



CARIBBEAN EXAMINATIONS COUNCIL

ENTREPRENEURSHIP



Subject Report with Exemplars

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CARIBBEAN EXAMINATIONS COUNCIL

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

JUNE/JULY 2022

**ENTREPRENEURSHIP
UNIT 1**

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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 2022 examination, candidates' overall performance on this module was unsatisfactory. Only 54 per cent of candidates scored between 45 and 75 marks, compared with 62 per cent in 2021.

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 2022 examination, candidates' overall performance on this module was also unsatisfactory. Only 53 per cent of candidates scored between 45 and 75 marks, compared with 58 per cent in 2021.

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 2022 examination, candidates' overall performance on this module was unsatisfactory. Approximately 45 per cent of candidates scored between 45 and 75 marks, compared with 65 per cent in 2021.

Candidates' knowledge of this unit and the 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

PAPER 01 — MULTIPLE CHOICE

Paper 01 comprised 45 multiple-choice questions which consisted of 15 items per module. Each item was worth one mark. The paper was worth a total of 45 marks, which represented 20 per cent of the total assessment score for the examination.

Overall, candidates performed fairly well. Approximately 60 per cent of candidates scored between 27 and 45 marks.

PAPER 02 — MINI CASES

Paper 02 comprised six mini cases, consisting of two mini cases per module. Each mini case was worth 15 marks. The paper was worth a total of 90 marks, which represented 20 per cent of the total assessment score for the examination. The allotted examination time was 2 hours and 45 minutes. Candidates needed to exhibit a great depth of understanding and use higher order thinking skills to answer the questions.

Overall, candidates performed poorly. Less than one per cent of the candidates scored between 54 and 90 marks.

Question 1

This question tested candidates' ability to

- define the term *entrepreneur*
- state two drivers of entrepreneurship mentioned in the case
- state two characteristics of small business managers mentioned in the case
- define the term *small business management*
- describe how one of the dietary restrictions of Islam, mentioned in the case, could impact entrepreneurship development
- discuss how restrictions on Muslim women could impact entrepreneurship development.

The mean score was 4.58 and the standard deviation 1.94. Candidates performed poorly on Part (c) (i) and Part (c) (ii). These two parts were worth 7 of the 15 marks allocated to the question.

Candidate's Response to Part (a) (i)–(ii)

1. (a) (i) Define the term 'entrepreneur'.
an entrepreneur is an individual who takes a calculated risk in starting a business venture. ✓ ✓

Examiner's Comments

The candidate defined the term *entrepreneur* excellently by including two key points in the definition. These points were someone who starts a business venture and someone who does so by taking calculated risk.

- (ii) State TWO drivers of entrepreneurship, mentioned in the case, that led Wanda to start her business.

Her unemployment and her expertise in information technology.

Examiner's Comments

The candidate concisely stated two drivers of entrepreneurship that led the case subject to start her business — her unemployment situation and her expertise in information technology.

Candidate's Response to Part (b)

- (b) (i) State TWO characteristics of small business managers mentioned in the case.

TWO characteristics of small business managers mentioned in the case are Jackie's desire to keep the business small and maintain the status quo and the desire to just keep the business running instead of growing it.

- (ii) Define the term 'small business management'.

Small business management could be defined as the managing of day-to-day operations in a "small" business, being able to meet the needs of the customers and provide an effective service or good/product.

Examiner's Comments

In Part (b) (i), the candidate correctly stated two characteristics of small business managers that were mentioned in the case.

In Part (b) (ii), the candidate accurately defined the term *small business management* by providing two key points — managing day-to-day operations and providing good customer service.

Candidate's Response to Part (c)

- (i) Describe how ONE of Islam's dietary restrictions, mentioned in the case, could impact entrepreneurship development.

According to Wanda and Julie, Islam has dietary restrictions on meats (they must be halal) and the consumption of alcohol. In a predominantly Christian society, where these restrictions may not be fully understood, this may be a hindrance in the development of the business, as some customers may purchase elsewhere.

[3 marks]

- (ii) Discuss how restrictions on Muslim women could impact entrepreneurship development.

Restrictions on Muslim women could impact entrepreneurship development ^{in terms} of how females will not be encouraged to start an entrepreneurial venture that will provide for a creative as well as innovative ^{concentrated towards} as such the industry will be only catered to the male perspective of things ~~as such it and as~~ such it would not give females ^{the} opportunity to have a sense of independence, being their own boss and providing a means of financial support ^{created by them, further curbing} a necessity of depending on their husbands. As well as discouraging other females who might be interested in starting an entrepreneurial venture.

[4 marks]

Total 15 marks

Examiner's Comments

In Part (c) (i), the candidate focused on the meat restriction within Islam and stated how that restriction could lead to a reduced customer base. The candidate needed to provide another point which demonstrated the impact of the dietary restriction on entrepreneurship development.

