

Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate 2021

Marking Scheme

Business

Ordinary 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.

LEAVING CERTIFICATE 2021

BUSINESS

ORDINARY LEVEL

MARKING SCHEME

AND

EXPECTED RESPONSES

Marking Scheme and Expected Responses for use with the Marking Scheme.

In considering the marking scheme, the following points should be noted:

- The expected responses presented are not exclusive. Marks may be awarded for any other correct answers.
- The expected responses in many cases 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.

LC BUSINESS - ORDINARY LEVEL
EXPECTED RESPONSES – 2021

SECTION 1:

SHORT ANSWER QUESTIONS

75 marks

Q.	Expected Responses	Marks																
1.	<p>What do the following letters stand for?</p> <p>PIN PERSONAL IDENTIFICATION NUMBER ATM AUTOMATED TELLER MACHINE APR ANNUAL PERCENTAGE RATE</p>	<p>15m</p> <p>3 x 5m (2+2+1)</p>																
2.	<p>Write the word TRUE or FALSE after each of the following statements.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 5%;">(i)</td> <td style="width: 60%;">A chairperson has a casting vote if a vote is tied at a meeting.</td> <td style="text-align: center; width: 15%;">TRUE</td> <td style="text-align: center; width: 20%;">4</td> </tr> <tr> <td style="text-align: center;">(ii)</td> <td>A chairperson sends out the notice and agenda for all meetings.</td> <td style="text-align: center;">FALSE</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="text-align: center;">(iii)</td> <td>A secretary takes notes during the meeting and writes up the minutes of the meeting.</td> <td style="text-align: center;">TRUE</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="text-align: center;">(iv)</td> <td>A quorum is the minimum number of people who must be present for a meeting to take place.</td> <td style="text-align: center;">TRUE</td> <td style="text-align: center;">3</td> </tr> </table>	(i)	A chairperson has a casting vote if a vote is tied at a meeting.	TRUE	4	(ii)	A chairperson sends out the notice and agenda for all meetings.	FALSE	4	(iii)	A secretary takes notes during the meeting and writes up the minutes of the meeting.	TRUE	4	(iv)	A quorum is the minimum number of people who must be present for a meeting to take place.	TRUE	3	<p>15m</p>
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3.	<p>Choose the appropriate words to complete the sentence.</p> <p>Market SEGMENTATION involves dividing up the market using different methods such as DEMOGRAPHICS, which then provides analysis of consumers based on age, gender etc. This is done to identify the brand’s target market.</p>	<p>15m</p> <p>8 7</p>																
4.	<p>Match the product idea with the correct Source of Business ideas:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">James Dyson took his vacuum cleaner apart.</td> <td style="width: 30%;">Experience</td> <td style="width: 20%; text-align: center;">5</td> </tr> <tr> <td>A Microsoft employee developed the Xbox as a rival product.</td> <td>Competitors</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Brian Lee noticed the increasing popularity of health food on the go.</td> <td>Market Trends</td> <td style="text-align: center;">5</td> </tr> </table>	James Dyson took his vacuum cleaner apart.	Experience	5	A Microsoft employee developed the Xbox as a rival product.	Competitors	5	Brian Lee noticed the increasing popularity of health food on the go.	Market Trends	5	<p>15m</p>							
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5.	<p>The following steps are involved in the management activity Controlling. Number the steps in the correct order, 1 – 4.</p> <table border="1" data-bbox="419 286 1193 613"> <thead> <tr> <th>NUMBER ORDER</th> <th>STEPS</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>Measure performance</td> </tr> <tr> <td>3</td> <td>Compare performance with standard</td> </tr> <tr> <td>1</td> <td>Set the standard</td> </tr> <tr> <td>4</td> <td>Take corrective action (if necessary)</td> </tr> </tbody> </table>	NUMBER ORDER	STEPS	2	Measure performance	3	Compare performance with standard	1	Set the standard	4	Take corrective action (if necessary)	15m 4 4 4 3																														
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6.	<p>List two reasons for fair dismissal under the Unfair Dismissals Act 1977/2015.</p> <ul style="list-style-type: none"> • Incapability of employee to carry out assigned duties • Incompetence of employee – poor work performance • Qualifications – misrepresentation by employee • Misconduct / improper behaviour by employee • Redundancy 	15m 8 7 (If only examples given, allow 4m each)																																								
