



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

**Leaving Certificate 2021**

**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.

**LEAVING CERTIFICATE BUSINESS HIGHER LEVEL 2021**  
**MARKING SCHEME**  
**SECTION 1**  
**(40 Marks)**

**This is a compulsory section.**

**Answer 4 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>	4m 1 x6m (3m +3m)	10
<b>4.</b>	3,2,2,2,1	10
<b>5.</b>	(i) 3m (ii) 3m (iii) 2m (iv) 2m	10
<b>6.</b>	(i) 5 (3m + 2m) (ii)5 (3m + 2m)	10
<b>7.</b>	5m + 5m (3m + 2m)	10
<b>8.</b>	(i) 6m (6@1m) (ii) 4m (2+2)	10
<b>9.</b>	(i) 6m (3+3) (ii) 4m	10
<b>10.</b>	6m (3+3) 4m (2+2)	10
<b>11.</b>	5m + 5m (3 +2)	10
<b>12.</b>	5m + 5m (3 +2)	10
<b>Section 1</b>	<b>Available Marks</b>	<b>40</b>

**SECTION 2  
(80 Marks)  
Miriam's Crèche**

<b>Applied Business Question (Units 3, 4 &amp; 5)</b>			<b>Max Mark</b>
<b>This is a compulsory question.</b>			
<b>(A)</b>	Outline, using examples, the different types of planning that contribute to the success of Miriam's crèche.	8m + 8m (3 + 3 + 2) + 7m + 7m (2 + 3 + 2)	30 marks
<b>(B)</b>	<p><b>(i)</b> Discuss, with reference to the text, the types of business insurance you would recommend for Miriam's crèche.</p> <p><b>(ii)</b> Describe <b>two</b> types of taxation Miriam's Crèche might pay.</p>	<p>3 x 6m (2+2+2) State, developed explanation, Link.</p> <p>2 x 6m (2 + 2 + 2)</p>	30 marks
<b>(C)</b>	Evaluate the <b>price</b> and <b>promotion</b> element of the marketing mix for Miriam's Crèche.	<p>2 x 10m  (3+3+2+2)</p> <p>Explanation, point of development, link to text and evaluation.</p>	20 marks
<b>Section 2</b>	<b>Available Marks</b>		<b>80 marks</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  
(180 marks)**

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

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

**Part 1**

**People in Business / Business Environment**

<b>Question 1</b>			<b>Max Mark</b>
<b>People in Business</b>			
<b>(A)</b>	Explain, using examples where appropriate, <b>three</b> essential elements of a valid contract.	7m (2+3+2)  7m (2+3+2)  6m (2+3+1)	20
<b>(B)</b>	Evaluate the role of the Competition and Consumer Protection Commission (CCPC).	3 @6(3+3)  1 x 2m Evaluation	20
<b>(C)</b>	Outline <b>three</b> types of redress available to employees who have been unfairly dismissed under the Unfair Dismissals Act 1977/2015.	7m (3+2+2) + 7m (3+2+2) + 6m (2+2+2)	20
<b>Available Marks</b>			<b>60</b>

Question 2 Domestic Environment			Max Mark
<b>(A)</b>	Illustrate the impact of the following economic variables on Irish businesses.  <b>Interest rates      Inflation rates      Employment</b>	2 x 7m (4+3)  1 x 6m  (3+3)	20
<b>(B)</b>	Apart from taxation, discuss the different ways in which the Irish government affects the labour force in Ireland.	2 x 7m (4+3)  1 x 6m  (3+3)	20
<b>(C)</b>	<b>(i)</b> Explain the term 'community development'.  <b>(ii)</b> Describe the <b>economic</b> and <b>social</b> benefits of community development.	6m (3 + 3)  14  2@7 (4+3)	20
	<b>Available Marks</b>		<b>60</b>

<b>Question 3</b>			<b>Max Mark</b>
<b>International Environment</b>			
<b>(A)</b>	Outline, using examples, the barriers to free trade used by some countries.	2 x 7m (2+3+2) 1 x 6m (2+2+2)	20
<b>(B)</b>	<b>(i)</b> Explain the term <b>globalisation</b> .  <b>(ii)</b> Analyse how changes in the international economy are impacting on Irish business	5m  3 x 5m (2 +3)	20
<b>(C)</b>	Evaluate the impact on Ireland of any <b>two</b> of the following Policies: <b>(i)</b> The Common Agricultural Policy <b>(ii)</b> The Competition Policy <b>(iii)</b> The European Union Social Charter.	2 x 8m (4m+4m)  4m (2+2) + 2m Evaluation	20
<b>Available Marks</b>			<b>60</b>



<b>Question 4</b>			<b>Max Mark</b>
<b>Managing</b>			
<b>(A)</b>	<b>(i)</b> Outline <b>two</b> causes of industrial relations disputes.	10 2 x 5m (2 + 3)	20
	<b>(ii)</b> Discuss <b>two</b> types of official industrial action available to employees involved in an industrial dispute with their employer.	10 2 x 5m (2+3)	
<b>(B)</b>	Describe a co-operative relationship and a competitive relationship between two producers in the same line of business. Use appropriate examples to support your answer.	2 x 10m  (4 + 3 +3)	20
<b>(C)</b>	<b>(i)</b> Explain the method of terminating the legal contract referred to in the text above.	6m (3+3)	20
	<b>(ii)</b> Outline other methods for terminating a legal contract. Provide an example in each case.	14m  2 x 7m  (2+3+2)	
<b>Available Marks</b>			<b>60</b>

**Section 3**

**Part 2**

**Enterprise**

<b>Question 5</b>			<b>Max Mark</b>
<b>Managing</b>			
<b>(A)</b>	Discuss the entrepreneurial skills and characteristics you would associate with entrepreneurs like Maria and David.	4 x 5m (2 +3)	20
<b>(B)</b>	Illustrate the factors that a business needs to consider when communicating with its various stakeholders.	4 x 5m (2+3)	20
<b>(C)</b>	<b>(i)</b> Explain the term <b>delegation</b> .  <b>(ii)</b> Describe the benefits of delegation for management and the employees.	5(2+3)  3 x 5m (2+3)	20
	<b>Available Marks</b>		<b>60</b>

<b>Question 6</b>			<b>Max Mark</b>
<b>Managing</b>			
<b>(A)</b>	<b>(i)</b> Distinguish between <b>forming</b> and <b>norming</b> as stages in team development.	6m (3m+3m)	20
	<b>(ii)</b> Outline <b>two</b> benefits of <b>teamwork</b> for the employees in a business.	2@7m (4m+3m)	
<b>(B)</b>	Discuss the benefits of adapting a Total Quality Management for a company such as Kerry Group.	3@5(2+3)	15
<b>(C)</b>	<b>(i)</b> Explain the following types of financial and non-financial rewards.	3@6 (3+3)	25
	<b>Commission Employee Share Purchase Plan Flexitime</b> <b>(ii)</b> Describe <b>one</b> other type of reward that you believe motivates employees.	7m (2+3+2)	
<b>Available Marks</b>			<b>60</b>

Question 7 Business in Action			Max Marks
(A)	Outline the internal <b>and</b> external sources of new product ideas for businesses.	4 x 5m (2+3)	20
(B)	Illustrate by means of a break-even chart: (i) Breakeven point (ii) Margin of safety at forecast output (iii) Profit at forecast output.	Break-even chart showing: <ul style="list-style-type: none"> <li>• <b>X Axis:</b> Output in units '000s 1m</li> <li>• <b>Y Axis:</b> Revenue/Costs €'000s 1m</li> <li>• <b>Title</b> of Chart 1m</li> <li>• <b>FC</b> line 2m</li> <li>• <b>TC</b> line 4m</li> <li>• <b>TR</b> line 4m</li> <li>• <b>BEP</b> 4m</li> <li>• <b>MOS</b> 4m</li> <li>• <b>Profit at Forecast output</b> 4m OR</li> </ul> Calculations only: (Max. 12m) Break Even Point 4m Profit at Forecast output 4m Margin of Safety 4m	25
(C)	(i) Define the term <b>margin of safety</b> .  (ii) Discuss <b>one</b> limitation of a break-even analysis when making business decisions.	5m  2@5m	15
<b>Available marks</b>			<b>60</b>

Question 8 Business in Action			Max Marks
<b>(A)</b>	Discuss the three challenges below that a new business start-up must address.  <b>Ownership Structure                  Production                  Finance</b>	2 x 7m (2+3+2)  1 x 6m  (2+2+2)	20
<b>(B)</b>	Describe <b>the first four</b> of the stages involved in the development process of a new product.	4 x 5m (2+3)	20
<b>(C)</b>	<b>(i)</b> Define the term <b>market segmentation</b> .  <b>(ii)</b> Illustrate <b>two</b> different ways a market can be segmented.	6 (3+3)  14 (7 + 7) (2 +3 +2)	20
	<b>Available marks</b>		<b>60</b>

