreneurship that the case subject was not likely to believe
- compare three roles of a small business manager with that of an entrepreneur.

The mean score for this question was 3.53 and the standard deviation 2.33. Given the essential nature of the term *entrepreneurship* to the subject, it was concerning that so many candidates struggled to properly explain the term. Similarly, many candidates were unable to successfully compare the roles of a small business manager with that of an entrepreneur. Although some candidates correctly stated the two myths of entrepreneurship, they were unable to elaborate on them. None of the 3354 candidates who attempted this question earned the full 15 marks, while only 1.82 per cent of them attained scores between 10 and 15.

### Candidate Answer to Part (a)

Entrepreneurship is a process by which an individual or group recognise an idea and opportunity, and combine the necessary resources and assume the risk and responsibility of starting a venture to add value to society or earn a profit. For example, Tony can engage in entrepreneurship by opening his own hair salon for his unique hairstyling skills.

[3 marks]

### Examiner's Comments

This was an excellent candidate response which included all of the key definitional points of entrepreneurship.

**Candidate Answer to Part (b)**

Tony can be considered a habitual entrepreneur due to the fact that he has been investing in more than one business at the same time. He has even started to form partnerships with local and international beauty companies. [2 marks]

**Examiner's Comments**

This was an excellent response because the candidate successfully extracted and presented points from the case that justified why the case subject could be considered a habitual entrepreneur.

**Candidate Answer to Part (c)**

- (1) An Entrepreneur needs luck - Tony is not likely to believe this myth since he considers himself a visionary and works hard to attain his goals.
- (2) Entrepreneurship is easy - Tony is not likely to believe this myth since he has to constantly experiment with new styles in order to cater to the demands of diverse groups, therefore it can be concluded that Entrepreneurship is not easy and it requires hard work and dedication. [4 marks]

**Examiner's Comments**

This was an excellent response because the candidate correctly identified two of the myths that the case subject is not likely to believe and then went on to outline pertinent pieces of evidence from the case in support of each stated myth.



Candidate Answer to Part (d)

An entrepreneur is the owner of the business, while a small business manager is concerned with the running of the business. While an entrepreneur is expected to invest in the business, take risks and strive towards ensuring the success of the business, the managers of small business simply work within the organization and assume his/her role and responsibilities associated with their position. They do not concern themselves with financing the business and taking risks. An entrepreneur has the willingness to engage in strategic, sometimes risky, innovative practices while the managers of small businesses do not involve themselves in innovative practices.

**Examiner's Comments**

This was an excellent response for two main reasons. Firstly, the candidate successfully outlined three distinct differences between the roles of a small business manager and an entrepreneur. Secondly, the candidate focused on three distinct aspects — ownership, operation and innovative practices.

## Recommendations

The subject is titled CAPE Entrepreneurship therefore teachers should ensure that all students can properly define the term *entrepreneurship* and clearly differentiate between small business management/a small business manager and entrepreneurship/an entrepreneur, since these are foundational concepts for building a strong understanding of and appreciation for the subject.

Teachers should also spend more time instructing students on how to answer questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers can use the following recommended resources in order to improve students' response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)

### Question 3

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This question tested candidates' ability to

- define the term *business concept* and describe the case subjects' business concept
- explain one opportunity identification source that was mentioned in the case, from which the case subjects plan to benefit
- explain the two methods of idea generation used by the case subjects.

This was the worst performing question on the exam, with a mean score of 3.49 and a standard deviation of 2.34. All parts of the question were poorly done by the majority of candidates. None of the 3354 candidates who attempted the question earned the full 15 marks while only 1.5 per cent of them attained scores between 10 and 12.

#### Candidate Answers to Parts (a) (i)–(ii)

A business concept is an idea for a business that includes basic information such as service or product, target demographic and a unique selling proposition that gives a company an advantage over competitors. [3 marks]

Kevin and Marcus' business concept is the offering of services on university campus with a barber salon. The target market of business is student of the university and from external parishes. The university location and appointment can be made online with on-campus wifi. [3 marks]

### Examiner's Comments

For Part (a) (i), the candidate did a good job of defining a business concept by stating that it is *an idea for a business* and mentioned two key pieces of information that are usually included in the business concept — the target market and a unique selling proposition.

In Part (a) (ii), the candidate concisely described the business concept in the case by outlining the service, the main target market and the unique selling proposition. The only possible improvement to this response would have been the inclusion of a competitor analysis.

### Candidate Answer to Part (b)

One opportunity identification source is changing demographics. This is the study of the population specifically age, gender, income levels. Kevin and Marcus noticed an increase in student enrollment and an increase in student intake in the educational programme and saw an opportunity to open an on campus hair barber salon.

### Examiner's Comments

This was an excellent response as the candidate successfully recognized the opportunity identification source that was mentioned in the case — changing demographics — from which the case subjects plan to benefit. The candidate also included a concise explanation of the meaning of *changing demographics* and pointed towards the particular circumstances in the case that revealed the changing demographics.



### Candidate Answer to Part (c)

Two methods of idea generation used by Kevin and Marcus are, one a focus group which is asking questions pertaining to observations made to a targeted group of people to see how their idea is received. Two, scenario thinking, which is to think of various solutions and scenarios for an ~~issue~~ issue/opportunity and then possible ~~outcomes~~ <sup>outcomes</sup> to arrive at the most feasible and the best solution for it.

#### Examiner's Comments

The candidate correctly identified the two methods of idea generation that were used by the case subjects — focus group and scenario thinking. The candidate then followed with a good explanation of each method. However, the response was incomplete since the candidate failed to provide supporting scenarios from the case that could serve as evidence of each method being used by the case subjects.

### Recommendations

A strong business concept is what gives an entrepreneur a competitive advantage. Therefore, teachers should dedicate more time towards helping students understand, describe and develop business concepts.

Teachers should also spend more time training students to answer questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers can use the following recommended resources in order to improve students' response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)

## Question 4

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This question tested candidates' ability to

- state five key questions that the case subject should have answered in order to move her business idea to a business concept
- outline one resource acquisition mistake and one positive resource acquisition move that the case subject made while evaluating the required resources for her business venture
- define the term *harvesting the venture* and explain the harvesting strategy used by the case subject.

The mean score for this question was 3.70 and the standard deviation 2.45. A few candidates lacked the knowledge to respond to Part (a) and many candidates struggled with Parts (c). None of the 3354 candidates who attempted the question earned the full 15 marks, while only 1.29 per cent of them attained scores between 10 and 13.

### Candidate Answer to Part (a)

1. What will the product/service be about? ✓
2. How will the product or service be differentiated from others? ✓
3. Who will be the potential customers? ✓
4. How will the product or service be promoted and sold? ✓
5. Who will be competitors? ✓

[5 marks]

### Examiner's Comments

This was an excellent response as the candidate concisely captured the essence of each of the five key questions that should be answered in order to move the case subject's business idea to a business concept.

Candidate Answers to Parts (b) (i)–(ii)

Rachelle made the mistake of thinking and trying to operate her venture from her home, which created problems as it was insufficient to carry her venture. She should have chosen a larger or more suitable location for her physical resources and space. [2 marks]

Her son recently joined the business and is acquiring essential management skills, in preparation to operate the business when his mother retires. [2 marks]

Examiner's Comments

For Part (b) (i), the candidate correctly and succinctly outlined the mistake made by the case subject while evaluating the required resources for her business venture — inadequate infrastructure.

In Part (b) (ii), the candidate also correctly and succinctly outlined one positive resource acquisition move made by the case subject — the human resource acquisition of her son.

Candidate Answers to Parts (c) (i)–(ii)

Harvesting the venture is when the owner of a business or an entrepreneur decides to exit a business and to recover their initial investment.

[2 marks]

The harvesting strategy used by Rochelle is family succession. ✓  
This is when the business would be passed down from a family member <sup>i.e the</sup> ~~to an owner~~, to another family member in the case of retirement or death. ✓ Thus, Rochelle planning to pass the business down to her son ✓ when she retires, training him within the business to acquire essential management skills is an example of family succession. [4 marks] Total 15 marks

#### Examiner's Comments

In Part (c) (i), the candidate successfully described harvesting since the response covered the two key aspects of harvesting — investor exit and investment recovery.

For Part (c) (ii), the candidate correctly identified the harvesting strategy used by the case subject — family succession — and followed up with a good explanation of the harvesting strategy and supporting evidence from the case.

## Recommendations

Even though harvesting is the final step in the entrepreneurial process, teachers should treat it with as much urgency as other steps in the entrepreneurial process, since it requires as much, and in some instances, even more strategic planning as any of the other steps.

Teachers should spend more time training students to answer questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers can use the following recommended resources in order to improve students' response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)



## Question 5

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This question tested candidates' ability to

- identify the core innovation concept described in the case
- define the term *creativity* in relation to entrepreneurship
- explain two ways in which the case subject's creativity is demonstrated in the case
- explain the two components that influenced the case subject's creativity.

