

**Coimisiún na Scrúduithe Stáit**  
**State Examinations Commission**

**Leaving Certificate 2020**

**Marking Scheme**

**Business**

**Higher Level**

## **Note to teachers and students on the use of published marking schemes**

Marking schemes published by the State Examinations Commission are not intended to be standalone documents. They are an essential resource for examiners who receive training in the correct interpretation and application of the scheme. This training involves, among other things, marking samples of student work and discussing the marks awarded, so as to clarify the correct application of the scheme. The work of examiners is subsequently monitored by Advising Examiners to ensure consistent and accurate application of the marking scheme. This process is overseen by the Chief Examiner, usually assisted by a Chief Advising Examiner. The Chief Examiner is the final authority regarding whether or not the marking scheme has been correctly applied to any piece of candidate work.

Marking schemes are working documents. While a draft marking scheme is prepared in advance of the examination, the scheme is not finalised until examiners have applied it to candidates' work and the feedback from all examiners has been collated and considered in light of the full range of responses of candidates, the overall level of difficulty of the examination and the need to maintain consistency in standards from year to year. This published document contains the finalised scheme, as it was applied to all candidates' work.

In the case of marking schemes that include model solutions or answers, it should be noted that these are not intended to be exhaustive. Variations and alternatives may also be acceptable. Examiners must consider all answers on their merits, and will have consulted with their Advising Examiners when in doubt.

## **Future Marking Schemes**

Assumptions about future marking schemes on the basis of past schemes should be avoided. While the underlying assessment principles remain the same, the details of the marking of a particular type of question may change in the context of the contribution of that question to the overall examination in a given year. The Chief Examiner in any given year has the responsibility to determine how best to ensure the fair and accurate assessment of candidates' work and to ensure consistency in the standard of the assessment from year to year. Accordingly, aspects of the structure, detail and application of the marking scheme for a particular examination are subject to change from one year to the next without notice.

Marking Scheme and Support Notes for use with the Marking Scheme.

In considering the marking scheme and the support notes the following points should be noted:

- The support notes presented are neither exclusive nor complete.
- They are **not** model answers but rather a sample of possible responses.
- The support notes in many cases may contain key phrases which must appear in the candidate's answer in order to merit the assigned marks.
- **Further relevant points of information presented by candidates are marked and rewarded on their merits.**
- The detail required in any answer is determined by the context and the manner in which the question is asked and by the number of marks assigned to the answer in the examination paper. Requirements may therefore vary from year to year.
- Words, expressions or phrases must be correctly used in context and not contradicted, and where there is evidence of incorrect use or contradictions the marks may not be awarded.
- An examiner unsure of the validity of the approach adopted by a particular candidate to a particular question should contact his/her advising examiner.




### Annotations used in marking Business 2020

For a fully correct response examiners may award one total mark, e.g. six marks or a number of partial marks, e.g. 2 marks, 3 marks, 1 mark that add to the same total.

For partially correct responses examiners should place the appropriate marks near the correct part of the response and/or use 0 marks to indicate the part of the answer that is incorrect or insufficient.

Examiners should annotate fully incorrect responses or responses of no merit with a 0 mark.

Colours of annotations may vary.

| Annotation  | Meaning  |
|---|--|
|  n | n marks awarded  |
|    | Surplus answer or part of answer   |
| <span style="border: 1px solid black; padding: 2px;">EVAL</span>                    | Marks awarded for evaluation   |
|    | Blank page or part of page   |
| <span style="border: 1px solid black; padding: 2px;">Pn</span>                      | Discount n marks<br><br>Adjustment for marks for an excess question that were not automatically discounted by marking software |

# LEAVING CERTIFICATE BUSINESS HIGHER LEVEL 2020

## MARKING SCHEME

### SECTION 1 (80 Marks)

**This is a compulsory section.  
Answer 8 questions. Each question carries 10 marks.**

| Question         | Scheme                                     | Marks     |
|------------------|--|-----------|
| <b>1.</b>        | 3,2,2,2,1.                                 | 10        |
| <b>2.</b>        | 3,2,2,2,1.                                 | 10        |
| <b>3.</b>        | (a) 4m<br>(b) 2 x 3m                       | 10        |
| <b>4.</b>        | 3,2,2,2,1.                                 | 10        |
| <b>5.</b>        | (i) 4m (2+2)<br>(ii) 3m<br>(iii) 3m        | 10        |
| <b>6.</b>        | (i) 5 (3m + 2m)<br>(ii) 5 (3m + 2m)        | 10        |
| <b>7.</b>        | 3,2,2,2,1.                                 | 10        |
| <b>8.</b>        | 2 x 5m (3m + 2m)                           | 10        |
| <b>9.</b>        | (i) 2m + 2m + 2m<br>(ii) 2 x 2m (1m + 1m)  | 10        |
| <b>10.</b>       | (i) Calculation = 1+1+1+3<br>(ii) 4m (2+2) | 10        |
| <b>Section 1</b> | <b>Available Marks</b>                     | <b>80</b> |

## SECTION 2 - 80 MARKS

### Medway Devices

| Applied Business Question (Units 2, 3 & 4)<br>This is a compulsory question. |  |  | Max Mark  |
|--|--|--|-----------|
| <b>(A)</b>   | Discuss James Kennedy's enterprising skills/characteristics with reference to the text.  | 4 x 5m (1+2+2)   | 20        |
| <b>(B)</b>   | <p><b>(i)</b> Evaluate the management skills displayed by Maria Gill in Medway Devices.</p> <p><b>(ii)</b> Outline one <b>implication</b> for the business of the management style displayed by Maria.</p> | <p>3 x 8m (2+3+2+1)<br/>State,<br/>Developed explanation,<br/>Link,<br/>Evaluation</p> <p>6m (2+2+2)</p> | 30        |
| <b>(C)</b>   | Discuss the functions of the Human Resource department at Medway Devices.  | <p>3 x 10m<br/><br/>(3+3+2+2)</p>  | 30        |
| <b>Section 2</b>   | <b>Available Marks</b>   |  | <b>80</b> |

In answering the questions on the ABQ, candidates must make use of relevant knowledge and understanding gained in the subject while studying the course in addition to the relevant links from the ABQ.

In relation to the links given, they **must** be a direct relevant quote/phrase/statement from the ABQ indicating that candidates clearly understand the point(s) of theory presented. Separate links are required in each section. No link awarded without relevant theory.

## SECTION 3 -240 MARKS

Answer **Four** questions from **Section 3** as follows:

**One** question from **Part 1**, **Two** questions from **Part 2** and **One** other question from either **Part 1** or **Part 2**. All questions carry 60 marks.

### PART 1

#### People in Business / Business Environment

| Question 1             |  |   | Max Mark  |
|------------------------|--|---|-----------|
| People in Business     |  |   |           |
| <b>(A)</b>             | <p><b>(i)</b> Illustrate how a co-operative relationship between Aldi and its suppliers could arise.</p> <p><b>(ii)</b> Describe a competitive relationship between Aldi and its rival supermarkets.</p> <p><b>(iii)</b> Outline how consumers benefit from the existence of competition between rival businesses.</p>         | <p>7m<br/>4(2+2)+3</p> <p>7m<br/>4(2+2)+3</p> <p>6m<br/>(3+3)<br/>State and Explain</p> | 20        |
| <b>(B)</b>             | <p>Explain a consumer's legal rights under the terms of the Sale of Goods and Supply of Services Act 1980, with reference to any three of the following:</p> <ol style="list-style-type: none"> <li>1. Services</li> <li>2. Guarantees</li> <li>3. Signs limiting consumer rights</li> <li>4. Merchantable Quality.</li> </ol> | <p>2 x 7m<br/>(4+3)</p> <p>1 x 6m<br/>(3+3)</p>   | 20        |
| <b>(C)</b>             | <p>Discuss the functions of the Workplace Relations Commission (WRC).</p>  | <p>4 x 5m (2+3)</p>   | 20        |
| <b>Available Marks</b> |  |   | <b>60</b> |

| Question 2<br>Domestic Environment |   |  | Max Mark  |           |
|------------------------------------|---|--|---|-----------|
| (A)                                | (i)   | Discuss three characteristics of an environmentally responsible business.              | 3 x 5m (3+2)  | 20        |
|                                    | (ii)  | Outline <b>one</b> impact on a business of meeting its environmental responsibilities. | 5m (3+2)  |           |
| (B)                                | Illustrate the reasons why multinational companies (MNCs) locate in Ireland   |  | 4 x 5m (2+3)  | 20        |
| (C)                                | Outline how the Irish government could use its expenditure policies to support businesses in Ireland. <b><u>Use examples to illustrate your answer.</u></b> |  | 2@7 (4+3)<br>1@6 (3+3)<br><br>Statement and Example | 20        |
| <b>Available Marks</b>             |   |  |   | <b>60</b> |



| <b>Question 3</b>                |   |   | <b>Max Mark</b> |
|----------------------------------|---|---|-----------------|
| <b>International Environment</b> |   |   |                 |
| <b>(A)</b>                       | <p><b>(i)</b> Explain the terms <b>Balance of Trade</b> and <b>Balance of Payments</b>.</p> <p><b>(ii)</b> Calculate the <b>Balance of Payments</b> figure from the above data. Show your workings.</p> <p><b>(iii)</b> Illustrate what is meant by the term <b>tariff</b>.</p> | <p>2 x 4m (2+2)</p> <p>8@1m</p> <p>4(2+2)</p> | 20              |
| <b>(B)</b>                       | Discuss the benefits <b>and</b> challenges of European Union membership for Irish businesses.   | 5 x 5m (2+3)                                  | 25              |
| <b>(C)</b>                       | Outline the developments in ICT that have made it easier for Irish businesses to trade internationally.   | 3 x 5m (3+2)                                  | 15              |
| <b>Available Marks</b>           |   |   | <b>60</b>       |