**SECTION 1  
(40 Marks)  
SHORT ANSWER QUESTIONS  
SUPPORT NOTES**

Question		Possible Responses	Max Mark										
1.		<table border="1"> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">D</td> <td style="text-align: center;">F</td> <td style="text-align: center;">A</td> <td style="text-align: center;">E</td> <td style="text-align: center;">B</td> </tr> </table>	1	2	3	4	5	D	F	A	E	B	3,2,2,2,1
1	2	3	4	5									
D	F	A	E	B									

Question		Possible Responses	Max Mark										
2.		<table border="1"> <tr> <td style="text-align: center;">WTO</td> <td>World Trade Organisation</td> </tr> <tr> <td style="text-align: center;">CAM</td> <td>Computer Aided Manufacturing</td> </tr> <tr> <td style="text-align: center;">EDI</td> <td>Electronic Data Interchange</td> </tr> <tr> <td style="text-align: center;">CAD</td> <td>Computer Aided Design</td> </tr> <tr> <td style="text-align: center;">JIT</td> <td>Just in Time</td> </tr> </table>	WTO	World Trade Organisation	CAM	Computer Aided Manufacturing	EDI	Electronic Data Interchange	CAD	Computer Aided Design	JIT	Just in Time	3,2,2,2,1
WTO	World Trade Organisation												
CAM	Computer Aided Manufacturing												
EDI	Electronic Data Interchange												
CAD	Computer Aided Design												
JIT	Just in Time												

Question		Possible Responses	Max Mark
3.		<p><b>(i) Explain the term franchising.</b></p> <p>Franchising is when a business owner (franchisor) agrees to let another business (franchisee) <b>use its name, logo and business idea</b> in return for a fee and a percentage of profits.</p> <p><b>(ii) Outline one benefit of a franchise as a start-up option.</b></p> <p><b>Less Risk/Proven Business Model/ Have an existing customer base which results in guaranteed sales:</b></p>	4m          3+3

	<p>Tried and tested formula – reduced risk. Buying an established business/name/brand with a proven track record/lower risk of failure in the marketplace/Business idea is already successful.</p> <p><b>Have access to the experience and systems of the franchisor:</b></p> <p>The entrepreneur can learn from the franchisor and other franchisees/benefit from uniform approach.</p> <p><b>Marketing/Sponsorship/national media campaigns:</b></p> <p>The franchise owner might sponsor a national event/team. This generates publicity for the brand. E.g. Pat McDonagh sponsoring the Galway GAA teams creates publicity for all Supermac's.</p> <p><b>Economies of Scale:</b></p> <p>Low cost/centralised/group purchasing power/ bulk discounts/ economies of scale</p> <p><b>Managerial training and support provided by the franchiser.</b></p> <p><b>Brand recognition/ can use the name or logo which is already well established.</b></p> <p><b>Product innovation is shared. Part of a bigger organisation e.g. benefitting from a national/international presence.</b></p>	
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4.	<p>Circle the <b>correct option</b> in the case of <b>each</b> of the following statements.</p> <ul style="list-style-type: none"> <li>(i) A larger policy excess will result in a <b>lower</b> insurance premium.</li> <li>(ii) The person who calculates the amount of compensation to be paid to a claimant is known as an <b>Assessor</b>.</li> <li>(iii) <b>Indemnity</b> means you cannot make a profit from an insurance claim.</li> <li>(iv) Loadings on an insurance policy result in an <b>increase</b> in the premium.</li> <li>(v) An insurance company who tries to reclaim any losses against a third party is using the principle of <b>subrogation</b>.</li> </ul>	3,2,2,2,1
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5.	Explanation	State Agency	
	This state agency helps local entrepreneurs establish and grow a business.	<b>Local Enterprise Office (LEO)</b>	<b>3m</b>
	This state agency helps existing indigenous firms to expand.	<b>Enterprise Ireland (EI)</b>	<b>3m</b>
	This state agency supports the tourism industry and works to promote Ireland as a tourism destination	<b>Fáilte Ireland/ Tourism Ireland/ Bord Failte</b>	<b>2m</b>
	This state agency aims to attract foreign direct investment into Ireland.	<b>Industrial Development Authority/Agency (IDA)</b>	<b>2m</b>

Question	Possible Responses	Max Mark
6.	<p><b>(i) Explain the term invisible imports.</b></p> <p>Invisible imports refer to <b>services</b> that are purchased by Irish consumers/businesses from <b>foreign</b> based businesses. Money flows out of Ireland when services are imported.</p> <p><b>(ii) Outline the impact of a decrease in invisible imports on the Balance of payments.</b></p> <p>A decrease in invisible imports leads to <b>less money leaving the economy</b> This can have a positive impact on the Balance of payments. i.e. a decrease in invisible imports might help to achieve/<b>increase a balance of payments surplus</b> or could help reduce a balance of payments deficit.</p>	<p>3m + 2m</p> <p>3m + 2m</p>



Question	Possible Responses	Max Mark
7.	<p><b>Distinguish between chain of command and span of control.</b> Chain of command is <b>the line/path</b> on which orders and instructions and decisions are passed from top to bottom of the hierarchy. It is also the <b>channel for which feedback is communicated</b>. It creates a <b>communication line within</b> the business.</p> <p>Whereas, the span of control is the <b>number of people who report directly to a manager/supervisor/superior</b> in an organisation. The span of control can be wide or narrow depending on the type of work, the experience/quality of the manger, the experience of the staff and the level of skill required.</p>	10 5m + 5m (3 + 2)

Question	Possible Responses	Max Mark
8.	<p>(i) <b>Calculate the Return on Investment (ROI) for the owners of Stylish Tile &amp; Bath Ltd for 2020.</b> (Show your formula and your workings).</p> $\frac{\text{Net Profit}}{\text{Capital employed}} \times 100$ $\frac{72,000}{450,000 + 100,000 + 26,000} \times 100$ $\frac{72,000}{576,000} \times 100 = 12.5\%$ <p>(ii) <b>Analyse the significance of the change in the Return on Investment for Stylish Tile &amp; Bath Ltd.</b> <b>Easier to attract Investors</b> Potential investors are more likely to provide capital when they see the return on investment has improved from one year to the next. <b>Potential to fund expansion</b> As the return on investment improves the business can choose to build capital reserves that can be used to fund expansion. The business is also more likely to be approved for finance to fund expansion. <b>Indicates an increase in profitability/Business decision making has been effective.</b> An increase in the return on investment indicates an improvement in net profit due to increased sales and or reduced expenses. This will encourage management that they are following the correct course of action. <b>Potential wage demand form employees/trade unions</b></p>	10 6@1m 4m (2+2)

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Question		Possible Responses	Max Mark
9.	(i)	<p><b>Distinguish between enterprise and management.</b></p> <p>Enterprise refers to <b>any attempt to start something new</b> whereas management refers to the <b>ability to achieve results by working with and through people.</b></p>	10m
	(ii)	<p><b>Suggest an example of enterprise in a school</b></p> <p>A student sets up a chess club.  A teacher starts a new women's soccer team etc.  School management/the green school committee start a new initiative such as no paper(photocopying) Fridays etc.</p>	3m + 3m  2x2m (1 +1)

Question		Possible Responses	Max Mark
10.		<p><b>Illustrate, using examples, the role of interest groups in business.</b></p> <p>Interest groups are organisations that represent the common viewpoint, objectives and goals of a particular group of stakeholders. Interest groups are known as pressure groups or lobby groups.</p> <p>Interest groups seek to influence decision makers by lobbying, media campaigns, public protests, boycotts and possible legal action.</p> <p>E.G. IBEC lobbied the government to ease restrictions so that businesses could reopen. IBEC lobbied the Irish government to provide grants to businesses who need to implement safety measures. IBEC lobbied the government to not increase the national minimum wage where as ICTU would lobby the government to increase the national minimum wage.</p>	10
			6m 3m + 3m  4m (2+2)