The mean score for this question was 4.78 and the standard deviation 1.86. The majority of candidates could not correctly identify the core innovation concept described in the case. Additionally, many candidates struggled to accurately define *creativity* and could not describe the case subject's creativity as demonstrated in the case. None of the 3354 candidates who attempted the question earned the full 15 marks, while 0.51 per cent of them attained scores between 10 and 13.

### Candidate Answer to Part (a)

The core innovation concept is Radical/Discontinuous. ✓

[1 mark]

### Examiner's Comments

The candidate correctly identified the core innovation concept described in the case, radical innovation, which is also known as discontinuous innovation or disruptive innovation.

### Candidate Answer to Part (b)

Creativity can be defined as the ability of an entrepreneur to use his/her imagination to <sup>develop</sup> create new ideas ✓ ~~on~~ of products or ~~services~~ by use of the Creativity Process, in order <sup>to discover</sup> ~~to solve~~ new ways of approaching problems and opportunities ✓

[2 marks]

### Examiner's Comments

The candidate successfully captured the essence of the creativity definition — the development of new ideas and discovering new ways of looking at problems and opportunities.

### Candidate Answer to Part (c)

Two way in which Kureen's creativity is demonstrated is by:

1. Inventing the cooler into a multi-functional cooler ✓ which is outfitted with the capabilities to store cold drinks and heat water using a battery-operated system. ✓

2. And secondly she demonstrated her creativity skills by continuously aiming to find way to alleviate some of the inconveniences of camping. ✓

Also she plans to continue using her creativity to create new products to solve problem that are encountered by citizens of her country. ✓ [6 marks]

### Examiner's Comments

This was a good candidate response but it could have been strengthened by the addition of one more relevant point regarding each of the two ways that were explained.

Candidate Answer to Part (d)

① Her Expertise:

Kareem was able to use <sup>her</sup> expertise in electrical and mechanical engineering to influence her <sup>creative idea</sup> creativity of inventing a multi-purpose <sup>cooler</sup> ~~idea~~. Her degree in engineering <sup>cooler</sup> allowed her to <sup>invent the</sup> ~~make~~ ~~this~~ battery operated cooler.

② The Inconvenience of Camping:

Because of the inconvenience camping pose, Kareem thought of a creative <sup>✓</sup> solution to make campers' experience ~~more~~ ~~more~~ convenient. This led to her out of the box thinking.

**Examiner's Comments**

In this response, the candidate was only able to state one of the two required components that influenced the case subject's creativity — expertise — which is also called domain-relevant skills. After stating this component, the candidate followed up with two appropriate supporting points from the case.

Although the second component was not explicitly stated, the candidate earned one of the three available marks for this second component for mention of a situational factor — camping inconveniences — which influenced the case subject's creativity.

This candidate could have improved the response by explicitly stating the other relevant component that influenced the case subject's creativity and, similar to the first component, following up with two appropriate supporting points from the case.

## Recommendations

Creativity and innovation are the keys to success in entrepreneurship. Teachers, therefore, should dedicate quality time towards the in-depth teaching of these concepts and should seek to ensure that students have a good understanding of both concepts through the use of real-world examples that can bring the concepts to life for students and, by extension, help them to develop their own creative and innovative skills.

Teachers should also spend more time training students to answer questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers can use the following recommended resources in order to improve students' response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)



## Question 6

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This question tested candidates' ability to

- outline two consequences that the case subject endured because of the lack of intellectual property rights for his product
- outline two steps taken by the case subject in his innovation process
- explain why copyright is an inappropriate intellectual property right for protecting the case subject's innovation
- discuss the most appropriate type of intellectual property right that the case subject could have utilized to protect his innovation.

This was the best performing question on the exam, with a mean score of 5.70 and a standard deviation of 2.58. Generally, candidates were able to answer Part (a). A significant number of candidates were unable to explain why copyright was an inappropriate intellectual property right and to discuss the most appropriate intellectual property right that could have been utilized. None of the 3354 candidates who attempted the question earned the full 15 marks, while only 7.18 per cent of them attained scores between 10 and 14.

### Candidate Answer to Part (a)

Two consequences that Dr. Louis endured because of the lack of intellectual property rights for his product are:

(i) Loss of profits - Without intellectual property rights, his company's profit declined by 25%.

(ii) No rights over the design or product - Without intellectual property his product was left vulnerable and was produced by others.

[4 marks]

### Examiner's Comments

This was an excellent response because the candidate clearly stated two of the consequences that the case subject endured because of the lack of intellectual property rights for his product — loss of business profits and loss of the ability to protect his innovation. Then, for each stated consequence, the candidate followed up by adding pertinent supporting evidence from the case.

### Candidate Answer to Part (b)

1) Idea Generation ✓ Dr. Louis generated an idea to create a pocket size electrocardiogram machine to check the heart rhythm & electrical activity of high risk individuals.

2) Idea Evaluation ✓ Dr. Louis enlisted the assistance of a colleague to evaluate the inability of the machine and his wife's assistance to evaluate the business idea.

### Examiner's Comments

This was an excellent response because the candidate clearly stated two of the steps that the case subject had taken in his innovation process — idea generation and idea evaluation. The candidate then followed up by adding pertinent supporting evidence from the case for each stated step.

Candidate Answer to Part (c)

copyright is legal protection use to protect the expression of a idea through a media such as pictures, literary works, artwork, poems etc. copyright focuses on the protection of the expressed idea. Dr. Louis invented some thing new, he didn't express a ~~idea~~ idea. He created a invention which could detect early stages of heart disease.

**Examiner's Comments**

This was an excellent response because the candidate concisely and objectively explained why copyright was an inappropriate intellectual property right for protecting the case subject's innovation by presenting

- an explanation of what copyright does protect — expression of an idea — with some appropriate examples
- an explanation of why the case subject's innovation could not be protected through copyright based on the fact that it was an invention, not an expression of an idea, and did not, therefore, fall in the category of the listed items that could benefit from copyright protection.

### Candidate Answer to Part (d)

Dr. Louis can use a ~~patent~~, which is an intellectual property right granted to an invention, which is a product or a service that either provides a new way of doing something or offers technological solutions to a problem. This can be used by her/himself for Dr. Louis to protect the originality of his ~~idea~~ invention, so that it cannot be copied by someone else in this field.

#### Examiner's Comments

This was a good response since the candidate correctly identified the most appropriate intellectual property right (IPR) for protecting the case subject's innovation — patent. The candidate followed up with some good explanatory points.

However, the candidate's response could have been strengthened by the inclusion of key information on the three specific tests that an idea must satisfy in order to qualify for patent protection.

### Recommendations

Intellectual property rights (IPRs) are crucial for protecting the creativity and innovations of entrepreneurs. For candidates from the Caribbean, this is a particularly important and practical aspect of entrepreneurship, since Caribbean entrepreneurs who do not know how to protect their innovations may eventually be put out of business by savvy entrepreneurs from the developed world who may steal and improve on their original innovations.

Teachers should dedicate more time towards the in-depth teaching and discussion of the various types of IPRs, their individual characteristics, the type of protection offered by each IPR and the types of innovation that each IPR protects. The following is a good starting resource on IPRs for both teachers and students:

- World Intellectual Property Organization (n.d.). What is Intellectual Property? Retrieved from <https://www.wipo.int/about-ip/en/>

## PAPER 031 – SCHOOL BASED ASSESSMENT

For Paper 031, students are required to interview an entrepreneur, write an interview report and make an oral presentation to their classmates and teacher. The key objective of this School-Based Assessment (SBA) project is for students to demonstrate their skills in research, analysis, evaluation and the presentation of information. This paper represents 60 per cent of the total assessment score for Entrepreneurship. A total of 60 marks were allocated for this paper which focused on the following eight areas:

- |                                      |                                    |
|--------------------------------------|------------------------------------|
| (1) Aims and Objectives              | (5) Impact on Self                 |
| (2) Data Collection                  | (6) Presentation on Impact on Self |
| (3) Review of Industry               | (7) Conclusion                     |
| (4) Presentation of Interview Report | (8) Presentation of Project        |

A sample of SBAs from each centre was moderated. Where there was significant variance between the teacher score and the moderator score, an additional sample was moderated. If there was further variance, all the SBAs from that centre were moderated.

Overall, students performed well on this paper, with approximately 75 per cent of them scoring between 36 and 60 marks.

### Recommendations

Teachers should emphasize to students the importance of expressing themselves using proper grammar and diction, correct spelling and proper sentence construction.

Teachers should also spend time instructing students on how to successfully complete the following tasks:

- Writing a detailed and comprehensive aim for the Interview Report. Some students wrote many aims instead of the required one aim. Other students made no differentiation between the aim and the objectives in the Interview Report.
- Writing SMART objectives for the Interview Report. Some students wrote objectives that were too broad; that is, outside the scope of the Interview Report.
- Demonstrating a clear understanding of the various data collection methods
- Demonstrating a clear understanding of the main types of data — primary, secondary, qualitative and quantitative
- Demonstrating a clear understanding of when and how to use each type of data and each data collection method
- Differentiating clearly between limitations, which should be presented in the Data Collection section, as opposed to mere challenges which do not qualify as limitations, since they do not

influence, prevent or place restrictions on a student's methodology and/or conclusions. Many students wrote challenges for limitations.