7.	<p>Insert the correct EU Institution:</p> <table border="1" data-bbox="325 1077 1265 1352"> <tbody> <tr> <td>EU PARLIAMENT</td> <td>• Members elected every 5 years by EU citizens</td> </tr> <tr> <td>EUROPEAN COMMISSION</td> <td>• Each member appointed by the Government of each member state</td> </tr> <tr> <td>THE EUROPEAN COURT OF AUDITORS</td> <td>• Responsible for ensuring the EU budget is spent correctly</td> </tr> </tbody> </table>	EU PARLIAMENT	• Members elected every 5 years by EU citizens	EUROPEAN COMMISSION	• Each member appointed by the Government of each member state	THE EUROPEAN COURT OF AUDITORS	• Responsible for ensuring the EU budget is spent correctly	15m 5 5 5																																		
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9.	<p>Outline two benefits of Teamwork to an organisation.</p> <ul style="list-style-type: none"> Improved decision-making: greater expertise and experience within a team setting will lead to improved decision making. Better staff morale: staff morale increases as employees get satisfaction from working with others. Leads to better quality of work. Improved staff relations: staff build good contacts with other team members and improves motivation. Workload is shared: each member contributes. Improves communication: teamwork needs good communicating. Work is completed faster: more working on a task improves efficiency. Generates intrapreneurship: suggestions can spark new ideas. Reduced Staff absenteeism: staff who work as part of a team recognise that their team members are reliant on them. This leads to greater productivity, less absenteeism. 	<p>15m</p> <p>4 + 4</p> <p>4 + 3</p>																														
10.	<p>Tick (v) the correct box to indicate which organisation provides a Mediation Service in an industrial relations conflict.</p> <p>Workplace Relations Commission <input checked="" type="checkbox"/></p>	<p>15m</p> <p>15</p>																														
11.	<p>Hempstead Ltd is examining its profitability. From the information provided, calculate the Gross Profit Percentage and Net Profit Percentage for 2020. Show workings.</p> <table border="1" data-bbox="338 1151 770 1469"> <tr> <td>Gross Profit Percentage:</td> <td></td> <td></td> </tr> <tr> <td>(i) 20%</td> <td></td> <td>3</td> </tr> <tr> <td>Workings:</td> <td></td> <td></td> </tr> <tr> <td>$\frac{42000}{210,000} \times \frac{100}{1} = 20\%$</td> <td></td> <td>3</td> </tr> <tr> <td></td> <td></td> <td>2</td> </tr> </table> <table border="1" data-bbox="836 1151 1251 1469"> <tr> <td>Net Profit Percentage:</td> <td></td> <td></td> </tr> <tr> <td>(ii) 5%</td> <td></td> <td>3</td> </tr> <tr> <td>Workings:</td> <td></td> <td></td> </tr> <tr> <td>$\frac{10,500}{210,000} \times \frac{100}{1} = 5\%$</td> <td></td> <td>2</td> </tr> <tr> <td></td> <td></td> <td>2</td> </tr> </table>	Gross Profit Percentage:			(i) 20%		3	Workings:			$\frac{42000}{210,000} \times \frac{100}{1} = 20\%$		3			2	Net Profit Percentage:			(ii) 5%		3	Workings:			$\frac{10,500}{210,000} \times \frac{100}{1} = 5\%$		2			2	<p>15m</p> <p>(i) 8m</p> <p>(ii) 7m</p>
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13.	<p>Complete the missing Factors of Production.</p> <p>LAND</p> <p>ENTERPRISE</p>	<p>15m</p> <p>8</p> <p>7</p>																									
14.	<p>Indicate by means of a tick (✓) whether each of the following is a strength, weakness, opportunity or threat:</p> <table border="1" data-bbox="304 490 1294 947"> <thead> <tr> <th></th> <th>STRENGTH</th> <th>WEAKNESS</th> <th>OPPORTUNITY</th> <th>THREAT</th> </tr> </thead> <tbody> <tr> <td>Ryanair customers find it difficult to contact the airline.</td> <td></td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Wetter weather has impacted on the potato crop for Keogh's crisps.</td> <td></td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td>A new housing development has been built near SuperValu, Loughrea.</td> <td></td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Apple have almost \$200 billion in cash reserves.</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		STRENGTH	WEAKNESS	OPPORTUNITY	THREAT	Ryanair customers find it difficult to contact the airline.		✓			Wetter weather has impacted on the potato crop for Keogh's crisps.				✓	A new housing development has been built near SuperValu, Loughrea.			✓		Apple have almost \$200 billion in cash reserves.	✓				<p>15m</p> <p>4</p> <p>4</p> <p>4</p> <p>3</p>
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15.	<p>Circle the correct option in each of the following statements.</p> <p>(i) TQM stands for <u>Total</u> Team Quality Management.</p> <p>(ii) Employee encouragement <u>empowerment</u> involves employees being actively involved in the running of the business.</p> <p>(iii) A Facilitator Manager <u>delegates</u> dictates tasks to employees.</p> <p>(iv) Products can be designed using Computer Assisted <u>Aided</u> Design.</p>	<p>15m</p> <p>4</p> <p>4</p> <p>4</p> <p>3</p>																									