In Part (c) (ii), the candidate provided three good points — fewer Muslim women becoming entrepreneurs, Muslim women not having the opportunity to be financial providers and fewer Muslim women as role models for women who may have entrepreneurial inclinations. The candidate needed to include another relevant point to earn full marks.

Recommendations

Teachers should train students to answer questions which require higher order thinking skills. Such questions often use the verbs *explain*, *outline*, *discuss*, *describe*, *summarize* and *compare*. Candidates should also be encouraged to write one clear and separate point for each mark being awarded.

The following resources are recommended for improving candidates' response skills for questions which require them to provide answers using higher order thinking skills.

- The Glossary of Behavioural Verbs Used in the Entrepreneurship Examination which is located at the back of the CAPE Entrepreneurship Syllabus.

Question 2

This question tested candidates' ability to

- state two entrepreneurial characteristics mentioned in the case
- outline one entrepreneurial characteristic not mentioned in the case
- distinguish between entrepreneurship and intrapreneurship
- explain how one factor not mentioned in the case contributes to success in entrepreneurship
- discuss how one of the factors mentioned in the case could lead to failure in entrepreneurship.

The mean score was 5.20 and the standard deviation 2.32. Many candidates struggled to properly explain the term *entrepreneurship*. Similarly, many candidates were unable to adequately compare the roles of a small business manager with those of an entrepreneur. Although some candidates correctly stated two myths of entrepreneurship, they were unable to elaborate on them.

Candidate's Response to Part (a) (i)–(ii)

(i) State TWO characteristics of an entrepreneur mentioned in the case.

1. The entrepreneur is a problem-solver. ✓

2. The entrepreneur is a visionary. ✓

(ii) Outline ONE characteristic of an entrepreneur that is NOT mentioned in the case.

- ✓ 1. Calculated risk taker- being a calculated risk taker involves being visionary but taking in all the possibilities of failure and success. When the possibilities of failure and success are considered the entrepreneur can make decision based on their view and knowledge of what the venture can endure. ✓

Examiner's Comments

In Part (a) (i), the candidate correctly stated two characteristics of an entrepreneur that were mentioned in the case.

In Part (a) (ii), the candidate successfully identified one entrepreneurial characteristic that was not mentioned in the case and provided a good general description of that characteristic.

Candidate's Response to Part (b)

- (b) Distinguish between 'entrepreneurship' and 'intrapreneurship'.

Entrepreneurship is characterized as ~~a~~ calculated risk taking ~~while~~ in starting a venture or pursuing an opportunity showing signs of innovativeness and creativity whereas ~~a~~ intrapreneurship is an employee displaying innovative or creative tendencies without accepting any risk because it falls on ~~to~~ the entrepreneur [4 marks]

Examiner's Comments

The candidate provided one good point that highlighted the degree of risk shouldered by the entrepreneur versus the degree of risk shouldered by the intrapreneur. The candidate needed to state another difference between the entrepreneur and the intrapreneur to earn full marks.

Candidate's Response to Part (c)

- (c) (i) Explain how ONE factor, NOT mentioned in the case, contributes to success in entrepreneurship.

Knowing your strengths and weaknesses contributes to success in entrepreneurship. As an entrepreneur, knowing what you are good at doing and the areas that you will need to improve in for the business to run smoothly is essential.

- (ii) Some entrepreneurial ideas fail because of certain factors. Discuss how ONE of the factors, mentioned in the case, could lead to failure in entrepreneurship.

One factor from the case that can lead to failure in entrepreneurship is poor human resources planning. This could be as a result of failure in the recruitment process. If the right amount of employees are not hired or the employees hired do not have the required skills for the job, this could negatively impact productivity in the business, and inevitably, the business' success.

Examiner's Comments

In Part (c) (i), the candidate identified *knowing your strengths and weaknesses* as one of the factors, not mentioned in the case, that contributes to success in entrepreneurship. This was followed by a good explanation which earned the candidate full marks.

In Part (c) (ii), the candidate identified *poor human resource planning* as one of the factors, mentioned in the case, that could lead to failure in entrepreneurship. This was followed by a very good discussion that included three points — recruiting the wrong staff, understaffing and lacking adequate training/skills. The candidate earned full marks for the response.

Recommendations

Teachers should ensure that all students can

- properly define the term *entrepreneurship*
- clearly differentiate between entrepreneurship/entrepreneur and small business management/manager
- clearly differentiate between an entrepreneur and an intrapreneur.

Knowledge of the terms mentioned above is necessary so that students can understand and appreciate the subject.