### SECTION 3

#### PART 2

#### Enterprise

| Question 4<br>Managing |   |                | Max<br>Mark |
|------------------------|---|----------------|-------------|
| (A)                    | Outline the different types of planning that can contribute to a business being successful. Relate your answer to Good4U, making any appropriate assumptions. | 4 x 5m (2+2+1) | 20          |
| (B)                    | (i) Illustrate, by means of a diagram, a functional organisation structure for a manufacturing business such as Good4U.                                       | 10m (3,3,2,2)  | 20          |
|                        | (ii) Outline the benefits of a functional organisational structure.   | 2 x 5m (2+3)   |             |
| (C)                    | (i) Explain, using an example, the term <b>intrapreneurship</b> .   | 8m (3+2+3)     | 20          |
|                        | (ii) Illustrate <b>two</b> benefits of intrapreneurship for a business.   | 2 x 6m (2+2+2) |             |
| <b>Available Marks</b> |   |                | <b>60</b>   |

| Question 5<br>Managing |  |                        | Max<br>Mark |
|------------------------|--|------------------------|-------------|
| <b>(A)</b>             | <b>(i)</b> Explain what is meant by a <b>takeover</b> .  | 5m (3+2)               | 20          |
|                        | <b>(ii)</b> Outline <b>two</b> advantages and <b>one</b> disadvantage of a takeover as a method of business expansion. | 3 x 5m (2+3)           |             |
| <b>(B)</b>             | Describe the reasons why a business conducts market research.  | 4 x 5m (2+3)           | 20          |
| <b>(C)</b>             | Evaluate debt capital versus equity capital as methods of financing expansion for a business.                          | 4@4(2+2)<br>EV (0,2,4) | 20          |
| <b>Available Marks</b> |  |                        | <b>60</b>   |

| Question 6<br>Managing |      |   | Max<br>Mark           |           |
|------------------------|------|---|-----------------------|-----------|
| (A)                    | (i)  | Illustrate with reference to Gym Culture what a niche market is.  | 6m (3+3)              | 20        |
|                        | (ii) | Outline the factors Dan's bank would consider before granting a loan application.                               | 2@5(3+2)<br>1@4m(3+1) |           |
| (B)                    | (i)  | Discuss the benefits of Employee Empowerment.   | 3 x 5m (3+2)          | 20        |
|                        | (ii) | Outline <b>one</b> possible barrier to Employee Empowerment.  | 5m (3+2)              |           |
| (C)                    | (i)  | Explain the term <b>public liability insurance</b> .  | 5m (3+2)              | 20        |
|                        | (ii) | Outline <b>three</b> types of insurance, <b>other than public liability</b> , that a local business might have. | 3 x 5m (3+2)          |           |
| <b>Available Marks</b> |      |   |                       | <b>60</b> |

| Question 7<br>Business in Action |   |   | Max<br>Marks |
|----------------------------------|---|---|--------------|
| (A)                              | Discuss the benefits for a business of having a strong brand image. Provide examples to support your answer.  | 2@ 4+3<br>1@3+3<br><br>Benefit, example             | 20           |
| (B)                              | (i) Explain the term <b>marketing concept</b> .<br><br>(ii) Outline the <b>Promotion</b> and <b>Place</b> elements of the Marketing Mix for a product <b>or</b> service of your choice. | 5m (3+2)<br><br>2 x 10m<br>(4+1+4)<br>1m Evaluation | 25           |
| (C)                              | Discuss the advantages of a <b>public limited company</b> as a form of business ownership.  | 3 x 5m (3+2)  | 15           |
| <b>Available Marks</b>           |   |   | <b>60</b>    |

## LC BUSINESS -HIGHER LEVEL

**Section 1**

**Short Answer Questions**

**80 marks**

### SUPPORT NOTES

| Question |  |  | Possible Responses |   |   |   |   | Max Mark  |
|----------|--|--|--------------------|---|---|---|---|-----------|
| 1.       |  |  | 1                  | 2 | 3 | 4 | 5 | 3,2,2,2,1 |
|          |  |  | E                  | F | A | C | B |           |

| Question |  |  | Possible Responses |  | Max Mark  |
|----------|--|--|--------------------|--|-----------|
| 2.       |  |  | CEO                | Chief Executive Officer                        | 3,2,2,2,1 |
|          |  |  | CRO                | Companies Registration Office                  |           |
|          |  |  | LEO                | Local Enterprise Office                        |           |
|          |  |  | IDA                | Industrial Development Authority               |           |
|          |  |  | CCPC               | Competition and Consumer Protection Commission |           |

| Question |     | Possible Responses  | Max Mark       |
|----------|-----|---|----------------|
| 3.       | (a) | <p><b>Explain the term tertiary sector.</b></p> <ul style="list-style-type: none"> <li>The tertiary sector refers to the <b>services industry</b>. The services sector is the largest sector in Ireland. The aim of the sector is to provide a range of services to businesses and consumers. E.g. financial services, medical services, transport services, leisure services.</li> <li>Tourism is one of the most significant service sectors. It is labour intensive and a major source of employment.</li> <li>The IFSC was built to attract and support companies who engage in internationally traded services such as finance, insurance, consulting and communications.</li> </ul>   | 10<br><br>4m   |
|          | (b) | <p><b>Outline two trends in the tertiary sector in Ireland.</b></p> <p><i>* Accept points that would have been relevant prior to March 2020</i></p> <ul style="list-style-type: none"> <li><b>Decrease in Sales/Impact of coronavirus/covid19:</b><br/>A decrease in demand for services due to Covid 19 pandemic. Businesses in the tertiary sector such as pubs, hotels, restaurants experienced a decrease in sales and forced closures.<br/>Accept relevant accurate variations of the above answer<br/>e.g. forced closure due to Covid 19 measures, decrease in employment in the sector etc.</li> <li><b>Value Added Tax increase:</b><br/>The rate of Value Added Tax in the tourism and hospitality sector was increased from 9% to 13.5%. This was applied from January 2019. This has led to increased prices in the tertiary sector.</li> <li><b>Increased Competition:</b><br/>Traditional service providers face increased competition from online service providers, e.g. financial services such as banks face competition from online service providers such as KBC bank.</li> <li><b>Decrease in Employment due to Coronavirus/Covid 19:</b><br/>Workers involved in the services industry have been made redundant and/or had their hours reduced due to fall in demand for services. The fall in demand for services is because of restrictions enforced due to the impact of the coronavirus.</li> <li><b>e-commerce or Services being provided online due to Covid 19.</b><br/>The growth of e-business, a method of buying and selling goods and services over the internet, is changing the dynamic of the</li> </ul> | 6m<br>(2 x 3m) |

|  |  |  |  |
|--|--|--|--|
|  |  | <p>services sector. Retailers moving to on-line operations include Tesco and Next. Services such as education are being provided online due to the school closures that were implemented to curb the increase in the Covid 19 crisis.</p> <ul style="list-style-type: none"> <li>• <b>Access to technology.</b><br/>Poor access to broadband especially in rural areas.</li> <li>• <b>Commercial Rates</b><br/>Commercial rates charged to business by local authorities. They have placed small local retailers under huge pressure as they try to compete with larger retailers.</li> <li>• <b>Wage increases:</b><br/>Successful wage demands in the transport sector such as Dublin Bus and Luas have led to knock-on claims in the services sector. This reduces the profits of service</li> </ul> <p><b>* Accept points that would have been relevant prior to March 2020</b></p> <p><b>Such as</b></p> <p><b>Increase in sales:</b><br/>Ireland has experienced economic growth in recent years. Reductions in USC etc have increased disposable income. This has led to increased sales for service providers such as businesses in the hospitality sector, hotels, restaurants etc. Accept appropriate development.</p> <p><b>Increased employment numbers in tertiary sector:</b><br/>The number of people employed in the services industry continues to grow. Tourism industry employment numbers have increased annually.</p> <p>Additional points could include: Poor infrastructure/lack of skilled workers in certain areas/cost of utilities/ demographic changes/automation of services leading to unemployment (i.e. banking sector). Accept other appropriate answers.</p> |  |
|--|--|--|--|



| Question |       | Possible Responses   | Max Mark  |
|----------|-------|--|-----------|
| 4.       | (i)   | The profit from the sale of an asset is subject to <b>capital gains tax</b> .                  | 3,2,2,2,1 |
|          | (ii)  | The Universal Social Charge (USC) is an example of a <b>progressive tax</b> .                  |           |
|          | (iii) | Tax credits <b>reduce</b> the amount of PAYE paid by an employee.                              |           |
|          | (iv)  | Value Added Tax (VAT) is an example of <b>an indirect tax</b> .                                |           |
|          | (v)   | A holiday voucher worth €3,000 given as a benefit in kind <b>is</b> treated as taxable income. |           |

| Question |       | Possible Responses   | Max Mark              |
|----------|-------|--|-----------------------|
| 5.       | (i)   | <b>In relation to EU legislation, explain the term Regulation.</b><br><br>A regulation is a binding legislative act of the EU. It must be applied in its entirety across the European Union. Regulations take precedence over national laws and must be implemented immediately. | 10<br><br>4m<br>(2+2) |
|          | (ii)  | <b>Identify one other method of implementing EU legislation.</b><br><br>An EU directive.   | 3m                    |
|          | (iii) | <b>Name the EU institution responsible for proposing EU legislation.</b><br><br>EU Commission.   | 3m                    |

| Question | Possible Responses  | Max Mark                                  |
|----------|---|---|
| 6.       | <p><b>(i) Explain the term indigenous firm.</b></p> <p>An indigenous firm is an Irish/native locally based business that has been established and is owned/managed by Irish residents. They produce goods and services in Ireland. The owners have a direct personal interest in the survival and growth of the firm. Its principal place of business is in Ireland.<br/>e.g. The Dough Bros, Eason's, SuperValu are examples of Irish based businesses that are owned by Irish residents.</p> <p><b>Outline one challenge facing indigenous firms.</b></p> <p><b>(ii) Coronavirus/Covid 19/Decrease in Sales</b></p> <p>A challenge for Irish indigenous forms is the decrease in sales due to the Covid 19 pandemic.<br/>Businesses face challenges such as meeting loan repayments, maintaining staff levels and maintaining/increasing sales and profitability. <b>Answer requires development</b></p> <p><b>Increased competition from large foreign business/TNCs/Multiples</b><br/>Local Irish businesses such as local pharmacies, bookstores, newsagents etc face competition from firms such as Boots, Amazon, Tesco etc. These businesses have huge economies of scale and this makes it difficult for the small Irish indigenous firm to compete.</p> <p><b>Increased regulation:</b><br/>Irish businesses face increased regulations from the European Union. This includes regulations re the information that packaging must display etc.</p> <p><b>Lack of skilled workers:</b><br/>Indigenous firms are struggling to source the talent they require. There is a lack of skilled workers in certain areas due to the migration of people to cities such as Dublin</p> <p><b>BREXIT:</b> The UK leaving the European Union has created huge uncertainty for certain indigenous businesses. It has the potential to have negative consequences for Irish trade. Irish indigenous firms who export to the UK could be faced with trade barriers such as tariffs.</p> <p><b>Additional Points could include:</b> Poor infrastructure/lack of skilled workers in certain areas/cost of utilities/ demographic changes/automation of services leading to unemployment (i.e. banking sector).</p> | <p>10</p> <p>5m (3+2)</p> <p>5m (3+2)</p> |

| Question |  | Possible Responses  | Max Mark  |
|----------|--|---|-----------|
| 7.       |  | <p>Write <b>True</b> or <b>False</b> after <b>each</b> of the following statements.</p> <ol style="list-style-type: none"> <li>1. False</li> <li>2. True</li> <li>3. True</li> <li>4. False or True</li> <li>5. True</li> </ol> | 3,2,2,2,1 |

| Question |  | Possible Responses  | Max Mark                          |
|----------|--|---|-----------------------------------|
| 8.       |  | <p><b>Fair Dismissal</b> – this occurs when an employee has been dismissed from his/her position due to one of the following grounds: misconduct, redundancy, incompetence, or the employee is deemed incapable of performing his/her duties. This is legal under the Unfair Dismissals Act 1977/2015.</p> <p><b>Constructive Dismissal</b> – this occurs when an employee’s position is made so difficult that he/she feels they have no option but to resign. The burden of proof falls to the employee to show that their resignation was justified and can result in the same entitlements as an unfairly dismissed employee.</p> | <p>10</p> <p>2 x 5m<br/>(3+2)</p> |

