



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

**Leaving Certificate 2025**

**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.

The table below contains information about annotations used for marking throughout the exam paper:

Annotation	Use
	Correct element (n marks)
	No marks awarded. Answer incorrect or insufficient.
	Page seen by examiner / Information not valid.
<b>OF</b>	Candidate's own figure earns marks.
<b>[</b>	Surplus answer or part of answer. Marks awarded elsewhere.
<b>L1</b>	1 Marks awarded for linking to text.
<b>L2</b>	2 Marks awarded for linking to text.
<b>L3</b>	3 Marks awarded for linking to text.
	Evaluation

**LEAVING CERTIFICATE BUSINESS HIGHER LEVEL 2025**  
**MARKING SCHEME**

**SECTION 1**  
**(80 Marks)**

**This is a compulsory section.**

**Answer 8 questions. Each question carries 10 marks.**

Question	Scheme	Marks
1.	5@ 3,2,2,2,1	10
2.	(a) 3+3 (b) 2+2	10
3.	5@ 3,2,2,2,1	10
4.	5@ 3,2,2,2,1	10
5.	(3+2) (3+2)	10
6.	(3+2) (3+2)	10
7.	(a) 3+2 (b) 5@1	10
8.	(3+2) (3+2)	10
9.	(3+2) (3+2)	10
10.	(3+2) (3+2)	10
11.	(a) 3+3 (b) 2+2	10
12.	(3+2) (3+2)	10
<b>Section 1</b>	<b>Available Marks</b>	<b>80</b>

**SECTION 2**  
**(80 Marks)**  
**Inis Bia**

<b>Applied Business Question (Units 2, 3 &amp; 4)</b> <b>This is a compulsory question.</b>			<b>Max Mark</b>
<b>(A)</b>	Outline the entrepreneurial skills/characteristics displayed by Trisha. Refer to the text in your answer.	4@5 (2+2+1) Name, Explain, Link	20 marks
<b>(B)</b>	<b>(i)</b> Evaluate the effectiveness of the types of management control in place at Inis Bia. Refer to the text in your answer. <b>(ii)</b> Recommend how one type of control could be improved at Inis Bia.	4@7 (1+2+1+3) Name, Explain, Link, Evaluate the effectiveness  1@2m. Recommendation	30 marks
<b>(C)</b>	Describe the functions of human resource management (HRM) at Inis Bia. Refer to the text in your answer.	5@6(2+2+2) Name, Explain, Link	30 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**  
**(240 marks)**

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

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

**Part 1**

**People in Business / Business Environment**

Question 1			Max Mark
People in Business			
(A)	Illustrate your understanding of the following essential elements of a valid contract.  Consideration      Capacity to Contract Consent to Contract      Legality of form.	4@5 (4+1),(4+1), (3+2),(3+2) Explain, Example	20
(B)	Explain, using examples, the different types of industrial action.	4@5(2+2+1) Name, explain, example	20
(C)	(i) Define discrimination as set out in the Employment Equality Act 1998/2015.  (ii) List four grounds other than gender and sexual orientation on which discrimination is outlawed under this act.	8+4  8marks (3+3+1+1)	20
Q1	Available Marks		60

Question 2			Max Mark
Domestic Environment			
(A)	<p>Illustrate your understanding of the following types of business organisations.</p> <p>Partnership      Sole Trader      Franchise      Public Limited Company</p>	<p>4@5 (4+1),(4+1), (3+2),(3+2) Explain, Example</p>	20
(B)	Discuss the benefits and challenges of increasing employment for Irish businesses.	<p>4@5 (2+3) Name, Explain</p>	20
(C)	Outline how the Irish government could create a positive climate for business. Use examples to support your answer.	<p>4@5 (2+2+1) Name, Explain, Example</p>	20
Q2	Available Marks		60

Question 3			Max Mark
International Environment			
(A)	<p>(i) Describe, with examples the difference between a directive and a regulation as forms of law in the European Union (EU).</p> <p>(ii) Explain the impact of an established EU directive on Irish businesses.</p>	<p>2@7 (4+3) Feature, Example</p> <p>1@6 (3+3) Impact Explained</p>	20
(B)	Outline the global marketing mix for a product of your choice.	<p>4@5(2+2+1) Element, Explain, Example</p>	20
(C)	<p>Illustrate the following barriers to free trade that can exist between countries.</p> <p>Embargo      Quota      Subsidy      Tariff</p>	<p>4@5 (4+1),(4+1), (3+2),(3+2) Explain, Example</p>	20
Q3	Available Marks		60