- Preparing a proper bibliography and using proper referencing within the body of the Interview Report.
- Preparing a comprehensive Industry Review that covers the chosen industry at the local, regional and international levels, emphasizing to students that no business operates in isolation. Every business in any sector is affected, favourably or adversely, by what is happening locally, regionally and internationally.
- Preparing the Impact on Self section to ensure that it covers three distinct aspects of impact — impact on student attitudes, impact on student behaviour and impact on student inspiration towards venture creation.



## PAPER 032 – ALTERNATIVE TO SCHOOL-BASED ASSESSMENT

Paper 032 comprised one case study, with three questions covering all three Unit 1 modules. This paper represents 60 per cent of the total assessment score for Entrepreneurship. A total of 60 marks were allocated for the paper, 20 marks for each question. The allotted examination time for this paper was two hours. Similar to Paper 02, these questions required a greater depth of understanding and necessitated candidates' use of higher order thinking skills.

Overall, candidate performance on this paper was unsatisfactory for two main reasons. Firstly, only 17.39 per cent of candidates scored between 36 and 60 marks. Secondly, none of these candidates attained scores between 42 and 60 marks.

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### Question 1

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This question tested candidates' ability to

- define the term *intrapreneur* and outline two reasons why the case subject might be considered an intrapreneur
- differentiate between entrepreneurship and small business management
- state one way in which the case subject had succeeded at entrepreneurship
- describe three characteristics of entrepreneurship displayed by the case subject.

Despite the foundational nature of the terms/concepts examined in the question, many candidates struggled to successfully respond. None of the 54 candidates who attempted the question earned the full 20 marks. One candidate scored 16 marks while another candidate scored 13 marks. The remaining 52 candidates scored between 2 and 11 marks.

#### Candidate Answers to Parts (a) (i)–(ii)

- (i) Define the term 'intrapreneur'.

The term = intrapreneur refers to an employee...  
using their entrepreneurial skill while ✓  
working within an organisation where ✓  
risk is minimal on their part and their entrepreneurial  
~~skills~~ skills are used to earn the employer money. [2 marks]

Jennifer persuaded Miguel to diversify and enter the courier business. She used her creativity to generate new ideas for the company she works in which by providing this new service the company will grow and have diversification in operations. She discovered that delivery services can make a lot of money. Here she is encouraging profitability and success of the idea for her workplace.

[4 marks]

#### Examiner's Comments

For Part (a) (i), the candidate concisely defined the term *intrapreneur* by including two key points — use of entrepreneurial skills while working for an employer and minimal risk to that employee.

In Part (a) (ii), the candidate mentioned two good starting points as reasons why the case subject might be considered an intrapreneur. The candidate could have improved the response by meaningfully expanding on each of those points.



Candidate Answer to Part (b)

Entrepreneurship is the process of identifying an opportunity, accepting the risks involved, and acquiring and allocating resources to generate profits and growth. Small business management involves the daily running and upkeep of an already existing business, with no high risks involved as with entrepreneurship, the small business manager hopes that the business remains profitable and maintains market share, while focusing on personal goals and development rather than that of the firm. [4 marks]

Examiner's Comments

This was a very good response in that it clearly differentiated between entrepreneurship and small business management, with the candidate focusing on two key differences in relation to growth and risk.

Candidate Answers to Parts (c) (i)-(ii)

- (i) State ONE way in which Miguel has succeeded at entrepreneurship.

Good management of finances - he invested <sup>his savings</sup> and reinvested profits to keep the business running and facilitate expansion. [1 mark]

Miguel displayed a sense of 'vision' as he knows where his business is and where it will be. He ~~knows~~ <sup>makes</sup> the necessary plans to ensure that his new service will become successful. He is self confident ✓ and believed in himself as well even though his family and friends didn't ✓. Miguel is also hardworking ✓ since he worked long hours ✓ and demonstrated great drive and discipline. He also involved himself in various sections of the business which help to ensure his success. He functioned as both the Operations Manager and lead driver which demonstrates his hardworking character ✓. Miguel is also creative ✓ as he is able to formulate new and potentially profitable ideas ✓. His ability to see opportunity and act on them by creating ideas was displayed when he decided to transport judicial documents ✓.

[9 marks]

#### Examiner's Comments

For Part (c) (i), the candidate correctly stated one way in which the case subject had succeeded at entrepreneurship.

In Part (c) (ii), the candidate correctly listed three characteristics of entrepreneurship displayed by the case subject — self-confident, hardworking and creative. The candidate then followed up with a full description of the second and third characteristics. The first characteristic needed one other strong supporting point in order to complete its description.

## Recommendations

The terms/concepts *intrapreneur*, *entrepreneurship* and the characteristics of entrepreneurship are foundational to CAPE Entrepreneurship; therefore, all candidates must understand and be able to explain them with ease. Candidates are encouraged to do research on these terms and to find related real-world examples in order to aid their understanding and concretize learning.

Instructors should emphasize to candidates the importance of accurately answering questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain*, *outline*, *discuss*, *describe*, *summarize*, *compare*. Instructors should point external learners to the following recommended resources in order to improve their response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)

## Question 2

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This question tested candidates' ability to

- outline three steps in the entrepreneurial process that were mentioned in the case
- describe two resources that the company would need for the new courier venture
- state one advantage and one disadvantage of using equity financing
- explain how registering the company as a private limited company would have improved the case subject's options for raising finance
- define the term *reverse brainstorming*
- discuss how the case subject could use brainstorming to guide his decision-making about the new courier venture.

Although this was the best performing question on the paper, with a mean score of 8.04 and a standard deviation of 3.24, none of the 54 candidates who attempted the question earned 16 marks or higher. The highest mark was 15 and this was earned by only one candidate. The remaining 53 candidates scored between 1 and 14 marks.

For Part (a), most candidates were able to either correctly state or correctly outline at least one entrepreneurial step. In Part (b), most candidates gave common-sense responses which included practical resources that the company would need for the new courier venture. Part (c), which dealt with equity financing, had the poorest response rate. Part (d), which dealt with brainstorming and reverse brainstorming, had an equally poor response rate.

Candidate Answer to Part (a)

Outline THREE steps in the entrepreneurial process that are mentioned in the case.

- 1: Idea Generation: This is highlighted when Jennifer and Miguel came up with the idea of the courier service. These 2 would have used brainstorming to come up with the idea of transporting judicial documents.
- 2: Opportunity identification: This is demonstrated when Jennifer pointed out that delivery services that transport confidential information is very profitable.
- 3: Implementation and Managing: This is demonstrated when Miguel registered his business, Friendly Service Inc, as a private limited company. It is also seen when he uses his funds to expand his venture.

[6 marks]

**Examiner's Comments**

This was an excellent response as the candidate started by correctly stating three steps in the entrepreneurial process that were mentioned in the case — idea generation, opportunity identification and implementing and managing the venture. The candidate then presented a concise outline of each step, using well-chosen supporting points from the case.



Candidate Answer to Part (b)

Two resources that Miguel would need for the new courier venture include; human resources and financial resources. Some human resources that may be needed include more drivers, security personnel since the documents are confidential and possibly a sorting team to keep the documents in order. He may also require funding for additional vehicles, a room for that department and to pay other costs associated with the expansion.

[4 marks]

Examiner's Comments

This was an excellent response because the candidate objectively described two practical resources that the company would need for the new courier venture — more human resources and additional money/finance.

Candidate Answers to Parts (c) (i)–(ii)

It is a benefit to use equity financing since the entrepreneur <sup>would</sup> not have to repay loans especially those with interest rates. One disadvantage is that the entrepreneur's savings may not be sufficient to cover all the costs to start up the venture.

[2 marks]

Registering the company as a private limited company allows for shareholders to invest in the business providing more capital for diversification, growth and development of the business. The business can stand alone as it has a legal identity. Banks and other financial <sup>institutions</sup> can provide loans as there is a business plan and investors to show how capital will be generate to repay loans and dividends to share holders [2 marks]

#### Examiner's Comments

For Part (c) (i), the candidate succinctly stated one practical advantage of using equity financing — no burden of loans with associated interest payments. This was followed with one equally succinct and practical disadvantage of using equity financing — insufficient funds.

In Part (c) (ii), the candidate started with one good point in explaining how registering the company as a private limited company would have improved the case subject's options for raising finance. The remaining response was flawed because it was not relevant to a private limited company. The candidate could have improved this response by including one other specific point that was unique to a private limited company based on its definition.

Candidate Answers to Parts (d) (i)–(ii)

Reverse brainstorming is a method used to come up with problems, rather than ~~the~~ solutions. This helps identify the flaws in a product and allows the entrepreneur to create one that would be profitable!

[2 marks]

Miguel can use brainstorming to guide his decision making about the new courier venture as this will enable him to develop a business concept, figure out the resources necessary to start such venture, conduct market research as well as plan and prepare properly before starting. This way, he will be able to know his business in depth and be able to get more knowledge about managing people and how they will help for the success of his business venture.