Question 3

This question tested candidates' ability to

- identify two internal sources of finance mentioned in the case
- state two external sources of required resources that the couple could consider in order to get the additional funding they require
- define the terms *idea* and *opportunity*
- explain how the couple could use problem inventory analysis to their advantage to generate new ideas for their potential business
- discuss how a focus group is created and used for idea generation.

The mean score was 4.42 and the standard deviation 2.09. Many candidates were unable to define an idea or an opportunity in relation to entrepreneurship. Similarly, many candidates were unable to explain why a problem inventory analysis is used. They were also unable to state how a focus group is created and used for idea generation.

Candidate's Response to Part a (i)–(ii)

3. (a) (i) Identify TWO **internal** sources of finance mentioned in the case.

Two internal sources of finance mentioned in the case were:

1. Family- they borrowed funds from Paul's Aunt Irene.
2. Friends- Funds were borrowed from Pat's friend, Sue.

- (ii) State TWO **external** sources of required resources that Paul and Pat Grant could consider in order to get the additional funding they require.

Two external sources of required resources to get the additional funding they require are ~~from~~ a venture capitalist and angel funding.

Examiner's Comments

In Part (a) (i), the candidate correctly identified two of the internal sources of finance mentioned in the case — family and friends.

In Part (a) (ii), the candidate correctly stated two external sources of required resources that the case subjects could consider in order to get the additional funding they required — a venture capitalist and an angel investor. A common response used by candidates was 'debt financing/loan'. However, it is important to note that this response was not correct since it was indicated in the case that the case subjects were ineligible for a loan.

Candidate's Response to Part (b) (i)–(ii)

- (i) Define the term 'idea'.

An idea refers to a creative ~~thought~~
~~idea~~ thought or conception usually geared
to solving a problem or achieving an
opportunity. ✓

- (ii) Define the term 'opportunity'.

The term opportunity describes a situation that
presents itself where an entrepreneur may be able
to benefit from if taken advantage of. ✓

Examiner's Comments

In Part (b) (i), the candidate correctly defined an idea as a potential solution to a problem.

In Part (b) (ii), the candidate correctly defined an opportunity as a situation in which entrepreneurs can take action to make a profit.

Candidate's Response to Part (c) (i)–(ii)

- (i) Explain how Paul and Pat Grant could use 'problem inventory analysis' to their advantage to generate new ideas for their potential business.

Paul and Pat Grant could use the problem
inventory analysis by getting a list of problems ✓
they have identify and use persons to think
of solutions to the problems. ✓

(ii) Discuss how a focus group is created and used for idea generation.

A focus group is a controlled group interview with that a group of individuals. It is led by a facilitator. A set of preset questions are asked and the results obtained are used as a guide for idea generation. It is also used as a method for evaluating ideas. The focus group is created with individuals with knowledge on the subject area. It involves sitting down and having discussions with a group of individuals on a matter which can allow for ideas to be generated as persons are influenced by others and the suggestions of others.

Examiner's Comments

In Part (c) (i), the candidate partially explained how the case subjects could use problem inventory analysis to generate new ideas for their potential business. The candidate stated that the case subjects should create a list of potential problems and ask persons to find possible solutions for the listed problems. These two points could have been further developed by including more specifics of using this approach. The candidate needed to provide another relevant point in order to earn full marks.

In Part (c) (ii), the candidate started the discussion well by first pointing out that a focus group is a controlled group. This point could have been improved by stating the number of persons usually found in a focus group. The second correct point provided by the candidate was that a focus group is usually led by a facilitator who uses questions that are prepared beforehand. Finally, the candidate implied that the best or most feasible ideas should be selected from the responses gathered from the focus group session. The candidate needed to provide a fourth point to earn full marks.

Recommendations

Candidates should be encouraged to research all the idea generation methods and compile at least four distinguishing features of each method in order to improve their knowledge of the various methods of idea generation.

Question 4

This question tested candidates' ability to

- define the term *business concept*
- identify two business concepts mentioned in the case
- state two activities involved in implementing a venture
- outline one activity involved in managing a venture
- explain what having the right human resources means for a business
- discuss the importance of financing as a required resource for a business.

The mean score was 4.87 and the standard deviation 2.79. Many candidates were unable to adequately respond to Part (b).

Candidate's Response to Part (a) (i)–(ii)

- (i) Define the term 'business concept'.

A business concept, is the bridge between a business idea and a business plan. This is centered on product or services that could be used in exchange for money. Its an idea that can lead to financial gain.

[2 marks]

- (ii) Identify the TWO business concepts mentioned in the case.

Two business concepts mentioned in the case are a senior's day care offering daily brain and body exercises, games and dancing. Another and a toddler's day care offering cutting-edge learning development activities in motion, speech, reading, music and art.

[2 marks]

Examiner's Comments

In Part (a) (i), the candidate correctly defined the term *business concept*.