| Question |      | Possible Responses   | Max Mark         |
|----------|------|--|------------------|
| 9.       | (i)  | <p><b>Decline</b>                      <b>Growth</b>                      <b>Saturation</b></p>  | 10<br>6m (2+2+2) |
|          | (ii) | <p><b>Reduce the Price:</b> A business reduces price to attract more customers. Apple reduced the price of the iPhone 7 in order to initiate more sales.</p> <p><b>Change Channel of Distribution:</b> Sell online to attract a worldwide audience. Sell via new retailers/platforms such as pigsback.com that concentrate on special offers.</p> <p><b>Develop new features:</b><br/>New product features/new image/design/use.<br/>Create line extensions (different flavours/sizes).</p> <p><b>Promotion:</b> Advertising campaigns/sales promotion techniques can be used as gimmicks that incentivise the consumer.<br/>Accept as separate valid points</p> <ul style="list-style-type: none"> <li>• Sales promotion</li> <li>• Advertising/marketing campaign</li> </ul> | 2 x 2m<br>(1+1)  |

| Question |      | Possible Responses   | Max Mark                |
|----------|------|--|-------------------------|
| 10.      | (i)  | <p><b>Calculate the amount of compensation Henry will receive from Allianz. Show your workings.</b></p> <p><math>\frac{\text{Insured Value}}{\text{Actual Value}} \times \text{loss suffered} =</math></p> <p><math>\frac{200,000}{250,000} \times 36,000 = \text{€}28,800</math></p>                      | 10<br><br>6m<br>1,1,1,3 |
|          | (ii) | <p><b>Explain why Henry receives this amount of compensation.</b></p> <p>When an item is underinsured, the insured person does not receive the full amount of compensation under the average clause rule. There would also be a breach of indemnity as the insured person would make a financial gain.</p> | 4m<br>(2m + 2m)         |

**Medway Devices**

(A) Discuss James Kennedy's entrepreneurial characteristics/skills with reference to the text.

| Question | Possible Responses  | Max Mark                            |
|----------|---|-------------------------------------|
| A        | <p><b>Risk Taker</b> – Being an entrepreneur involves taking both personal (may quit their job to set up the business) and financial risk (borrow capital) in pursuit of a business idea.</p> <p><i>James left to pursue his ambition of running his own business.</i></p> <p style="text-align: center;"><b>OR</b></p> <p><i>James saw the potential to move into the Asian market, and researched opportunities to open a new manufacturing plant in Singapore.</i></p> <p style="text-align: center;"><b>OR</b></p> <p><i>James established Medway Devices in 2014.</i></p> <p><b>Innovative</b> – Entrepreneurs are good at coming up with new ways of doing things. They are constantly looking for new ideas and ways of improving existing products and services.</p> <p><i>He saw an opportunity to develop implants for the hip replacement sector.</i></p> <p style="text-align: center;"><b>OR</b></p> <p><i>James saw the potential to move into the Asian market, and researched opportunities to open a new manufacturing plant in Singapore.</i></p> <p><b>Realistic</b> – Entrepreneurs see things as they are, not as they would like them to be. They take action to improve something/prevent something from happening. They set realistic targets. They don't overestimate target profits etc.</p> <p><i>James was aware how difficult it would be to compete with major global companies.</i></p> <p><b>Confident</b> – Entrepreneurs have belief in their idea and belief in their ability to turn the idea into a reality.</p> <p><i>He believed in his ability and his product.</i></p> | <p>20</p> <p>4 x 5m<br/>(1+2+2)</p> |

|  |  |  |  |
|--|--|--|--|
|  |  | <p><b>Identify Opportunities</b> – Entrepreneurs can spot gaps in the market for profit making opportunities.</p> <p><i>He saw an opportunity to develop implants for the hip replacement sector.</i></p> <p><b>Human Relations/Networking/Persuasive</b> – Entrepreneurs learn to build a network of contacts. They can convince employees, investors and customers that their idea is worth being involved with.</p> <p><i>James convinced several other investors to join him.</i></p> <p><b>Ambitious</b> – Entrepreneurs must have a desire to be successful. They want to prosper in their industry.</p> <p><i>Having previously worked as a product engineer for US giant Medline, James left to pursue his ambition of running his own business.</i></p> <p><b>Initiative</b> – Entrepreneurs are proactive and make things happen<br/>Entrepreneurs have ‘get up and go’ and act on ideas.</p> <p><i>Having previously worked as a product engineer for US giant Medline, James left to pursue his ambition of running his own business.</i></p> <p><b>Decisive/Decision making</b> - The ability to make quick and effective decisions is essential for enterprising people. Effective decision making involves the ability to assess situations, identify options and weigh up the pros and cons.</p> <p><i>James saw the potential to move into the Asian market, and researched opportunities to open a new manufacturing plant in Singapore.</i></p> |  |
|--|--|--|--|

(B) (i) Evaluate the management skills displayed by Maria Gill in Medway Devices.

| Question |     | Possible Responses   | Max Mark   |
|----------|-----|--|--|
| B        | (i) | <p><b>Leadership:</b></p> <ul style="list-style-type: none"> <li>Leadership is the ability to inspire and influence others to go in a certain direction.<br/>Types of leaders include autocratic, democratic and laissez faire.</li> <li>Managers with good leadership skills usually adhere to a Democratic leadership style. They engage with staff, communicate well and consult with staff in relation to major decisions in the business.</li> <li>The leader's approach to delegation and trust can encourage and influence intrapreneurship and industrial relations.</li> </ul> <p><b><i>The management team feels frustrated with Maria's approach to decision making because Maria takes full control of all decisions.</i></b></p> <p><i>Evaluation:</i><br/><b>I feel</b> Maria is not an effective leader because she has an autocratic leadership style, where she makes all the decisions. She does not consult her management team. This has a negative effect on staff morale. <b>Accept appropriate evaluation.</b></p> <p><b>Motivation:</b></p> <ul style="list-style-type: none"> <li>Motivation as a management skill is the ability of the manager to get staff to contribute their best efforts.</li> <li>There are many motivational theories and all employees have different motivators. Managers can study Maslow's Hierarchy of needs theory and or McGregor's theory of motivation in order to develop their ability to motivate others.</li> <li>Employees generally are motivated to work hard in an environment where they feel valued, their input acknowledged, and a positive working environment is fostered.</li> </ul> <p><b><i>She regularly gives instructions to management, without taking any valuable feedback.</i></b></p> <p style="text-align: center;"><b>OR</b></p> <p><b><i>On noticing this, Maria has decided to ensure that more staff social activities are arranged together with extra funding for the staff social club.</i></b></p> <p><i>Evaluation:</i><br/><b>I don't feel</b> Maria is an effective motivator because she doesn't meet the esteem needs of her staff. She does not provide challenging work or seek their opinions. This has a negative impact on staff motivation. <b>Accept appropriate evaluation.</b></p> | <p>30</p> <p>(3 x 8m)</p> <p>State 2<br/>Expl. 3<br/>Link 2<br/>Eval 1</p> |

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|  |  |  | <p><b>Communication:</b></p> <ul style="list-style-type: none"> <li>• Communication as a management skill involves the transfer of information in a way that the message is received, understood and gets an action.</li> <li>• Managers require various levels of communication skills.</li> <li>• Effective communicators listen to staff, acknowledge their opinions, directly communicate with them in relation to the business and consult with them when decisions are being made which will affect them.</li> </ul> <p><b><i>The management team feels frustrated with Maria’s approach to decision making because Maria takes full control of all decisions.</i></b></p> <p style="text-align: center;"><b>OR</b></p> <p><b><i>She regularly gives instructions to management, without taking any valuable feedback.</i></b></p> <p style="text-align: center;"><b>OR</b></p> <p><b><i>Her main method of staff communication is via e-mail</i></b></p> <p style="text-align: center;"><b>OR</b></p> <p><b><i>Staff find it difficult to approach Maria about issues.</i></b></p> <p><i>Evaluation:</i><br/>I don’t feel Maria is an effective communicator. I think she is a poor communicator because she does not hold regular meetings with management or consult management about decisions. She is a poor communicator because she communicates downward and is not an effective listener. <b><i>Accept appropriate evaluation.</i></b></p> |  |
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(ii) Outline one implication for the business of the management style displayed by Maria.

| Question |             | Possible Responses   | Max Mark                  |
|----------|-------------|--|---------------------------|
| <b>B</b> | <b>(ii)</b> | <p><b>High Labour Turnover:</b><br/>If management do not value staff’s opinions or provide challenging work, it can lead to staff pursuing other employment opportunities. Staff will pursue job opportunities that satisfy their esteem needs.</p> <p><b><i>As a result, some employees have left to pursue opportunities in other medical companies.</i></b></p> <p><b>Low Staff Morale:</b><br/>If management do not consult with staff or listen to staff’s input. It can have a negative effect on the atmosphere in the workplace. Staff could become demotivated.</p> <p><b><i>Staff find it difficult to approach Maria about issues.</i></b></p> <p><b>Reduced Productivity</b><br/>A Theory X approach to management or an autocratic leadership style can reduce productivity in the workplace.</p> | <p>6m<br/>(2 + 2 + 2)</p> |



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|  |  |  | <i>She regularly gives instructions to management, without taking any valuable feedback.</i> |  |
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(C) Discuss the functions of the Human Resource department at Medway Devices.

| Question |  | Possible Responses   | Max Mark   |
|----------|--|--|--|
| C        |  | <p><b>HR Planning/Manpower Planning:</b></p> <ul style="list-style-type: none"> <li>This involves having the right people with the right skills in the right place at the right time throughout the business. It involves doing a human resource audit and estimating future human resource needs.</li> <li>The HR Manager must audit present staff resources, forecast staff needs, and then plan to either increase/decrease staff levels.</li> </ul> <p><i>The Human Resources (HR) department of Medway Devices looked at the need for staff for the new plant.</i></p> <p style="text-align: center;"><b>OR</b></p> <p><i>While many staff from the Irish plant will be relocated, the HR department predicts they will need to recruit 120 staff within the next six months.</i></p> <p><b>Recruitment/Selection:</b></p> <ul style="list-style-type: none"> <li>Recruitment and selection are concerned with finding or attracting the best potential candidates with the appropriate skills and then picking the most suitable candidates for employment.</li> <li>The Human Resource Manager must draw up a job description and person specification and then advertise the position. The applicants must be screened (short-listed). Selection is usually by means of an interview process.</li> </ul> <p><i>While many staff from the Irish plant will be relocated, the HR department predicts they will need to recruit 120 staff within the next six months.</i></p> <p style="text-align: center;"><b>OR</b></p> <p><i>The department advertised on recruitment websites in a wide range of countries to attract the best candidates for every position.</i></p> <p style="text-align: center;"><b>OR</b></p> <p><i>Interviews were conducted via Skype to facilitate international applicants.</i></p> <p style="text-align: center;"><b>OR</b></p> <p><i>The HR team ensured all selection panels had a gender balance.</i></p> <p><b>Training/Development:</b></p> <ul style="list-style-type: none"> <li>Training is concerned with improving the employees' ability to perform their job in an effective manner.</li> <li>The company invests in training, leading to better knowledge and skills among employees. This results in better customer service and a better experience for customers.</li> </ul> | <p>30</p> <p>3 x 10m</p> <p>State<br/>Explain.<br/>Explain.<br/>Link<br/>3,3,2,2</p> |

- Induction training helps new employees fit into the workplace (learn about the job/the policies/rules of the company etc). Other types of training include internal/external training.
- Development prepares the employees for new responsibilities and greater challenges in the workplace. It helps employees self-actualise.

