We ensure every Cambridge learner can...

Aspire
We help every student reach their full potential with complete syllabus support from experienced teachers, subject experts and examiners.

Succeed
We bring our esteemed academic standards to your classroom and pack our resources with effective exam preparation. You can trust Oxford resources to secure the best results.

Progress
We embed critical thinking skills into our resources, encouraging students to think independently from an early age and building foundations for future success.

Find out more
www.oxfordsecondary.com/cambridge
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>Student book and Cambridge syllabus matching grid</td>
<td>5</td>
</tr>
<tr>
<td>Introduction to case studies</td>
<td>9</td>
</tr>
<tr>
<td>1 Introduction to enterprise</td>
<td>15</td>
</tr>
<tr>
<td>1.1 What is meant by enterprise</td>
<td>16</td>
</tr>
<tr>
<td>1.2 Who the stakeholders of an enterprise are</td>
<td>18</td>
</tr>
<tr>
<td>1.3 Ways for students to be enterprising in everyday life</td>
<td>21</td>
</tr>
<tr>
<td>2 Setting up a new enterprise</td>
<td>25</td>
</tr>
<tr>
<td>2.1 The six stages of the enterprise process</td>
<td>26</td>
</tr>
<tr>
<td>2.2 Sole trader and partnership</td>
<td>29</td>
</tr>
<tr>
<td>2.3 Limited company and co-operative</td>
<td>32</td>
</tr>
<tr>
<td>2.4 Franchise and social enterprise</td>
<td>35</td>
</tr>
<tr>
<td>3 Enterprise skills</td>
<td>39</td>
</tr>
<tr>
<td>3.1 Skills of enterprising people</td>
<td>40</td>
</tr>
<tr>
<td>3.2 Behaviours of entrepreneurs</td>
<td>48</td>
</tr>
<tr>
<td>4 Business opportunities, responsibilities and risk</td>
<td>51</td>
</tr>
<tr>
<td>4.1 Enterprise opportunities</td>
<td>52</td>
</tr>
<tr>
<td>4.2 Risks involved in enterprise</td>
<td>57</td>
</tr>
<tr>
<td>4.3 Identifying risks: SWOT analysis</td>
<td>60</td>
</tr>
<tr>
<td>4.4 Identifying risks: PEST analysis</td>
<td>62</td>
</tr>
<tr>
<td>4.5 Analysing and managing risks</td>
<td>65</td>
</tr>
<tr>
<td>4.6 Attitudes to risk</td>
<td>67</td>
</tr>
<tr>
<td>4.7 Legal obligations</td>
<td>70</td>
</tr>
<tr>
<td>4.8 Ethical considerations</td>
<td>73</td>
</tr>
<tr>
<td>5 The negotiation process</td>
<td>77</td>
</tr>
<tr>
<td>5.1 The meaning of negotiation</td>
<td>78</td>
</tr>
<tr>
<td>5.2 Stages in the negotiation process: planning</td>
<td>80</td>
</tr>
<tr>
<td>5.3 Stages in the negotiation process: conducting the negotiation</td>
<td>83</td>
</tr>
<tr>
<td>5.4 Stages in the negotiation process: measuring success</td>
<td>86</td>
</tr>
<tr>
<td>6 Understanding finance</td>
<td>89</td>
</tr>
<tr>
<td>6.1 Sources of finance 1</td>
<td>90</td>
</tr>
<tr>
<td>6.2 Sources of finance 2</td>
<td>93</td>
</tr>
<tr>
<td>6.3 The concept of trade credit</td>
<td>96</td>
</tr>
<tr>
<td>6.4 Financial terms</td>
<td>99</td>
</tr>
<tr>
<td>6.5 Financial records 1</td>
<td>104</td>
</tr>
<tr>
<td>6.6 Financial records 2</td>
<td>108</td>
</tr>
<tr>
<td>7 Business planning</td>
<td>111</td>
</tr>
<tr>
<td>7.1 Business objectives</td>
<td>112</td>
</tr>
<tr>
<td>7.2 Action plans</td>
<td>116</td>
</tr>
<tr>
<td>7.3 Business plan</td>
<td>118</td>
</tr>
<tr>
<td>8 Markets and customers</td>
<td>121</td>
</tr>
<tr>
<td>8.1 The purpose and benefits of marketing for an enterprise</td>
<td>122</td>
</tr>
<tr>
<td>8.2 The benefits to the customer of marketing</td>
<td>124</td>
</tr>
<tr>
<td>8.3 Market research</td>
<td>126</td>
</tr>
<tr>
<td>8.4 Customer retention</td>
<td>129</td>
</tr>
<tr>
<td>8.5 Marketing communications</td>
<td>132</td>
</tr>
<tr>
<td>8.5 Methods of communicating with a market</td>
<td>135</td>
</tr>
<tr>
<td>9 Help and support for enterprises</td>
<td>139</td>
</tr>
<tr>
<td>9.1 Help and support for enterprises 1</td>
<td>140</td>
</tr>
<tr>
<td>9.2 Help and support for enterprises 2</td>
<td>146</td>
</tr>
<tr>
<td>10 Communication</td>
<td>149</td>
</tr>
<tr>
<td>10.1 Types of communication 1</td>
<td>150</td>
</tr>
<tr>
<td>10.2 Types of communication 2: internal stakeholders</td>
<td>153</td>
</tr>
<tr>
<td>10.3 Types of communication 3: external stakeholders</td>
<td>157</td>
</tr>
<tr>
<td>10.4 Meetings and presentations 1</td>
<td>160</td>
</tr>
<tr>
<td>10.5 Meetings and presentations 2</td>
<td>163</td>
</tr>
<tr>
<td>10.6 Meetings and presentations 3</td>
<td>166</td>
</tr>
<tr>
<td>Introduction to coursework</td>
<td>169</td>
</tr>
<tr>
<td>Choosing a suitable project</td>
<td>170</td>
</tr>
<tr>
<td>Task 1</td>
<td>172</td>
</tr>
<tr>
<td>Task 2a</td>
<td>174</td>
</tr>
<tr>
<td>Task 2b: Planning for financing the project</td>
<td>177</td>
</tr>
<tr>
<td>Task 2b: Planning marketing communications</td>
<td>179</td>
</tr>
<tr>
<td>Task 3: Using enterprise skills to implement the plan</td>
<td>181</td>
</tr>
<tr>
<td>Task 4: Evaluating the project</td>
<td>183</td>
</tr>
</tbody>
</table>