Question	Possible Responses	Max Mark
11.	<p><b>Outline two reasons why multinational companies locate in Ireland.</b></p> <p><b>Access to the EU Market:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>e.g. Pharmaceutical companies such as Pfizer produce goods in Ireland and distribute goods to the EU via ports such as Antwerp in Belgium.</li> </ul> <p><b>Well-educated workforce:</b></p> <ul style="list-style-type: none"> <li>The Irish workforce in Ireland is highly educated in comparison to other nations. This allows MNC's to access a workforce they require. (However, there is a huge skills shortage in particular areas such as IT, with MNC's having to source skilled workers from outside Ireland).</li> <li>E.g. Companies such as Intel and Microsoft have access high quality labour such as the Business, IT and Engineering graduates that they need.</li> </ul> <p><b>Low Corporation Tax:</b></p> <ul style="list-style-type: none"> <li>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 other countries.</li> <li>E.G. Companies such as Apple chose to set up in Ireland in order to minimise their corporation tax liability.</li> </ul> <p><b>English-speaking nation:</b></p> <ul style="list-style-type: none"> <li>Ireland is 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.</li> <li>American Companies such as PayPal decided to set up in Ireland as their European headquarters.</li> </ul> <p><b>Green Image:</b></p> <ul style="list-style-type: none"> <li>Ireland has an international reputation for being a 'clean green environment'.</li> </ul>	<p>10m</p> <p>5m + 5m</p> <p>(3 +2)</p>

		<ul style="list-style-type: none"> <li>This attracts MNC's here as it can be much easier for them to export products which have been manufactured here.</li> </ul> <p><b>Government Incentives:</b></p> <ul style="list-style-type: none"> <li>The Irish Government offer many good incentives to MNC's to locate here in Ireland. 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.</li> <li>Companies such as Indeed.com, eBay, Dell etc were incentivised by IDA Ireland to set up in Ireland.</li> </ul>	
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Question		Possible Responses	Max Mark
12.		<p><b>Outline two advantages in favour of privatisation for the Irish economy.</b></p> <p><b>Government Revenue:</b> Selling of a state enterprise provides the government with a large sum of money e.g. selling the government's shares in Aer Lingus. The revenue can be used to build infrastructure/repay the national debt.</p> <p><b>Efficiency:</b> State owned enterprises are often perceived as being inefficient because they can rely on government funding and have little competition. Private firms are driven by a profit motive and should therefore be more efficiently run.</p> <p><b>Access to Finance:</b> Privatised companies are able to take out loans and shares and generally, have greater access to sources of finance than state enterprise. This makes it easier to fund expansion, creating wealth and employment in the economy.</p> <p><b>Industrial Relations:</b> With greater job security employees in state enterprises are more likely to take part in industrial action in pursuit of pay claims, better working conditions etc. than those in the private sector.</p> <p><b>Competition:</b> The elimination of a state monopoly can lead to open market competition and can lead to greater choice and lower prices for consumers e.g. Eircom/Aer Lingus.</p>	<p>10m</p> <p>5m + 5m</p> <p>(3 +2)</p>

## SECTION 2

(80 marks)

### Applied Business Question

#### *Miriam's Creche*

Question	Possible Responses	Max Mark
(A)	<p><b>Outline, using examples, the different types of planning that contribute to the success of Miriam's crèche.</b></p> <p><b><u>Strategic plan</u></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> </ul> <p>Link to text:  <b>"Miriam aims to be the leading provider of childcare services in the area by 2030."</b></p> <p><b><u>Tactical plan</u></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> </ul> <p>Link to text  <b>"In 2019 Miriam started to research taking over a competitor".</b>            Or  <b>"After 12 months of negotiations, Miriam bought a rival business who owned three nearby creches."</b></p> <p><b><u>Contingency plan</u></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> </ul> <p>Link to text:  <b>"They discussed the need to have adequate policies in place to protect the business in case a child is injured in the creche."</b></p>	<p>30</p> <p>8,8,7,7,</p> <p>(3+3+2)</p> <p>(2+3+2)</p>

### **Operational plan**

- This is a plan outlining the goals or objectives to be achieved on a daily or weekly/monthly basis.

Link to text:

**“Miriam manages the business on a day to day basis.”**

Or

**“Miriam communicates all key messages at the weekly staff meetings.”**

### **Mission statement**

- This is an overall vision document for a business. Who we are? Our values? What we do

Link to text:

**“The vision for the business is to offer each child the surroundings to develop to their full potential with friendly professional staff.”**

or

**“Miriam’s crèche offers childcare services for children aged between three months and 12 years of age.”**

### **Manpower Planning**

- HR planning involves identifying the staffing needs of the organisation.
- It’s about having the right people, with the right skills at the right time. HR planning can identify future staffing needs and lead to recruitment.

Link to text:

**“She places importance on attracting and retaining high quality staff.”**

### **Budgeting/Financial Planning**

Setting targets for income (sales revenue) and expenditure.

Link to text:

**“Prior to setting up the business, Miriam’s experience with budgeting, insurance and taxation was limited.”**

**“Miriam hired the services of a local accountant to ensure the company paid the correct amount of taxation on their profits. “**

Question	Possible Responses	Max Mark
(B)	<p><b>(i) Discuss, with reference to the text, the types of business insurance you would recommend for Miriam’s crèche.</b></p> <p><b>Public Liability Insurance:</b></p> <p>Public liability insurance protects the business against financial loss as a result claims made by members of the public such as consumers who are injured or hurt on the business premises.</p> <p>Link to text:  <b>“They discussed the need to have adequate policies in place to protect the business in case a child is injured in the creche.”</b></p> <p><b>Employer’s Liability Insurance:</b></p> <p>Employer’s liability protects the business against financial loss as a result claims made by employees as a result of injuries they have sustained in the workplace.</p> <p>Link to text:  <b>“The meeting also highlighted the need to have cover in place against the risk of financial loss as a result of a member of staff claiming for injury.”</b></p> <p><b>Premises Insurance/Buildings and contents insurance:</b></p> <p>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.  This provides the business with protection against any loss or damage to stock, raw materials, components etc. caused by burglary, fire or flood.</p> <p>Link to text:  <b>“Miriam bought a rival business who owned three nearby creches.”</b>  Or <b>“Miriam Brophy set up Miriam’s Crèche and Childcare Ltd in 2017.”</b></p> <p><b>Motor Insurance:</b></p>	<p>30</p> <p>3@6(2+2+2)</p>

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.

Three types of motor insurance include; third party insurance, third party fire & theft and fully comprehensive insurance.

Link to text:

**“The Crèche offers a bus service to and from the ‘afterschool’ for primary school children.”**

or

**“The bus is branded with the company logo.”**

### **Pay Related Social Insurance**

**(ii) Describe two types of taxation Miriam’s Crèche might pay.**

#### **Corporation Tax:**

- This a tax on the profits made by a company.
- The rate of corporation tax on a companies’ profits is 12.5% in Ireland.

Link to text:

**“Miriam hired the services of a local accountant to ensure the company paid the correct amount of taxation on their profits.”**

#### **Motor Tax:**

- This is a taxation on any vehicle owned by a business.
- Motor tax is compulsory by law.

Link to text:

**“The Crèche offers a bus service to and from the ‘afterschool’ for primary school children.”**

Or

**“The bus is branded with the company logo.”**

### **Value Added Tax**

#### **Commercial Rates:**

- Commercial rates are a local property tax on Commercial Properties and the income raised goes towards meeting the cost of services provided by the local County Council. Rates are payable on commercial properties, such as shops, offices, factories, licensed premises and other non-domestic properties.
- Certain childcare providers are exempt from paying commercial rates.

Link to text:



			<b>“However, as a business owner, she had to familiarise herself with new payments such as commercial rates”</b>	
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**(C)** Evaluate the **price** and **promotion** element of the marketing mix for Miriam’s Crèche.