C	<p>Outline two forms of remedy/redress that consumers are entitled to if any provisions of the Sale of Goods & Supply of Services Act 1980 are broken.</p> <ul style="list-style-type: none"> • Refund: A return of the money paid for the product to the consumer. If a consumer purchases a faulty good and complains promptly then he/she is entitled to a full cash refund. • Replacement: An exchange may also be provided, e.g., a new model of the same or similar quality, i.e., an exact match of the product in perfect condition. • Repair: The retailer can offer to fix the faulty product for the consumer. 	<p>15m</p> <p>8m (4 + 4)</p> <p>7m (4 + 3)</p>
D	<p>Describe any two functions of a trade union.</p> <ul style="list-style-type: none"> • To provide a safeguard for members against any unfair management practice by employers towards employees. • To ensure healthy and safe working conditions for their members. • To obtain the best possible wages for its members. They negotiate with the employers and government in seeking general pay rises. • To organise and represent the workers in trade disputes. • To promote, defend and protect the interests of their members. • To provide advice – the employees can contact their union for advice on all employment related issues. • To organise industrial action if all negotiations have failed. 	<p>15m</p> <p>8m (4 + 4)</p> <p>7m (4 + 3)</p>
E	<p>Explain the process employees must engage in to hold an ‘official strike’, as set out in the Industrial Relations Act, 1990.</p> <ul style="list-style-type: none"> • A secret ballot of union members must take place. • If strike action is voted in favour, the ICTU must approve the strike action. • One weeks’ notice must be given to the employer in advance of strike action. • The employees are allowed to picket outside their own employer’s premises (primary picketing) and/or outside another premises if the other business is frustrating their strike action (secondary picketing). 	<p>15m</p> <p>8m (4 + 4)</p> <p>7m (4 + 3)</p>

QUESTION 2

	Possible Responses	Marks
A	<p>Explain the term franchise as a form of business ownership.</p> <p>A franchise is an agreement between an original company (franchisor) and a new business (franchisee) which allows/licences the franchisee to use the name, logo, products, and business idea of the franchisor in return for a fee and an annual percentage of sales/profits.</p>	<p>10m</p> <p>4 + 3 + 3</p>
B	<p>Name two other businesses in Ireland which operates as franchises.</p> <p>McDonalds Supermacs Burger King KFC Eason Subway</p> <p>Any other acceptable answer (SuperValu etc. are not franchises).</p>	<p>10m</p> <p>5 5</p>
C	<p>Outline one advantage and one disadvantage for Janet and Michael if they decide to franchise out their business.</p> <p>Advantage:</p> <ul style="list-style-type: none"> • Quick method of expansion as franchisees from all over the country may wish to get involved. • Capital/Finance provided by the franchisee for new outlet. • New revenue stream as the brand name or logo becomes more established. <p>Disadvantage:</p> <ul style="list-style-type: none"> • Damage to brand if franchise fails. • Janet and Michael will have to fund all the promotion and advertising/marketing. • USP could be lost if franchise grows too big. 	<p>15m</p> <p>8m (4 + 4)</p> <p>7m (4 + 3)</p>

D	<p>(i) Name the sector of the economy in which the hospitality and tourism industries operate.</p> <p>Tertiary (also known as Services sector)</p> <p>(ii) Explain the other two sectors of the economy and give one example of an industry in each sector.</p> <p>Primary Sector: Also known as the Extractive industries, it involves extracting raw materials from natural resources. It includes Farming, Fishing, Forestry and Mining.</p> <p>Business involved: Bord na Mona, Bord Gáis, Coillte</p> <p>Secondary Sector: This covers the manufacturing, construction, and agribusiness industries. Raw materials from the primary sector are turned into finished products.</p> <p>Business involved: Glanbia, Kerry Group, Sisk, Boston Scientific</p>	<p>25m</p> <p>5</p> <p>4 + 4 + 2</p> <p>4 + 4 + 2</p> <p>(The 2m is for the example)</p>
E	<p>Outline one impact the reduction in the VAT rate will have on each of the following:</p> <p>Impact on Tourism and Hospitality Industries:</p> <ul style="list-style-type: none"> Reduction in prices due to lower VAT will attract more tourists and people on staycation, leading to increased income for hotels and restaurants. Extra demand for services will help create more employment in the sector. <p>Impact on Government Current Income:</p> <ul style="list-style-type: none"> Less VAT revenue from this sector will reduce Government Current Income. The Government will have less to spend on important areas such as health and social protection. 	<p>15m</p> <p>8m</p> <p>(5 + 3)</p> <p>7m</p> <p>(5 + 2)</p>