Access extra support materials at: www.oxfordsecondary.com/9780198425298
Introduction

This book is designed to be used with the Cambridge IGCSE Enterprise syllabus (0454), although it will also be extremely useful for many other courses in enterprise and entrepreneurship.

It is a skills-focused resource specifically designed to provide the knowledge associated with running a small enterprise. It provides comprehensive coverage, along with up-to-date and relevant case studies from various countries. The practical approach also equips learners with transferable skills that can be applied to their future studies and careers.

The features of the book are as follows:

**Key terms** define the most important terms and concepts in enterprise. They occur when the term or concept is first referred to and they also appear in a glossary.

**Study tips** include useful suggestions to help learners.

**Coursework links** indicate where topics link directly to Component 2 Coursework.

**Did you know?** sections give useful and interesting information about many different aspects of enterprise and entrepreneurship.

**Skills signposts** refer to particular skills that are not only relevant to enterprise, but to other subjects and to learning in general.

**Case studies** featuring five enterprise projects appear at the beginning and are referred to throughout the book. In addition, many other case studies in the book provide examples of enterprise in action around the world. Each case study includes relevant extension questions.

**Activities** throughout the book are designed to enhance understanding. These activities can be carried out by individuals or in pairs or groups.

**Learning outcomes** appear at the beginning of each topic and summarise what learners should know and understand by the time they have finished the topic.

**Key points** appear at the end of each topic and summarise the most important aspects of enterprise covered in that topic.

**Summary questions** also appear at the end of each topic and give learners the opportunity to test their knowledge and understanding of what has been covered.

**Practice questions** appear at the end of each unit and give learners the opportunity to answer exam-style questions. The various questions cover AO1, focusing on knowledge and understanding; AO2, which focuses on application; and AO3, which is concerned with analysis and evaluation particularly in the 10-mark and 15-mark questions.
# Syllabus overview

<table>
<thead>
<tr>
<th>Unit in student book</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Introduction to enterprise</strong></td>
</tr>
<tr>
<td>1.1 What is meant by enterprise</td>
</tr>
<tr>
<td>What enterprise is</td>
</tr>
<tr>
<td>Who stakeholders are</td>
</tr>
<tr>
<td>1.2 Ways for students to be enterprising in everyday life</td>
</tr>
<tr>
<td>Ways of being enterprising:</td>
</tr>
<tr>
<td>• at school</td>
</tr>
<tr>
<td>• at home</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>2 Setting up a new enterprise</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2.1 The enterprise process</strong></td>
</tr>
<tr>
<td>Six stages of the enterprise process</td>
</tr>
<tr>
<td>1. identifying the problem or want or need</td>
</tr>
<tr>
<td>2. exploring creative solutions</td>
</tr>
<tr>
<td>3. action planning</td>
</tr>
<tr>
<td>4. implementing the plan</td>
</tr>
<tr>
<td>5. monitoring progress</td>
</tr>
<tr>
<td>6. evaluation of successes and failures</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>2.2 Types of business organisation</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Different kinds of organisation, including</td>
</tr>
<tr>
<td>• sole trader</td>
</tr>
<tr>
<td>• partnership</td>
</tr>
<tr>
<td>• limited company</td>
</tr>
<tr>
<td>• co-operative</td>
</tr>
<tr>
<td>• franchise</td>
</tr>
<tr>
<td>• social enterprise: charities, not-for-profit organisations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>3 Enterprise skills</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3.1 Skills of enterprising people</strong></td>
</tr>
<tr>
<td>Enterprise skills may include:</td>
</tr>
<tr>
<td>• the practical skills and knowledge to create products and services</td>
</tr>
<tr>
<td>• leadership</td>
</tr>
<tr>
<td>• influencing skills</td>
</tr>
<tr>
<td>• team-building</td>
</tr>
</tbody>
</table>
• delegation
• problem-solving
• prioritisation/time management
• self-confidence
• resourcefulness
• innovation
• taking initiative
• taking calculated risks
• taking responsibility
• motivation/determination to succeed
• creativity
• perseverance