In Part (a) (ii), the candidate correctly identified the two business concepts that were mentioned in the case. However, some candidates could not fully identify these concepts. They provided responses such as 'seniors' day care' and 'toddlers' day care'. Candidates needed to provide a full description as shown in the exemplar.

Candidate's Response to Part b (i)–(ii)

- (i) State TWO activities involved in **implementing** a venture.

① Reinvesting in the business. ✗
② Paying back resource leaders. ✗

- (ii) Outline ONE activity involved in **managing** a venture.

One activity involved one payback of resource providers ✓
which is necessary as when you are managing the venture
you may want to expand and therefore need resources
from persons so you may want borrow from persons that
you borrowed from before but they may not [2 marks]
want to lend money money if they know you have not
yet pay ~~see~~ them back. So it is important to pay back
your resource providers ✓

Examiner's Comments

In Part (b) (i), the candidate responded incorrectly. The first reason given was 'reinvesting in the business'. This activity would not be appropriate in the implementing stage since the business would not have yet earned a profit. Therefore, there would be no money to use for reinvestment. The second reason given by the candidate was 'paying back resource lenders'. This activity would not be appropriate in the implementing stage since the business would have to put borrowed resources to productive use before a return can be earned. Therefore, there would be no excess funds to repay resource lenders during this stage.

In Part (b) (ii), the candidate correctly outlined one activity involved in managing a venture — payback of resource providers.

Candidate's Response to Part (c) (i)–(ii)

- (c) (i) Explain what 'having the right human resources' means for a business.

The human resource of a business is critical for its survival. The persons should be well qualified for the job and not only that the persons **work ethics** and **customer service skills**. By having the right human resource the business will be smooth sailing when it comes to that aspect of it.

- (ii) Discuss the importance of financing as a required resource for a business.

Financing is important as you would require funds when getting assets for the business, you also need financing to help run the day to day operations of the business, it is also important as you would need to pay employees and any creditors that the business have. Also keeping track of finances is important by having proper financial statements for the business which is also important so that you would be able to keep track of the cash flow of the business.

Examiner's Comments

In Part (c) (i), the candidate provided a concise explanation of what having the right human resources means for a business. The candidate mentioned three key areas which should be taken into consideration when hiring. These were appropriate qualifications for each job position, good work ethics and good customer relations skills.

In Part (c) (ii), the candidate provided an excellent response by focusing on four areas of the business where finance is required. The areas mentioned were asset acquisition, day-to-day operations, payment of salaries and payment of suppliers/creditors. The candidate earned full marks for the response.

Recommendations

Developing a business concept is one of the steps in the entrepreneurial process; therefore, students need to be given practice in identifying sources of business concepts and developing business concepts from ideas.

Question 5

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.

Overall, candidates performed poorly. The mean score was 1.54 and the standard deviation 1.45. All parts were inadequately answered by most candidates. Very few candidates were able to correctly list four principles of creativity in Part (a). Many candidates scored zero in Part (c) (i) and/or Part (c) (ii).

Candidate's Response to Part (a)

- (a) List FOUR principles of creativity available to Gordon's team.

.....
.....
.....
.....
.....
.....
.....

[4 marks]

Examiner's Comments

The candidate earned two marks for listing two principles of creativity. These principles were generating many ideas and evaluating ideas positively.

Candidate's Response to Part (b)

(b) Outline TWO reasons why creative marketing is crucial to the team's success.

sumer Firstly, creative marketing is crucial to the team's success as it will allow the venture to be differentiated from other ~~similar~~ businesses that produce similar products. Thus, they will have a competitive edge. Secondly, by having creative marketing, the business will attract ~~to~~ a larger consumer base; not only those who are more inclined to ~~the~~ ^{the} products of the business, but also those from a wide range of demographics (age, gender, sex, nationality). [4 marks]

Examiner's Comments

The candidate provided an excellent and fully developed response. The two reasons highlighted by the candidate were staying ahead of the competition and gaining new customers.

Candidate's Response to Part (c) (i)-(ii)

(i) Explain the concept 'position innovation'.

Position innovation is repositioning your product in the mind of the users. This involves changing the ~~product~~ ^{way in which the} ~~in to a new~~ ~~frame or product.~~ product was framed. The product is the same but new feature and new development enhances the appearance of the product in eyes of the users. [3 marks]

- (ii) Discuss how 'paradigm innovation' is relevant to the new company in relation to the 4 P's of innovation.

Paradigm innovation is how the organisation frames what they do. This is relevant to the new company as in his desire to make Caribbean music more accesible to non-English speakers, he did so through an app creation which allows consumer's to pay there as well.