Question 4 People in Business			Max Mark
(A)	Illustrate each method of terminating a contract named below.  Performance      Frustration      Breach of contract      Agreement	4@5 (4+1),(4+1), (3+2),(3+2) Explain, Example	20
(B)	Explain, using an example, the grounds for dismissal that are deemed to be fair under the terms of the Unfair Dismissals Act 1977/2015.	4@5(2+2+1) Ground, Explain, Example	20
(C)	(i) Explain the term a competitive relationship.  (ii) Explain the benefits to a business of competitive relationships between: <ul style="list-style-type: none"> <li>• two suppliers</li> <li>• two employees</li> </ul>	3+3  2@7(4+3)	20
Q4	Available Marks		60

Question 5 Managing			Max Mark
(A)	Discuss the factors to consider when choosing an effective communication medium.	4@5 (2+3) Name, Explain	20
(B)	Conduct a SWOT analysis for a business of your choice.	4@5(2+3) Name, reference	20
(C)	(i) Outline the implications of a manager adopting McGregor's Theory X approach to management  (ii) Explain the factors that influence a manager to adapt a Theory X approach to management.	2@5(2+3) Name, Explain  2@5(2+3) Name, Explain	20
Q5	Available Marks		60

Question 6 Managing			Max Mark
(A)	Outline the different types of insurance that The Royal Oak Hotel should have in place.	4@5 (4+1),(4+1), (3+2),(3+2) Name, Explain	20
(B)	Discuss the strategies used to manage change in a business.	4@5(2+3) Name, Explain	20
(C)	Calculate each of the following for Gemma. (Show your workings) (i) The PAYE which Gemma has to pay. (ii) The total amount of USC paid. (iii) The total amount of PRSI paid. (iv) Gemma's net annual take-home pay.	10 marks 6 marks 2 marks 2 marks	20
Q6	Available Marks		60

Question 7 Managing			Max Mark
(A)	Discuss the advantages and disadvantages of an acquisition (takeover) as a method of business expansion	4@5(2+3) Name, Explain  2 of each required	20
(B)	Illustrate four stages, apart from launch, that Glanbia may use for developing a new product.	4@5(2+2+1) Name, Explain, Reference /Example	20
(C)	Discuss how Anthem Transport Ltd could use different medium-term sources of finance for their medium-term needs.	3@6(3+3)  Source, Explain  2@1m  Uses of medium-term finance	20
Q7	Available Marks		60

Question 8 Business in Action			Max Mark
(A)	<p>(i) Explain the term product portfolio.</p> <p>(ii) Illustrate the different methods of market segmentation used by businesses such as Proctor and Gamble</p>	<p>6(3+3)</p> <p>2@7(2+3+2) Method, Explain, Reference</p>	20
(B)	Describe the reasons for conducting market research	<p>3@5(3+2) Name, Explain</p>	15
(C)	<p>Illustrate the following by means of a breakeven chart:</p> <p>(i) Breakeven point</p> <p>(ii) Margin of safety at the forecast output</p> <p>(iii) Profit at forecast output.</p>	<p><u>Break Even Chart:</u></p> <p>Title 2m Axis 1m Axis 1m</p> <p>FC 3m TC 3m TR 3m</p> <p>BEP 4m Profit at FO 4m MoS 4m</p> <p><b>OR</b></p> <p><u>Calculations only:</u></p> <p>BEP 4m Profit at FO 4m MoS 4m</p>	25
Q8	Available Marks		60

**SECTION 1**  
**(80 Marks)**

Support Notes

Question			Possible Responses	Marks										
1			<p>Match the two lists by placing the letter of the correct explanation under the relevant number below.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr> <td>D</td><td>E</td><td>A</td><td>C</td><td>F</td></tr> </table>	1	2	3	4	5	D	E	A	C	F	3,2,2,2,1
1	2	3	4	5										
D	E	A	C	F										