Identifying and evaluating your own skills

Coursework

3.2 Behaviours of entrepreneurs

How entrepreneurs use their enterprise skills

4 Enterprise opportunities, risk, legal obligations and ethical considerations

4.1 Opportunities

How opportunities arise, including:

• changing needs or wants for a product or service
• change in the ability to meet needs and wants
• advances in technology
• changes in government policy

4.2 Risk

Risks involved in enterprise

Identify risks

Analyses the implication of each risk

Decide if the risk is worth taking or not

Plan how to manage the risks

Attitudes to risk

4.3 Legal obligations

Why laws and regulations to protect stakeholders are needed in the areas of:

• employment
• production
• marketing and selling
• finance

The impact of these laws and regulations on all stakeholders in these areas

4.4 Ethical considerations

How an enterprise may have an impact on communities and society

Ethical considerations within enterprise
(i.e. choosing to run an enterprise following moral values and beliefs)
The impact of ethical considerations on the operation of an enterprise

<table>
<thead>
<tr>
<th>5</th>
<th>Negotiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>The negotiation process</td>
</tr>
<tr>
<td>What negotiation is</td>
<td>5.1</td>
</tr>
<tr>
<td>Stages in the negotiation process:</td>
<td></td>
</tr>
<tr>
<td>• planning</td>
<td>5.2</td>
</tr>
<tr>
<td>• conducting the negotiation</td>
<td>5.3</td>
</tr>
<tr>
<td>• measuring success</td>
<td>5.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6</th>
<th>Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Sources of finance</td>
</tr>
<tr>
<td>Advantages and disadvantages of different sources of:</td>
<td></td>
</tr>
<tr>
<td>• start-up funding</td>
<td>6.1</td>
</tr>
<tr>
<td>• funding for continuing trade and expansion</td>
<td>6.2</td>
</tr>
<tr>
<td>6.2</td>
<td>The concept of trade credit</td>
</tr>
<tr>
<td>Advantages and disadvantages of trade credit</td>
<td></td>
</tr>
<tr>
<td>6.3</td>
<td>Financial terms</td>
</tr>
<tr>
<td>Cash flow forecast</td>
<td></td>
</tr>
<tr>
<td>Break-even</td>
<td></td>
</tr>
<tr>
<td>Income statement</td>
<td></td>
</tr>
<tr>
<td>6.4</td>
<td>Financial records</td>
</tr>
<tr>
<td>The purpose and importance of keeping accurate financial records</td>
<td>6.5</td>
</tr>
<tr>
<td>How to prepare a simple budget, including a cash flow forecast, and an income statement for an enterprise</td>
<td>6.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7</th>
<th>Business planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1</td>
<td>Business objectives</td>
</tr>
<tr>
<td>Different enterprises have different aims and objectives</td>
<td></td>
</tr>
<tr>
<td>How aims influence the activities of enterprise</td>
<td></td>
</tr>
<tr>
<td>7.2</td>
<td>Action plans</td>
</tr>
<tr>
<td>The purpose and importance of action plans</td>
<td></td>
</tr>
<tr>
<td>Contents of action plans</td>
<td></td>
</tr>
<tr>
<td>Methods of monitoring action plans</td>
<td></td>
</tr>
<tr>
<td>The importance of updating business plans</td>
<td></td>
</tr>
<tr>
<td>7.3</td>
<td>Business plans</td>
</tr>
<tr>
<td>The purpose and importance of business plans</td>
<td></td>
</tr>
<tr>
<td>Contents of business plans</td>
<td></td>
</tr>
<tr>
<td>Methods of monitoring business plans</td>
<td></td>
</tr>
<tr>
<td>Reasons for updating business plans</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>8</th>
<th>Markets and customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1</td>
<td>The purpose of marketing</td>
</tr>
<tr>
<td>Marketing to achieve enterprise aims</td>
<td></td>
</tr>
<tr>
<td>Marketing from the perspective of customers</td>
<td>8.2</td>
</tr>
<tr>
<td>8.2</td>
<td>Market research</td>
</tr>
<tr>
<td>Methods of identifying potential customers</td>
<td></td>
</tr>
<tr>
<td>The effectiveness of methods for different enterprises</td>
<td></td>
</tr>
</tbody>
</table>
8.3 **Customer retention**
- The reasons for retaining customers
- Methods of measuring customer satisfaction and retention
- Methods of retaining existing customers

8.4 **Marketing communications**
- Methods of marketing communications to reach intended customers
- Selecting appropriate methods for different enterprises

9 **Help and support for enterprise**

9.1 **Sources of help and support**
- Formal sources and the assistance they offer
- Informal sources and the assistance they offer
- Suitability of different sources of help and support for the enterprise

10 **Communication**

10.1 **Types of communication**
- Formal and informal communication
- Verbal and non-verbal communication
- Appropriateness of different types of communication for communications with internal and external stakeholders

10.2 **Meetings and presentations**
- The need for careful planning, considering possible outcomes before, during and after the event
- Documents for meeting and presentations
- The need to analyse and evaluate if meetings or presentations have been successful
Introduction to case studies

These case studies are taken from real international examples of enterprise education in schools and the community. They are examples of different ways in which enterprise skills can be learned in a range of situations and contexts. These examples will be referred to and used in this book to help put theory into the context of practical experiences.