Question		Possible Responses	Max Mark
(C)		<p><b>Price:</b></p> <ul style="list-style-type: none"> <li>The business can choose from high price strategies; (such as premium pricing or price skimming), low price strategies such as; (penetration pricing or predatory pricing).</li> <li>The price element of the marketing mix involves a business considering; competitor prices, the state of the economy, the disposable income of the target market and the cost of producing the product/service.</li> </ul> <p>Link to text:  <b>“Miriam charges a higher price than any of her competitors in the area.”</b></p> <p><b>Evaluation</b></p> <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, public relations.</li> <li>Promotion methods used depend on the type of product, budget available, position in product life cycle.</li> </ul> <p>Link to text:  <b>“Annually, Miriam sponsors sports kits for local underage sports teams.”</b>  or  <b>“She feels that sponsorship and an effective social media campaign are more effective than paying for advertisements.”</b>  or</p>	<p>20</p> <p>2 x 10m</p> <p>3m</p> <p>3m</p> <p>+2m</p> <p>2m</p> <p>Evaluation</p>

		<p><b>“When sponsoring teams, Miriam insists her business logo is visible on the team kit and the team must organise a photo event with local newspapers.”</b></p> <p>or</p> <p><b>“The bus is branded with the company logo.”</b></p> <p><b>Evaluation</b></p> <p>Candidates may do one overall evaluation worth 4m at the end. An evaluation of both the price and the promotion elements are required.</p>	
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**Section 3**  
**(180 marks)**

**(A) Explain, using examples where appropriate, three essential elements of a valid contract.**

Question			Possible Responses	Max Mark
<b>1</b>	<b>(A)</b>	<b>(i)</b>	<p><b>Offer</b> A promise by the person making the offer to be bound by the offer provided the terms of the offer are accepted. The offer can be made orally, in writing, or by conduct and is a clear indication of the offeror's willingness to enter into an agreement under specified terms. <b>Example required for full marks</b></p> <p><b>Acceptance</b> The second party must agree to the terms of the offer as it stands. The acceptance must be clear, complete and unconditional. <b>Example required for full marks</b></p> <p><b>Agreement</b> For agreement to exist there must be a clear, complete and unconditional offer and an acceptance of that offer by another party <b>Example required for full marks</b></p> <p><b>Capacity to contract</b> All-natural persons (human beings) and legal/corporate persons, such as companies, have the legal right (able to) (capable of) to enter freely into a contract. <b>Example required for full marks</b> The following generally do not have the capacity to contract: - Infants (those under 18 years of age) except in certain cases e.g. necessities - Persons under the influence of drink or drugs - Insane persons - Bankrupt persons - Diplomats. - Companies operating outside their powers/ Ultra Vires.</p>	<p>20 7 +7 (2 + 3 + 2)  + 6 (2 + 2 + 2)</p>

			<p><b>Consideration</b>  This refers to the exchange of value in a contract. Each party in a contract must give something of value to the other party. So long as consideration exists, a court of law will not question its adequacy, provided it is of some value. Consideration is usually some monetary payment, but it could also be something valuable exchanged as part of the contract.</p> <p><b>Example required for full marks</b></p> <p><b>Legality of form</b>  Certain contracts, to be considered legal, must be drawn up in a particular manner. Some contracts must be in writing if they are to be legally valid.</p> <p><b>Example required for full marks</b></p> <p><b>Consent to contract</b>  Both parties must enter the contract on their own free will. They must agree to the contract without undue influence. If there is no choice, there is no consent. Consent must be honest and voluntary.</p> <p><b>Example required for full marks</b></p> <p><b>Intention to Contract</b>  Both parties to the contract must be aware that they are entering into a legally binding agreement that could see them in court if they fail to keep their side of the agreement. With domestic and social arrangements there is no intention to create a legally binding contract.</p> <p><b>Example required for full marks</b></p> <p><b>Legality of Purpose</b>  The intention of the contract must be in full compliance with all laws.</p> <p><b>Example required for full marks</b></p>	
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**(B) Evaluate the role of the Competition and Consumer Protection Commission (CCPC).**

Question		Possible Responses	Max Mark
1	(B)	<p><b>Informs the consumer:</b> The CCPC provides consumers with information about their rights in relation to the purchase of goods and services, as well as financial services. They provide a website, a helpline, social media site and engage in radio and television advertising. They also produce a newsletter through a subscription service on their website.</p> <p><b>Enforces consumer law:</b> The CCPC is the statutory body responsible for enforcing all consumer laws. They issue compliance notices, on the spot fines, prohibition notices and produce a Consumer Protection List of all businesses who have breached consumer law.</p> <p><b>Advise the Government:</b> The CCPC advise the Government on consumer issues and recommend where consumers may need extra protection via legislation.</p> <p><b>Conduct Research:</b> The CCPC engages in research into consumer behaviour. They do this in order to advise consumers on how they can change habits and save money or receive better value for money, e.g. switching electricity supplier.</p> <p><b>Educate consumers:</b> The CCPC website has many tools for consumers to use to make more informed decisions. These include financial calculators, cost comparisons for various financial services, interactive quizzes etc.</p> <p><b>Monitors Mergers &amp; Acquisitions:</b> To ensure fair competition in the market for consumers, the CCPC monitors all mergers and acquisition in Ireland. This is to ensure that there are no dominant businesses in particular markets.</p> <p><b>Evaluation required.</b></p>	<p>20</p> <p>3 x 6m</p> <p>(3+3)</p> <p>Evaluation 2m</p>

**(C) Outline three types of redress available to employees who have been unfairly dismissed under the Unfair Dismissals Act 1977/2015.**

Question		Possible Responses	Max Mark
1	(C)	<p><b>Reinstatement</b></p> <p>This means you are treated as if you had never been dismissed. Reinstatement entitles you to repayment for earnings lost between the date of the dismissal and the date of the hearing, and also to any favorable changes in the terms of employment during that period, such as pay rises. This remedy is rarely used.</p> <p><b>Re-engagement</b></p> <p>Re-engagement means you will be given your job back but only from a particular date, such as the date of the decision in your favor. This means that you will not be entitled to compensation for any loss of earnings. Often this remedy is used where the adjudicator feels the employee contributed to the dismissal, even though the actual dismissal was unfair. This remedy is rarely used.</p> <p><b>Compensation</b></p> <p>This is the most common remedy – where compensation is awarded in respect of financial loss only.</p> <p>Generally, the maximum compensation is 2 years’ pay. If you were dismissed for making a protected disclosure, the maximum is 5 years’ pay. You cannot claim any compensation for such matters as injury to your feelings or stress caused by the dismissal.</p>	<p>20</p> <p>7m +7m + 6m (3 +2+2) (2+2+2)</p>

## Question 2

(A) Illustrate the impact of the following economic variables on Irish businesses.

Interest rates

Inflation rates

Employment

Question		Possible Responses	Max Mark
2	(A)	<p><b>Illustrate the impact of the following economic variables on Irish businesses.</b></p> <p><b>Interest rates</b></p> <p>This refers to the cost of borrowing capital. The interest charged on loans/borrowings from financial institutions.</p> <p>E.G. A decrease in interest rates leads to more consumer borrowing. Consumers will use borrowed finance to pay for houses, cars, furniture etc. This has a positive impact on Irish businesses as sales increase.</p> <p><b>Inflation rates</b></p> <p>This refers to a rise in the average level of prices from one period to the next.</p> <p>If inflation is low, i.e. price increases are minimal, this has a positive impact on a business's costs. The cost of running expenses, raw materials etc will not increase dramatically.</p> <p><b>Employment</b></p> <p>This refers to the percentage of the labour force who are engaged in paid employment.</p> <p>A decrease in employment levels has a negative impact on Irish businesses. When the people/the labour force have less income, consumer spending decreases. This leads to a decrease in sales for Irish businesses.</p>	<p>20m</p> <p>2 x 7m</p> <p>1 x 6m</p>

**(B) Apart from taxation, discuss the different ways in which the Irish Government affects the labour force in Ireland.**

Question		Possible Responses	Max Mark
2	(B)	<p><b>As an employer/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.</li> <li>• 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.</li> </ul> <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 for the labour force</li> <li>• E.g., the construction of new schools or the new children’s hospital creates employment opportunities for the labour force.</li> </ul> <p><b>Government invests 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.</li> </ul> <p><b>Government Grants/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 lead to the labour force having disposable income/maintaining their income.</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><b>Legislation</b></p> <p><b>Minimum Wage</b></p>	<p>20</p> <p>2 x 7m (4+3)</p> <p>1 x 6m (3+3)</p>



- (C) (i) Explain the term 'community development'.  
(ii) Describe the economic and social benefits of community development.