QUESTION 3

	Possible Responses	Marks
A	<p>(i) Calculate the Balance of Payments for Q2 2020. Show your workings.</p> <p>(ii) State whether it is a surplus or deficit.</p> <p>(i) Balance of Payments = Total Exports – Total Imports</p> <p>Total Exports (Visible Exports + Invisible Exports)</p> <p align="center">€56bn + €52bn = €108bn</p> <p>Total Imports (Visible Imports + Invisible Imports)</p> <p align="center">€23bn + €53bn = €76bn</p> <p>Balance of Payments = 108bn – 76bn = €32bn</p> <p>(ii) Surplus</p>	<p>20m</p> <p>2</p> <p>2 + 2 + 1</p> <p>2 + 2 + 1</p> <p>4</p> <p>4</p>
B	<p>Explain two reasons why international trade is important for Ireland.</p> <ul style="list-style-type: none"> • Access to raw materials not available in Ireland – Irish business can access essential raw materials to produce their goods • Increased sales (exports) due to small home market – sales are limited in Ireland due to size of population • Growth and survival of Irish businesses – many businesses must export to survive • More choice for consumers – imports of foreign produced goods give wider selection to consumers • Improved quality and competitive prices for consumers – increased competition results in better quality products and fair prices • Creates employment – business growth in export markets results in increased employment • Improves Balance of Trade and Balance of Payments – increased exports of goods and services improves the Irish economy • Helps Irish business to achieve economies of scale by selling in large quantities. 	<p>15m</p> <p>8m</p> <p>(5 + 3)</p> <p>7m</p> <p>(5 + 2)</p>

<p>C</p>	<p>A tariff is used as a barrier to trade. Explain the term tariff and name one other barrier to trade.</p> <p>A tariff is a tax on imported goods coming into a country from a specific country. It makes imported goods more expensive. The EU operates a free trade area where no tariffs are charged between EU member states. Tariffs are charged on goods coming into the EU from countries outside of it. Tariffs are used to encourage consumers to purchase home produced goods by making imports more expensive.</p> <p>Other barriers to trade:</p> <ul style="list-style-type: none"> • Quotas • Subsidies • Embargoes/Ban • Regulations • Import/Export Licences 	<p>15m</p> <p>10m (5 + 5)</p> <p>5</p>
<p>D</p>	<p>Explain the term multinational company (MNC).</p> <p>A multinational company is a business with headquarters in one country but company offices/locations in other countries throughout the world. e.g., Google is a business who has its headquarters in the United States of America but also has operations and offices in other locations such as Dublin.</p>	<p>10m</p> <p>5 + 5</p>
<p>E</p>	<p>Outline two reasons why multinational companies might relocate to Ireland, following Brexit.</p> <ul style="list-style-type: none"> • English Speaking nation – Ireland will be the only remaining English speaking nation in the EU. • Access to EU – many MNCs currently located in the UK are there to access EU markets – this will continue if they move to Ireland. • Low Corporation Tax – Ireland’s low corporation tax rate of 12.5% is the lowest in the EU making it a more attractive location than any other member state. • Educated workforce – many MNCs will move to Ireland as we have a workforce where over 50% have obtained a third level qualification. 	<p>15m</p> <p>8m (5 + 3)</p> <p>7m (5 + 2)</p>

QUESTION 4

	Possible Responses	Marks
A	<p>Explain two benefits to an employee of being a member of a Trade Union.</p> <ul style="list-style-type: none"> • The employee will have increased bargaining power as the trade union will speak on behalf of all employees in any negotiations. • Trade Unions use skilled negotiators in all dealings with employers to get the best results possible for the employees. • Job security for members is enhanced as employers will be deterred from dismissing employees without particularly good cause. They would know that the trade union would have enough power to have the employee reinstated. • Employees rights are protected – trade unions strive to ensure all members rights are protected by their employer. • Better pay – one of the main objectives of a trade union is to seek the best possible wages for all its members. • Better working conditions – the trade union tries to improve employees’ working conditions. • Negotiations on redundancy settlements – the trade union negotiates redundancy packages for employees if jobs cannot be saved. • Provides advice – the employees can contact their union for advice on all employment related issues such as legal entitlements, holidays, conditions, conflict, contracts. • Provides advice – the employees can contact their union for advice on all employment related issues. <p>[Other correct answers accepted.]</p>	<p>15m</p> <p>8m (4 + 4)</p> <p>7m (4 + 3)</p>
B	<p>State one example of a Trade Union in Ireland.</p> <p style="text-align: center;">SIPTU, TUI, INMO, ASTI, INTO, Fórsa, NUJ</p>	<p>10m</p> <p>10</p>
C	<p>Outline two effects of industrial disputes.</p> <ul style="list-style-type: none"> • Loss of Wages for employees • Loss of Sales and Profits for the business/employer • Loss of Service/Customer dissatisfaction for the consumer • Loss of Tax Revenue for the Government • Morale/Relationships between the employer and employees suffers • Poor public image for business/organisation • Government agencies such as WRC may have to intervene/assist. 	<p>15m</p> <p>8m (5 + 3)</p> <p>7m (5 + 2)</p>