Enterprise activities may be anything from ‘one-off’ sales organised by students to participation in Youth Enterprise companies that run for months. Mini enterprise activities revolving around developing ideas or solutions to a problem are also valuable, especially for younger participants. All are excellent ‘learning by doing’ projects for everyone concerned, including the supervisor.

The following is general guidance, drawn from the case study companies’ experience.

● Avoid being too ambitious. The good or service being produced or provided by participants should not be complex and/or time-consuming.

● The ideal enterprise group will have between four and six members – any less may be fine for a small project, but more members will make organisation and decision making difficult.

● All members should have clear job roles, even in a small-scale activity. Ideally, these should include managing director, finance director, marketing director, operations director and company secretary. This will clarify responsibilities and give individuals a focus, even though everyone will be involved in activities such as sales.

● Encourage the group to set clear objectives for job roles or departments in the company.

● Every enterprise should have a company name, mission statement and clear objectives. Ideally, as well as a profit motive, enterprises should work towards social objectives, e.g. supporting a cause.

● Plan deadlines and key dates at the beginning.

● All companies should produce a business plan, no matter how simple, as a ‘road map’ for the activity.

● Use all the sources of advice available to you. Local business people may agree to talk about their experience as entrepreneurs or to help as sponsors or ongoing advisers.
**Case Study 1**

**Mini enterprise**

Consider these examples if you have a large group of students and want to divide them into a number of enterprise companies, then perhaps organise a competition. These activities can be run in a day or half-day session. The example below involves some production, but it can also be very successful using drawn ideas, for instance for a new soft drink.

**The Ghana Bead and Cloth mini-enterprise companies**

This activity was part of a programme of Financial Literacy and Entrepreneurship, run by a girls' education charity for girls of school-leaving age.

Five groups of participants, staying at the same location, took part in the activity over the course of 24 hours. They started on the afternoon of day 1, used the evening and finished the following lunchtime.

The aim of the activity was to introduce the concept of enterprise and for participants to gain some practical experience of running a mini-enterprise. The key parts of the activity were as follows.

- The five company groups were given:
  - a similar pack of resources containing scissors, thread, needles and locally produced cloth and beads
  - a list of the cost to the company for each item, e.g. each packet of beads.

- The groups decided on their company name and created a logo and mission statement. There were many good ideas, e.g. the mission statement of the Fashionable Ladies Company: ‘helping to make you look even more beautiful’.

- Each group assessed the skills of members and chose a managing director and directors of marketing, finance and production.

- Each company made three or four prototype products. The array of products from the five companies included jewellery sets; clothing; bags; and even shoes, which had been cleverly constructed using cardboard with the cloth and beads.

- Raw material costs for each product were calculated. The finance directors used percentage mark-ups on these costs to help decide three different prices for each product.

- The marketing directors devised the marketing mix for the products and created advertising materials.

- Each company chose its best two products to display for the market research activity. All participants, plus the trainers and adults present, voted for their favourite product from each company and indicated the price they would be willing to pay.

- The groups were then given sales figures and worked out financial projections.

- Lastly, all groups told their ‘company story’ in a five-minute presentation to the other groups, adult trainers and helpers.
CASE STUDY 2

The Bee Business Enterprise Company

Type and location of company
The Bee Business Enterprise Company was a school-based company, run for nine months by eight members. It traded as a limited company, selling shares.

The business idea
The company's founders had heard about the difficulties faced by bee populations, due to disease and fewer wild flowers as sources of food. They decided to promote understanding of the importance of bees and make and sell 'bee-related' products in school and to customers at local trade fairs.

Objectives
Objectives were to: make a profit for its shareholders; publicise the importance of bees; produce and sell products that would increase public understanding of the issue; encourage the planting of wild flowers.

Products
The company's products were: bracelets made from black, yellow and white beads, and key rings featuring bees; a range of hand-made cards with a packet of wild flower seeds inside.

The company story
The group started off by allocating director roles. Group members sold shares and ran a bake sale to raise funds for raw materials. The sales director ordered black, yellow and white plastic beads from a supplier found on the internet. The operations director bought wild flower seeds from a garden centre. The finance director worked on pricing. Everyone had an input into the launch presentation, planned for the school assembly. Posters were displayed in many areas in the school.

The launch went well and generated a lot of interest. The marketing director researched how much customers would pay for the products by using a questionnaire and pictures of example products. The teacher and business adviser were pleased with progress, and the detailed business plan.

However, problems started to arise. The products were fiddly to make – each key ring took 20 minutes – and quality control was a challenge. The trade fair was fast approaching and team members were torn between the need to meet schoolwork deadlines and produce items to sell. The artistic member of the group who was making the cards was ill and unable to join production sessions.

Bee Business missed the Christmas trade fair, which was to be the company's prime selling opportunity. The group held a crisis meeting to get ideas about how to move the company forward.

The team decided to run a 'pizza and production' session. Everyone in Bee Business took part and they produced 50 of each product. The sale was a great success and the team ended the term with more enthusiasm. They planned more sales at school, and attendance at spring trade fairs, as people might be thinking more about planting wild flowers in March than in December.
The local March trade fair was a success and Bee Business was widely praised for its products and its social objectives. Easter sales at school also went well. The team planned a presentation that would tell the story of Bee Business to a large audience, including their teachers and local business people.