Question			Possible Responses	Max Mark
2	(C)	(i)	<p>Community development refers to the improvement of local areas and local communities <b>socially and economically</b> through the <b>efforts of local citizens and residents</b>.  Community development is about <b>self-help/spirit of enterprise</b> as opposed to depending on the government or outside agencies to help them develop. The aim of community development is to improve the local social and economic infrastructure</p> <p>Or</p> <p>A voluntary or professional effort to support and develop the social and economic activity of a local community for the benefit of the community</p>	20
		(ii)	<p><b>Creates employment and thereby increases spending in the local economy</b></p> <ul style="list-style-type: none"> <li>• New enterprises might be set up to provide employment in the local areas and thus develop their local economy.</li> <li>• The new enterprises and initiatives can create jobs for the area.</li> </ul> <p><b>Spin off jobs e.g. transport, education</b></p> <ul style="list-style-type: none"> <li>• The establishment of community initiatives and business enterprises in a local community brings an immediate increase in the levels of direct and indirect employment.</li> <li>• This new employment sees an increase in demand for goods and services in the area. e.g. transport, education, entertainment etc. Community Development has the spin off effect of increasing sales for other businesses in the area.</li> </ul> <p><b>Promotes an enterprise culture/encourages new ideas/new businesses in community</b></p> <ul style="list-style-type: none"> <li>• Community Development initiatives can encourage other members of the community to pursue ideas.</li> <li>• This can lead to more new initiatives or new businesses being established in the future. It can lead to a culture or generation of people taking the risk to set up new enterprises.</li> <li>•</li> </ul>	14

		<p><b>Creates confidence/community spirit in the community/growth and prosperity in local area. Empowers local community and generates a sense of pride within the community</b></p> <ul style="list-style-type: none"> <li>• The co-operation and involvement of all members of the community in the process of development enriches people personally, creates confidence in their ability to make a difference and enhances the sense of community spirit in the area.</li> <li>• The money earned by the employees in the area will be spent in the area. Homes will be constructed for the families involved in the enterprise, young people will be able to make a living in their own community. Others will be given the opportunity to retrain.</li> </ul> <p><b>Community Spirit/Social fabric improved:</b></p> <ul style="list-style-type: none"> <li>• As a community works together, relationships are built and the atmosphere is greatly improved with residents proud to live there.</li> <li>• Projects are driven by local interests.</li> <li>• These projects offer the potential for social interaction'</li> </ul> <p><b>Depopulation is prevented/Rural regeneration/prosperity</b></p> <ul style="list-style-type: none"> <li>• People may be encouraged to remain in an area if facilities are available and opportunities to work and to enjoy leisure time are provided. Local communities thrive.</li> </ul> <p><b>Social Opportunities</b></p> <ul style="list-style-type: none"> <li>• Any local amenity which provides a space for people to meet and socialise will improve the social fabric of an area by creating a sense of belonging and pride in the area.</li> </ul>	

### Question 3

(A) Outline, using examples, the barriers to free trade used by some countries.

Question		Possible Responses	Max Mark
3	(A)	<p><b>Quota:</b></p> <p>is a physical restriction/limit on the number of units of a good that may be imported/exported. Quotas discourage imports and/or encourage sales of domestically produced goods.</p> <p>Example: The EU has placed a quota on the amount of clothes from China that can be imported into the EU.</p> <p><b>Tariff:</b></p> <p>this is a tax on the value/price of goods imported. As a result, imports will be more expensive and they will be less competitive on the domestic market.</p> <p>Example: A tax, duty or tariff on New Zealand beef.</p> <p><b>Embargo:</b> This is a total ban on the import of goods from one particular country. It is often done for political reasons.</p> <p>Example: The American government placed a blanket embargo on the import of UK beef because of the high levels of BSE in the UK.</p> <p><b>Subsidies:</b></p> <p>These are grants and payments made by national governments to domestic firms to help them with their day-to-day operating costs allowing them to become more competitive/to give them a price advantage over imports.</p> <p>Example: The EU has subsidised agriculture and aircraft manufacturing in the past protecting them from rival non-EU competition.</p> <p><b>Administrative regulations:</b></p> <p>Such as customs delays, excessive paperwork designed to exclude imports.</p>	<p>2 x 7m (2+3+2)</p> <p>1 x 6m (2+2+2)</p>

**(B) (i)** Explain the term **globalisation**.

**(ii)** Analyse how changes in the international economy are impacting Irish businesses.

Question			Possible Responses	Max Mark
3	(B)	(i)	<p><b>Globalisation</b> refers to businesses treating the world as one marketplace. Globalisation is the process by which the world is becoming increasingly interconnected as a result of massively increased trade and cultural exchange. Globalisation has increased the production of goods and services. The biggest companies are no longer national firms but multinational corporations with subsidiaries in many countries</p>	5m
		(ii)	<p><b>Analyse how the changes in the international economy are impacting on Irish businesses.</b></p> <p><b>1. Currency fluctuations:</b></p> <p>The value of sterling has decreased. This a negative for Irish businesses who export. The payment they receive from UK customers has decreased.</p> <p><b>Impact:</b> Irish exporting business have experienced a decrease in profits as a result of the decrease in the value of sterling.</p> <p><b>2. Slowdown in world economies due to Covid 19:</b></p> <p>International economies have experienced a slowdown. This is as a result of restrictions that have been implemented in countries worldwide.</p> <p><b>Impact: Irish businesses have experienced a fall in demand from global countries.</b></p> <p><b>3. Brexit-increased regulations for Irish businesses – tariffs on exports to the UK/ Increased documentation/ Increased cost of imports.</b></p> <p>The United Kingdom leaving the European Union has decreased sales for many Irish businesses. Irish goods face tariffs when entering the UK. Irish import rom the UK faced increased taxation thus in turn increasing costs for Irish businesses.</p>	3 x 5m (2+3)

**Impact:** There could be major consequences for the Irish economy if TNCs choose not to locate in Ireland as they are very large and employ significant numbers of workers e.g. Pfizer's; Boston Scientific.

#### **4. Growth in globalisation:**

There has been an increase in the number of businesses treating the world as one single marketplace for standardised products is seen in Ireland to-day. The internet and TV have helped businesses to develop global brands by advertising and promoting them globally. e.g. Sony, McDonalds, Toyota, Coca Cola.

**Impact: This has increased competition for Irish businesses. Irish firms need to compete in the world stage.**

#### **5. The growth in Trading Blocs and Agreements:**

The EU is an example of a trading bloc which allows free trade among its members. Ireland being a member can trade freely with other countries in the EU without any barriers or restrictions.

**Impact: This offers a wider marketplace (500million+) for Irish foods and services due to the growth in membership.**

#### **6. World Trade Organisation:**

The WTO is the organisation responsible for promoting fair trade between countries. It negotiates between member states by encouraging deregulation and the removal of barriers to trade.

**Impact: This allows for huge sales opportunities abroad for Irish businesses. Ireland has been a member since 1995.**

#### **7. Competition:**

Eastern European countries like the Czech Republic, Hungary, and Slovakia have opened up their economies. This has led to increased competition for Irish businesses

**Impact: This presents a particular challenge for Ireland as these countries are excellent producers of agricultural products and can offer quality at a lower price to the European consumer.**

#### **8. Deregulation:**

has increased competition in the marketplace and reduced protectionism i.e. removal of trade barriers. Irish businesses now need to be more competitive as they face competition from larger foreign companies. They need to produce top quality goods and services at competitive prices in order to

		<p>survive. In <b>Ireland</b> deregulation allows new business to enter the marketplace and offer Irish consumers value for their money.</p> <p><b>Impact: Deregulation of the electricity and airline sectors has offered choices and value for money for Irish businesses.</b></p> <p><b>9. Emerging countries / the market opportunities:</b></p> <p>due to the growth of economies in the Pacific Rim (South Korea, China, Japan, Taiwan, Singapore, Thailand, Malaysia, Indonesia) new markets have emerged. These economies are developing rapidly (the fastest growing economic region in the world).</p> <p><b>Impact: They have provided both markets and competition for Irish businesses.</b></p> <p><b>10. Technology:</b> The information and communications technology (ICT) sector has shown remarkable growth in recent years. ICT companies in Ireland are engaged in a range of activities; networks, software development etc.</p> <p><b>Impact: E commerce/business has enabled Irish businesses to advertise business worldwide. Developments in technology have allowed this to take place.</b></p> <p><b>11. Migration:</b></p> <p>Emigration of skilled labour “brain drain”.</p> <p><b>Impact: Shortage of suitable qualified employees in the future.</b></p> <p><b>Improvements in transportation</b></p> <p>Cargo ships mean that the cost of transporting goods between countries has decreased. Economies of scale mean the cost per item can reduce when operating on a larger scale. Transport improvements also mean that goods and people can travel more quickly.</p> <p><b>Impact – Reduced costs</b></p> <p><b>Labour availability and skills</b></p> <p>Countries such as India have lower labour costs (about a third of that of the UK) and also high skill levels. Labour intensive industries such as clothing can take advantage of cheaper labour costs and reduced legal restrictions in some countries.</p> <p><b>Impact – Manufacturing companies find it harder to survive in Ireland, where the minimum wage is higher and there are</b></p>	
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		<p>further attempts to improve worker conditions, i.e four day working week.</p> <p><b>Economic slowdown/Global pandemic</b></p> <p><b>Increase in trade deals/trading blocs</b></p> <p><b>New emerging economies</b></p> <p><b>Deregulations/increasing efforts of the World Trade Organisation</b></p> <p><b>Developments in ICT</b></p>	
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**(C) Evaluate the impact on Ireland of any two of the following Policies:**

- (i)** The Common Agricultural Policy
- (ii)** The Competition Policy
- (iii)** The European Union Social Charter.