Question			Possible Responses	Marks
2	(a)		<p>Explain the term Global Business.</p> <p>A global business provides the same, <b>undifferentiated/standardised product worldwide</b>. It uses a global marketing strategy, which involves the same or sometimes an <b>adapted marketing mix (product, price, place, promotion)</b> throughout the world to build a global brand.</p>	3+3
	(b)		<p>Name <b>two</b> examples of Global Businesses.</p> <p>Examples of global businesses include Coca Cola, Dell, Nike, Toyota, Microsoft, Intel, HP, Google, Apple, McDonalds and Nokia.</p>	2+2

Question			Possible Responses	Marks
3			<p>In the context of business, what do the following letters stand for?</p> <p>DAC = Designated Activity Company  MNC = Multinational Company  IBEC = Irish Business Employers Confederation  ICTU = Irish Congress of Trade Unions  CAP = Common Agricultural Policy</p>	3,2,2,2,1

Question			Possible Responses	Marks
4			Circle the <b>correct option</b> in the case of <b>each</b> of the following statements.	3,2,2,2,1
	(i)		Does not	
	(ii)		Unemployment	
	(iii)		Higher	
	(iv)		Compulsory	
	(v)		Less	

Question			Possible Responses	Marks
5			Distinguish between Capital Gains Tax and Capital Acquisitions Tax.	(3+2)
			<p><b>Capital Gains Tax</b> is a tax you pay on any <b>capital gain (profit) made when you dispose of an asset.</b></p> <p><b>Capital Acquisitions Tax (CAT)</b> is a tax on gifts and inheritances.</p> <p>Capital Acquisition taxes are paid on some <b>gifts</b> and <b>inheritances</b>. The amount of gifts and inheritances you can get without paying CAT depends on your relationship to the person you get them from.</p>	(3+2)

Question		Possible Responses	Marks
6		<p>Outline <b>two</b> methods a business may use to encourage ethical business practice.</p> <p><b>Develop a code of ethics:</b> The business could develop a set of moral guidelines that all employees must adhere to. If it is stated in employment contracts that employees must adhere to the code of ethics, it will discourage unethical behaviours.</p> <p><b>Training:</b> The employer can provide training to create an awareness of ethical practice in the workplace and what is viewed as unethical behaviour.</p> <p><b>Rewards:</b> The business can incentivise employees to encourage ethical practice. The business could offer rewards for introducing ethical initiative.</p> <p><b>Senior managers lead by example:</b> Management seen to act with ethical standards. This will encourage employees to do likewise.</p> <p><b>Clear disciplinary procedures:</b> Penalties for businesses who act unethically. Unethical behaviour can be discouraged by preventions such as possible disciplinary action.</p>	2@ (3+2)

Question		Possible Responses	Marks
7	(a)	<p>Explain the term Gearing.</p> <p>Gearing is the amount of <b>debt in proportion to equity that a company uses to fund its operations</b>. The gearing ratio measures the amount of long term debt a company has in comparison to the equity capital provided by shareholders and retained earnings.</p> <p>A firm is deemed to be <b>lowly geared or highly geared</b> depending on the proportion of debt capital compared to equity capital used in the business.</p>	(3+2)
	(b)	<p>Calculate the Debt/Equity Ratio. Show your workings.</p> <p>Debt ÷ Equity <b>1</b></p> $\frac{300,000}{1550,000 + 50,000} = 0.5:1$ <p><b>1 1 1 1</b></p>	5@1m

Question		Possible Responses	Marks
8		<p>Outline <b>two</b> benefits for a business of developing a matrix organisation structure (team structure) to complete specific projects in a business.</p> <p><b>Synergies are achieved:</b> Individuals and or departments who operate separately can become more effective when and achieve more when working with others.</p> <p><b>Increased motivation:</b> Staff motivation levels can increase as they are working towards a collective target. This can make employees more willing to contribute their best efforts.</p> <p><b>Increased efficiencies and better decisions:</b> Consultation with other employees can lead to improved decision making.</p> <p><b>Increased efficiencies:</b> Better communications between staff from different departments can lead to improved efficiencies. Duplication of tasks is limited and improve methods of completing tasks are identified</p> <p><b>Better relationships/Improved staff morale:</b> There is a social or collegial nature to team membership and this can have an impact on the atmosphere in the workplace.</p> <p><b>Encourage intrapreneurship:</b> As employees work together in teams they may exchange ideas and develop new product or service ideas, resulting in more profit for the business.</p>	2@ (3+2)