The members of Bee Business agreed that they would pass the following comments on to other school enterprise companies.

- Running a company is challenging, even with a group of friends.
- Be careful when deciding to make a product. Make sure you know how long it will take to produce each item.
- Plan carefully for important events so you do not miss opportunities.

The Rural Zambia Pre-school

Type and location of company

Financed by a ‘seed money’ grant, this social enterprise was started by two young women in a village with no pre-school nearby.

Source of business idea

The women developed their idea after attending an entrepreneurship course which included an activity to identify local community needs. They also enjoyed interacting with young children and wished to develop careers in education.

Objectives

Objectives were to provide pre-school education to children who would be ‘first generation educated’ in their families; sustain and improve the enterprise using nominal fees from parents and grants from organisations; teach young children and prepare them for school (having had training helped by sponsorship).

Products

Pre-school education is provided to around 70 children aged between three and six. Half attend in the morning, half in the afternoon.

The company story

Initial demand was overwhelming and lack of space in the schoolroom limits numbers. Every day as many children play outside as there are in the school.

Local and international donations to the pre-school include books; stationery; and T-shirts, which are proudly worn as school ‘uniform’. There are basic English and mathematics lessons, with opportunities for play and singing. Children are keen and fast to learn.

Finance, though, is an ongoing problem. Although fees are very low, parents often cannot pay. Despite this, children are never turned away. The women’s income from the work is therefore uncertain.

The entrepreneurs are constantly busy. Older children are, however, willing to help the younger ones learn.

This social enterprise makes a real difference to the community. The entrepreneurs are proud of their achievement and respected in the area. They are building their careers and hope to expand and offer jobs to one or two teenage girls.
CASE STUDY 4

The Loop Enterprise Company

Type and location of company
This was a school-based company run for 9 months by 12 members. Financed by selling shares, it traded as a limited company.

Source of business idea
Damage caused to the environment by plastic bag waste inspired this company’s main product.

Objectives
Objectives were to: make a profit for shareholders; raise awareness of the dangers of plastic waste; provide an alternative to plastic carrier bags; develop members’ leadership and teamwork skills.

Products
The company’s products were: specially designed bags, made of recycled cotton, in two patterns; hand-made products made of recycled cloth, including hair bands and pencil cases.

The company story
The business adviser helped members apply for jobs that would suit their individual attributes and qualities.

At the first meeting there were many ideas for the company’s name. Eventually, members voted for one of three possibilities. ‘Loop’ was the most popular.

The marketing director, a talented young artist, provided the company logo and other design ideas. The main product would be a shopping bag to replace plastic carriers. Five possible designs were considered.

Market research was carried out – all members of the school were asked about possible products, designs and selling prices. This took time, but gained information that was current and specific to Loop’s needs.

Some supermarkets were selling cotton carrier bags but Loop’s sales director thought the company’s unique designs could beat this competition. Research results confirmed two bag designs and a selling price of $5.50. Potential customers also liked the idea of recycled textile products. The operations director ordered 300 bags printed with the two designs and Loop’s logo, and started production of recycled textile items.

Loop sold 100 bags in the first two weeks. Members attended two trade fairs and the products were well received. However, sales then slowed. Some people said the price was too high, which worried company members. What had gone wrong with the market research? How should Loop move forward?

At the next meeting, the finance directors supported the current price because of the profit generated – bags selling at $5.50 cost just $2 to produce. Other members wanted the price reduced. Finally, a ‘special offer’ selling price of $4 was agreed. At the next sale 50 bags were sold.

At the end of the company year, 100 bags were unsold. However, Loop made enough profit to pay shareholders a small dividend.

All the members agreed that running an enterprise had been an excellent learning experience – and more difficult than they had anticipated.
**CASE STUDY 5**

**The Sparrow Company**

**Type and location of company**
This limited company, based in an Indian city, had 24 members.

**The business idea**
Company members were concerned that in their city increasing urbanisation was destroying birds' habitats and food sources. The population of sparrows was shrinking and the team wanted to reverse this.

‘Realising the endangered situation of the once resilient house sparrow has saddened and touched us. In our graduating year, we have chosen to use the opportunity given to us to attempt a change in public attitude and... woo the sparrow back home. The... Enterprise Programme is an entrepreneurial effort and a commercial undertaking. However, we at Sparrow have decided to infuse our company with a sense of corporate social responsibility by using this programme as a platform, dedicated to finding practical ways of inviting our avian companions back into the city.'

**Objectives**
Objectives were to: raise awareness of the need to take care of city birdlife; produce and sell products making a substantial profit; sell a bird box to at least half the school's students.

**Products**
Products, branded with the Sparrow logo, were: bird boxes or ‘sparradens’; T-shirts, mugs and flip-flops; other ‘sparraphernalia’.

**The company story**
Sparrow’s marketing department carried out market research throughout the school, and with parents, to identify what ‘sparrow-related’ merchandise people would buy at what prices. The operations department searched for suppliers, focusing on cost and reliability.

In an assembly presentation to launch Sparrow, company members outlined why sparrows must be attracted back to the city. The launch was a great success. Students throughout the school bought T-shirts and flip-flops. Parents ordered bird boxes and mugs.

Initially, supply met demand but the company making bird boxes was slow to deliver the second order, causing some frustration. Company members also found that selling products clashed with some academic work.