Question		Possible Responses	Max Mark
<b>3</b>		<p><b>The Common Agricultural Policy</b></p> <p><b>Promotes a fair standard of living for farmers:</b>                      The Common Agricultural Policy gives grants farmers under the single payment scheme. The EU makes these payments to farmers to help the viability of the farm business and to enhance food, safety and environmental standards.</p> <p><b>Free trade/No barriers or restrictions</b>                      EU farmers are allowed to sell their produce to other EU member states without any barriers or restrictions. This allows Irish farmers to export to a large market.</p> <p><b>Improved Produce</b>                      The CAP gives EU farmers grants to spend on improving their land and animals. This helps Irish farmers to produce/offer quality crops and rear quality animals, which helps increases sales and profitability.</p> <p><b>Protect Farmers from Competition</b>                      The common agricultural policy adds tariffs to non-EU food imports to make them dearer. This will encourage consumers to buy more from farmers/producers within the European Union.</p> <p>Evaluation</p> <p><b>The Competition Policy</b></p> <p><b>Bans price fixing cartels:</b></p> <p>It restricts Irish businesses from forming anti-competitive cartels or keeping prices artificially high or preventing newcomers from entering the market.</p> <p><b>Approves mergers and takeovers to ensure fair competition:</b></p> <p>The commission has the power to control large mergers and takeovers. In doing business with smaller firms, large firms</p>	<p>20</p> <p>2 x 8m</p> <p>(4m +4m)</p> <p>(2+2)</p> <p>2m</p> <p>Evaluation</p>



		<p>may not use their bargaining power to impose conditions which would make it difficult for their supplier or customer to do business with the large firm's competitors.</p> <p>Evaluation</p> <p><b>This EU Social Charter</b></p> <p><b>Free movement of Labour</b> Workers have the right to migrate freely which benefits employers in terms of recruitment and selection.</p> <p><b>Working conditions</b> Employees have the right to fair working conditions. The establishment of the working hours directive etc. EU workers can work only a maximum of 48 hours a week. They also have the right to public holidays and pay for four weeks paid annual holiday.</p> <p><b>Health protection and safety</b> Health protection and safety at work elements to the charter have forced employers to improve health and safety conditions in the work place. Evaluation required in each case</p> <p>Evaluation</p>	
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### Question 4

Question			Possible Responses	Max Mark
4	(A)	(i)	<p><b>Outline two causes of industrial relations disputes.</b></p> <p><b>Pay /Disputes over pay:</b> Workers may launch a variety of different pay or pension claims, e.g. cost of living claim, comparability claim or relativity claim. If the employer resists or rejects these pay claims it could lead to industrial disputes.</p> <p><b>Disputes over working conditions/duties:</b> Safety is a fundamental need for employees. Failure by management to provide safe working conditions, safe equipment, proper hygiene and adequate heating can lead to industrial disputes. Changes to working conditions may also cause a dispute.</p> <p><b>New work practices/New Technology:</b> Workers may resist the introduction of new technology if they believe that the employer has not provided adequate training or financial reward for their increased productivity.</p> <p><b>Redundancies:</b> selection for redundancy, redundancy Remuneration package. If workers feel that unfair procedures for selection are being used or if redundancy payments are not adequate e.g. employers may wish to 'cherry pick' employees for redundancy while a trade union representing the employees may prefer a LIFO system.</p> <p><b>Demarcation issue:</b> Differences in pay and conditions of work between similar groups of workers.</p> <p>Accept appropriate answers: Pensions, Holiday entitlements, Trade Union Recognition, Unfair Dismissal, Discrimination etc.</p>	<p>20</p> <p>10</p> <p>(2 x 5m)</p> <p>2 + 3</p>
		(ii)	<p><b>Discuss two types of official industrial action available to employees involved in an industrial dispute with their employer.</b></p> <p><b>Official Strike:</b></p> <ul style="list-style-type: none"> <li>• Employees refuse to enter the workplace or perform their work duties. An official strike involves a secret ballot, proper notification to the employer and sanction by ICTU.</li> <li>• The union members on strike hold a picket outside the workplace.</li> </ul> <p><b>Work - to- rule:</b></p> <ul style="list-style-type: none"> <li>• Employees only undertake the exact jobs written in their job description/contract of employment.</li> <li>• Workers follow the rules of their employment contracts to the 'letter of the law'.</li> </ul>	<p>(2 x 5m)</p> <p>(2+3)</p>

			<p><b>Overtime ban:</b></p> <ul style="list-style-type: none"> <li>• Employees refuse to work extra hours.</li> <li>• This can cause major disruption, leading to lost orders and lost sales, especially at peak trading times e.g. the employees in an airline refuse to do overtime during the holiday period.</li> </ul> <p><b>Token Stoppage:</b></p> <ul style="list-style-type: none"> <li>• A brief stoppage of work by the workers to highlight their frustration over an issue.</li> <li>• This highlights the intention to carry the threat of further, more serious action if agreement is not reached.</li> </ul>	
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**(B) Describe a co-operative relationship and a competitive relationship between two producers in the same line of business. Use appropriate examples to support your answer.**

Question		Possible Responses	Max Mark
4	(B)	<p>A <b><u>co-operative relationship</u></b> 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 relationship between producers in the same line of business could exist to encourage consumption of the good. Example:</p> <p>Two rival car manufacturers share the cost of developing a manufacturing plant. or Several milk producers work together to create a campaign to encourage consumers to increase their dairy intake/drink more milk etc. Publicans in a local town/city cooperate to promote a festival.</p> <p>A <b><u>competitive relationship</u></b> between rival businesses refers to both businesses pursuing a <b>mutually exclusive goal</b> in an effort to achieve particular objectives at the expense of the other. It is known as a <b>win-lose</b> relationship.</p> <p>Car manufacturers such as Volkswagen and Renault compete 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>2 x 10</p> <p>(4 + 3 +3)</p>

(C) (i) Explain the method of terminating the legal contract referred to in the text above.

Question			Possible Responses	Max Mark
4	(C)	(i)	<p>Agreement</p> <p>The parties to the contract may agree to end/bring the contract to a conclusion by mutual consent/ whether or not the purpose of the contract has been achieved.</p>	<p>6</p> <p>3+3</p>

(ii) Outline other methods for terminating a legal contract.

Provide an example in each case.

Question			Possible Responses	Max Mark
4	(C)	(ii)	<p><b>Breach of contract</b></p> <p>If one of the parties does not perform his/her side of the bargain/contractual obligation i.e. does not honour the promises made, the contract is said to have been repudiated. The party is in breach of a condition/essential element of the contract. The second party has the right of action in the courts against the first party who caused the breach/entitled to compensation.</p> <p>Any appropriate example: A builder employed to build a conservatory/sun room but built a room with only one window. The second party can take the builder to court.</p> <p><b>Performance</b></p> <p>Both parties to the contract carry out their duties as required by the contract/the contract is executed according to the agreed terms. Any appropriate example: A band is booked to perform at a wedding. They perform as agreed and are paid in full.</p> <p><b>Frustration</b></p> <p>An unforeseen event prevents the contract from being completed/ Something happens which makes it impossible to complete the contract. The death of Michael Jackson made it impossible for him to carry out his concerts in London. The Covid 19 pandemic made it impossible for the contract for Gerry Cinnamon to perform his Irish tour in the summer of 2020.</p>	<p>14m</p> <p>2 x 7m</p> <p>(2+3+2)</p>

### Question 5

**(A) Discuss the entrepreneurial skills and characteristics you would associate with entrepreneurs like Maria and David.**