Examiner's Comments

In Part (c) (i), the candidate explained the concept of position innovation by stating two important aspects — changing consumers' perception of the product and changing the context in which the product is positioned in the market (repositioning). The candidate could have earned full marks by providing an example of position innovation from the case.

In Part (c) (ii), the candidate provided two good points. However, the candidate needed to provide another relevant point to earn full marks.

Recommendations

Creativity and innovation are the keys to success in entrepreneurship; therefore, teachers must dedicate more time to teaching these concepts and ensuring that the students understand them. Real world examples can be used to bring the concepts to life for students and to help them develop their creative and innovative skills.

Teachers should also ensure that students are comfortable explaining, discussing and contrasting

- the 4Ps of Innovation — product, process, position and paradigm Innovation
- the core innovation concepts — incremental, disruptive, architectural, radical, discontinuous, modular.

Question 6

This question tested candidates' ability to

- define the term *innovation* and outline the importance of innovation
- outline two micro factors that the case subject could use to nurture innovation at his business
- explain the term *disruptive innovation* and discuss the concept of product innovation.

The mean score was 3.47 and the standard deviation 2.63.

Candidate's Response to Part (a) (i)–(ii)

6. (a) (i) Define the term 'innovation'.

Innovation is the process of converting opportunities into marketable ideas. It is the commercialization of ideas. It transforms the idea so that it is functional, thereby creating value. It is the wealth creation using existing resources to improve a component.

- (ii) Outline the importance of innovation.

Innovation is important because it helps the owner of the venture prepare for the changes in demand. As time goes there will be new requirements in the market. Being innovated will be a plus, since it means that the owner of the venture can work on improving their products or services to meet the market needs.

Examiner's Comments

In Part (a) (i), the candidate did an excellent job of defining innovation.

In Part (a) (ii), the candidate succinctly outlined the importance of innovation by focusing on the fact that it allows the business to adapt to changing market demands and to improve existing products.

Candidate's Response to Part (b)

- (b) Outline TWO micro factors that Mike could use to nurture innovation at Best Fit Wellness.

Rewards & Incentives - with rewards and incentives this can serve as a great motivator for employees so that they keep bringing new and innovative ideas to 'Best Fit Wellness'.

Internal Policies - this helps to create a culture of innovation and creativity within Best Fit Wellness allowing for employees to have more freedom to express their creativity and ideas.

[4 marks]

Examiner's Comments

This was an excellent response because the candidate successfully identified two micro factors that the case subject could use to nurture innovation — incentives and internal policy. The candidate followed up with a description of each micro factor.

Candidate's Response to Part (c) (i)–(ii)

- (i) Explain the term 'disruptive innovation'.

Disruptive innovation - this type of innovation can be described as changing the entire structure of an industry with the use of new technology and sciences to help to firm have a different layout than what it was before.

[3 marks]

(ii) Discuss the concept of 'product innovation'.

A product innovation deals with a change in the core concept or its linkages of a product. A product innovation may be thought of as a change to an existing product or an entirely new product. A product innovation may be used to stimulate the economic growth of profits. Thus, a product innovation may be brought about by innovation concepts such as incremental innovation. In short, a product innovation deals with a change in the core concept or its linkages of a product.

[4 marks]

Examiner's Comments

In Part (c) (i), the candidate partially explained the term *disruptive innovation* by highlighting that

- it can result in a transformation of the industry in which the business operates
- it usually occurs as a result of the introduction of new science and technology.

Another relevant point was needed to earn full marks.

In Part (c) (ii), the candidate presented three good points about the concept of product innovation. The candidate needed to provide another relevant point to earn full marks.

Recommendations

Teachers should ensure that students are comfortable with

- providing various definitions of innovation
- explaining the importance of innovation
- identifying both micro and macro factors that can nurture innovation.

PAPER 031 — SCHOOL-BASED ASSESSMENT

For Paper 031, students were 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 was for students to demonstrate their skills in research, analysis, evaluation, and presentation of information. The project represented 60 per cent of the total assessment score for the examination. 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 |

Overall, students performed well. Approximately 67 per cent of students scored between 36 and 60 marks.

Recommendations

Teachers should spend time showing students 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 did not differentiate 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 and data collection methods — primary and secondary data, and qualitative and quantitative methods.
- Demonstrating a clear understanding of when and how to use each type of data and each data collection method.
- Differentiating clearly between limitations and challenges. Limitations should be presented in the Data Collection section. Challenges do not qualify as limitations because 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 in the APA style.

- Preparing a comprehensive Industry Review that covers the chosen industry at the local, regional, and international levels and 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.
- Preparing the Impact on Self section to ensure that it includes at least one Impact on Self of good quality rather than focusing on each student writing their own Impact on Self. This recommendation is being made since the latter often results in several pieces that lack any quality or focus.
- Organizing groupings of no more than three students if the SBA is done in groups. This recommendation is being made since groups which consist of more than three students often result in a few students doing all the work, while others tag along and gain marks for doing little or nothing.