Then things improved: supplier problems were resolved; Sparrow’s sales objectives were met; shareholders were pleased with the return on their investment; and the company won a local conservation award.

When asked about their experience, company members agreed they had not realised how much time and effort would be involved in starting and running an enterprise. However, they have certainly played a part in enabling sparrows to return to the city.
Unit 1 introduces the idea of enterprise. It looks at what is meant by enterprise capability, especially in relation to taking and managing risks, being innovative and creative and demonstrating a positive attitude.

The unit also considers who the stakeholders of an enterprise are, including customers and consumers, employees and employers, suppliers, lenders, the local business community and local government.

The unit looks at different ways for students to be enterprising in everyday life, both at school, such as through using technology for learning, and at home, such as finding ways to earn money.

It is important to stress that the idea of being enterprising underpins the whole content of this book.
1.1 What is meant by enterprise

LEARNING OUTCOMES

Learners should be able to:
- demonstrate an understanding of the meaning of enterprise capability
- demonstrate an understanding of business enterprise
- demonstrate an understanding of social enterprise.

The meaning of enterprise capability

There are a number of features of enterprise capability, one of which is taking and managing risks.

Taking and managing risks

Enterprise involves decision taking. Somebody will need to take a decision in relation to the combination of factors of production: land, labour and capital. These factors can be used in different ways and a decision will need to be taken as to how they will need to be combined to produce a desired outcome.

The essential aspect of enterprise is that a decision will be taken to start something. This could be a business, but there are many other examples of enterprise activities. For example, a person might want to start a charity or an environmental pressure group. Another person might want to start some form of club or society, such as a sports club or a drama society.

Linked to decision making is taking and managing risks. If somebody takes a decision to start up an enterprise, there is no guarantee that it will be a success. For example, in many countries over half of the enterprises started in one year have failed by the end of the next year.

Key terms

Land: natural resources that can be used by an enterprise
Labour: skilled, semi-skilled and unskilled workers who can work for an enterprise
Capital: human-made aids to production

Skills signpost

Decision making is an important skill. You will be required to take many decisions throughout your life. Taking as many things into account as possible will increase the likelihood of making the correct decision.

Did you know?

Former British Prime Minister Winston Churchill was once asked what the difference was between a pessimist and an optimist. He said that a pessimist sees difficulty in every opportunity, whereas an optimist sees opportunity in every difficulty.

ACTIVITY 1.1

Working in a pair or group, think of six examples of enterprises that have been started in your local area, including profit-making and not-for-profit enterprises. Find out as much as you can about each one.

A design enterprise that aims to make a profit
A sports enterprise that does not aim to make a profit

It is possible to start off being enterprising at home or at school (see Unit 1.3 on ways for students to be enterprising in everyday life).
Being innovative and creative
Another aspect of enterprise capability is the importance of being innovative and creative.

Being innovative includes coming up with new ideas and products, challenging traditional approaches and finding new ways of solving problems.

Being creative involves asking why something should, or should not, be done. Entrepreneurs need to be bold in terms of putting their creative ideas into practice.

A positive attitude
Another aspect of enterprise capability is a positive attitude. A positive attitude encourages optimism and motivates all those involved with an enterprise to strive for success. A positive attitude encourages constructive and creative thinking, optimism and the motivation to accomplish goals. It makes you more resilient, more creative and more likely to make better decisions.

Business enterprise
It is possible to distinguish between a business enterprise and a social enterprise.

A business enterprise is usually one that provides goods and services with the aim of making money, i.e. it is expected that a profit will be made as a result of the enterprise activity.

Social enterprise
Whereas a business enterprise usually aims to make a profit, a social enterprise does not have such an aim and social enterprises are usually not-for-profit organisations.

Activity 1.2
Working in a pair or group, think of as many examples as you can of enterprises that have started up in your area then disappeared. Think of possible reasons why these enterprises were not successful.

Key points
1. There are a number of key features of enterprise capability: making decisions and taking and managing risks, being innovative, being creative and having a positive attitude.
2. There are two different types of enterprise: business enterprises that usually aim to make a profit and social enterprises that are not-for-profit organisations that do not usually aim to make a profit.

Summary questions
1. Explain what is meant by the term 'enterprise'.
2. Distinguish between a business enterprise and a social enterprise.
1.2 Who the stakeholders of an enterprise are

LEARNING OUTCOMES

Learners should be able to:

► demonstrate an understanding of the meaning of the term 'stakeholder'
► demonstrate an understanding of different examples of stakeholders of an enterprise, including:
  - customers and consumers
  - employees and employers
  - suppliers
  - lenders
  - the local business community
  - local government.

Stakeholders

A stakeholder is a person, group or organisation with an interest or concern in something, such as an enterprise. The stakeholders can affect, and/or be affected by, the enterprise’s actions, objectives and policies. Sometimes this impact on stakeholders can be positive and sometimes it can be negative. It needs to be understood that not all of the stakeholders in an enterprise are necessarily equal. Some examples of key stakeholders in an enterprise are customers and consumers, employees and employers, suppliers, lenders, the local business community and local government.

Customers and consumers

Customers are not members of an enterprise, but they are very important to its survival and success. Customers buy the goods and services that are supplied by enterprises. Spending by these consumers generates income for enterprises. Of course, customers are not only individual people who purchase products from an enterprise; other enterprises and businesses can also be regarded as customers.