**Examiner's Comments**

For Part (d) (i), the candidate concisely defined the term *reverse brainstorming* by highlighting two key points — its focus on problems rather than solutions and a better end result.

In Part (d) (ii), the candidate presented a very good discussion on how the case subject could use brainstorming to guide his decision-making about the new courier venture by correctly focusing on two of the three staff discussion points mentioned in the case — development of a business concept and conducting market research. The candidate could have improved the response by discussing the third staff discussion point — external financing.



## Recommendations

Funding/financing is an essential resource for every entrepreneurial venture. Consequently, instructors should engage in in-depth teaching about the various types of financing/funding as well as the advantages and disadvantages of each type. In order to bring about critical understanding of this crucial resource, class discussions should be accompanied by active field research in which external learners are exposed to the available types and sources of funding/finance in their native country.

The entrepreneurial process starts with idea generation. It is therefore imperative that external learners gain confidence in discussing each of the idea generation methods and understand how and when to use each method.

Instructors should also emphasize to learners the importance of accurately answering questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Instructors should point external learners to the following recommended resources in order to improve their response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)

### Question 3

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This question tested candidates' ability to

- distinguish among open, incremental and radical innovations
- explain the type of innovation that best described the employee's idea of starting a courier business
- state three reasons why managing innovation is a difficult process in an organization
- outline two human resource strategies that the case subject could have used to effectively manage the courier business innovation
- discuss how intellectual property rights could be used to protect the venture's novel idea of delivering confidential judicial material.

This question performed the poorest on the paper, with a mean score of 4.94 and a standard deviation of 3.56. Most candidates scored zero on Parts (b) and (d), which means that they could neither explain the type of innovation that best described the employee's idea nor discuss how intellectual property rights could be used to protect the venture's novel idea. Sixty-three per cent of the 54 candidates who attempted the question earned five marks or less out of 20 marks. None of the 54 candidates who attempted this question earned 16 marks or higher. The highest mark was 15 and this was earned by only one candidate.

Candidate Answer to Part (a)

(i) Open

Open innovation is a process in which one organisation takes on a central or leading role and draws on other firms and external sources for advice and input. ✓

e.g. If Carib attempted to ~~use~~ alternative materials for their bottles and sought the input of manufacturers, suppliers, customers and other competitors. ✓

(ii) Incremental

Incremental innovation involves continuous small changes and improvements to a process or product which continually ~~is~~ increase its value to customers or usefulness to the firm.

e.g. Toyota encourages workers on their assembly line to constantly look for ways to speed up the process by even a few seconds. ✓

(iii) Radical

Radical innovation is the creation of new items or alterations in a method which drastically change the way something is done. These changes require individuals and firms to adapt quickly. ✓  
e.g. The introduction of the first car by Henry Ford. ✓

[6 marks]

**Examiner's Comments**

This was an excellent response because the candidate clearly distinguished among open, incremental and radical innovations by describing each innovation and following up with a well-explained and very apt example.

Candidate Answer to Part (b)

incremental <sup>✓</sup> would be best suited for Jennifer's idea of starting a courier service as the both (business) involves the movement of either people or documents they already have vehicles to transport people <sup>pass</sup> and that can be used to transport documents plus they have drivers that can be used this is incremental [3 marks] because it's not a major change to their ~~exp~~ current operation <sup>✓</sup> or is a courier service a new service on the market. <sup>✓</sup>

Examiner's Comments

This was an excellent response for two main reasons. Firstly, the candidate explained the type of innovation that best described the employee's idea of starting a courier business by focusing on two key definitional points about incremental innovation — it involves an existing product or service and it does not involve major change(s). Secondly, the candidate crafted the response in the context of the case by using pertinent details from the case as supporting justification.

Candidate Answers to Parts (c) (i)–(ii)

Innovation is subject to the demand of the public. <sup>✓</sup>

Innovation is knowledge based and one would have to train and retrain educate your staff to keep relevant innovation. <sup>✓</sup>

① Miguel could provide incentives for employees who implemented successful innovations. This would encourage workers to develop new ideas as well as ensure their viability. These rewards could be monetary or otherwise as different persons are motivated by different things.

② He should avoid assigning blame for failed ideas as this destroys confidence and trust. He should encourage the team to analyze mistakes and learn from them. If he takes responsibility as a leader for both good and bad outcomes his team will be inspired and more likely to contribute. [4 marks]

#### Examiner's Comments

For Part (c) (i), the candidate stated two of three fairly good reasons why managing innovation is a difficult process in an organization — public demand for the product and retraining of staff. The candidate could have improved the response by including one other point in relation to cost, conflict, staffing, etc.

In Part (c) (ii), the candidate successfully outlined two human resource strategies that the case subject could have used to effectively manage the courier business innovation — incentives for innovating and an organizational culture that embraces learning through failure and mistakes.



Candidate Answer to Part (d)

The company could register a trademark which represented their company's services. This could be printed on vehicles and documentation. As the company built up a reputation for its services customers would connect them with the trademark which differentiated them from potential competition. If at some point Miguel wanted to harvest the venture or expand it he could licence the trademark to another firm or individuals who wanted to benefit from its reputation.

[4 marks]

**Examiner's Comments**

This was an excellent response for two reasons. Firstly, the candidate correctly stated the most suitable intellectual property right (IPR) that could be used to protect the venture's novel idea of delivering confidential judicial material — trademark. Secondly, the candidate presented a discussion outlining some very practical ways in which a trademark could be used by the company.

## Recommendations

The fact that some candidates could differentiate among the various types of innovation, to varying degrees, but most candidates could not explain the type of innovation that best described the employee's idea indicates that the types of innovation remain a mental concept only to these external learners. Instructors should supplement learners' understanding of the various types of innovation with solid, real-life examples and give learners exercises to find current, real-world examples of each type of innovation.

Most candidates were unable to discuss how intellectual property rights (IPRs) could be used to protect the venture's novel idea. Instructors should dedicate more time towards in-depth teaching of the various types of IPRs, their individual characteristics, the type of protection offered by each IPR and the types of innovation that each IPR protects. The following is a good starting resource on IPRs for both teachers and students:

- World Intellectual Property Organization (n.d.). What is Intellectual Property? Retrieved from <https://www.wipo.int/about-ip/en/>

Instructors should also emphasize to these external learners the importance of accurately answering questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Instructors should point external learners to the following recommended resources in order to improve their response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)

## UNIT II — Entrepreneurship Practice

### INTRODUCTION

The general objectives for Module 1 (Essentials of Business Ownership) focus on helping candidates understand the various types of ventures and whether they conform to local, regional and international legal and regulatory frameworks, and on helping them appreciate the importance of ethics and social responsibility in operating a venture. Overall, candidate performance on this module was fair, as approximately 60 per cent of candidates scored between 45 and 75 marks.

The general objectives for Module 2 (New Venture Planning and Creation) focus on helping candidates understand the importance of market research and feasibility analysis, appreciate the process of determining the viability of a venture, become aware of the components and importance of a business model and a business plan, understand the importance of start-up capital and financial statements in venture creation. Overall, candidate performance on this module was good, as approximately 65 per cent of candidates scored between 45 and 75 marks.

The general objectives for Module 3 (Managing and Growing the Venture) focus on helping candidates understand the stages in the venture life cycle, become aware of various venture models, understand how e-commerce can aid in the operation and growth of the venture. Overall, candidate performance on this module was fair, as approximately 59 per cent of candidates scored between 45 and 75 marks.

Candidates' knowledge of the unit and the respective modules were examined through the following papers:

- Paper 01 – Multiple Choice
- Paper 02 – Mini Cases
- Paper 031 – School-Based Assessment
- Paper 032 – Alternative to School-Based Assessment



## PAPER 01 – MULTIPLE CHOICE

Paper 01 comprised 45 multiple-choice questions, with 15 items based on each of the three modules. The paper represented 20 per cent of the total assessment score for Entrepreneurship. A total of 45 marks were allocated for the paper, one mark for each question. The allotted examination time was 1 hour and 30 minutes.

Overall, candidate performance on this paper was very good, with approximately 79 per cent of candidates scoring between 27 and 45 marks.

## PAPER 02 – STRUCTURED ESSAY

Paper 02 comprised six mini cases, with two mini cases per module. This paper represented 20 per cent of the total assessment score for Entrepreneurship. A total of 90 marks were allocated for the paper, 15 marks for each mini case. The allotted examination time was 2 hours and 45 minutes. These questions required a greater depth of understanding than what was required for Paper 01 and necessitated candidates' use of higher order thinking skills.

Overall, candidate performance on this paper was poor, with only four per cent of candidates scoring between 54 and 90 marks.

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### Question 1

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This question tested candidates' ability to

- state three advantages and two disadvantages of operating a partnership
- differentiate between a sole proprietorship and a partnership
- explain two legal and regulatory requirements with which the new partnership must comply.

The mean score for this question was 6.24 and the standard deviation 2.69. Candidates responded with varying degrees of accuracy to Parts (a) and (b). However, performance on Part (c) was noticeably poor, with many candidates scoring zero or not responding at all. Only two of the 2152 candidates who attempted the question earned the full 15 marks while 23 candidates earned no marks.