Teachers should also emphasize to students the importance of using Standard English, using words appropriately and spelling words correctly.

In 2022, there were still instances of students investigating industries not outlined by the syllabus. Students should be guided to choose one of the two stated industries in the syllabus for the year in which the students will be sitting the examination. Additionally, the industry chosen is applicable for both Unit 1 and Unit 2 SBAs.

PAPER 032 — ALTERNATIVE TO THE SCHOOL BASED ASSESSMENT

Paper 032 comprised one case study which consisted of three questions covering all three Unit 1 modules. The paper represented 60 per cent of the total assessment score for the examination. A total of 60 marks were allocated for the paper; each question was worth 20 marks. The allotted examination time for this paper was two hours. Candidates were required to exhibit a great depth of understanding and to use higher order thinking skills to provide adequate responses.

Overall, candidates performed poorly. None of the candidates scored between 30 marks and 60 marks and 20 of the 27 candidates who sat the exam scored less than 18 marks.

Question 1

This question tested candidates' ability to

- identify the type of entrepreneur that best described the case subject at the stages outlined in the case study
- state three potential mistakes/pitfalls of entrepreneurship that the case subject's son needed to avoid as a budding entrepreneur
- explain one positive impact that youth could have on entrepreneurship development
- discuss the three myths of entrepreneurship that the case subject's son should guard against.

The mean score was 7.56 and the standard deviation 2.69. The highest mark obtained by a candidate was 12. Most candidates struggled to correctly state and discuss more than one myth of entrepreneurship in Part (c).

Candidate's Response to Part (a) (i)–(iii)

(i) Identify the type of entrepreneur that BEST describes Nancy when she started her little business after graduation.

✓ Novice entrepreneur.....

[1 mark]

(ii) Identify the type of entrepreneur that BEST describes Nancy at her current career stage.

Nancy is a Portfolio Entrepreneur. ✓.....

[1 mark]

(iii) State THREE potential mistakes/pitfalls of entrepreneurship that Michael needs to avoid as a budding entrepreneur.

1) Human Resource Management failure ✓

2) Financial Failure ✓

3) Marketing Failure ✓

[3 marks]

Examiner's Comments

In Part (a) (i), the candidate correctly identified the case subject as a *novice entrepreneur* when she started her business after graduation.

In Part (a) (ii), the candidate correctly identified the case subject as a *portfolio entrepreneur* at her current career stage.

In Part (a) (iii), the candidate correctly stated three potential mistakes/pitfalls of entrepreneurship that the case subject's son needs to avoid as a budding entrepreneur.

Candidate's Response to Part (b)

- (b) Explain to Nancy ONE positive impact that youth can have on entrepreneurship development, given her reservation about having her youthful son take over her businesses.

One positive impact on youth with regards to entrepreneurship development is inspiration. Being that he is young and successful, it can inspire ^{other} young upcoming entrepreneurs. Due to his age, he would also be more up to date with modern changes and interests of the developing population.

[3 marks]

Examiner's Comments

In Part (b), the candidate explained the positive impact that youth can have on entrepreneurship development by mentioning two good points — Youth entrepreneurs can serve as role models for other young people and youth are often more responsive to changing economic opportunities and trends. Being more responsive enables the youth to increase innovation. The candidate needed to mention another relevant point to earn full marks.

Candidate's Response to Part (c)

- (c) Using supporting evidence from the case, discuss the THREE myths of entrepreneurship that Michael should guard against.

Michael said "he was born an entrepreneur - this is a very common myth about entrepreneurship but in reality it is misleading and wrong. In reality entrepreneurs are not born born, they are made. Not everyone has an entrepreneurial mindset from birth. This mindset comes into being when an individual sees opportunities and is ready to ~~over~~ partake in taking ^{to start and continue a venture.} calculated risks. Michael believes because his mother is an entrepreneur he is one too but without the necessary traits and skills he will not succeed.

- Another myth is "Entrepreneurship is [✓]easy" or in Michael's case he said he could ~~even~~ [✓]early revolutionize his mom's business. ~~But~~ reality being an entrepreneur is very hard and requires a lot of work and a [✓]persistent mindset. Michael should avoid thinking that way. It will not be easy to revolutionize his mom's business, it will require a lot of work which ~~will~~ may ~~not~~ result in him failing and undergoing a lot of setbacks ~~if~~ before he actually succeeds. It is not easy to take risks especially calculated ones. Try to revolutionize the business is very risky and he should understand that [✓]

Another myth is "All one needs is an idea" or in Michael's case he said he had "plenty ideas". This is also incorrect and misleading. Yes an entrepreneur will need an idea to formulate his business but having an idea is not [✓]only it. Michael would need to understand that not all ideas are beneficial or will work out. He will need to screen through those ideas to find ~~proves~~ how feasible it is and if it is actually a great idea. Having an idea is one thing but having the necessary resources and ability to carry out and pursue the idea is a next-[✓]th.