Question		Possible Responses	Marks
9	(i)	<p>Explain, using an example, the term import substitution.</p> <p>Import substitution refers to a domestically produced product/service which can be purchased instead of an imported good/service.</p> <p>e.g. Irish craft beer purchased instead of a commercially imported beer.</p>	3+2
	(ii)	<p>Outline the impact an increase in import substitution would have on Balance of Payments.</p> <p>Import substitution may cause <b>total imports to decrease</b>. This will <b>increase the balance of payments</b>, by <b>reducing a deficit</b> or <b>increasing a surplus</b>.</p>	3+2

Question		Possible Responses	Marks
10		<p>Describe <b>two</b> factors a business will consider when choosing an appropriate advertising medium.</p> <p><b>Target audience/Target market:</b> The media consumed by the target market will influence the advertising medium. A product/service aimed at teenagers might use mediums such as social media/Tik Tok etc.</p> <p><b>Budget/Cost:</b> The spend available to the business will influence the advertising medium chosen. A small local business might not have the budget for national TV advertising but might choose local radio/newspaper.</p> <p><b>Stage in the life cycle:</b> In the early stage of the life cycle a business such as Apple might use social media as a medium whereas more expensive mediums such as TV advertising might be used in the latter stages of a phone/ipads life cycle.</p> <p><b>Type of product:</b> The nature of the product will influence the medium. It may not be effective to advertise a jewellery product on the radio, as the visual impact of the product is key to its unique selling point.</p>	2@ (3+2)



Question		Possible Responses	Marks
11	(a)	Explain the term inflation. Inflation is a sustained increase in the general level of prices over a period of time.	3+3
	(b)	List two causes of inflation. <b>Increased production costs</b> such as raw materials, Increased labour costs/wages, <b>Market disruptions</b> e.g. a limited supply of gas due to war in Ukraine etc, <b>higher consumer demand</b> , <b>Fiscal and monetary policies</b> such as increase in taxation or a decrease in interest rates.	2+2

Question		Possible Responses	Marks
12		<p>Outline <b>two</b> functions of a Local Enterprise Office (LEO) in supporting small businesses in Ireland.</p> <p><b>Mentoring:</b> A business mentor can be appointed to the small business. The mentor can aid with decision-making via advice and experience.</p> <p><b>Grants</b> Feasibility Study Grants/ Priming Grants/Expansion Grants. The LEO provides priming grants to small business to help them identify the viability of the business venture.</p> <ul style="list-style-type: none"> <li>• Other answers may include:</li> <li>• Research, Development</li> <li>• Innovation Supports,</li> <li>• Micro finance loans,</li> <li>• Trading online Voucher Scheme</li> <li>• Training courses</li> </ul>	2@(3+2)

**SECTION 2**  
**(80 Marks)**

Support Notes

- (A)** Outline the entrepreneurial skills/characteristics displayed by Trisha.  
Refer to the text in your answer.

Question		Possible Responses	Marks
(A)		<b>Risk taker</b> Being an entrepreneur involves taking both personal (may quit their job to set up the business) and financial risk (borrow capital) in pursuit of a business idea. <i>"She knew she would need to expand the product range offered by Inis Bia in order to stay ahead of competitors."</i> <i>"Trisha decided to move to a commercial premises.."</i>	4@5(2+2+1) Name, Explain, Link
		<b>Innovative</b> Entrepreneurs are good at coming up with new ways of doing things. They are constantly looking for new ideas and ways of improving existing products and services. <i>"She opted to convert her shed into a mini factory to start producing healthy prepared readymade meals."</i>	
		<b>Decision making</b> The ability to make quick and effective decisions is essential for enterprising people. Effective decision making involves the ability to assess situations, identify options and weigh up the pros and cons. <i>"Trisha made the decision to set up her own business after she was made redundant."</i>	
		<b>Identify Opportunities / Future Focused/ Spotting a gap in the market</b> Entrepreneurs can spot gaps in the market for profit making opportunities or to satisfy a need. Entrepreneurs identify a shortage of a certain product or service in an area/market. <i>"Trisha was a chef in a restaurant and noticed a change in consumer tastes."</i>	