***This is largely due to the HR department planning an induction programme for new staff and organising training for existing staff who will be relocating to Singapore.***

**Performance Appraisal:**

- This is the process of evaluating the performances, progress, contribution and effectiveness of an employee. It ensures high performance standards in the business, leading to organisational success.  
It provides for two-way communication and clarification of objectives/ feedback is provided for employees on performance to enable improvements to be made.
- A meeting is held with the employees to review their progress and set targets for the future.
- Regular reviews are vital to the performance appraisal process.

***The quarterly staff appraisals at the Irish plant have been postponed.***

**Rewarding:**

- Rewarding employees is concerned with offering employees monetary and or non-monetary rewards for work well done. This can lead to a motivated workforce.
- Rewards offered by the HR department may include wages, salaries, bonuses, benefit-in-kind, share options, pension plans, promotion etc.
- The Human Resource Manager negotiates each employee's remuneration package and keeps it under review.
- Monetary and non-monetary rewards are used to satisfy the wide-ranging needs of the workforce.

***The HR team have also been asked by Maria for suggestions on how to retain their top employees.***

**OR**

***The job advertisements highlighted the excellent salaries offered by the business.***

**Managing Industrial Relations**

- A function of the HR department is to promote and maintain positive industrial relations in the organisation.
- HR departments take a proactive approach to ensure positive industrial relations by attempting to maintain open communications with staff and develop grievance procedures.
- This is to ensure issues are resolved quickly.

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|  |  | <p><i>The HR team have also been asked by Maria for suggestions on how to retain their top employees.</i></p> <p style="text-align: center;"><b>OR</b></p> <p><i>Staff find it difficult to approach Maria about issues.</i></p> |  |
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## Section 3

240 marks

## Question 1

People in Business

(A) (i) Illustrate how a co-operative relationship between Aldi and its suppliers could arise.

| Question |   |     | Possible Responses   | Max Mark                  |
|----------|---|-----|--|---------------------------|
| 1        | A | (i) | <p>A co-operative relationship exists where both <b>parties work together to achieve a common goal</b>. It is a win-win relationship/ a scenario of <b>mutual benefit</b>, where both sides gain and are better off afterwards than they were before.</p> <p>A co-operative situation would arise when the supplier provides good quality raw materials, components and finished goods to Aldi who, in turn, pays the suppliers on time and importantly offer a fair price to suppliers.</p> | <p>7</p> <p>4(2+2) +3</p> |

(ii) Describe a competitive relationship between Aldi and rival supermarkets.

| Question |   |      | Possible Responses   | Max Mark                  |
|----------|---|------|--|---------------------------|
| 1        | A | (ii) | <p>A competitive relationship between Aldi and rival supermarkets business refers to both businesses pursuing <b>different objectives/goals</b> in an effort to achieve particular objectives at the expense of the other.</p> <p>It is known as a win-lose relationship.</p> <p>Aldi competes with other supermarkets, such as Tesco, via;</p> <ul style="list-style-type: none"> <li>• Quality of goods</li> <li>• Price of goods</li> <li>• Customer Service</li> <li>• Choice of goods and services</li> </ul> | <p>7</p> <p>4(2+2) +3</p> |

- (iii) Outline how consumers benefit from the existence of competition between rival businesses.

| Question |   | Possible Responses   | Max Mark       |
|----------|---|--|----------------|
| 1        | A | (iii) <p><b>Reduced Prices</b><br/>The consumer benefits from Aldi and rival supermarkets reducing their prices in order to attract consumers.<br/>Established supermarkets have been forced to lower their prices in order to compete with Aldi, Lidl etc. This is of financial benefit to the consumer.</p> <p><b>Sales Promotions/Special offers</b><br/>Competing supermarkets regularly offer gimmicks such as 3 for2, loyalty card points etc.<br/>SuperValu, Dunnes Stores and Tesco regular offer special sales promotions in order to incentivise consumers. This provides value to the consumer.</p> <p><b>Improved quality of goods or quality of service</b><br/>A competitive relationship between supermarkets leads to the rival supermarkets attempting to maximise the quality of the goods and service they provide.<br/>Consumers are offered a wider range of products and are provided with a better service. e.g. Supermarkets offering home delivery.</p> | 6<br><br>3 + 3 |

(B) Explain a consumer's legal rights under the terms of the Sale of Goods and Supply of Services Act 1980, with reference to any three of the following:

1. Services
2. Guarantees
3. Signs limiting consumer rights
4. Merchantable Quality.

| Question |   | Possible Responses   | Max Mark  |
|----------|---|--|---|
| 1        | B | <p><b>1. Services:</b><br/>When a consumer buys a service; The service provider must have the necessary skill/qualification. The consumer is entitled to redress if the service is not provided with <b>due care, diligence</b> and attention or if the materials used are not of merchantable quality.</p> <p><b>2. Guarantees:</b><br/>Guarantees are additional protection given to the consumer and they cannot limit the consumer's rights under consumer law. The guarantee must clearly show what goods are covered, the time frame involved and the procedure for making claims. The consumer can choose to have the goods fixed by the manufacturer or they can insist that the retailer deals with the complaint. The contract is between the seller and the buyer.</p> <p><b>3. Signs limiting consumer rights:</b><br/>Signs such as 'Credit Notes Only', 'No Cash Refunds', 'No exchange' etc are prohibited under the Sale of Goods &amp; Supply of Services Act. These signs are illegal and do not affect your statutory consumer rights. A credit note is not a refund as it restricts you to shopping in that shop. It is an offence for the retailer to display signs that give the consumer the impression that they have no legal rights.</p> <p><b>4. Merchantable Quality:</b><br/>The consumer is entitled to goods which are of reasonable standard/quality considering what they are supposed to do, their durability and the price paid. A €50 pen versus a €1 pen. If the good is not of merchantable quality, the consumer could seek a refund, replacement, or repair depending on the type of fault and the time frame.</p> | <p>20</p> <p>2 x 7m<br/>(4+3)</p> <p>1 x 6m<br/>(3+3)</p> |

(C) Discuss the services provided by the Workplace Relations Commission (WRC).

| Question |   | Possible Responses   | Max Mark                          |
|----------|---|--|-----------------------------------|
| 1        | C | <p><b>Workplace Relations Commission</b><br/>The WRC is the body to which all industrial relations disputes and all disputes and complaints about employment law is presented.</p> <p><b>Advisory Service</b><br/>The Workplace Relations Commission’s Advisory Service promotes good practice in the workplace by assisting and advising organisations in all aspects of industrial relations in the workplace. It engages with employers, employees and their representatives to help them to develop effective industrial relations practices, procedures and structures. Such assistance could include reviewing or developing effective workplace procedures in areas such as grievance, discipline, communications and consultation.</p> <p><b>Conciliation</b><br/>Conciliation is a voluntary process in which the parties to a dispute agree to avail of a neutral and impartial third party to assist them in resolving their industrial relations differences. The Workplace Relations Commission provides a conciliation service by making available Industrial Relations Officers (IRO or Conciliation Officer) of the Commission to chair ‘conciliation conferences’. Conciliation conferences are basically an extension of the process of direct negotiations, with an independent chairperson present to steer the discussions and explore possible avenues of settlement in a nonprejudicial fashion. Participation in the conciliation process is voluntary, and so too are the outcomes. Solutions are reached only by consensus, whether by negotiation and agreements facilitated between the parties themselves, or by the parties agreeing to settlement terms proposed by the Conciliation Officer. The conciliation process is informal in its practice. The parties are free to represent themselves or be represented by trade unions or by employer organisations. The Commission does not believe that the nature of the process requires legal representation of either party at conciliation meetings.</p> <p><b>Mediation</b><br/>Mediation seeks to arrive at a solution through an agreement between the parties, rather than through an investigation or hearing or formal decision. The WRC offers a mediation service in certain cases to facilitate the resolution of complaints/disputes where possible at an early stage and without recourse to adjudication. The Mediation Officer empowers the parties to negotiate their own agreement on a</p> | <p>20</p> <p>4 x 5m<br/>(2+3)</p> |

clear and informed basis. The process is voluntary and either party may terminate it at any stage. Where an attempt at mediation has been successful, the mediation officer will record the terms of the agreement in writing. If each of the parties are satisfied that the record accurately represents the terms of the resolution, they will sign the record. Where an attempt at mediation has proven unsuccessful, the mediation officer will notify the Director General of the WRC and each of the parties in writing of that fact. The complaint or dispute will be referred for adjudication by an Adjudication Officer.

### **Adjudication**

Adjudication Officers of the Workplace Relations Commission (WRC) are statutorily independent in their decision-making duties. The Adjudication Officer's role is to hold a hearing where both parties are given an opportunity to be heard by the Adjudication Officer and to present any evidence relevant to the complaint. The Adjudication Officer will not attempt to mediate or conciliate the case. Parties may be accompanied and represented at hearings by a trade union official, a practicing barrister or practicing solicitor for example. The Adjudication Officer will then decide the matter and give a written decision in relation to the complaint.

The decision may:

- declare whether the complainant's complaint was or was not well founded,
- require the employer to comply with the relevant provision(s),
- require the employer to make such redress as is just and equitable in the circumstances including the award of compensation.

A party to a complaint may appeal to the Labour Court from a decision of an Adjudication Officer.

### **Compliance/Inspection Service**

Inspectors visit places of employment and carry out investigations on behalf of the WRC in order to ensure compliance with equality and employment-related legislation. Such investigations involve examining books, records and documents related to the employment, and conducting interviews with current and former employees and employers. Where breaches of legislation have been found, an Inspector may issue either a Compliance Notice or a Fixed Payment Notice to an employer.