Candidate Answer to Part (a)

Advantages It is easy to form - less formalities and expenses unlike other forms of businesses, for example, corporations.

More capital is formed by having two or more partners in the business, they are able to bring / contribute to the capital as well as formulating more.

Due to two or more partners expenses and management would be distributed equally and have shared responsibilities.

Disadvantages Unlimited liability and one partner may have a limited liability which will ~~temporarily~~

If a partner leaves or dies the business will cease to exist. However, for the remaining partners who own or have the rights to some of the business can hire someone else to keep the business in operation.

**Examiner's Comments**

This was an excellent response because the candidate presented distinct and well-explained advantages and disadvantages. Firstly, the candidate clearly stated three advantages of operating a partnership – ease of formation; pooled capital; shared costs and responsibilities. Secondly, the candidate clearly stated two disadvantages of operating a partnership – unlimited liability and lack of continuity.

**Candidate Answer to Part (b)**

A sole proprietorship, or sole trader, is generally a small business owned and controlled by a single <sup>entrepreneur</sup> ~~entrepreneur~~ <sup>✓</sup> sole traders struggle to find sources of capital but enjoy their ~~own~~ profits in its entirety. ✓ On the otherhand, partnerships are businesses formed by an agreement between 2 to 20 partners. ✓ Partnerships allow for plenty of access to entrepreneurial skills but the partners must share the profits. ✓

**Examiner's Comments**

This was a good response as it captured the differences between a sole proprietorship and a partnership — ownership, availability of capital and shared profits. However, the candidate could have improved the response by integrating the venture comparisons instead of writing separately about a sole proprietorship and then writing separately about a partnership.

Candidate Answer to Part (c)

If Audrey is operating a Partnership then she must follow the legal and regulatory requirements. One legal and regulatory requirement is labour laws. These are laws that are mandatory for businesses to follow in their respected workplace. Such labour laws are : (i) making sure there <sup>is</sup> no discrimination in the workplace. (ii) workers / employees are paid at minimum wage or above. etc. By following these labour laws it allows for a better environment. Another legal and regulatory requirement is environmental stewardship. If Audrey complies with this, then she would need to implement measures for a healthy, cleaner and more efficient environment. She can (i) place recycling bins in the workplace, (ii) use eco-friendly appliances. (iii) avoid pollution. (iv) reduce negative externalities. etc.

**Examiner's Comments**

This was an excellent response as the candidate clearly and logically explained two legal and regulatory requirements with which the new partnership must comply — labour laws and environmental stewardship. The candidate's use of very pertinent examples added to the comprehensiveness of the response.

## Recommendations

The legal and regulatory requirements with which each type of venture must comply is an extremely essential part of business ownership. Both governments and regulatory bodies worldwide have become even stricter with compliance in the last decade and the associated penalties and fines for non-compliance have become more severe. Therefore, it is necessary that teachers give heightened importance to the legal and regulatory frameworks that exist locally, regionally and internationally. The following is a good starting resource for both teachers and students:

- Universal Class (n.d.). Business Commerce: Legal and Regulatory Requirements. Retrieved from <https://www.universalclass.com/articles/business/business-commerce-legal-and-regulatory-requirements.htm>

Teachers should also spend more time training students to answer questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers can use the following recommended resources in order to improve students' response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)



## Question 2

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This question tested candidates' ability to

- outline one advantage and one disadvantage of a public limited company
- differentiate between a private limited company and a public limited company
- explain one way in which the venture would benefit from having a code of ethics
- outline two measures that the venture could take to promote good corporate governance.

This was the poorest performing question on the paper, with a mean score of 2.96 and a standard deviation of 2.56. Although candidates scored poorly on all three parts of the question, the worst performing part was Part (c), where many candidates scored none of the cumulative seven marks. None of the 2152 candidates who attempted the question earned the full 15 marks and those attaining scores between 10 and 14 represented only two per cent of the candidates. Fifty-one per cent of candidates scored between zero and two marks.

### Candidate Answer to Part (a)

Outline ONE advantage and ONE disadvantage of a public limited company.

One advantage of a public limited company is that stocks are traded on the stock market, which allows many investors to purchase them and gain share income. However, a disadvantage of public limited companies is that the threat of takeovers exist, where stockholders may make a joint effort to possess the majority of shares and hold great decision making influence.

[4 marks]

#### Examiner's Comments

This was an excellent response because the candidate presented a concise response that clearly outlined one advantage and one disadvantage of a public limited company.

Candidate Answer to Part (b)

A public limited company, as the name suggests, is one that operates transparently to the public. All financial statements are published publicly and anyone is afforded the opportunity to purchase a share in the business, while a private limited company operates on the other end of the spectrum. A private limited company has no obligation to publicise their financial records ~~and~~ and the buying of shares is restricted so that members of the general public have no opportunity to buy shares.

[4 marks]

**Examiner's Comments**

This was a good response as it captured two differences between a private limited company and a public limited company with respect to financial statement publication and share purchase. However, the candidate could have improved the response by simultaneously comparing the characteristics of both companies instead of writing all the elements regarding how a private limited company operates and then writing separately about all the elements regarding how a public limited company operates. The candidate's response could be revised as follows:

A public limited company operates transparently to the public where all financial statements are published publicly whereas a private limited company has no such obligation to publicize its financial records. Also, in a public limited company, any member of the public can purchase a share in the business whereas in a private limited company, the buying of shares is restricted so the general public has no opportunity to buy shares.



Candidate Answers to Parts (c) (i)-(ii)

A code of ethics will provide policies and regulations KNFL will abide by in their operations. This will allow them to operate fairly improving their company image which will improve shareholders confidence.

[3 marks]

∴ KNFL can establish or adopt <sup>policies</sup> ~~a policy~~ protocols or rules among the Board of directors who must be held accountable for their actions as well as experience consequences for misconduct or neglect of stated policies.

∅ KNFL can also practise more ethical tax obligations and ensuring visibility <sup>and</sup> ~~among~~ accountability among stakeholders with the financial reporting of the business, to ensure trust within the establishment. They can achieve this through the proper accounting personnel and methods, as well as continuous checking of accounts for inconsistencies.

### Examiner's Comments

For Part (c) (i), the candidate's explanation of one way in which the venture would benefit from having a code of ethics focused on the ability to provide standards for operating the venture. The candidate could have improved the response by adding one other relevant point.

In Part (c) (ii), the candidate successfully outlined two measures that the venture could take to promote good corporate governance — increasing accountability measures for board members and increasing transparency in financial reporting.

## Recommendations

Within the last decade, ethics and social responsibility have been elevated from mere buzzwords to become a necessary part of reporting to stakeholders. So important are these two principles that many businesses worldwide make a point of publicly publishing, in their annual reports and/ or a separate corporate social responsibility (CSR) report, their stance on ethics and how they fulfil their social responsibility.

Teachers should, therefore, update and upscale their research and teaching methods on ethics and social responsibility in line with the heightened importance being given to them in the business world. The following is a good starting resource for both teachers and students:

- Universal Class (n.d.). The Role of Social Responsibility in Business Ethics. Retrieved from <https://www.universalclass.com/articles/business/the-role-of-social-responsibility-in-business-ethics.htm>

Teachers should also spend more time training students to answer questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers can use the following recommended resources in order to improve students' response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)

### Question 3

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This question tested candidates' ability to

- list four key sections that should be included in the business plan that the case subject would develop
- outline two reasons why it was important for the case subject to develop a business plan
- state the purpose of the cash flow statement
- prepare the cash flow projections for the three-month period ending 31 July 2020, using the information provided in the case.

Although this was the best performing question on the paper, with a mean score of 6.38 and a standard deviation of 3.99, only one per cent of the 2152 candidates earned the full 15 marks. Otherwise, candidate scores were almost evenly distributed from zero to 14 marks. The majority of candidates was able to easily answer Part (a) and respond, with varying degrees of success. There were a significant number of instances where candidates did not provide a response to Part (c) (ii). This indicated that those candidates were unaware of what was required.

#### Candidate Answer to Part (a)

Executive Summary ✓  
Business Description ✓  
Management ✓  
Marketing ✓

[4 marks]

#### Examiner's Comments

This was an excellent response because the candidate successfully listed four key sections that should be included in the business plan that the case subject would develop.

Candidate Answer to Part (b)

- Serves as guidance for business operations. A business plan entails all the important steps and information necessary. This can be used to develop the business and identify areas that needs work.
- Attract potential investors - Investors are ~~important~~ of paramount importance to any business. The business plan gives the ~~firm~~ investors an idea of the business - The investor can deem if the business is viable or not.

[4 marks]

Examiner's Comments

The candidate successfully outlined two reasons why it was important for the case subject to develop a business plan — to serve as an operational road map and to attract potential investors.