D	<p>Outline two functions of a shop steward.</p> <ul style="list-style-type: none"> • Keep members up to date with information from head office, e.g., progress on pay consultations, directives in terms of strike action. • Recruit new members – encourage new members of the workforce/staff to join the trade union. • Highlight the benefits of union membership to any employee not in a union. • Take up employees’ grievances with management, e.g., working conditions, promotions, working hours. • Take matters that cannot be settled internally to a higher level of the trade union. • Inform the trade union head office of members concerns. This helps to shape the agenda of the trade union. • To attend union branch meetings and report feedback to fellow employees. • To organise union meetings in the workplace. 	<p>15m</p> <p>8m (5 + 3)</p> <p>7m (5 + 2)</p>
E	<p>Explain, giving two reasons, why the advertisement shown is unlawful under the Employment Equality Acts 1998-2015.</p> <ul style="list-style-type: none"> • Gender discrimination – the advertisement seeks female only applicants – this is illegal. • Racial discrimination – a job advertisement cannot specify a particular race, such as “must be Irish” when recruiting for a position – it is illegal. 	<p>20m</p> <p>2 x 10m (5 + 5)</p>

PART 2

QUESTION 5

	Possible Responses	Marks
A	<p>Outline three entrepreneurial characteristics / skills associated with entrepreneurs like Devan and Artavazd.</p> <ul style="list-style-type: none"> ● Risk taker – Devan and Artavazd have taken a financial risk with no guarantee of success. ● Innovative/Creative – Devan and Artavazd saw a new opportunity / came up with a new idea – an app to improve shopping. ● Human Relations skills – ability to handle extra staff. ● Hardworking/Energetic – willing to commit long hours and work as much as possible to achieve their goal. ● Resilient – able to keep going when faced with setbacks. ● Future focused /ambitious – look to future and come up with plans to stay ahead of competitors. ● Proactive – not waiting on others to do things for them. ● Independent – able to work on their own. ● Confident – knowing they can achieve goals; self-belief in own ideas – hired extra staff. ● Flexible – Able to adapt to changing situations. <p style="text-align: center;">Accept any other suitable answer.</p>	<p>15m</p> <p>3 x 5m (3 + 2)</p>
B	<p>Explain two ways in which Information & Communication Technology (ICT) can assist a business.</p> <ul style="list-style-type: none"> ● Improved communication – instant worldwide communication – emails, videoconferencing. ● Marketing – Businesses can advertise online to a global audience – internet/websites/social media. ● E-commerce – Goods/Services can be sold online to global markets which increases profit. ● Market Research – A business can look up information on their competitors or conduct an online survey. ● Electronic Data Interchange (EDI) – automatic stock ordering system ensures you always have enough stock. ● Meetings – Face to Face meeting can occur without the need to travel – videoconferencing, Teams, Zoom. ● Quick decision making – financial forecasting is easier – cashflow forecasts, spreadsheets. ● It enables employees and managers to work from home – laptops, iPads. ● Production – CAD/CAM can be used for design and manufacturing. ● Customer records can be maintained on databases. ● Payroll – Software is available for calculating staff wages and tax liabilities. <p style="text-align: center;">Accept any other suitable answer.</p>	<p>15m</p> <p>8m (4 + 4)</p> <p>7m (4 + 3)</p>

C	<p>Outline two benefits to a business of motivating employees.</p> <ul style="list-style-type: none"> • Improved Productivity – employees work harder • Less absenteeism – employees are happy to come to work • Low labour turnover – employees remain in the business • Positive Industrial Relations – reduced chance of disputes as morale is high • Intrapreneurship – motivated employees are more likely to come up with new ideas for the business. 	<p>15m</p> <p>8m (4 + 4)</p> <p>7m (4 + 3)</p>
D	<p>(i) List the missing levels 2,4 and 5.</p> <p>2: Safety/Security 4: Esteem 5: Self Actualisation</p> <p>(ii) Explain an initiative Tesco could introduce to try and satisfy their employees' social needs at Level 3.</p> <ul style="list-style-type: none"> • Social Club/Outings – organise staff outings/nights out/team building exercises. • Matrix Structure – organise employees into teams. 	<p>20m</p> <p>3 x 5m</p> <p>5m (3 + 2)</p>
E	<p>Explain the democratic style of leadership sometimes used by Tesco when making decisions.</p> <p>Democratic leadership is an inclusive style of leadership. Tesco managers involve staff in decision making. They communicate and consult with staff. They persuade and motivate staff rather than give orders. They believe employees enjoy work and are self-motivated. They trust employees to carry out their duties.</p> <p>Democratic leaders delegate responsibility and encourage intrapreneurship. A democratic leader will acknowledge and praise staff for work completed. This increases staff morale, which leads to high motivation and productivity.</p>	<p>10m</p> <p>5 + 5</p>