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|  |  | <p><b>Enforcement of Decisions</b></p> <p>If an Employer fails to carry out a decision of an Adjudication Officer of the Workplace Relations Commission, or a decision of the Labour Court arising from an appeal of an Adjudication Officer's decision, within the prescribed time, an application may be made to the District Court for an order directing the Employer to carry out the decision.</p> <p>The application can be made by the following:</p> <ul style="list-style-type: none"> <li>▪ The Employee/Complainant (or legal representative on their behalf)</li> <li>▪ A Trade Union, with consent of employee, or</li> <li>▪ An excepted body of which the employee/complainant is a member.</li> </ul> <p>In the case of an Adjudication Officer's decision, the application to the District Court can be made after a period of 56 days has elapsed from the date the decision was issued to the parties. A period of 42 days must have elapsed from the date the Labour Court decision was issued to the parties before the application can be made in respect of that decision.</p> |  |
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(A) (i) Discuss **three** characteristics of an environmentally responsible business.

| Question |   |     | Possible Responses   | Max Mark                  |
|----------|---|-----|--|---------------------------|
| 2        | A | (i) | <p><b>Minimise waste/safe disposal of waste:</b></p> <ul style="list-style-type: none"> <li>The business could adopt the 4Rs: reduce, reuse, recycle and recover. If waste is produced, every effort should be made to reuse it, if practicable.</li> <li>Maximisation of recycled content- recycling will conserve resources and reduce waste while it may be possible for a business to recover materials or energy from waste which cannot be reduced, reused or recycled.</li> </ul> <p><b>Pollution prevention:</b></p> <ul style="list-style-type: none"> <li>The use of processes, practices, materials, products or energy sources that avoid or minimise the creation of pollutants and waste, and thereby reduce the risk to health and the environment.</li> <li>The idea is pollution prevention rather than pollution control.</li> </ul> <p><b>Code of Ethics:</b></p> <ul style="list-style-type: none"> <li>The business could establish a code of ethics which is a formal written statement setting out the modes of behaviour expected from a business in its dealings with the environment and the wider community in which it operates, encouraging a culture of openness, consultation, honesty and awareness of environmental issues etc.</li> </ul> <p><b>Environmental Audits:</b></p> <ul style="list-style-type: none"> <li>Independent studies of how the business impacts the environment. This makes the business more environmentally aware so they can reduce negative environmental impacts.</li> </ul> <p><b>Review of business processes to reduce pollution.</b></p> <p><b>Recycling:</b><br/>Review of business processes to reduce pollution.</p> <p><b>Limit packaging:</b><br/>The business attempt to limit packaging. This reduces the waste produced from the consumption of their products.</p> <p><b>Other acceptable points:</b><br/>Source Sustainable raw materials/use local suppliers and so reduce carbon footprint.<br/>Training of employees to be more environmentally aware. Compliance with environmental laws.</p> <p><b>Energy use, Car-pooling.</b></p> | 15<br><br>3 x 5m<br>(3+2) |

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|  |  | <p><b>Consultation/Advice</b><br/> Consultation with all the interested parties when developing and implementing policies that affect the environment.<br/> Consultation also involves getting the most up- to- date information on environmental issues.</p> <p><b>Honesty/Openness</b><br/> The company tells the truth and is above board in all matters affecting the environment. Environmentally conscious businesses are not afraid to have their affairs examined, as they generally have nothing to hide. e.g. it does not hide industrial accidents.</p> <p>Awareness of environmental issues/Training<br/> Promotes environmental issues among its employees, customers and business community and spends money on the issues. Regular communication and engagement with staff in increasing awareness and promoting positive behaviours with regard to the environment. Example: monitoring energy usage and controlling temperatures/ creating an environmentally aware culture throughout the organisation. Scotland - UK retailer Marks &amp; Spencer has signed a 40-year deal with Smartest Energy in Scotland which will lead to the company powering its Scottish stores &amp; offices using renewable energy sources from April 2010.</p> <p><b>Openness to development of new product design/ clean manufacturing processes/ better product end-of life solutions/recycling</b><br/> Designing products that are durable and capable of maximum possible lifespan /helping to reduce energy consumption/waste. Using parts that can be recycled/safely disposed/ avoiding environmentally sensitive materials/ pollution prevention. Continually reducing products impact on the environment through improved recycling and reuse programmes.<br/> Example: Cadbury Ireland, trialed a 100% sustainable sourced cardboard replacement for its traditional Roses tin. The tin (which was trialed at Tesco at Christmas 2009) is 45% lighter and saves 200 tonnes of steel. This initiative was launched in a bid for Cadbury to reach its 24% packaging weight reduction target for seasonal and gift packaging in their ‘Cadbury’s Purple goes Green’ strategy.</p> <p><b>Sensitive to all environmental considerations in its policy making.</b><br/> Conducts environmental audits (Environmental Impact Statements) to assess the impact of their business on the environment. Compliant with the law Conducts business with integrity and complies with the environmental laws and regulations. Seeks advice from EPA to ensure compliance.</p> |  |
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|  |  | <p>Sustainable Development; The needs of future generations should be considered when using natural resources. Businesses should adopt an environmentally friendly approach when using natural resources. This is especially important because of the potential for climate change. Greater use could be made of wind and sunshine to create energy, and businesses should use this energy more efficiently (e.g. cfc bulbs).</p> |  |
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(ii) Outline **one** impact on a business of meeting its environmental responsibilities.

|   |   |   |                              |
|---|---|---|------------------------------|
| 2 | A | <p>(ii) <b><u>Positive Impact:</u></b></p> <p><b>Good Public Image</b><br/>Socially responsible firms enjoy a much greater public image than those who do not adhere to their ethical, social and environmental responsibilities. e.g. Ben &amp; Jerry’s are world renowned for their stance on social justice etc., while Nestle have a very poor public perception following many different scandals. Many businesses have offered free services/subscriptions during the Covid 19 crisis e.g. audible.com. This enhanced the public perception of the brand.</p> <p><b>Easier access to finance</b><br/>Investors may only be willing to invest in firms who are morally responsible and follow law and guidelines. Investors will not want to be tainted with scandal or linked to bad business practice, so businesses who are responsible will find it easier to access this investment.</p> <p><b>Customer loyalty</b><br/>Customers tend to stay very loyal to businesses that are environmentally, socially and ethically responsible. Most people who have a social conscious will think twice before purchasing from businesses who are not environmentally responsible.</p> <p><b>Awards/Standards</b><br/>Businesses may apply for awards and meet the standards required to be recognised in different industries as a result of their behaviour. This boosts the business’ potential for increased sales, exporting etc. as it is much easier to market their product/service when it has received internationally recognised awards.</p> <p><b><u>Negative Impact:</u></b></p> <p><b>Increase in production costs</b><br/>Sourcing environmentally responsible machinery, raw materials etc is expensive. This can increase production costs. This results in higher prices to be charged to consumers in order to make a profit.</p> <p><b>Staff Training</b><br/>Staff must be trained to ensure that they completely understand their environmental responsibilities. This increases costs for the business and reduces productivity.</p> <p><b>Lower ROI for investors</b><br/>The increased production costs of producing environmentally responsible goods and implementing environmental practices, could result in lower profit margins. As such, investors may not receive the return they were hoping for and may invest elsewhere.</p> | <p>5</p> <p>5m<br/>(3+2)</p> |
|---|---|---|------------------------------|

(B) Illustrate the reasons why multinational companies (MNCs) locate in Ireland.

| Question |   | Possible Responses  | Max Mark                  |
|----------|---|---|---------------------------|
| 2        | B | <p><b>Access to the EU Market:</b><br/>As Ireland is a member of the European Union, it benefits from free trade between all member states. Multinational companies who come to Ireland, can manufacture their products here in Ireland and access the EU market without paying any tariffs/taxes.<br/>e.g. Pharmaceutical companies such as Pfizer produce goods in Ireland and distribute them to the EU via ports such as Antwerp in Belgium.</p> <p><b>Well-educated workforce:</b><br/>The Irish workforce in Ireland is highly educated in comparison to other nations. Most Irish workers have a minimum second level education and a large proportion have third level education. This allows MNC's to access a workforce with the ability to produce their products/services. e.g. companies such as Intel and Microsoft have access to high quality labour such as Business, IT and Engineering graduates that they need.</p> <p><b>Low Corporation Tax:</b><br/>The corporation tax rate of 12.5% in Ireland is one of the lowest in the world. This allows companies to reduce their tax liability by setting up here in Ireland and retaining much more of their profits than they would in their home countries.<br/>e.g. Companies such as Apple chose to set up in Ireland in order to minimise their corporation tax liability.</p> <p><b>English-speaking nation:</b><br/>The Irish are now the only English-speaking nation in the EU. For MNC's coming from the USA, it is a lot easier for them to do business in their own language.<br/>American Companies such as PayPal decided to set up in Ireland as their European headquarters.</p> <p><b>Green Image:</b><br/>Ireland has an international reputation for being a 'clean green environment'. This attracts MNC's here as it can be much easier for them to export products which have been manufactured here.</p> <p><b>Government Incentives:</b><br/>Through the IDA, MNC's can receive grant aid to set up in certain parts of the country and are also provided with access to purpose-built business parks which make it much easier to get started here.<br/>Companies such as Indeed.com, eBay, Dell etc were incentivised by IDA Ireland to set up in Ireland.</p> | 20<br><br>4 x 5m<br>(3+2) |

- (C) Outline how the Irish government could use its expenditure policies to support businesses in Ireland. Use examples to illustrate your answer.

| Question |   | Possible Responses   | Max Mark  |
|----------|---|--|---|
| 2        | C | <p><b>Increase capital expenditure:</b></p> <ul style="list-style-type: none"> <li>The government could increase capital expenditure on infrastructure, schools, hospitals etc.</li> <li>This will create jobs and consumer demand and thus increase business sales.</li> <li>e.g. The construction of new schools or the new children's hospital creates contracts/sales for businesses. This also brings employees to an area. The employees avail of local services thus boosting sales for local businesses.</li> </ul> <p><b>Government State agencies:</b></p> <ul style="list-style-type: none"> <li>The government provides a network of state agencies that give business advice, training and guidance, mentoring services and grant aid to facilitate growth and expansion.</li> <li>Examples include: Fáilte Ireland (developing and promoting tourism), Enterprise Ireland (grant aid to indigenous industry, e.g. R&amp;D and marketing), SOLAS (provides industrial training for workers), IDA Ireland (provides grant aid to attract FDI), Local Enterprise offices encourage entrepreneurship.</li> </ul> <p><b>Increased current expenditure on public sector wages/social welfare:</b></p> <ul style="list-style-type: none"> <li>National wage agreements for public sector workers involving the social partners would lead to a spin-off effect for businesses as public sector workers would have more disposable income.</li> <li>Increases in social welfare payments would also increase the spending power of a proportion of the population.<br/>e.g. the Irish government restoring pay or increasing pay and incentives for teachers/nurses etc would increase the disposable income of public sector employees. The spin off effect would be increased sales for businesses.</li> </ul> <p><b>Government investment in Education and Training:</b></p> <ul style="list-style-type: none"> <li>The government invests in 3rd level education. All students in Ireland are exempt from tuition fees. This ensures a steady supply of highly skilled labour.</li> <li>Training provided through organisations such as SOLAS, for unemployed people allows for up-skilling and helps the unemployed to re-enter the labour force.<br/>e.g. This helps provide businesses such as Glanbia and Microsoft with the skilled labour they require.</li> <li>The government offered financial supports (businesses supports loans from €25,000 up to €1.5 million with a maximum interest rate of 4%.) to businesses who were affected by Covid 19.</li> </ul> | <p>20</p> <p>2 x 7m<br/>(4+3)</p> <p>1 x 6m<br/>(3 + 3)</p> |

|  |  |  |   |  |
|--|--|--|---|--|
|  |  |  | <p><b>Support for the Labour Force during Covid 19</b></p> <ul style="list-style-type: none"><li>• Government supports such as social welfare payments to employees effected by Covid 19 leads to consumers having disposable income.</li></ul> |  |
|--|--|--|---|--|