Question		Possible Responses	Max Mark
5	(A)	<ul style="list-style-type: none"> <li> <p>• <b>Risk taking</b>            Entrepreneurs takes personal and financial risk.            Entrepreneurs risk investing their time and their money.            David and Maria have to develop the skill of being realistic risks takers.            e.g. They have to decide when to expand/when to borrow finance etc.</p> </li> <li> <p>• <b>Innovative/Creative</b>            Entrepreneurs develop the skill of coming up with new ideas- think outside the box – seek to improve things.            e.g. Maria and David developed new ways of selling their potatoes direct to consumers.</p> </li> <li> <p>• <b>Decisive/Decision Making</b>            Entrepreneurs learn to makes quick and effective decisions.            Maria and David will have learned to consult relevant stakeholders when making decisions. They also will have learned to weigh up the pros and cons of a situation.</p> </li> <li> <p>• <b>Resilient</b>            Entrepreneurs learn to overcome setbacks.            Maria and David have learned they have to be willing to overcome difficulties.</p> </li> <li> <p>• <b>Confident</b>            Entrepreneurs learn to display self-belief/belief in their idea. Maria and David had belief in their new venture/purple potatoes.</p> </li> <li> <p>• <b>Flexible</b>            Entrepreneurs are able to adapt to changing situations.            Maria and David were able to adapt to market trends and they changed from producing traditional potatoes to Violetta potatoes.</p> </li> <li> <p>• <b>Future focused</b>            Entrepreneurs learn to look to the future and come up with plans to stay ahead of competitors.            Maria and David have identified an opportunity to be a market leader.</p> </li> <li> <p>• <b>Proactive/Have initiative</b>            Entrepreneurs initiate rather than waiting on others to do it. They know how to get up and go.            Maria and David had the initiative to develop a niche business selling speciality purple Violetta potatoes.</p> </li> </ul>	<p>5m 2+3</p>

**(B) Illustrate the factors that a business needs to consider when communicating with its various stakeholders.**

Question		Possible Responses	Max Mark
5	(B)	<p><b>Appropriate Language/Clarity</b>            If the language is too technical or too difficult for the customers to understand then the message may be misinterpreted. The business needs to choose language appropriate to its audience. In the case of customers, short clear sentences and visual supports etc. may be suitable for product assembly e.g. flat packs.</p> <p><b>Confidentiality/Safety</b>            The medium chosen must be appropriate to the message been given. If the message is sensitive for the stakeholder e.g. terminating the employment contract of an employee, then a meeting would be more appropriate than a letter or an e-mail.</p> <p><b>Cost</b>            The expense of the communication process is a very important factor. A CEO communicating with his managers worldwide may choose to hold a virtual meeting to cut down on travel and subsistence costs.</p> <p><b>Urgency/Speed/Destination</b>            If a crucial piece of information has to be communicated instantly to a supplier, then a phone call, a text or e-mail may be appropriate e.g. to arrange a change in delivery times.</p> <p><b>Feedback/Accuracy/Record</b>            The business may be looking for feedback in order to take further action. Communication with the revenue commissioners may require regular correspondence and written records and in this case business letters and e-mail can provide formal evidence of the feedback process, eliminating misunderstandings. Other relevant factors: Legal requirements; Availability of technology etc</p> <p><b>Communication Skills of the Receiver /ability to respond</b></p>	4 x 5 (2+3)

(C) (i) Define the term delegation.

Question			Possible Responses	Max Mark
5	(C)	(i)	Delegation involves the assignment of <b>authority</b> to another person. It is generally assigned from a manager to a subordinate, to undertake a specific work task or project. The accountability for the particular task/project is also assigned.	5m 2+3

(ii) Describe the benefits of delegation for:

- Management
- the employees

Question			Possible Responses	Max Mark
5	(C)	(ii)	<p><b>Frees up time for management for strategic planning:</b> Manager is not required to do all the work and has more time for strategic planning.</p> <p><b>Increased efficiency:</b> Task/project may be completed to a higher standard due to the level of personal accountability provided by delegation.</p> <p><b>Increased motivation/staff morale:</b> Increased employee motivation from job enrichment/ improved staff morale/more challenging work.</p> <p>Effective time-management tool/ managers can prioritise tasks that need their attention.</p> <p><b>Staff development:</b> Higher skilled workforce will allow greater management flexibility. The tasks up-skill staff and develop their capabilities.</p> <p><b>Work-life balance improves for the manager:</b> Delegation may improve the work-life balance for the manager. Manager recognises the need to delegate and their workload can decrease.</p>	3 x 5m (2+3)

### Question 6

(A) (i) Distinguish between forming and norming as stages in team development.

Question			Possible Responses	Max Mark
6	(A)	(i)	<p>Forming refers to the team members coming together for the first time. A lack of trust can exist between team members. The team leader will attempt to build relationships and outline the objectives of the team</p> <p>Norming is when norms/rules have been established for how the team will behave, what standards are expected etc. Conflicts that might have occurred in the storming stage have been overcome. Trust has developed between team members and roles have been established.</p>	6 3 + 3

(ii) Outline two benefits of teamwork for the employees in a business

Question			Possible Responses	Max Mark
6	(A)	(ii)	<p><b>Increased Motivation/Increased staff morale:</b> The staff workforce are more motivated when they work as part of team. Staff contribute their best efforts in an attempt to achieve the team objectives.</p> <p><b>Reduced absenteeism:</b> Employees recognise that others depend on them. This can reduce the level of absenteeism in the workforce.</p> <p><b>Increased efficiencies/communications:</b> Teamwork can improve communication with the organization. It can lead to staff developing greater interpersonal skills. This can lead to the sharing of ideas and improved efficiencies.</p> <p><b>Improved decision making:</b> Team members have knowledge and experience that they share with each other. This in turn can lead to more effective decisions and faster task completion</p> <p><b>Accept other relevant answers such as low labour turnover:</b></p>	10  2 x 7m  (4 + 3)



**(B) Discuss the benefits of adopting a Total Quality Management (TQM) system for a company such as Kerry Group.**

	<p><b>(B)</b></p>	<p><b>Increased Sales/Enhanced Reputation</b>  TQM involves the business focusing on the needs of the customer. The benefit is that sales for Kerry Group will increase as consumer satisfaction is improved and the business will develop a reputation for developing high quality goods and services.</p> <p><b>Increased employee motivation/ Increased job satisfaction</b>  Employee empowerment encourages the employees to make decisions. This extra trust from management satisfies the esteem of the employees. This can boost productivity at Kerry Group.</p> <p><b>Reduced costs/zero defects</b>  Businesses who adopt TQM will strive for ‘zero defects’ in production. The benefit is less wastage for Kerry group and less refunds.</p> <p><b>Teamwork/Employee empowerment/Increased job satisfaction</b>  Employee empowerment encourages the employees to make decisions. This extra trust from management satisfies the esteem of the employees.</p> <p><b>Teamwork/Help attract talented employees</b>  A principle of TQM is that employees work in teams, increasing productivity and satisfaction. This will enhance the reputation of Kerry Group as an attractive place to work. This will make it easier for Kerry group to attract high class staff.</p>	<p>15  3@5(2+3)</p>
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- (C) (i) Explain the following types of financial and non-financial rewards.  
**Commission Employee Share Purchase Plan Flexitime**

Question			Possible Responses	Max Mark
6	(C)	(i)	<p><b>Commission</b>            Employees earn a percentage of the total sales that they achieve. Commission can increase the motivation of sales staff to sell goods and services to consumers.</p> <p><b>Employee share purchase plan</b>            Employees can buy shares in the company at a discounted price. This can increase the motivation of employees as it is in their interest to work hard and make the business successful.</p> <p><b>Flexi-time</b>            Employees are empowered to choose their own working hours within a time-frame. Employees must fulfil their contracted hours. i.e. Employees must work a 40-hour week but can choose to start at 10am and finish at 6pm rather than work the traditional 9am to 5pm.</p>	25  18 3@6m (3+3)

- (ii) Describe one other type of reward that you believe motivates employees.

Question			Possible Responses	Max Mark
6	(C)	(ii)	Accept relevant reward	7 2 + 3 + 2

Question 7

(A) Outline the internal and external sources of new product ideas for businesses.

Question		Possible Responses	Max Mark
7	(A)	<p><b>Skills and knowledge</b></p> <ul style="list-style-type: none"> <li>An entrepreneur can possess a particular skill or knowledge that can be used to develop a business. For example a musician might start to offer music lessons.</li> </ul> <p><b>Interests and hobbies</b></p> <ul style="list-style-type: none"> <li>Entrepreneurs might use what they enjoy doing to identify an opportunity.</li> <li>Roz Purcell successfully launched a cookbook</li> </ul> <p><b>Travel abroad:</b></p> <ul style="list-style-type: none"> <li>Entrepreneurs get ideas from products/services they have seen work in other destinations.</li> <li>They then adapt these ideas/products to meet the needs of their market.</li> </ul> <p><b>Copy existing businesses/Competitors:</b> Entrepreneurs get ideas from what they see existing businesses are doing. Competitors can give the entrepreneurs an idea for new product/service of their own.</p> <p><b>Friends/Family suggestions :</b></p> <ul style="list-style-type: none"> <li>Entrepreneurs get ideas from friends or family who might make suggestions or highlight a problem with an existing product/service.</li> </ul> <p><b>Internet:</b></p> <ul style="list-style-type: none"> <li>Entrepreneurs get ideas from the internet. An event, video, trend, problem they witness online might trigger an idea for a new product/service that they can offer.</li> </ul> <p><b>Brainstorming:</b> have a brainstorming session to come up with an idea.</p> <p><b>Media</b> – Entrepreneurs can get ideas from newspapers, TV, radio etc.</p> <p><b>Fashion/Consumer Trends</b> – listening to what is “in vogue”/customer trends and make a product to suit their needs.</p> <p><b>Import substitution-</b> Make a product that is currently being imported. Competitors ' see what competitor is doing and do it better.</p>	4@5(2+3)

**(B)** Moon moods has provided the following information for their new product line:

Forecast output (sales)	30,000
Selling Price per unit	€15
Fixed Costs	€200,000
Variable Costs per unit	€5

Illustrate by means of a break-even chart:

- (i) Breakeven point
- (ii) Margin of safety at the forecast output
- (iii) Profit at forecast output.