Candidate Answers to Parts (c) (i)-(ii)

It records all cash inflows and cash outflows of the business to determine its cash position (how much cash does the business have)

[1 mark]

Xtreme Woodworks Ltd		
Cash Flow as at 31st July 2020		
Cash Inflows	\$	\$
Sales:		
May	59000	
June	55000	
July	58000	
Total cash inflow		172000
Cash Outflows		
Payments:		
May	28000	
June	29000	
July	32000	
Wages:		
May	18000	
June	18000	
July	20000	
Total cash outflow		(145000)
2021 Cash as at Jul 31, 2020		27000

✓  
✓  
✓  
✓  
✓  
✓  
✓  
✓

### Examiner's Comments

For Part (c) (i), the candidate comprehensively stated the purpose of the cash flow statement by pointing to three key elements — cash inflows, cash outflows and final cash position.

In Part (c) (ii), the candidate prepared clear, well-labelled and detailed cash flow projections, for the three-month period ending 31 July 2020, which showed individual and accumulated cash inflows and outflows, as well as the venture's final cash position at the end of the three-month period.

## Recommendations

Among entrepreneurs worldwide, bookkeeping and financial knowledge is weak. Teachers also seem to gloss over these areas in the classroom, as students' knowledge about the various financial statements is often lacking.

Teachers should therefore strengthen their knowledge about the various financial statements, how each is prepared and what purpose each serves. Special attention should be given to understanding and differentiating between a cash flow statement and a cash flow projection, since the cash flow projection is the easiest to prepare of all the financial statements and it is one which entrepreneurs can prepare for themselves. The following is a good starting resource for both teachers and students:

- Association of Chartered Certified Accountants (n.d.). Cash Flow Statements. Retrieved from <https://www.accaglobal.com/hk/en/student/exam-support-resources/fundamentals-exams-study-resources/f3/technical-articles/cashflow-statements.html>

Teachers should also spend more time training students to answer questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain*, *outline*, *discuss*, *describe*, *summarize*, *compare*. Teachers can use the following recommended resources in order to improve students' response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)



## Question 4

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This question tested candidates' ability to

- state the two key accounts, other than a cash flow statement, that the case subject would need to present in his financial statements
- describe the main elements of each account stated
- outline two investment options available to the case subject for investing profits made from the business
- explain to the case subject the importance of producing a breakeven analysis.

The mean score for this question was 4.15 and the standard deviation 3.24. The majority of candidates responded accurately to Part (a) (i) and, with varying degrees of success, to Part (a) (ii). For Parts (b) and (c), there were many instances where candidates either scored zero or did not provide responses; this pointed to a lack of concrete knowledge in both areas — investment options and breakeven analysis. Only one of the 2152 candidates earned the full 15 marks while 77 per cent scored between zero and six marks.

### Candidate Answers to Parts (a) (i)–(ii)

He would need the:

1. Income Statement or Statement of Comprehensive Income. ✓

2. Balance Sheet or Statement of Financial Position. ✓

[2 marks]

Balance sheet has; a Non-current assets element where assets that will ~~be~~<sup>be</sup> used for more than a year will be listed; Current asset element which ~~is~~ consists of assets that will be used in the business for a year or less; Non-current liabilities consists of bonds or loans that will mature after a year; current liabilities - ~~which~~<sup>credit</sup> items that need to be repaid within a year; capital element which consists of equity of share capital of the business.

Income Statement has; Revenue element consists of sales; Cost of sales consists of Direct ~~labour~~<sup>labour</sup>, materials and expenses; Addition Revenue consists of extra revenue gained from activities such as renting asset ~~or~~; Expenses/Overheads consists of expenses incurred during the production of the product/service; Net profit which is gained by ~~from~~<sup>subtracting total costs/expenses</sup> from total revenue.

#### Examiner's Comments

For Part (a) (i), the candidate confidently stated the two key accounts, other than a cash flow statement, that the case subject would need to present in his financial statements — income statement and balance sheet. The candidate also included the lesser-known names of both key accounts.

In Part (a) (ii), the candidate comprehensively described the main elements of each key account. The balance sheet description centred around its three main elements — assets, liabilities and equity. The income statement description centred around its three main elements — revenue, expenses and net profit/loss.



Candidate Answer to Part (b)

- 1) ~~Stocks~~ are the option of investment which will allow an investor to purchase a portion of equity in a company for returns in dividends based on the profitability of the firm as well as the <sup>fraction</sup> portion of equity which the investor holds. The investor essentially becomes a part-owner.
- 2) ~~Bonds~~ allow ~~an~~ a person or company to finance the debt of a company. The bondholder would now become a creditor to the company and <sup>will</sup> ~~can~~ be paid interest in order to make a profit.

**Examiner's Comments**

This was an excellent response as the candidate clearly outlined two well-known investment options available to the case subject for investing profits made from the business — stocks/shares and bonds — by highlighting the benefits that would accrue to the investor.

### Candidate Answer to Part (c)

Breaks even in the point at which fixed cost is equal to total revenue. There is no net gain or loss. This is important to Mikhail as it tells the amount of revenue that need to be generated in order to cover cost of production. It gives a relationship between fixed cost and variable cost and can give Mikhail an idea of how to price product in order to make significant profit and reduce the chances of making a loss. It can help determine financial feasibility of ventures.

[3 marks]

#### Examiner's Comments

This was an excellent response because the candidate clearly explained the importance of producing a breakeven analysis by combining three key points. Firstly, the candidate presented a brief sentence about what is the breakeven point. Secondly, the candidate incorporated one key aspect of the breakeven definition — sales revenue covering production cost — to showcase its importance to the case subject. Thirdly, the candidate highlighted the usefulness of breakeven analysis in determining product pricing and assessing product profitability.

### Recommendations

Finance seems to be a weak area for teachers and students alike. Teachers should strengthen their knowledge and understanding of the financial aspects of the subject in order to confidently teach those aspects to students. The following is a good starting resource for both teachers and students:

- US Securities and Exchange Commission (2007). Beginners' Guide to Financial Statement. Retrieved from <https://www.sec.gov/reportspubs/investor-publications/investorpubsbegfinstmtguidehtm.html>

Teachers should also spend more time training students to answer questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe,*

*summarize, compare*. Teachers can use the following recommended resources in order to improve students' response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)

## Question 5

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This question tested candidates' ability to

- state four reasons, not mentioned in the case, for conducting a venture valuation
- identify two venture valuation methods, mentioned in the case, that the case subjects could use to determine the value of their venture
- explain the two methods of venture valuation identified
- explain to the case subjects why obtaining a valuation is important, with respect to their decision to buy and sell their equipment.

The mean score for this question was 3.58 and the standard deviation 2.61. Although some candidates were able to correctly identify the two venture valuation methods mentioned in the case, not many were able to move beyond that and explain those two venture valuation methods, as was required for Part (b) (ii). Only one of the 2152 candidates earned the full 15 marks while 86 per cent scored between zero and six marks.

### Candidate Answer to Part (a)

1. to know the real value of the business
2. to raise growth capital
3. the buying and selling of the business/major assets
4. to establish employee stock option plans

#### Examiner's Comments

This candidate response was taken from the newly introduced electronic submissions. This was an excellent response as it clearly stated four reasons, not mentioned in the case, for conducting a venture valuation.

### Candidate Answers to Parts (b) (i)–(ii)

- Book Value Method
- Discounted Future Earning Method

### The book value method

This utilizes the balance sheet in the calculation of the venture's value. As suggested by the name, this method takes into account the business' book value using its financial documents. This financial document is a summary of the amount of money going in and out of the business and can so be used to determine the value of the business. The book method value uses several balance sheets to estimate the financial status that the business may undergo in the future. Taking into consideration inflation and depreciation.

### Discounted Future earnings

This method takes into consideration, as the name suggests, the earning that might be incurred in the foreseeable future of the business and notes them taking into consideration today's financial status. It is then discounted to a variable amount to estimate the amount to be made later on, taking into consideration inflation and depreciation. It has to be assumed that these factors will occur in order to gain the minimum value that the business is worth, in the case of these actual occurrences.

#### Examiner's Comments

For Part (b) (i), taken from the electronic submissions, the candidate correctly identified the two venture valuation methods, mentioned in the case, that the case subjects could use to determine the value of their venture.

In Part (b) (ii), which was also taken from the electronic submissions, the candidate explained the two methods of venture valuation identified in (b) (i) by highlighting their respective features and method of calculation.

#### Candidate Answer to Part (c)

Venture valuation holds many key purposes and values. However, in Kymani and Matthews case, it is important that they identify the value of the business, by knowing what the monetary value of their equipment is, based upon the length of time which it was used, and how much it is worth. They will both need to know how much money the equipment is worth based upon the value of the venture itself. Valuing the venture will also inform them of the amount of money which they already possess, and can subsequently utilize in addition to the money earned from the sales of the old equipment, to purchase the new equipment. Lastly, gaining an understanding of the venture value, will help the pair in identifying the quality and quantity of new equipment needed to effectively run the business as a whole.

#### Examiner's Comments

This response was taken from the electronic submissions. It was an excellent response as the candidate clearly explained why obtaining a valuation was important, with respect to the case subjects' decision to buy and sell their equipment. The first point addressed determining the value of the old equipment. The second point addressed determining the pooled amount of funds that would be available from the operation and from the sale of the old equipment. The third point addressed determining the optimal amount and cost of new equipment needed.