## Question 3

## International Environment

(A) (i) Explain the terms **Balance of Trade** and **Balance of Payments**.

| Question |   |     | Possible Responses  | Max Mark                   |
|----------|---|-----|---|----------------------------|
| 3        | A | (i) | <p><b>Balance of Trade</b> refers to the difference between the value of the visible exports, physical goods produced by businesses based in Ireland and sold to foreign customers abroad, and the value of the visible imports, physical goods that are purchased by Irish consumers from businesses based in foreign geographic locations.</p> <p><b>Balance of Payments</b> refers to the difference between Total Exports (Visible &amp; Invisible) and Total Imports (Visible &amp; Invisible).</p> <p>The difference between the total amount of money that comes into a country as a direct result of exporting and the total amount of money leaving a country a result of importing.</p> | 8<br><br>2 x 4m<br>(2 + 2) |

(ii) Calculate the **Balance of Payments** figure from the given data. Show your workings.

| Question |   |      | Possible Responses  | Max Mark            |
|----------|---|------|---|---------------------|
| 3        | A | (ii) | <p style="text-align: center;">€</p> <p>Total Exports      (55 + 53)      108bn</p> <p>– Total Imports      (27 + 86)      <u>113bn</u></p> <p>Deficit                                      – 5bn</p> | 8<br><br>8m<br>8@1m |

(iii) Illustrate what is meant by the term **tariff**.

| Question |   |       | Possible Responses   | Max Mark             |
|----------|---|-------|--|----------------------|
| 3        | A | (iii) | <p>A tariff is a trade barrier that imposes a tax/duty on goods imported from outside a trading area. It increases the price of that product to encourage consumers to purchase goods from domestic producers.</p> <p>The European Union places a tariff on goods that are imported from China, USA etc.</p> | 4<br><br>4m<br>(2+2) |

(B) Discuss the benefits **and** challenges of European Union membership for Irish businesses.

| Question |   | Possible Responses  | Max Mark                  |
|----------|---|---|---------------------------|
| 3        | B | <p><b>Benefits:</b></p> <p><b>Free movement of goods services and labour:</b><br/>The creation of the Single Market in 1993 eliminated trade barriers within the EU, allowing for the free movement of goods, services, labour and capital between member states.<br/>This helps Irish businesses attract high quality labour from EU countries.</p> <p><b>Larger market/Increased Sales</b><br/>Bigger market for Irish businesses leading to greater sales potential. Irish businesses can expand and grow by trading in other EU countries. This leads to increased profitability and diversification for Irish businesses who export to the European Union.</p> <p><b>Economies of Scale</b><br/>When an Irish business is producing goods for the European market this can reduce costs. Mass production can help the business reduce the cost per unit of producing goods which in turn increases profitability for Irish businesses.</p> <p><b>Spin-off effect of FDI for Irish Businesses</b><br/>As a member of the EU with open access to the EU market the Irish economy attracts foreign direct investment (FDI), thereby creating employment opportunities. The value of (FDI) in Ireland stands at over €30 billion today. Many Irish businesses supply raw materials and services to multinationals.</p> <p><b>Small Irish agricultural businesses benefit from CAP</b><br/>Farmers, under the Common Agricultural Policy (CAP), receive income support measures. Between 1973 and 2008, Irish farmers received €44 billion from the (CAP). This helps Irish farming businesses stay viable.</p> <p><b>Single currency in the Eurozone/European Monetary Union</b><br/>The introduction of the single currency brought additional incentives for foreign investors to locate in Ireland, along with relative price stability. The euro has made life easier for Irish businesses and travellers trading or visiting in the euro zone.</p> <ul style="list-style-type: none"> <li>• Other: <b>Less bureaucracy involved for businesses:</b> Trade with countries who are outside the European Union requires more bureaucracy and documentation.</li> </ul> | 25<br><br>5 x 5m<br>(2+3) |

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|--|--|--|--|
|  |  | <p><b><u>Challenges:</u></b></p> <p><b>Extra regulations:</b><br/>The EU places extra regulations on business which will increase business costs.<br/>Example: Mobile operator Three is raising its monthly prices by up to €5, blaming costs and new roaming regulations.</p> <p><b>Increased competition</b><br/>The growth in Globalisation and global companies with their quality produce at competitive prices are a challenge for Irish businesses. Irish businesses will have to become more efficient and invest in R&amp;D in order to provide products with a unique selling point (USP) to survive the competitive threat from global companies.</p> <p><b>Currency/Exchange rate fluctuations:</b> As the Euro (€) strengthens for example against the US dollar (\$), Irish exports become more expensive leading to a decline in sales to these very important international markets.</p> <p><b>Goods traded between EU and non-EU countries</b> are subject to certain customs duties which increases the selling price of exports making them less competitive. Trading outside the EU is often subject to restrictions and may require for example additional export licenses.</p> <p><b>Language and cultural differences</b> may be an obstacle in exporting to other EU countries. It is important to gain knowledge of customs, culture and language in order to market products without causing offence. An adapted marketing mix may be needed for.</p> <p><b>Costs of distribution:</b><br/>Distribution costs will be higher as Ireland is geographically located on the peripheral of Europe which may lead to higher transport costs and less competitive prices.</p> <p><b>BREXIT:</b> Has created huge uncertainty for certain industries/businesses. It has the potential to have negative consequences for Irish trade. Much of Ireland's agricultural exports go to the UK currently and if tariffs and quotas are placed on them Irish businesses will have to look at other markets.</p> <p><b>Threats to Ireland's corporation tax:</b> A push towards harmonised tax rates/a consolidated tax base for Ireland may result in a fall in tax revenues. Multinational companies which locate in Ireland because of low corporation tax rates may move to other countries</p> |  |
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- (C) Information and Communication Technology (ICT) has affected international trade. Outline the developments in ICT that have made it easier for Irish businesses to trade internationally.

| Question |   | Possible Responses  | Max Mark                  |
|----------|---|---|---------------------------|
| 3        | C | <p><b>High speed Broadband/Wi-Fi/5G</b></p> <ul style="list-style-type: none"> <li>• Continuous advancements in technology has resulted in high speed communication across the world.</li> <li>• Irish business can communicate with customers, suppliers, service providers etc. at the touch of a button.</li> <li>• It has reduced costs for business and given them greater access to customers around the world.</li> <li>• This improvement in internet access and internet speed has facilitated video conferencing and ecommerce. This is of vital importance during the Covid 19 crisis.</li> </ul> <p><b>E-commerce/Online selling/ Increased Sales:</b></p> <ul style="list-style-type: none"> <li>• E-commerce refers to businesses selling goods and services online.</li> <li>• By using the internet as a sales tool, Irish businesses no longer have to rely on traditional retail methods to sell to customers.</li> <li>• Selling online allows even the smallest of businesses to increase their sales and profit margins as there are opportunities to sell all over the world, once they have an online presence.</li> <li>• This has maintained a cashflow for businesses who closed during the Covid 19 pandemic.</li> </ul> <p><b>Video Conferencing / Costs are lowered:</b></p> <ul style="list-style-type: none"> <li>• Video conferencing refers to virtual meetings using technology.</li> <li>• Developments in ICT have resulted in more cost-effective methods of communication, production, sales etc.</li> <li>• Irish businesses can hold meetings via video-conferencing software such as 'Zoom', cutting down on travel costs and utilising time more efficiently.</li> <li>• Irish businesses only use an online platform, and this leads to a reduction in the amount of manpower required to sell the product/service. This reduces greatly the cost of employing staff.</li> </ul> | 15<br><br>3 x 5m<br>(3+2) |

|  |  |   |  |
|--|--|---|--|
|  |  | <p><b>Market Research/Databases/Data Analytics/ Decision making is improved:</b></p> <ul style="list-style-type: none"> <li>• Business can use the internet to research markets, competitors, suppliers etc., thus helping them to make better and faster decisions by using a variety of different sources.</li> <li>• Improved decision-making results in more cost savings and increased profits.</li> </ul> <p><b>Social Media/Digital Marketing/Promotion Tool:</b></p> <ul style="list-style-type: none"> <li>• ICT developments have revolutionised how businesses promote themselves and how they interact with customers.</li> <li>• Social media such as Facebook and Instagram, Snapchat keep businesses connected to their customers 24/7.</li> <li>• It allows them to tailor advertising and develop customer loyalty.</li> </ul> <p><b>Email</b></p> <ul style="list-style-type: none"> <li>• Electronic mail has transformed written communications.</li> <li>• Data can be sent and received in large quantities. Email has reduced the cost and improved the speed of written communications.</li> </ul> <p><b>Accept other appropriate answers such as CAD, CAM etc.</b></p> |  |
|--|--|---|--|

- (A) Outline the different types of planning that can contribute to a business being successful. Relate your answer to Good4U, making any appropriate assumptions.

| Question |   | Possible Responses   | Max Mark                    |
|----------|---|--|-----------------------------|
| 4        | A | <p><b>Strategic plan</b></p> <ul style="list-style-type: none"> <li>This refers to a long-term plan outlining the goals or objective to be achieved over a longer period of time. A plan that outlines the goals to be achieved over the next 5-10 years.</li> <li>e.g. Good4U's long term plan is to be the market leader in the healthy eating market.</li> </ul> <p><b>Tactical plan</b></p> <ul style="list-style-type: none"> <li>A tactical breakdown of the strategic plan into goals or objectives to be achieved within the next 1-2 years. Short term plans.</li> <li>e.g. Good4U plan to launch new products would have been part of a tactical plan.</li> </ul> <p><b>Contingency plan</b></p> <ul style="list-style-type: none"> <li>This is a plan for emergencies or unforeseen events. Often referred to as a back-up plan.</li> <li>e.g. Good4U would have plans in place in case there is an issue with a supplier, such as a supplier going bankrupt. Back up plans in case of a product recall.</li> </ul> <p><b>Operational plan</b></p> <ul style="list-style-type: none"> <li>This is a plan outlining the goals or objectives to be achieved on a daily or weekly/monthly basis.</li> <li>e.g. Good4U plan weekly and monthly objectives in terms of marketing and production.</li> </ul> <p><b>Mission statement</b></p> <ul style="list-style-type: none"> <li>This is an overall vision document for a business. Who we are? Our values? What we do</li> <li>e.g. Good4U's overall vision is a commitment to producing healthy and honest products that are affordable. Healthy eating should be for everyone and we're passionate about making that happen. That's why we hope to become the world's most loved and trusted health food brand.</li> </ul> <p><b>Other types of plans accepted:</b><br/> <b>Marketing plan, Manpower planning, Financial planning</b></p> | 20<br><br>4 x 5m<br>(2+2+1) |