Question			Possible Responses	Marks
			<p><b>Realistic/Reality Perception</b>  Entrepreneurs see things as they are, not as they would like them to be. They take action to improve something/prevent something from happening. They set realistic targets. They don't overestimate target profits etc.  <i>"Trisha knew she needed to recruit more staff."</i>  <i>"She opted to convert her shed into a mini-factory"</i>  <i>"She knew she would need to expand the product range offered by Inis Bia in order to stay ahead of competitors."</i></p> <p><b>Confident/Self Belief/Ambition/Determined/Self motivated</b>  Entrepreneurs have belief in their idea and belief in their ability to turn the idea into a reality.  <i>"Trisha decided to move to a commercial premises as her products were now being sold nationwide. "</i></p> <p>Other relevant answers include:</p> <ul style="list-style-type: none"> <li>●Proactive</li> <li>●Initiative</li> <li>●Problem Solving</li> <li>●Human Relations</li> <li>●Flexible and Adaptable</li> <li>●Time Management</li> <li>●Independent / Inner Control</li> </ul>	

**(B) (i)** Evaluate the effectiveness of the types of management control in place at Inis Bia. Refer to the text in your answer.

Question		Possible Responses	Marks
<b>(B)</b>	<b>(i)</b>	<p><b><u>Quality Control</u></b></p> <p>Quality Control measures may include forming quality circles and acquiring and maintaining quality symbols. Other actions may include; quality assurances, random sampling, a zero defects approach, inspections and TQM</p> <p><i>“The consistency of the meals was also an issue as Inis Bia had to change vegetable suppliers to meet with the increased demand.”</i></p> <p><i>“The variation in the consistency of the product caused Inis Bia to miss out on a major contract with a UK multiple.”</i></p> <p>Evaluation</p> <p>The type of quality control used was ineffective as inferior product was released to the customer. This could <b>damage the brand</b> and deter customers from <b>repeat purchasing</b>. It will be more <b>difficult to introduce new products. Loss of sales/ having to decrease prices/ closure due to food safety concerns.</b></p> <p style="text-align: center;"><b>OR</b></p> <p>There is evidence of <b>effective control procedures</b>, which would help <b>improve quality of the final product</b>, such as sourcing new suppliers.</p> <p><b><u>Stock Control</u></b></p> <p>A business needs to control its stock to ensure it has optimum stock levels to meet customer demand at all times.</p> <p>Too much stock will lead to obsolescence, tied-up capital, increased storage and insurance costs and risk of theft.</p> <p>Too little stock can lead to lost sales, reduces customer loyalty and result in brand damage. A business may use a Just-in-time approach or a buffer stock management system.</p> <p><i>“Trisha decided to move to a commercial premises as her products were now being sold nationwide.”</i></p> <p><i>“The business was also trying to ensure production kept up with large orders from a large Irish supermarket.”</i></p>	4@7(1+2+1+3) Name, Explain, Link, Evaluate effectiveness

Question		Possible Responses	Marks
(B)	(i)	<p>Evaluation The type of stock control effective as she realised that greater capacity was needed. She is also monitoring the current situation to ensure orders are met. Can lead to <b>increased sales/profits. This is vital if the business wants to keep these orders.</b></p> <p><b><u>Financial Control</u></b> Financial control uses cashflow forecasts and budgeting to ensure that short term debts can be paid on time. This ensures the liquidity of the business. <i>“Trisha was struggling to keep accurate records and was worried the business was overspending”</i></p> <p>Evaluation The type of financial control is ineffective and could result in <b>short term debt/liquidity problem.</b> Clear targets must be in place.</p> <p><b><u>Credit Control</u></b> Credit control involves ensuring the prompt payment of money owed to the business by debtors using a variety of measures such as interest and discounts, credit checks and limits on the amount sold on credit. <i>“There was an issue as a large customer went into liquidation and failed to pay their outstanding invoices.”</i></p> <p>Evaluation The type of credit control is ineffective and could result in <b>bad debts</b></p>	

**(B) (ii)** Recommend how one type of control could be improved at Inis Bia

Question		Possible Responses	Marks
(B)	(ii)	<p><b>Credit Control</b>  Interest payments or discounts  Check Creditworthiness  Limits on credit sales</p> <p><b>Quality Control</b>  Quality Circles  TQM  Zero defect approach  Quality Assurance</p> <p><b>Stock Control</b>  Buffer Stock  Just in time  Electronic Data Interchange</p> <p><b>Finance Control</b>  Budgets  Cash Flow Forecast</p>	2m recommendation