## Recommendations

Venture valuation is an important part of managing and growing any business because somewhere along the business' life cycle, it would need to do a venture valuation. Consequently, teachers should spend time discussing with students the importance of venture valuation, as well as the various methods used in venture valuation.

Teachers should also spend more time training students to answer questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers can use the following recommended resources in order to improve students' response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)



## Question 6

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This question tested candidates' ability to

- list four elements that the case subject should consider before launching her website
- identify two stages in the venture life cycle
- describe the current stage of the case subject's business in the venture life cycle
- outline three ways in which the Internet could positively impact the case subject's business.

The mean score was 3.97 and the standard deviation 2.46. The majority of candidates responded accurately to Part (b) (i). Candidate responses to Parts (a) and (b) (ii) were mixed. Part (c), which accounted for six of the total 15 marks, proved challenging for the majority of candidates. Only three of the 2152 candidates who attempted the question earned the full 15 marks, while 87 per cent of the candidates scored between zero and six marks.

### Candidate Answer to Part (a)

Four elements are:

- data-mining ✓
- customer relationship ✓
- integration of web into overall strategy ✓
- networking potential ✓

#### Examiner's Comments

This was an excellent response since the candidate clearly and concisely listed four elements that the case subject should consider before launching her website.

Candidate Answers to Parts (b) (i)–(ii)

Venture development ✓

Start-up activities ✓

Jessica's business is at the expansion stage of the venture life cycle. At this stage the venture is said to be having increase in income, better management <sup>team</sup>, provision of better services and goods and greater generation of profits.

[3 marks]

**Examiner's Comments**

For Part (b) (i), the candidate successfully identified two stages in the venture life cycle — new venture development and start-up activities.

In Part (b) (ii), the candidate correctly identified the current stage of the case subject's business in the venture life cycle and then followed up with a targeted description of two key indicators at that stage — increased revenue and stronger management.



Candidate Answer to Part (c)

1. Increased speed and flexibility: With the high speed of the Internet, Jessica's website can process bookings and payments much faster than a physical store and can flexibly operate 24/7 in any timezone and anywhere with Internet access, which can broaden her customer base. For example, customers from any Caribbean island and United States can access her website, which may flexibly adjust to any language and currency.
2. Less emphasis on size or space: Jessica's website can operate on a simple computer, which may not require the large space and heavy equipment of a physical store, therefore ~~not~~<sup>only</sup> requiring little space, which can reduce costs of rent and utilities. For example, Jessica can run her entire website from a room in her home, using her personal computer, instead of a large warehouse.
3. High volume of sales: ~~Since~~ Jessica's website can be accessed **[6 marks]** her accessibility to a worldwide market of unlimited customers, unlike the ~~physical~~ limitations of a physical store to a **Total 15 marks** geographical space. Therefore, a larger market can increase her sales and profit as there may be more people interested in her venture. For example, a website can attract many of the travellers in temperate, cold countries to book their spots on Caribbean resorts, thus increasing sales.

**Examiner's Comments**

This was an excellent response as the candidate listed three ways in which the Internet could positively impact the case subject's business and followed up by elaborating on the ways and including a pertinent example for each.

## Recommendations

With the onslaught of the COVID-19 pandemic, the importance of e-commerce has increased exponentially and e-commerce will soon become a business norm. Teachers therefore need to pay close attention to this changing tide and to update their research and teaching methods in order to bring currency to the subject. The following is a good starting resource for both teachers and students:

- United Nations Conference on Trade and Development (2021). How COVID-19 triggered the digital and e-commerce turning point. Retrieved from <https://unctad.org/news/how-covid-19-triggered-digital-and-e-commerce-turning-point>

Teachers should also spend more time training students to answer questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers can use the following recommended resources in order to improve students' response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)

## PAPER 031 – SCHOOL BASED ASSESSMENT

For Paper 031, students are required to identify an original business idea, translate the idea into a well-conceptualized business concept, conduct market research on the conceptualized product or service and then develop a business model around the product or service. Students are then required to outline the market research and the business model in a report. The key objective of the School-Based Assessment (SBA) project is for students to demonstrate their skills in ascertaining the basic market and economic feasibility of a proposed business. This paper represents 60 per cent of the total assessment score for Entrepreneurship. A total of 60 marks were allocated for the paper and it was equally distributed between the Market Research and the Business Model.

The Market Research, which was worth 30 marks, focused on the following six areas:

- |                         |                           |
|-------------------------|---------------------------|
| (1) Research Objectives | (4) Questionnaire         |
| (2) Target/Sample       | (5) Findings and Analysis |
| (3) Methodology         | (6) Conclusion            |

The Business Model, which was worth 30 marks, focused on the following ten areas:

- |                              |                                   |
|------------------------------|-----------------------------------|
| (1) History of the Venture   | (6) Product Differentiation       |
| (2) Mission/Vision Statement | (7) Income Generation             |
| (3) Value Proposition        | (8) Growth                        |
| (4) Beneficiaries            | (9) Summary of Financial Analysis |
| (5) Operations               | (10) Presentation of Project      |

A sample of SBAs from each centre was moderated. Where there was significant variance between the teacher score and the moderator score, an additional sample was moderated. If there was further variance, all the SBAs from that centre were moderated.

Overall, student performance on this paper was very good, with 75 per cent of students scoring between 36 and 60 marks.

## Recommendations

Teachers should emphasize to students the importance and necessity of the following:

- Presenting an original business idea. Instead of presenting an original business idea, a few students presented market research and completed the business model for an existing product/service, from an existing business.
- Using proper grammar, using words appropriately, spelling words correctly and using proper sentence construction to express themselves.

Teachers should also spend time showing students how to successfully complete the following tasks for the following two documents which they are required to complete for the SBA:

### Market Research

- Writing SMART research objectives for the Market Research report. Some students wrote general business objectives instead of market research objectives.
- Differentiating clearly between the population and the sample in the Market Research report.
- Ensuring the proper amount, form, wording and sequencing of questions in the questionnaire.
- Placing the relevant information in the Findings and Analysis of Results sections. Students need to understand what should be included under the Findings section and the Analysis of Results section in the Market Research report. A few students either repeated the Findings under the Analysis of Results or altogether failed to provide the requisite information in the Analysis of Results section.
- Writing a meaningful conclusion that
  - is well related to the Findings and Analysis of Results sections of the Market Research report
  - presents actions to be taken based on what the student wrote in the Analysis of Results section.

### Business Model

- Writing proper mission and vision statements.
- Writing comprehensive information, based on the CAPE Entrepreneurship syllabus, for each of the following sub-sections:

Value Proposition	Income Generation
Beneficiaries	Growth
Product Differentiation	

- Preparing a comprehensive Summary of Financial Analysis. This section must include a formal financial request and a cash flow statement. Many students presented a cash flow projection

instead of a cash flow statement. The cash flow statement must have the following three compulsory sections:

- Cash from operating activities
- Cash from investing activities
- Cash from financing activities

## PAPER 032 – ALTERNATIVE TO SCHOOL BASED ASSESSMENT

Paper 032 comprised one case study, with three questions covering all three Unit 1 modules. The paper represents 60 per cent of the total assessment score for Entrepreneurship. A total of 60 marks were allocated for the paper, 20 marks for each question. The allotted examination time for this paper was two hours. Similar to Paper 02, these questions required a greater depth of understanding and necessitated candidates' use of higher order thinking skills.

Overall, candidate performance on this paper was poor, with only 17.3 per cent of candidates scoring between 36 and 41 marks. None of the 23 candidates who sat this exam scored between 42 and 60 marks.

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### Question 1

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This question tested candidates' ability to

- state two features of a private limited company
- outline two advantages and one disadvantage of a private limited company
- identify three laws with which the case subject would have to comply
- discuss three intellectual property rights (IPRs) that can protect the venture's products and services.

The mean score for this question was 7.74 and the standard deviation 2.56. Candidates responded with varying degrees of success to Part (c) (ii). However, Parts (b) and (c) (i) proved challenging for most candidates. Some candidates could not respond to Part (a). None of the 23 candidates who attempted the question scored between 13 and 20 marks. The highest score was 12 and the lowest score was 4.

#### Candidate Answer to Part (a)

Two features of a private limited company are:  
1) it is a legal entity separate from its owner ✓  
2) capital may be raised by selling shares privately to a close associates of the owner's choice. ✓  
[2 marks]

### Examiner's Comments

This was an excellent response because the candidate succinctly stated two features of a private limited company.

### Candidate Answer to Part (b)

Advantages .....

- Advantages ① Because of multiple ~~part~~ partners in the business, it won't die with the owner, the business will go on even after the owner goes or loses a member.
- ② Each partner takes part in funding of the business, which is much better than sole trading.

Disadvantage Decision may be long & tedious as each idea has to be ~~discussed~~ discussed with each member of the company so that every is aware.

### Examiner's Comments

This was a good response as the candidate outlined two advantages and one disadvantage of a private limited company. However, the disadvantage part of the question could have been improved by the use of a more obvious and stronger disadvantage such as restricted access to capital markets.