- (B) (i) Illustrate, by means of a diagram, a functional organisation structure for a manufacturing business such as Good4U.

| Question |   |     | Possible Responses  | Max Mark      |
|----------|---|-----|---|---------------|
| 4        | B | (i) | <pre> graph TD     MD[Managing Director] --&gt; PD[Production Department]     MD --&gt; FD[Finance Department]     MD --&gt; MDpt[Marketing Department]     PD --&gt; PE[Production Employees]     FD --&gt; FE[Finance Employees]     MDpt --&gt; ME[Marketing Employees]           </pre> | 10<br>3,3,2,2 |

- (ii) Outline the benefits of a functional organisational structure.

| Question |   |      | Possible Responses  | Max Mark       |
|----------|---|------|---|----------------|
| 4        | B | (ii) | <p><b>Clear Chain of Command</b></p> <ul style="list-style-type: none"> <li>• Staff have clear lines of authority in a functional structure.</li> <li>• Staff know who reports to who</li> </ul> <p>In a functional structure there is a person in charge of each department, which improves coordination, as employees know what is expected of them and when.</p> <p><b>Specialisation/ Shared skills and expertise</b></p> <ul style="list-style-type: none"> <li>• Employees from similar disciplines, i.e. all engineers working together brings expertise together. Employees can learn from each other and become more highly skilled.</li> <li>• This benefits the productivity in the business and aids staff development.</li> </ul> <p><b>Better decision making</b></p> <ul style="list-style-type: none"> <li>• Staff can consult with experienced colleagues. There are varying levels of skills and expertise in each department.</li> <li>• This allows staff make the most informed decision which leads to better results.</li> </ul> | 10<br>2@5(2+3) |

(C) (i) Explain, using an example, the term **intrapreneurship**.

| Question |   |     | Possible Responses  | Max Mark                       |
|----------|---|-----|---|--------------------------------|
| 4        | C | (i) | <p>An employee within a business who engages in entrepreneurial activity/comes up with new ideas within/for the business in which she/he is employed. Intrapreneurs come up with ways of reducing costs or ideas for new products. Intrapreneurs need the freedom and resources (human and capital) to pursue their ideas.</p> <p>e.g. A worker at Google came up with idea for Gmail.<br/>A worker at Google came up with the idea for Google Maps.<br/>A worker at Microsoft came up with the idea for the Xbox.<br/>An employee at Good4U identifying a cost saving measure.</p> | <p>8</p> <p>8m<br/>(3+2+3)</p> |

(ii) Illustrate **two** benefits of intrapreneurship for a business.

| Question |   |      | Possible Responses  | Max Mark                            |
|----------|---|------|---|-------------------------------------|
| 4        | C | (ii) | <p><b>Increased Sales - New Products/Markets identified</b></p> <p>Intrapreneurship results in new products/services being developed. Intrapreneurs are champions of change, looking for ways to grow and expand the business constantly, to improve the business process or product for the business in which they are employed. New product and market development is very important to ensure the continued viability of any/all businesses.</p> <p>e.g. An employee at Sony came up with the idea for a games console which would become known as 'The Playstation'. This increased Sony sales and profits.</p> <p><b>Reduced Costs - Improved Efficiencies/ Increased Productivity</b></p> <p>Various ideas introduced result in greater productivity in the business. Many new ideas and cost cutting measures introduced result in greater profitability in the business.</p> <p>e.g. An employee at Cadbury's came up with a packaging improvement that reduced costs.</p> <p><b>Increased Staff Morale and Increased Staff Motivation</b></p> <p>More enjoyable workplace/nurturing of in-house talent to promote innovation. Where staff are offered the opportunity to be intrapreneurial they are generally more productive, happier and more fulfilled in their work. There is greater motivation and improved industrial relations which saves time and money in the business.</p> <p>e.g. Facebook is one the world's top employers. Facebook encourage intrapreneurship. An employee developed the idea for the 'Like' button. Encouraging intrapreneurship has a positive impact on staff morale and staff motivation at the business.</p> | <p>12</p> <p>2 x 6m<br/>(2+2+2)</p> |



(A) (i) Explain what is meant by a **takeover**.

| Question |   |     | Possible Responses  | Max Mark               |
|----------|---|-----|---|------------------------|
| 5        | A | (i) | A takeover refers to one business purchasing a controlling stake (50.1% or more of voting shares) in another business and 'acquires' it. Takeovers (or acquisitions) are often hostile and can go against the wishes of the existing owner. | 5<br><br>5m<br>(3 + 2) |

(ii) Outline **two** advantages and **one** disadvantage of a takeover as a method of business expansion.

| Question |   |      | Possible Responses  | Max Mark                  |
|----------|---|------|---|---------------------------|
| 5        | A | (ii) | <p><b>Advantage:</b></p> <p><b>Increased Sales/Acquire new products:</b><br/>An acquisition leads to the business acquiring new products and increasing their product portfolio. This can result in increased sales and profits.<br/>Apple's takeover of Beats by Dr. Dre resulted in Apple now having Beats headphones as part of their product portfolio.</p> <p><b>Market Share:</b><br/>One advantage of an acquisition is that the business gains instant market share in an industry.<br/>Apple became a market leader in the headphones industry and music streaming industry after acquiring Beats by Dr.Dre.</p> <p><b>Acquire expertise/achieve synergies:</b><br/>The business acquires the expertise of the staff from the company they have purchased.<br/>Apple gained the expertise of the staff at Beats by Dr.Dre. This helped Apple develop Apple wireless headphones and the Apple music streaming service.</p> <p><b>Disadvantage:</b></p> <p><b>High cost associated with an acquisition:</b><br/>An acquisition involves one business buying 51% of the shares in another company. This is an expensive method of expansion. There are also vast legal fees.<br/>e.g. Apple paid \$3 billion dollars to purchase Beats by Dre.</p> <p><b>Industrial Relations issues/ Conflict</b><br/>An acquisition can be hostile. This is when a large percentage of shareholders are against the takeover. This can lead to conflict.<br/>If the acquisition leads to redundancies it can cause industrial relations problems.</p> | 15<br><br>3 x 5m<br>(3+2) |

(B) Discuss the reasons why a business conducts market research.

| Question |   | Possible Responses  | Max Mark                  |
|----------|---|---|---------------------------|
| 5        | B | <ul style="list-style-type: none"> <li>• <b>Size/Potential of Market</b> – The business needs to undertake research to find out the actual size of the target market and the potential to enter that market</li> <li>• <b>To identify if there is demand</b> – The business needs to test market the product to see if people would be interested in the product. This will also allow the business to take feedback on the product and make any changes which may be necessary.</li> <li>• <b>To establish a price point</b> – The business needs to research how much it will cost to produce, distribute and promote the product and how much potential customers would be willing to pay for the product.</li> <li>• <b>To identify competitors</b> – The business must find information on all the competitors – the number of competitors, their product range, pricing strategies etc. This will help develop strategies to compete with these other businesses.</li> <li>• <b>Set targets for the business</b> – by undertaking research the business will then be able to set goals/targets they hope to achieve over a specific period of time.</li> <li>• <b>To access finance</b> – if the business intends to apply for funding from a financial institution or Government agency, it is essential they conduct market research into the viability of the business.</li> <li>• <b>Identify more opportunities</b> – by engaging with potential customers and monitoring trends, this may assist the business in developing more ideas to enhance existing products.</li> </ul> | 20<br><br>4 x 5m<br>(2+3) |

(C) Evaluate debt capital versus equity capital as methods of financing expansion for a business.

| Question |   | Possible Responses  | Max Mark  |
|----------|---|---|---|
| 5        | C | <p><b>Control:</b></p> <ul style="list-style-type: none"> <li>Debt capital – long term loans used to finance the business will not impact on control of the business.</li> <li>Equity - The issue of shares may dilute control of the business.</li> </ul> <p><b>I feel equity capital is best because the current owners' control is not weakened. They maintain full control when expanding.</b></p> <p><b>Interest Repayments/Dividends</b></p> <ul style="list-style-type: none"> <li>Debt Capital – Fixed Interest repayments must be made e.g. Debentures, Fixed Dividends. e.g. 8% Preference Shares</li> <li>Equity capital – there are no fixed repayments. There is no obligation to ordinary shareholders. However, if dividends are routinely small or not paid, this may adversely affect share price.</li> </ul> <p><b>I believe that equity capital is the best option because there are no loan repayments, therefore new profits are not used to repay the debt and interest.</b></p> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Debt Capital – high risk – the business is highly geared. Fixed interest repayments on debt capital must be made regardless of profitability. Increased risk of bankruptcy – more creditors, who may seek to have business wound up and assets liquidated to pay debts.</li> <li>Equity – equity capital is low risk. The business is lowly geared. The business has no long-term debt and no interest repayments. Business less likely to become bankrupt, as fewer creditors.</li> </ul> <p><b>I believe it is best to use equity capital because it is a low risk option whereas debt capital is high risk and could lead to the business being forced to close.</b></p> <p><b>Collateral</b></p> <ul style="list-style-type: none"> <li>Debt Capital – security is required from a financial institution when seeking a long-term loan.</li> <li>Equity capital – no security is required when using reserves or ordinary share capital.</li> </ul> <p><b>Evaluation required.</b></p> <p><b>Tax Implications</b></p> <ul style="list-style-type: none"> <li>Debt Capital - Interest repayments are tax deductible.</li> <li>Equity Capital - Dividends to ordinary shareholders are not tax deductible.</li> </ul> <p><b>Evaluation required.</b></p> | <p>20</p> <p>4 x 4m<br/>(2 + 2)</p> <p>Evaluation<br/>(0,2,4)</p> |

(A) (i) Illustrate with reference to Gym Culture what a **niche market** is.

| Question |   |     | Possible Responses  | Max Mark                |
|----------|---|-----|---|-------------------------|
| 6        | A | (i) | <p>A niche market is a small specialised segment of a larger market for a product or service. It is a specialised market with only a few suppliers.</p> <p>e.g. Gym Culture offers buggy bootcamp classes for parents of new babies</p> <p style="text-align: center;">OR</p> <p>Gym Culture offers classes aimed at men and women who want to meet a target for an event like a wedding.</p> | <p>6</p> <p>(3 + 3)</p> |

(ii) Outline the factors Dan's bank would consider before granting a loan application .