Question		Possible Response	Max Mark
6	B	<p>Break Even Chart for Moon Moods</p> <p>Revenue/Costs € 000's</p> <p>Output in units 000's</p> <p>TR</p> <p>TC</p> <p>FC</p> <p>BEP</p> <p>Profit at forecast output</p> <p>Margin of Safety</p>	25

**Calculations only**

(i) **Break-even Point** =  $\frac{F.C.}{S.P - V.C}$   
 =  $\frac{200,000}{15 - 5}$   
 = **20,000 units** ④

(ii) **Margin of Safety** = Volume of Sales – BEP  
 = 30,000 – 20,000 = **10,000 units** ④

(iii) **Profit at Forecast Output:**

Units	Selling Price	Variable Costs	Fixed Costs	Total Costs	Total Revenue	Profit
0	15	0	200,000	200,000	0	-200,000
20000	15	100,000	200,000	300,000	300,000	0
30000	15	150,000	200,000	350,000	450,000	100,000

**Answer: €100,000** ④

or

	0	20,000	30,000
<b>Variable Costs (€5)</b>	0	100,000	150,000
<b>Fixed Costs</b>	200,000	200,000	200,000
<b>Total Costs</b>	200,000	300,000	350,000
<b>Total Revenue (€15)</b>	0	300,000	450,000
<b>Profit</b>	0	0	<b>100,000</b>

(C) (i) Define the term Margin of Safety.

Question		Possible Response	Max Mark
C	(i)	The Margin of Safety is the amount of sales (in units) that a business can afford to lose before it reaches Break-even Point. It identifies the point at which businesses will start to make a loss and acts as a buffer for business to ensure that this point is not reached.	5

(ii) Discuss one limitation of a break-even analysis when making business decisions.

Question		Possible Response	Max Mark
C	(ii)	<p><b>Economies of scale:</b> The breakeven chart does not account for the variable cost per unit decreasing as output increases.</p> <p><b>Selling price:</b> A limitation of the breakeven chart is that it assumes the selling price remains the same. It does not allow/factor that selling price might be reduced for bulk orders.</p> <p><b>Accept other relevant answers such as;</b> Faulty stock: The breakeven chart does not allow for the costs of products that are faulty/production errors.</p> <p>Profits are a function of not only output, but also of other factors like technological change, improvement in management, etc., which are overlooked in this analysis.</p>	2@10  (5+5)

### Question 8

(A) Discuss the three challenges below that a new business start-up must address.

Ownership Structure                  Production                  Finance

Question	Possible Response	Max Mark
<b>A</b>	<p><b>Access to Finance:</b></p> <ul style="list-style-type: none"> <li>• It can be very difficult for new businesses to raise finance. Issues sharing profits, convincing investors.</li> <li>• Adequate working capital</li> <li>• Entrepreneurs will need both short and long term sources of finance and may need to acquire finance through loan capital from financial institutions or try to convince investors to give them the finance they require.</li> </ul> <p><b>Choose the correct ownership structure:</b></p> <ul style="list-style-type: none"> <li>• Entrepreneurs must decide on the best ownership structure of the business.</li> <li>• They must take into account the type of business they are operating, the number of owners involved and the tax and administrative implications of their choice.</li> <li>• Sole trader, company, partnership</li> </ul> <p><b>Choosing a method of production:</b></p> <ul style="list-style-type: none"> <li>• The method of production will be influenced; Economies of scale, type of workers required (low skilled or high skilled) etc.</li> <li>• Job, Batch or Mass production.</li> </ul>	<p>2 x 7m (2+3+2)</p> <p>1 x 6m (2+2+2)</p>

(B) Describe the first four stages involved in the development process of a new product.

Question	Possible Response	Max Mark
B	<p><b>Idea Generation</b></p> <ul style="list-style-type: none"> <li>Initial ideas for the new product are thought up systematically. They can be internal or external.</li> <li>Ideas may be generated by brain-storming sessions, market research, staff suggestions, customer suggestions/feedback on existing products or services, competitors, R&amp;D etc.</li> </ul> <p><b>Product Screening</b></p> <ul style="list-style-type: none"> <li>All ideas are vetted and the impractical and unworkable ideas are dropped, leaving the most viable ones for further examination and development.</li> <li>Careful screening helps businesses avoid huge expenses in developing ideas that are subsequently not marketable and ensures that good opportunities are not lost.</li> </ul> <p><b>Concept Development</b></p> <ul style="list-style-type: none"> <li>This involves turning the idea into an actual product or service that will appeal to/meet the needs of customers.</li> <li>A unique selling point (USP) is identified which will differentiate it from other products on the market.</li> </ul> <p><b>Feasibility Study:</b></p> <ul style="list-style-type: none"> <li>This is carried out to assess if a product has potential. It looks at whether it can be produced technically (production feasibility) and if it will be profitable (financial feasibility).</li> <li>Will it meet government regulation regarding safety standards, and will it be marketable etc.?</li> <li>It seeks answers to questions such as, what demand will there be for the product; what will it cost to produce and can the business afford it?</li> </ul>	<p>20</p> <p>4@5(2+3)</p>



- (C) (i) Define the term marketing segmentation.
- (ii) Illustrate two different ways a market can be segmented.

Question		Possible Response	Max Mark
C		<p>Market segmentation involves <b>dividing up</b> the market into <b>clearly identifiable sections</b> which have <b>common characteristics</b>. It allows a firm to identify who their target market is.</p> <p>It involves dividing a broad target market into subsets of consumers, businesses, or countries that have common needs and priorities, and then designing and implementing strategies to target them.</p>	6 (3 + 3)

- (C) (ii) Illustrate two different ways the market can be segmented.

Question		Possible Response	Max Mark
C		<p><b>Demographic segmentation</b></p> <ul style="list-style-type: none"> <li>Analyses consumers according to age, gender, family size, income, occupation.</li> <li>For mass marketing demographic is one of the best ways as everyone has an age, gender and income.</li> <li>e.g. Age: Businesses often target certain age groups, such as Nintendo developing products for children and adults or Netflix developing tv series for different age groups.</li> <li>e.g. Gender: Males and females are targeted with different types of clothing Topshop targeting males aged 15-35 whereas Topshop targets females aged 15-35.</li> </ul> <p><b>Geographic segmentation</b></p> <ul style="list-style-type: none"> <li>Analyses consumers according to location county/region/country etc.</li> <li>By using segments such as urban versus rural, north versus south, sea coasts versus interior, warm areas versus cold, the business can design a marketing strategy to satisfy the chosen target markets.</li> <li>e.g. Newspaper/Radio business offering different products/services for people in Leinster than people in Munster etc; Spin South West, Midlands 103 etc. The Munster Express newspaper, The Connaught Tribune and The Leinster express newspaper.</li> </ul>	14  (7+7)  2 + 3 + 2

		<ul style="list-style-type: none"> <li>• Car manufacturers developing different products for people in very warm climates than people based in colder climates.</li> </ul> <p><b>Behavioural segmentation</b></p> <ul style="list-style-type: none"> <li>• Analyses consumers according to their knowledge of and attitudes towards the use of or response to a product.</li> <li>• Impulse buying /Value for money (special price) /Celebration packs of chocolates as seasonal treats (Easter/Christmas etc.)</li> </ul> <p><b>Psychological</b></p> <ul style="list-style-type: none"> <li>• Analyses consumers according to social status, lifestyle and personality type.</li> <li>• Attitudes-organic chocolate/environmental concerns around cocoa bean production.</li> <li>• Lifestyles-more health conscious (natural ingredients) /sugar free chocolate/protein bars/diet conscious.</li> <li>• Tastes-more screen time, more snacking while watching TV/Netflix.</li> </ul>	
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