Candidate Answers to Parts (c) (i)-(ii)

Three laws Paul would have to comply with are:

- ① Labour laws - Maternity Act, Union Act, Right to Protest
- ② Health and Safety Laws - OSHA, ISO, HACCP
- ③ Tax Obligations - VAT, Service Charge, Income Tax

[3 marks]

- ① Patent rights to it new line of products, miniature steelpans and the medallion chrome collection.
- ② Trademark rights to miniature steelpans and the medallion chrome collection.
- ③ Copyrights to the online app that uses virtual celebrity parrist.

PCIL would do well to use these three Intellectual Property Rights (IPRs) to protect its products and services if they want to maintain control of their innovations and enjoy ownership rights to them.

**Examiner's Comments**

For Part (c) (i), the candidate correctly identified three laws with which the case subject would have to comply and included three very apt examples for each.

In Part (c) (ii), the candidate successfully listed three IPRs that could protect the venture's products and services but discussion on each IPR was lacking.



## Recommendations

The legal and regulatory requirements with which each type of venture must comply is an extremely essential part of business ownership. Both governments and regulatory bodies worldwide have become even stricter with compliance, in the last decade, and the associated penalties and fines for non-compliance have become more severe. Therefore, it is necessary that teachers give heightened importance to teaching about the legal and regulatory frameworks that exist locally, regionally and internationally. The following is a good starting resource for both teachers and students:

- Universal Class (n.d.). Business Commerce: Legal and Regulatory Requirements. Retrieved from <https://www.universalclass.com/articles/business/business-commerce-legal-and-regulatory-requirements.htm>

Teachers should dedicate more time towards the in-depth teaching and discussion of the various types of IPRs, their individual characteristics, the type of protection offered by each IPR and the types of innovation that each IPR protects. The following is a good starting resource on IPRs for both teachers and students:

- World Intellectual Property Organization (n.d.). What is Intellectual Property? Retrieved from <https://www.wipo.int/about-ip/en/>

Teachers should also emphasize to these external learners the importance of accurately answering questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers should point external learners to the following recommended resources in order to improve their response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)

## Question 2

This question tested candidates' ability to

- outline three components of a business plan
- distinguish between market research and feasibility analysis
- outline three key elements of market research
- discuss how market research would assist the case subject in commercializing his business ideas.

This was the best performing question of the paper, with a mean score of 9.43 and a standard deviation of 4.93. However, none of the 23 candidates who sat the exam scored the full 20 marks on this question. Candidates responded to Parts (a) and (b) with varying degrees of success. However, most candidates scored poorly on Parts (c) (i) and (c) (ii).

### Candidate Answer to Part (a)

Three components of a business plan are

- ✓ (1) Operations which states equipments, technical skills, infrastructure and day to day activities of the business. ✓
- ✓ (2) Financial : Provides an insight into the cash flow projection how much money that inflows and outflows <sup>with the business</sup> this component helps identify whether or not ~~it~~ one will be able to pay shareholders their dividends and if the business can generate a profit
- ✗ (3) Opportunity / Target Audience & Competitors analysis ✓  
this will allow the business to see <sup>able to</sup> ideas that can turn into profitable venture. [6 marks]  
also they can see who are the demographic and identify weaknesses & strengths

### Examiner's Comments

This was a fair response because the candidate successfully listed and elaborated on two components of a business plan. The candidate could have improved the response by stating and elaborating on one other obvious component, such as management.

Candidate Answer to Part (b)

Market research is used to acquire information on customers demand for the company's products as well as its competitors and its intended customers. Feasibility analysis is used to determine if the business has the potential to be successful. While market research is more focused on the product and its competitive edge feasibility analysis is more generalised and looks at the business as a whole.

**Examiner's Comments**

This was a very good response as it distinguished between *market research* and *feasibility analysis* by bringing out the narrower, product-focused nature of market research versus the broader, business-focused nature of a feasibility analysis.

Candidate Answers to Parts (c) (i)–(ii)

Definition of the market - Target market, the <sup>competitors</sup> and <sup>consumers</sup> the ~~customers~~ if they are legally able to purchase the product by law. It targets specific markets and by extension the consumers and competitors. Product characteristics is the size, shape, weight of the product to be sold or developed. It looks at the colour and if the product or service is in demand. Consumer analysis; this assesses the age, income of customers, social class, educational background.

Market Research would be very beneficial to Paul as it would help him (paul) analyse and determine how his goods and/or services should be produced and distributed. It would also determine price and target consumers hence achieving a high and effective level of commercialization.

**Examiner's Comments**

For Part (c) (i), the candidate successfully listed and elaborated on three key elements of market research — definition of the market, product characteristics and consumer analysis.

In Part (c) (ii), the candidate included two pertinent points in the discussion of how market research would assist the case subject in commercializing his business ideas — channel distribution and pricing. The candidate could have improved the response by including one additional strong point related to payment methods or promotion.

## Recommendations

Market research provides important, relevant and current information that can help a business gain competitive advantage. Therefore, teachers should strengthen teaching and discussion on market research, its key elements, as well as its varied and best uses.

Teachers should also emphasize to these external learners the importance of accurately answering questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers should point external learners to the following recommended resources in order to improve their response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)

### Question 3

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This question tested candidates' ability to

- list five myths that the case subject might have had to consider about using e-commerce
- outline three approaches the case subject used to market his products and services online
- explain three potential benefits of the case subject selling his products online.

The mean score for this question was 7.7 and the standard deviation 3.08. All candidates attempted Parts (b) and (c), and responded with varying degrees of success. However, for Part (a), which was supposed to be the easiest part of the question, a few candidates were unable to get a single correct myth. None of the 23 candidates who attempted the question scored between 16 and the full 20 marks; the highest score was 15.

#### Candidate Answer to Part (a)

Five myths are:.....

- 1) Customers will flock to my site. ✓
- 2) Privacy is not important. ✓
- 3) All I need is a site, not a strategy. ✓
- 4) Customer service is not as important. ✓
- 5) Technology is the most important <sup>tool</sup> ~~test~~. ✓

[5 marks]

#### Examiner's Comments

This was an excellent response as the candidate concisely listed five myths that the case subject might have had to consider regarding using e-commerce.



Candidate Answer to Part (b)

- ① Paul provided his customers with real time options for online payments. He is making it, the service more <sup>convenient</sup> ~~convenient~~ for his consumers, putting their needs first.
- ② He included a shopping ~~cart~~ cart, paypal or credit card transactions. This increases the credibility of his site as he outsourced Internet service providers to make his site <sup>safer and secure</sup> ~~safer and secure~~ ~~safer and secure~~.
- ③ Developed an online app using celebrities to teach his classes. In order to do so he would have to outsource private ~~in~~ developers and ~~so~~ used ~~the~~ data mining software to create the app.

**Examiner's Comments**

This was a fair response as the candidate was unable to clearly list any of the three approaches that the case subject used to market his products and services online. However, the candidate was able to pull out three pertinent approach scenarios from the case.

Candidate Answer to Part (c)

Three potential benefits of selling his products online are:

1.) Capacity to Enhance Customer Service -

By being online, Paul and his team would be able to reply to customers quickly. They would also be able to lend assistance in a more efficient manner. This will allow them to share a close interaction with their customers.

2.) Low Costs - Paul would not need to spend money in renting a physical space as his business is now online. There would be no limit as to how much products he can store. Selling his products online would allow him to cater for a higher demand and his stocks can increase exponentially.



3.) Track Sales - PC Investment Limited would now be able to track their sales by selling products online. They would be able to observe the trends for the products that are in high demand and those that are

GO ON TO THE NEXT PAGE

not doing so well. By observing these trends he would be able to cater for the products that are in demand and improve those that are not.

#### Examiner's Comments

This was a good response as the candidate was able to explain three potential benefits of the case subject selling his products online — capacity to enhance customer service, low operational costs and the ability to track sales results. However, one more clear-cut point was needed for each benefit.

## Recommendations

With the onslaught of the COVID-19 pandemic, the importance of e-commerce has increased exponentially and e-commerce will soon become a business norm. Therefore, teachers need to pay close attention to this changing tide and update their research and teaching methods in order to bring currency to the subject. The following is a good starting resource for both teachers and students:

- United Nations Conference on Trade and Development (2021). How COVID-19 triggered the digital and e-commerce turning point. Retrieved from <https://unctad.org/news/how-covid-19-triggered-digital-and-e-commerce-turning-point>

Teachers should also emphasize to these external learners the importance of accurately answering questions which require higher order thinking skills. Such questions often use the following descriptive verbs: *explain, outline, discuss, describe, summarize, compare*. Teachers should point external learners to the following recommended resources in order to improve their response skills with respect to questions requiring higher order thinking skills:

- The glossary of behavioural verbs used in the Entrepreneurship examination located at the back of the CAPE Entrepreneurship syllabus
- St Andrew's and St Bride's High School (n.d.). Common Command Words. Retrieved from [www.st-a-and-st-b.s-lanark.sch.uk/sasbhs\\_science\\_22\\_1379763928.pdf](http://www.st-a-and-st-b.s-lanark.sch.uk/sasbhs_science_22_1379763928.pdf)