| Question |   |      | Possible Responses   | Max Mark                                  |
|----------|---|------|--|---|
| 6        | A | (ii) | <p><b>Creditworthiness:</b><br/>The bank will look at his credit history and his record in terms of repayment of previous loans.<br/>Any bad debt history will affect his loan application.</p> <p><b>Ability/capacity to repay the loan/Business Plan:</b><br/>Dan will be expected to provide a business plan outlining his trading history and predicted profit trends for the short and medium term. Profitability/liquidity/gearing.</p> <p><b>Amount /purpose of the loan/Time period for the loan:</b> The larger the loan amount required the riskier it is for the bank in terms of default. As a consequence, the loan application may be affected. Furthermore, it will be expected that the loan application is for a productive purpose e.g. business expansion.</p> <p><b>Availability of Security:</b> A valuable asset such as premises will be required as collateral for the loan. In the event of a default the bank will be able to sell the asset to recover its loan.</p> <p>Level of own investment /Grants etc</p> | <p>14</p> <p>2@5(3+2)</p> <p>1@4(3+1)</p> |

(B) (i) Discuss the benefits of Employee Empowerment.

| Question |   |     | Possible Responses   | Max Mark                 |
|----------|---|-----|--|--------------------------|
| 6        | B | (i) | <p><b>Improves decision making – staff with expertise make effective decisions - speeds up decisions</b></p> <ul style="list-style-type: none"> <li>Decisions can be made quicker and without having to constantly get approval from a manager/superior - this slows decisions.</li> <li>Employees often have the expertise to make effective fast decisions, empowerment facilitates fast effective decision making.</li> </ul> <p><b>Prepares staff for Management roles/promotions - trains staff to be decision makers</b></p> <ul style="list-style-type: none"> <li>Empowerment means staff gain invaluable experience in having to make decisions and judgement calls.</li> <li>This prepares staff for promotions/ role of management which in turn can reduce the need for training.</li> </ul> <p><b>Increased Motivation – Increased Staff Morale &amp; Job Satisfaction</b></p> <ul style="list-style-type: none"> <li>Employees will be empowered, allowing them to make decisions, increasing trust from management and allowing them to satisfy esteem needs (Maslow).</li> </ul> <p>The benefit for the business is that there would be more energized and productive staff, and lower staff turnover.</p> | 15<br><br>3x 5m<br>(3+2) |

(B) (ii) Outline **one** possible barrier to Employee Empowerment.

| Question |   |      | Possible Responses   | Max Mark   |
|----------|---|------|--|------------|
| 6        | B | (ii) | <p><b>Management style – Controller /Autocratic Leader/ Theory X approach</b></p> <p>The manager might not want to give staff decision making responsibility if they have an autocratic leadership style and or a controller approach to management. An autocratic leader would be fearful that empowering staff might undermine his/her own authority.</p> <p><b>Staff expertise/staff experience</b></p> <p>It might not be possible to empower the staff if the staff do not have sufficient skills, expertise and or experience. Empowering incompetent or inexperienced staff could lead to poor decision making.</p> <p><b>Staff Reluctance – Staff morale</b></p> <p>Staff might be reluctant to accept extra decision-making responsibility.</p> | 5<br>(3+2) |

(C) (i) Explain the term **public liability insurance**.

| Question |   |     | Possible Responses  | Max Mark             |
|----------|---|-----|---|----------------------|
| 6        | C | (i) | <p><b>Public Liability Insurance protects</b> the business against financial loss as a result of claims made by members of the public/consumers as a result of accidents while on the business premises.<br/>e.g. Public Liability Insurance protects the business against a claim for damages from a consumer who falls and is injured on the business premises.</p> | 5<br><br>5m<br>(3+2) |

(ii) Outline **three** types of insurance, **other than public liability**, that a business might have.

| Question |   |      | Possible Responses  | Max Mark        |
|----------|---|------|---|-----------------|
| 6        | C | (ii) | <p><b>Employer Liability Insurance</b><br/>Covers the business against financial loss as a result claims made by employees as a result of accidents in the workplace.</p> <p><b>Fidelity Guarantee Insurance</b><br/>Protects the business against financial loss as a result fraud or cash or stock being stolen by an employee.</p> <p><b>Product Liability Insurance</b><br/>Protects the business from financial loss in the event of a customer making a claim as a result of defective products that may have caused harm to a consumer.</p> <p><b>Buildings and Contents</b><br/>This provides the business with protection against any loss caused by damage to the structure of the building caused by fire, flood or storm. You should ensure a smoke alarm is fitted and there are adequate fire extinguishers in the premises.</p> <p><b>Goods in Transit/Consequential Loss,</b><br/>Protects the business from financial loss as a result of goods/stock being damaged when they are being transported.</p> <p><b>Key Person Insurance</b><br/>Protects the business from financial loss as a result of a vital employee (a key scientist/ researcher/football player). Key person insurance is a type of life insurance policy that is taken out by a business on the life of a key employee. It is also possible for the policy to pay out in the event of the key person being diagnosed with a specified serious illness, such as cancer or heart attack.</p> <p><b>Motor Insurance</b><br/>A compulsory type of insurance that must be paid by law if the business or individual own a motor vehicle. Protects the business from being at a financial loss as a result of a motor accident.<br/>Three types of motor insurance include: third party insurance, third party fire &amp; theft insurance and fully comprehensive insurance.</p> | 3 x 5m<br>(3+2) |

- (A) Discuss the benefits for a business of having a strong brand image.  
Provide examples to support your answer.

| Question |   | Possible Responses  | Max Mark  |
|----------|---|---|---|
| 7        | A | <ul style="list-style-type: none"> <li> <b>Brand Loyalty</b> – a strong brand, which is associated with good quality, consistency etc. will develop a loyal customer base who will continue to buy the product even when prices increase e.g. many consumers buy Barry’s Tea and are averse to alternative brands<br/>           Apple iPhone customers are extremely loyal to the brand and research shows most consumers upgrade to newer versions of the phone. e.g. upgrade from iPhone 7 to iPhone 8         </li> <li> <b>Higher Prices can be charged</b> – a strong brand is usually associated with high quality. If the brand builds a reputation for quality and consistency it allows them to charge higher prices than competitors.<br/>           e.g. Rolex and Ferrari are businesses who charge a high price for the product based on the strength of their brand image.<br/>           Apple charging higher prices than Samsung.         </li> <li> <b>Brand recognition</b> – a strong brand makes the product/service much easier to identify against competitor’s products/service e.g. Apple’s distinctive logo and branding are easily recognisable and draw consumer attention. Consumers can identify brands such as McDonalds.         </li> <li> <b>Easier to launch new products</b> – by having a strong brand a business can launch new products under its existing brand name. This allows the business the opportunity to build up market share e.g. Apple launched the iPod to great success, after which followed the iPhone and iPad. The strength of Nikes brand image has allowed the business to innovate and develop new products.         </li> <li> <b>Aids advertising</b> – it is easier for businesses with a strong brand to promote their products/services. A strong well recognised brand name or logo can easily be advertised in various formats e.g. Apple do not engage in direct advertising as their brand is so strong and visible all over the world that it does not require large scale promotion.         </li> </ul> | 20<br><br>2@4+3<br>1@3+3<br><br>Benefit,<br>example |

**(B) (i)** Explain the term **marketing concept**.

| Question |   |     | Possible Responses   | Max Mark                     |
|----------|---|-----|--|------------------------------|
| 7        | B | (i) | <p>The marketing concept refers to the philosophy that businesses should understand, analyse and anticipate the needs of consumers and then use this information to produce products that satisfy these needs more effectively than consumers.</p> <p>The marketing concept requires a business to understand and predict the needs of the market in order to develop an effective marketing strategy.</p> | <p>5</p> <p>5m<br/>(3+2)</p> |

**(ii)** Outline the **Promotion** and **Place** elements of the Marketing Mix for a product or service of your choice.

| Question |   |      | Possible Responses   | Max Mark                                 |
|----------|---|------|--|--|
| 7        | B | (ii) | <p><b>Promotion:</b></p> <ul style="list-style-type: none"> <li>Promotion refers to all methods used by the business to create awareness of the product/service.</li> <li>It may involve advertising, sales promotion, public relations or direct selling.</li> <li>Promotion methods used depend on the type of product, budget available, position in product life cycle.</li> </ul> <p><b>Reference to product or service of choice</b> – Nike uses a variety of methods of promotion. They use advertising – some of Nikes TV ads are famous. They also use PR. Nike were one of the first companies to use Celebrity Endorsements – they use sports stars such as Michael Jordan, Rory McIlroy, Maria Sharapova and Cristiano Ronaldo.</p> <p><b>Evaluation</b> – <i>I think Nike is excellent at the Promotion element of the marketing mix. Using PR and paying celebrities to endorse their product creates a demand for their products amongst sports fans/the target market. I also believe it is really clever that they also use creative tv and social media advertising to highlight their brand values and to highlight the athletes they are associated with.</i></p> <p><b>Place:</b></p> <ul style="list-style-type: none"> <li>Place refers to the channels of distribution used by the producer to get product/service to the market.</li> <li>Channels of distribution used depend on type of product, costs, market location etc.</li> <li>The channel of distribution can have an effect on the availability of the product and the profitability of the business.</li> </ul> | <p>20</p> <p>2 x<br/>10m<br/>4,1,4,1</p> |



|  |  |   |  |
|--|--|---|--|
|  |  | <p>e.g. Nike or Huawei use the following: Manufacturer – Retailer – Consumer.</p> <p><b>Reference to product or service of choice</b> – Nike manufacture sports goods but use a range of retailers such as JD Sports, Elverys, Asos, Sportsdirect etc.</p> <p><b>Evaluation</b> – <i>I think this is an effective strategy for Nike because the business products are widely available and therefore this increases sales. Using retailers ensures the goods are accessible by the target market.</i></p> |  |
|--|--|---|--|

(C) Discuss the advantages of a **public limited company** as a form of business ownership.

| Question |   | Possible Responses   | Max Mark                          |
|----------|---|--|-----------------------------------|
| 7        | C | <p><b>Limited Liability:</b></p> <ul style="list-style-type: none"> <li>The owners of a public limited company benefit from limited liability. The company is a separate legal entity and, therefore, is separate and distinct from those who run it. The company (and not the individual shareholders) is the appropriate person to be sued in the event that debts are incurred by the company which remain unpaid, despite demand.</li> <li>The owners only stand to lose their investment in the event of the company going insolvent.</li> </ul> <p><b>Easier to raise capital:</b></p> <ul style="list-style-type: none"> <li>Public limited companies such as Glanbia, Facebook etc find it easier to raise capital than sole traders, private limited companies etc.</li> <li>Public limited companies find it easier to raise finance which is used to fund growth</li> </ul> <p><b>Prestige/Recognition/Marketing:</b></p> <ul style="list-style-type: none"> <li>Public limited companies such as Glanbia, Facebook, Kingspan, Ryanair etc are referenced in news bulletins, websites and newspapers daily as their share price is quoted.</li> <li>This enhances the recognition of the company.</li> </ul> <p><b>Find it easier to attract high quality labour:</b></p> <ul style="list-style-type: none"> <li>Public limited companies find it easier to find high calibre staff than small private limited companies or local co-operatives etc.</li> <li>Google and Facebook find it easier to attract accounting and or marketing graduates than a local sole trader or private limited company.</li> </ul> | <p>15</p> <p>3 x 5m<br/>(3+2)</p> |

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