Examiner's Comments

The candidate discussed three myths of entrepreneurship that the case subject's son should guard against. The myths provided were

- entrepreneurs are born not made
- entrepreneurship is easy
- successful entrepreneurship needs only a great idea.

The candidate earned three of the four available marks for discussing the myth *entrepreneurs are born not made*. One mark was earned for including supporting evidence from the case and two marks were earned for two excellent discussion points. The candidate could have earned another mark for stating the full myth *entrepreneurs are born not made* in the response.

The candidate earned full marks for an excellent discussion on the myth *entrepreneurship is easy*. The candidate earned the first mark for stating the full myth. The second mark was earned for providing supporting evidence from the case. Two marks were awarded to the candidate for the two excellent discussion points that followed.

The candidate earned three marks for discussing the third myth. The candidate earned one mark for providing supporting evidence from the case and two marks for two good discussion points. An additional mark could have been earned for stating the full myth *successful entrepreneurship needs only a great idea*.

Recommendations

The numerous myths of entrepreneurship are what frequently prevent persons from becoming an entrepreneur. It is extremely important that candidates are made aware of the myths of entrepreneurship so that they can successfully dispel them.

Question 2

This question tested candidates' ability to

- state the first two steps in the entrepreneurial process that a budding entrepreneur must undertake
- identify two sources of entrepreneurial opportunities that the case subject's son can explore as he begins his entrepreneurial journey
- develop a business concept for the case subject's son's meat idea
- discuss the three best harvesting strategies that would enable the case subject to keep the business in the family and/or further expand it.

The mean score was 3.63 and the standard deviation 3.00. Part (c) was worth a total of 12 marks. It required candidates to discuss harvesting strategies. Most candidates struggled to correctly state and discuss one harvesting strategy or did not respond.

Candidate's Response to Part (a) (i)–(ii)

- (i) State the first TWO steps in the entrepreneurial process that a budding entrepreneur, like Michael, must undertake.

1) Idea Generation ✓

2) Opportunity Identification ✓

[2 marks]

- (ii) Identify TWO sources of entrepreneurial opportunities that Michael can explore as he begins his entrepreneurial journey.

1) Emerging markets ✓

2) Changing demographics ✓

[2 marks]

Examiner's Comments

In Part (a) (i), the candidate correctly stated the first two steps in the entrepreneurial process that a budding entrepreneur must undertake.

In Part (a) (ii), the candidate correctly identified two sources of entrepreneurial opportunities that the case subject's son could explore as he begins his entrepreneurial journey.

Candidate's Response to Part (b)

Question No. 2b

Michael can create ~~AAA~~ Michaels Processed meats. Our the business will focus on providing freeze dried processed meats ✓ for ~~hot~~ hotels ✓ that last longer and will not ✓ spoil. The product can help hoteliers to save money ✓ by purchasing these products instead of dealing with waste of unused meats and seafood that may spoil. This will also allow for longer storage of goods which in turn saves restaurateurs and hoteliers money.

Examiner's Comments

This was an excellent response because the candidate successfully incorporated all three elements of a good business concept — product, target market and unique value of the product.

The candidate earned the first mark for stating the product — freeze-dried processed meats. The candidate earned the second mark for stating the target market — hotels/hoteliers. The remaining two marks were awarded to the candidate for the two value propositions — longer lasting meat and cost savings.

Candidate's Response to Part (c)

- (c) Discuss the THREE best harvesting strategies that would enable Nancy to keep the business in the family and/or further expand it.

- ① MBO (Management Buy Out) - this is where Nancy would allow her managers to purchase the business. ✗
- ② Family Succession ✓ - this harvesting strategy is best for Nancy to keep the business in the family because this is essentially where she would pass the rights of ownership of the business on to a trusted family member. This way she is able to know that the ^{business} ~~company~~ is in good hands.
- ③ Merger ✓ - Nancy also has the option of possibly merging her business with a relative's business. ✓
This is where the two businesses combine their ^{and resources} assets and form one company. This way, Nancy is able to keep the business in the family while expanding. ✓

Examiner's Comments

The candidate listed two of the three required harvesting strategies that would enable the case subject to keep the business in the family and further expand it — Family succession and merger. Two of the 12 available marks were awarded for these two strategies.

The candidate was awarded one mark for each relevant point provided. A comprehensive discussion on each harvesting strategy was needed in order for the candidate to gain full marks.