It is important for enterprises to understand the needs and wants of their customers. If enterprises produce unwanted goods and services that are not demanded by customers, they are likely to fail and go out of business. Enterprises operate in a world where consumers have increasing rights and protection and so most enterprises work very hard at promoting good customer relations.

Employees and employers

Employees are employed by an enterprise to help its activity in some way. An enterprise needs employees with a range of skills and knowledge and many will provide training to new employees to familiarise them with the policies and working practices of the enterprise (often called an ‘induction’).
The managers of an enterprise can usually be regarded as employees, but if an enterprise is operated by the owner, that person can be regarded as the employer.

### Suppliers

Suppliers are businesses that provide resources which allow enterprises to produce goods and services. These resources could include raw materials, component parts, tools and equipment, energy and a range of different services. It is important for good relationships to exist between enterprises and suppliers because they rely on each other. Enterprises require suppliers to provide quality resources at reasonable prices and to provide a reliable and flexible service; suppliers require enterprises to provide a constant flow of orders and to pay on time.

### Lenders

Many enterprises may need to borrow funds from a financial institution to stay in business or to finance expansion. As a result, there needs to be a good relationship between an enterprise as the borrower and a financial institution as the lender. Enterprises need to know that they can go to a financial institution to borrow money if that becomes necessary. On their part, financial institutions need to know that they will get this money back from an enterprise, plus any interest that has been charged on the loan.

#### Activity 1.3

**Working in a pair or group, research the type of support that can be offered by financial institutions in your area to enterprises in need of help.**

### The local business community

Enterprises will employ people from the local community, the exact number depending on the size of the enterprise, and so good relationships are likely to exist between an enterprise and the local business community. An enterprise may also require some input from local businesses for training, such as information about courses provided by local colleges and universities. Enterprises can also become involved in community life through the sponsorship of local sports teams or through helping to raise money for local charities.

#### Activity 1.4

**Working in a pair or group, consider ways in which enterprises have been involved in your local community.**

### Local government

Enterprises may have to work closely with different agencies of local government. For example, this could include planning applications, especially where an extension of an enterprise is being considered, and the payment of taxes to local government.
Key points
1 Stakeholders are those people or organisations that have an interest in, or concern with, an enterprise.
2 There are many different examples of stakeholders, including customers and consumers, employees and employers, suppliers, lenders, the local business community and local government.

Summary questions
1 Explain what is meant by 'a stakeholder in an enterprise'.
2 Explain why a good relationship between an enterprise and its suppliers is important.
Ways for students to be enterprising in everyday life

LEARNING OUTCOMES

Learners should be able to:
- know different ways of being enterprising at school
- know different ways of being enterprising at home.

What does it mean to be enterprising?
Enterprising refers to the showing of initiative and the willingness to undertake new ventures and projects. These projects will be undertaken with boldness, energy and imagination. The enterprising person is likely to be resourceful and dynamic. There are different ways for students to be enterprising both at school and at home.

Ways of being enterprising at school

Using technology for learning
Technology can be used for learning, both inside and outside of school, in many different ways. For example, a student could be enterprising in terms of researching a number of different sources, making particular use of the internet as a learning tool. This could occur in a wide range of subjects. Technology is constantly changing, with rapid developments in relation to both hardware and software.

ACTIVITY 1.5
Working in a pair or group, consider different ways in which technology is useful to entrepreneurs. What are the most significant recent developments in such technology?

Working/learning as part of a team
Although the qualities and skills of individuals can be stressed, it is also important for people to be able to work with a partner and with people in a team. Teamwork is stressed in many activities at school and teamwork is also an important feature of the home. Learning within school can often involve group work, while at home learning will often be as part of a wider social group, i.e. the family.
Schools may organise specific days which focus on being enterprising, such as Enterprise Days where guest speakers are often invited to give a talk and to organise interactive sessions. Some schools may even organise an Enterprise Week. Enterprise events can give students the opportunity to work in teams and come up with possible business opportunities. The emphasis is often on the investigation of possible creative and imaginative enterprise ideas.

**ACTIVITY 1.6**

Work in a group. Consider the advantages and disadvantages of working as part of a group.

**Making reasoned evaluations**

A key part of being enterprising, evaluation involves comparing different options before coming to a conclusion that is reasoned, logical and can be justified.

**Developing new skills and using them in different situations**

Critical thinking is an important part of being enterprising because critical thinking involves going outside and beyond the established and accepted ways of approaching a problem and involves the idea of ‘thinking smarter’. This should lead to improved problem solving and decision making, which is crucial in many school subjects. The ability and willingness to apply critical thinking to new contexts is a vital aspect of being enterprising.

It is also important to develop communication skills. The use of a range of communication skills will be important if somebody is going to be enterprising. These can include written and non-written forms of communication. Within the school context, it is important to be able and willing to use a variety of communication methods.

Numeracy skills should also be used effectively in enterprise. Numeracy is an essential skill for solving problems. (See Unit 6.4.)

Many people (at school and at home) operate in situations that are familiar to them, sometimes referred to as their ‘comfort zone’. Being enterprising, however, involves applying learning to new situations. Many important skills needed in enterprise are transferable: they can be used in different situations and contexts. This is why the Skills Signposts in this book are important.