QUESTION 6

	Possible Responses	Marks
A	<p>Explain three methods, other than wages, of rewarding employees.</p> <ul style="list-style-type: none"> • Commission – sales personnel earn a percentage of the products’ sale value. • Benefit in kind – non-financial methods of reward such as company car, laptop, health insurance. • Share ownership scheme – the option for employees to purchase shares in the business at discounted/low prices. • Bonus – extra payment for reaching targets e.g., productivity, timekeeping. Often paid at key times, e.g., Christmas, if the business is making profit. • Profit Sharing – giving the employees a percentage share of profits. • Flexi-time – allowing employees the opportunity to set their own start/finish times as long as minimum hours worked. • Increased holidays – increasing the number of paid annual leave days. 	<p>15m</p> <p>3 x 5m (3 + 2)</p>
B	<p>Outline two functions, other than Manpower Planning, which are part of a Human Resource Manager’s job.</p> <p>Recruitment & Selection: A Human Resource Manager is responsible for hiring new members of staff – this involves creating a job description, person specification and job advertisement. The HR Manager then screens applicants and selects suitable candidates following an interview/aptitude test/selection process.</p> <p>Training & Development: All training for new and existing staff is organised by the HR Manager. This may be done in house (on the job) or at an external location (off the job) by another agency. Development involves providing staff with additional skills which will help them in future roles.</p> <p>Performance Appraisal: This is usually undertaken on an annual basis where the HR Manager reviews an employee’s performance. This will involve an interview process where the employee and HR Manager discuss goals set and achieved, training needs etc. It is also used to identify suitable candidates for promotion.</p> <p>Rewarding Employees: The HR Manager looks after the remuneration of staff through financial and non-financial methods e.g., salary/wages, benefit in kind etc.</p> <p>Employer/Employee Relations: The HR Manager is the link between management and staff. He/she will try to create a positive atmosphere in the workplace and deals with any possible disputes which may occur.</p>	<p>20m</p> <p>10m (5 + 5)</p> <p>10m (5 + 5)</p>

<p>C</p>	<p>Calculate Tom’s redundancy package from Dunmackey House Hotel.</p> <p>Answer: Tom will get a redundancy payment of €32,340</p> <p>Workings:</p> <p style="text-align: center;">€490 x 6 weeks x 11 years = €32,340</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 2px 10px;">2</td> <td style="padding: 2px 10px;">1</td> <td style="padding: 2px 10px;">2</td> <td style="padding: 2px 10px;">1</td> <td style="padding: 2px 10px;">2</td> </tr> </table>	2	1	2	1	2	<p>10m</p> <p style="text-align: center;">10</p> <p>(If incorrect, allow up to 8 marks for good workings)</p>
2	1	2	1	2			
<p>D</p>	<p>(i) Name and explain one type of motor insurance Tom could purchase.</p> <p>(ii) Name one factor which might impact on a motor insurance premium.</p> <p>(i) Comprehensive Insurance – this will cover any damage or injury to a third party, fire and theft of Tom’s van and damage to Tom’s van in the event of an accident.</p> <p>Third Party – minimum requirement by law – in the event of an accident involving Tom, the other person’s car is covered.</p> <p>Third Party, Fire and Theft – in the event of an accident the third party is covered, fire damage or theft of Tom’s car is also covered.</p> <p>(ii) Impact factor:</p> <p>Type of Driving Licence Driving Experience /number of years no claims bonus Make, model and value of vehicle Year of registration Previous accidents/claims Penalty points/convictions Under/over a certain age.</p>	<p>15m</p> <p style="text-align: center;">10m (5 + 5)</p> <p style="text-align: center;">5</p>					

E	<p>Tom must adhere to the principles of Utmost Good Faith, Indemnity and Insurable Interest. Explain two of these principles.</p> <p>Utmost Good Faith:</p> <p>A person taking out insurance must be truthful when completing proposal form – all material facts must be declared. A material fact is anything which affects the level of risk the insurer is being asked to cover and therefore the premium charged.</p> <p>Example: Thatched house, house near river, medical condition. These material facts must be disclosed.</p> <p>Indemnity:</p> <p>A person cannot make a profit from insurance – the purpose of insurance is to leave the person in the same financial position as before the claim. This protects the insurer from over-insurance.</p> <p>Example: Car insured for €15,000. Market value of €9,000. Insured will only receive €9,000 compensation in the event of a write-off.</p> <p>Insurable Interest:</p> <p>The person taking out insurance must have a financial interest in the item being insured – must gain from its existence and suffer financially from its loss.</p> <p>Example: People can insure their own house but have no insurable interest in insuring their neighbour’s house.</p>	<p>15m</p> <p>8m (4 + 4)</p> <p>7m (4 + 3)</p>
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QUESTION 7