Recommendations

Teachers should put as much effort into teaching students about harvesting the venture (the end of the entrepreneurial process) as they put into teaching students about idea generation (the start of the entrepreneurial process).

Question 3

This question tested candidates' ability to

- identify one source of innovation, mentioned in the case, that the case subjects could use to grow the businesses
- identify two sources of innovation, other than the one mentioned in the case, that the case subjects could use to grow the businesses
- list two macro factors that the case subject could use to nurture innovation within the three companies
- explain the concept of open innovation
- discuss the most appropriate intellectual property rights that the case subject's son should use to protect his meat processing technique, meat product logo and freeze-dried packaging.

Overall, candidates did not perform well. The mean score was 3.19 and the standard deviation was 2.72. Most candidates scored poorly on Part (c) which meant that they could not correctly identify or discuss the most appropriate Intellectual Property Right (IPR) to be used to protect the three innovations in the case.

Candidate's Response to Part (a) (i)–(ii)

- (i) Identify ONE source of innovation mentioned in the case. ✓

One source of innovation mentioned is deregulations.

[1 mark]

- (ii) Identify TWO sources of innovation, other than the one mentioned in the case, that Nancy and her son could use to grow the businesses.

Two sources of innovation that they can use are new markets ✓ and changes in behaviours. ✓

[2 marks]

Examiner's Comments

In Part (a) (i), the candidate correctly identified one source of innovation that was mentioned in the case.

In Part (a) (ii), the candidate also correctly identified two sources of innovation, other than the one mentioned in the case, that the case subjects could use to grow the businesses.

Candidate's Response to Part (b) (i)–(ii)

- (i) List TWO macro factors that Nancy could use to nurture innovation within the three companies.

① Social ✓

② Economic ✓

[2 marks]

- (ii) Explain the concept of 'open innovation'.

Open innovation is when a business allows external parties to contribute toward the innovative process. They allow these external parties to bring both new ideas to achieve the objectives of the company. These new ideas belong to the company.

[3 marks]

Examiner's Comments

In Part (b) (i), the candidate correctly listed two macro factors that the case subject could use to nurture innovation within the three companies.

In Part (b) (ii), the candidate explained the concept of open innovation using two good points. However, the candidate needed to provide an additional relevant point to earn full marks.

Candidate's Response to Part (c) (i)–(iii)

- (i) Discuss the MOST appropriate intellectual property right that Michael should use to protect his meat processing technique.

The most appropriate intellectual property right that Michael should use to protect his meat processing technique is a patent. A patent is a form of legal protection that protects the process of a product; the way it is created. This intellectual property right will legally forbid anyone to use this technique without his permission.

[4 marks]

- (ii) Discuss the MOST appropriate intellectual property right that Michael should use to protect his meat product logo.

The most appropriate intellectual property right that Michael should use to protect his logo is a trademark. A trademark is a name, sign or symbol associated with a business that differentiates the business from another. The use of a registered trademark will protect Michael against other businesses imitating his logo and impersonating his business.

[4 marks]

- (iii) Discuss the MOST appropriate intellectual property right that Michael should use to protect his freeze-dried packaging.

The most appropriate intellectual property is Industrial ✓ Design. Industrial Design refers to protection of how goods are packaged ~~and~~ presented and sold to customers. In this way Michael can protect his freeze-dried packaging from being plagiarised or used by other's business's for their own personal use and gain on profits. ✓

Examiner's Comments

In Part (c) (i), the candidate correctly identified a patent as the most appropriate intellectual property right that the case subject's son should use to protect his meat processing technique. The candidate then gave two reasons to outline the importance of a patent. An additional relevant point was needed in order to earn full marks.

In Part (c) (ii), the candidate correctly identified a trademark as the most appropriate intellectual property right that the case subject's son should use to protect his meat product logo. The candidate then discussed the importance of a trademark. An additional point was needed in order to earn full marks.

In Part (c) (iii), the candidate correctly identified industrial design as the most appropriate intellectual property right that the case subject's son should use to protect his freeze-dried packaging. Only one mark was awarded for the discussion which followed. Two additional relevant points were needed.

Recommendations

Most candidates were unable to identify and discuss all three intellectual property rights needed to protect the three innovations in the case. Teachers should teach students about the various types of Intellectual Property Rights (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 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/>

General Recommendations

Teachers should spend more time training candidates to answer questions which require higher order thinking skills. Such questions often use the verbs *explain*, *outline*, *discuss*, *describe*, *summarize* and *compare*. Students should be encouraged to write one clear and separate point for each mark being awarded.

The following resource can be used for improving candidates' response skills for questions requiring higher order thinking skills.

- The Glossary of Behavioural Verbs used in the Entrepreneurship Examination which is located at the back of the CAPE Entrepreneurship Syllabus.