**ACTIVITY 1.7**

Working in a pair or group, discuss which ways of being enterprising at school and in the home are likely to be the most important skills that are capable of being transferred to a real enterprise situation.

**Problem-solving**

The ability to solve problems is an important part of being enterprising. Many people see a problem as a challenge to be overcome and so approach it in a positive and imaginative way. This can be applied equally to problems at school and problems in the home. A student could be enterprising in looking at a particular problem from different perspectives. This might occur in a science or a mathematics lesson.
Thinking creatively
To be enterprising, it is often important to think creatively about different ways to approach and solve a problem, i.e. finding creative solutions. Creative thinking is the process through which individuals come up with new ideas or new approaches. It is the process of repeatedly asking questions. This can be important in a school context. Entrepreneurs are often very creative people who are willing to go beyond traditional methods to achieve their objective. This will also often require them to think independently, i.e. not to follow what could be regarded as the accepted or established route.

A student could be enterprising in terms of thinking creatively about a particular topic or theme, such as in literature or in art. Creative and critical thinking is an important aspect of being enterprising and this is where a student takes the opportunity to think ‘outside of the box’, i.e. think of completely new ways to approach and/or solve a problem. This could occur in many different subjects, such as history or geography.

Taking the initiative or taking the lead
An important feature of being enterprising is the ability and willingness to take the initiative. This will often involve people leading others. This is certainly important in the school situation, and many people at school who are willing to take the initiative and lead others are rewarded, such as being given positions of responsibility.

Organising activities
Students may often be involved in the organisation of particular activities at school, such as the organisation of a charity event to raise money for a local, national or international charity. This will give students valuable experience of what is involved in the organisation of an enterprise.

ACTIVITY 1.8
Working in a pair or group, think of as many different ways as you can in which you have been enterprising at school in the last six months. What do you think is the most enterprising thing that you have done at school recently.

Ways of being enterprising at home
It is not only at school that you can be enterprising. It is also possible to be enterprising at home as well. There are many different examples of how you can be enterprising at home.

Organising a household job
You can be enterprising by offering to do jobs at home. Examples of jobs outside include helping with the shopping or if you have a yard or garden, keeping the area clean and tidy or doing gardening jobs. There are also many examples of jobs inside the home, e.g. household cleaning and cooking.

Taking responsibility for younger children
If you are not the youngest in your family, an important way in which you can be enterprising at home is through looking after younger children. This will take some of the pressure off the adults and give younger members of the
Taking responsibility for pets
Many families have pets, some of which require regular attention, such as being groomed. If you have a family pet you could demonstrate responsibility by taking on the tasks that ensure its wellbeing. The ability to exercise due care, attention and control of a pet is an important responsibility.

Earning money for the family
If you are enterprising you might be able to bring money into the family. For example, you could charge a small fee for doing shopping for older or disabled people in the community.

ACTIVITY 1.9
Think about the different ways in which you have been enterprising at home in the last six months. Write an outline of three of these.

Key points
1 There are many different ways for students to be enterprising in everyday life.
2 These can be applied to both the school and home situation.

Summary questions
1 Explain what it means to be ‘enterprising’ in everyday life.
2 Outline different ways in which it is possible for a student to be enterprising (a) at school and (b) at home.

Unit 1 Practice questions
1 Identify three different ways of being enterprising at school or at home. (3)
2 There are different ways of being enterprising. Two of these are:
   ● working/learning as part of a team
   ● developing new skills and using them in different situations.
   Explain how you have used these two ways to be enterprising either at school or at home. (4)
3 Explain why ‘problem solving’ is an important way of being enterprising. (4)
4 Explain why the relationship between an enterprise and its customers needs to be a good one. (8)
5 Discuss whether enterprises always aim to make a profit. (10)
Complete Enterprise for Cambridge IGCSE®

Second Edition

Complete Enterprise for Cambridge IGCSE® directly matches the latest Cambridge IGCSE Enterprise syllabus for first examination from 2020. With updated case studies to develop understanding of key concepts, the practical approach encourages students to apply 21st century skills in context, enabling confident exam performance.

- **Fully prepare for exams** – comprehensive coverage of the course
- **Develop advanced skills** – integrated support for coursework projects
- **Progress to the next stage** – real-world focus eases the transition to 16-18 study

Support learning with additional content on the accompanying support site: [www.oxfordsecondary.com/9780198425298](http://www.oxfordsecondary.com/9780198425298)

**Empowering every learner to succeed and progress**

- Complete Cambridge syllabus match
- Comprehensive exam preparation
- Reviewed by subject specialists
- Embedded critical thinking skills
- Progression to the next educational stage

Also available:
9780198425236

Also available:
9780198425267

Also available:
9780198409700

**Complete Enterprise for Cambridge IGCSE®**

Authors
Terry Cook
Jane King

Empowering every learner to succeed and progress

- Complete Cambridge syllabus match
- Comprehensive exam preparation
- Reviewed by subject specialists
- Embedded critical thinking skills
- Progression to the next educational stage

How to get in contact:
- web: [www.oxfordsecondary.com/cambridge](http://www.oxfordsecondary.com/cambridge)
- email: schools.enquires.uk@oup.com
- tel: +44 (0)1536 452620
- fax: +44 (0)1865 313472