	Possible Responses	Marks
A	<p>Name one item Eden Hills Golf Club might include in their cashflow under each of the following headings:</p> <p>(i) Receipts Section Membership/Subscriptions Green Fees Bar Sales Food/Restaurant Sales Grant</p> <p>(ii) Payments Section Wages Insurance Light & Heat Maintenance</p> <p>Accept any other relevant answer.</p>	<p>10m</p> <p>5</p> <p>5</p>
B	<p>(i) Does Eden Hills Golf Club have a better cashflow position in January or March?</p> <p>Answer: March</p> <p>(ii) Outline two possible reasons for your answer.</p> <ul style="list-style-type: none"> • Increased Receipts of €25,000 in March, probably due to more members paying their annual subscriptions as the weather gets better. • Probably more visitors played golf in March, allowing extra Green Fees to increase the receipts. • Payments lower than previous months, as costs such as Insurance and machinery repairs/servicing were probably paid in January. • This left a Surplus Net Cash of €12,000 in March, which cancelled the negative closing cash of February and left a Closing cash of €5,000. <p>OR</p> <ul style="list-style-type: none"> • Payments exceeded receipts by €8,000 in January, probably due to some once-off annual payments like insurance or machinery servicing. • Other extra expenditure during January would be due to increased light and heat bills for Clubhouse etc. • Bar and food receipts would be at their lowest in January as not many people play golf and others would have spent their spare money at Christmas. • This left a deficit Closing cash of minus €6,000, which can only be tolerated in the short run. 	<p>20m</p> <p>5</p> <p>8m (4 + 4)</p> <p>7m (4 + 3)</p>

C	<p>Outline two advantages of meetings as a method of communication.</p> <ul style="list-style-type: none"> • At meetings, participants consult and discuss options before deciding the best plan for the business. Everyone can contribute which helps decision making. • Clarity/understanding – allows any confusion or misunderstanding to be addressed immediately. This lessens any chance of misinterpretation • Feedback/Opinions – immediate feedback on information is given by any attendee who wishes to speak. • Rapport/Positive relations – face to face meetings builds relationships between people. • Good for staff morale as everyone has the opportunity to get their point across. • Decisions can be made more quickly – people are face to face and can make decisions on the spot. 	<p>15m</p> <p>8m (5 + 3)</p> <p>7m (5 + 2)</p>
D	<p>Explain two sources of long-term finance Eden Hills Golf Club could use to expand its business.</p> <p>Retained Earnings (Reserves) Past profits of the golf club, which have been held as reserves, are reinvested into the business to fund future development.</p> <p>Long Term loan (Debentures) Borrowings of over five years secured on the fixed assets of the club. Specified rate of interest and repayment date.</p> <p>Sports Capital Grant Eden Hills could apply for funding under the Sports Capital Grant scheme from the Government. Grants do not have to be repaid.</p> <p><i>Do not accept Share Capital/Equity Capital.</i></p>	<p>15m</p> <p>8m (5 + 3)</p> <p>7m (5 + 2)</p>
E	<p>Outline two benefits of preparing a Business Plan.</p> <ul style="list-style-type: none"> • It sets out clearly the objectives and targets of the business which gives direction and focus to the business. • It is used in conjunction with cash flow forecasts to obtain finance from lenders, who must be convinced that the plan has a good chance of success. • It can help attract potential investors as they can assess the risk before investing. • It identifies resources required for the future to make the business successful. • It can highlight future difficulties and the business can take steps to address them. • Actual performance can be compared with targets set, to determine success. 	<p>15m</p> <p>8m (5 + 3)</p> <p>7m (5 + 2)</p>

QUESTION 8

	Possible Responses	Marks
A	<p>Explain two of the underlined terms.</p> <p>Idea Generation: This is a systematic approach to coming up with ideas for new products. It is the first stage in the process. Ideas can be generated through brainstorming, watching competitors, travel, trends, research and development, etc.</p> <p>Product Screening: This involves assessing all ideas for a new product, discarding the least viable and unworkable ideas and choosing the most suitable idea, the one that has best potential to succeed in the marketplace.</p> <p>Feasibility Study: A Feasibility Study is carried out to see if the product can actually be made and brought to the market. It would check:</p> <ul style="list-style-type: none"> • If the firm has the ability to manufacture the product • If the firm has the finances to develop, produce and market it • If it can be produced at a reasonable cost and in large enough quantities to sell at a profit. 	<p>15m</p> <p>8m (5 + 3)</p> <p>7m (5 + 2)</p>
B	<p>Outline two methods of field research that Cadbury may have used as part of its Test Marketing stage.</p> <p>Survey/ Questionnaire Cadbury can determine from the responses how customers will react to its new products. It could identify if there is a target market for the products. It could save Cadbury money if it shows in advance that the product will not be in demand.</p> <p>Interview Face to face – Cadbury researcher can see the reaction to the questions asked. Personal feedback may point the company in a different direction.</p> <p>Consumer Panel A group of people (focus group) could use the products and give Cadbury valuable feedback.</p> <p>Observation This could show how producers of competing products run their business. Consumer reaction could also be observed.</p>	<p>15m</p> <p>8m (5 + 3)</p> <p>7m (5 + 2)</p>

C	<p>(i) Explain the term Mass Production.</p> <p>Mass Production involves the manufacture of very large quantities of identical products on a continuous basis. A high level of automation is involved, leading to economies of scale such as low labour costs per unit. A large demand is essential for mass-produced goods. Continuous production leads to high storage requirements.</p> <p>Examples: Ball-point pens, iPads, golf balls, cars.</p> <p>(ii) Name and explain two other methods of Production.</p> <p>Job Production:</p> <p>This is the manufacture of one-off goods to order. Labour is highly skilled and intensive. Goods produced are customised to customers specifications and are more expensive. The products are of high quality. The machinery/ equipment used is expensive, leading to a high cost of production per unit.</p> <p>Examples: hand-crafted furniture, tailored suits, wedding dresses, cruise liners.</p> <p>Batch Production</p> <p>This is the production of goods in groups or batches. A certain amount or limited quantity of identical goods is produced at the same time and then production switches to a different batch or group. The goods are produced using semi automation and skilled labour. Work is completed on each stage of the production before a new batch is started. Machinery can be adjusted to produce different products. Batch production reduces costs and has better economies of scale than job production. Batch produced products tend to be less expensive for consumers than those that are job produced.</p> <p>Example: in a bakery, a batch of loaves followed by a batch of scones.</p>	<p>20m</p> <p>7m (4 + 3)</p> <p>7m (4 + 3)</p> <p>6m (3 + 3)</p>
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D	<p>Illustrate, using a diagram, the channel of distribution Cadbury might use to distribute their chocolate bars.</p> <div style="text-align: center;"> <p>MANUFACTURER</p>  <pre> graph TD M[MANUFACTURER] --> W[WHOLESALER] W --> R[RETAILER] R --> C[CONSUMER] </pre> </div>	<p>10m</p> <p>4 x 2m</p> <p>+ 2m for arrows</p>
E	<p>Outline two functions of product packaging.</p> <ul style="list-style-type: none"> • To protect the product in transit • To store the product safely without any risk of contamination • To advertise the brand by making the packaging eye catching • To differentiate the product from competitors • To provide information about the product for prospective consumers. 	<p>15m</p> <p>8m (5 + 3)</p> <p>7m (5 + 2)</p>

QUESTION 9

	Possible Responses	Marks
A	<p>Outline two reasons why a good brand name is important to a business like the Ryans.</p> <ul style="list-style-type: none"> • Helps identify Ryan’s hardware store / makes it more recognisable / differentiates it from competitors’ stores. • Increases customer loyalty. Consumers will stick with a particular shop if satisfied, which increases sales and profits. • Aids marketing and advertising / keeps the brand name of the store and the brand names of its products in consumers’ minds. • A well-known brand name often has the image of higher quality. Therefore, the store can charge a higher price. 	<p>15m</p> <p>8m (4 + 4)</p> <p>7m (4 + 3)</p>
B	<p>Outline three factors the Ryan’s must consider before setting prices for their products.</p> <ul style="list-style-type: none"> • Target Market – what consumers can afford to pay / are willing to pay • Competitors Prices – will they match, undercut or sell at a higher price • Cost of product – what price will cover cost and give profit • Image – what sort of image do they want to create • Taxes/Tariffs – price must include all taxes and tariffs • Economic conditions/demand – higher prices can be charged in a booming economy. 	<p>20m</p> <p>7m (4 + 3)</p> <p>7m (4 + 3)</p> <p>6m (4 + 2)</p>
C	<p>(i) Explain the term Sales Promotion.</p> <p>Sales Promotion involves using short term incentives/gimmicks to attract extra consumption/boost sales. It looks for immediate results. It could be used to introduce a new product or brand, to renew interest in a product whose sales have fallen, or to stimulate extra demand for a well-established brand.</p> <p>(ii) List three methods of Sales Promotion the Ryan’s could use to compete with the larger chain store.</p> <ul style="list-style-type: none"> • Special offers: buy one, get one free / three for price of two • Competitions offering prizes • Loyalty cards • Money off vouchers • Free samples • Discounts when buying a certain amount of goods. 	<p>20m</p> <p>8m (4 + 4)</p> <p>12m (4 + 4 + 4)</p>

D	<p>List two reasons why businesses expand.</p> <ul style="list-style-type: none"> • To increase sales/profits • To protect itself against competitors • To diversify – to spread risk • Ambition – to create an empire • To benefit from economies of scale • To protect source of supplies/raw materials • To eliminate competition (by take-over or merger). 	<p>10m</p> <p>2 x 5m</p>
E	<p>Explain the difference between a merger and a takeover.</p> <p>A Merger is when two companies voluntarily agree to come together and operate as one. The company is now jointly owned and trades under one name. A single new legal entity is formed.</p> <p>A Takeover is when one company buys out another company (with or without its consent) by buying at least 51% of its shares. It is also known as an acquisition.</p>	<p>10m</p> <p>5m (3 + 2)</p> <p>5m (3 + 2)</p>