**(C)** Describe the functions of human resource management (HRM) at Inis Bia.  
Refer to the text in your answer.

Question	Possible Responses	Marks
(C)	<p><b>Manpower/ Human Resource Planning</b>  This involves having the right people with the right skills in the right place at the right time throughout the business.  It involves doing a human resource audit and estimating future human resource needs.  • The HR Manager must audit present staff resources, forecast staff needs, and then plan to either increase/decrease staff levels.  <i>“Michael was responsible for ensuring Inis Bia sourced the correct levels of talented employees to achieve the expansion plans”</i></p> <p><b>Recruitment and Selection</b>  Recruitment and selection are concerned with finding or attracting the best potential candidates with the appropriate skills and then picking the most suitable candidates for employment.  The Human Resource Manager must draw up a job description and person specification and then advertise the position.  The applicants must be screened (short-listed). Selection is usually by means of an interview process.  <i>“They advertised positions on recruitment websites and in national and local newspapers.”</i></p> <p><b>Training</b>  Training is concerned with improving the employees’ ability to perform their job in an effective manner.  The company invests in training, leading to better knowledge and skills among employees. This results in better customer service and a better experience for customers.  <i>“He introduced a ‘buddy system’ where each new member of staff were partnered with an existing employee to learn more about the different aspects of the business.”</i></p> <p><b>Development</b>  Development prepares the employees for new responsibilities and greater challenges in the workplace. It helps employees self-actualise.  <i>“Employees were also educated on the fundamentals of teamwork at a recent workshop.”</i></p>	5@6(2+2+2) Name, Explain, Link

Question		Possible Responses	Marks
(C)		<p><b>Performance Appraisal</b></p> <p>This is the process of evaluating the performances, progress, contribution and effectiveness of an employee.</p> <p>It ensures high performance standards in the business, leading to organisational success. It provides for two-way communication and clarification of objectives/ feedback is provided for employees on performance to enable improvements to be made</p> <p><i>"Employees also now meet with the Human Resources manager on a regular basis."</i></p> <p><b>Rewards</b></p> <p>Rewarding employees is concerned with offering employees monetary and or non-monetary rewards for work well done. This can lead to a motivated workforce.</p> <p>Rewards offered by the HR department may include wages, salaries, bonuses, benefit-in-kind, share options, pension plans, promotion etc.</p> <p>Monetary and non-monetary rewards are used to satisfy the wide ranging needs of the workforce.</p> <p><i>"Incentives have also been introduced such as a loyalty payment for employees who remain at the business for more than three years"</i></p> <p><b>Managing Employee and Employer Relations</b></p> <p>The HR manager is often involved in resolving conflict between employees and also ensuring a positive workplace climate is created and maintained.</p> <p><i>"Employees also now meet with the Human Resources manager on a regular basis."</i></p> <p><i>"Employees were also educated on the fundamentals of teamwork at a recent workshop."</i></p>	5@6(2+2+2) Name, Explain, Link



### Question 1

(A) Illustrate your understanding of the following essential elements of a valid contract.

Consideration    Capacity to Contract    Consent to Contract    Legality of form.

Question		Possible Responses	Marks
1	(A)	<p><b>Consideration</b> This refers to the legal 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. Example required.</p> <p><b>Capacity to contract</b> All natural persons (human beings) and legal/corporate persons, such as companies, have the <b>legal right /able to /ability</b> to enter freely into a contract. Example required.</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. Example required.</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. Example required.</p>	<p>4@5 (4+1),(4+1), (3+2),(3+2)</p> <p>Explain, Example</p>

**(B)** Explain, using examples, the different types of industrial action.

Question		Possible Responses	Marks
1	(B)	<p><b>Official Strike</b> 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. The union members on strike hold a picket outside the workplace. Example required.</p> <p><b>Work - to- rule</b> Employees only undertake the exact jobs written in their job description/contract of employment. Workers follow the rules of their employment contracts to the 'letter of the law' Example required.</p> <p><b>Overtime ban</b> Employees refuse to work extra hours. 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. Example required.</p> <p><b>Token Stoppage</b> A brief stoppage of work by the workers to highlight their frustration over an issue. This highlights the intention to carry the threat of further, more serious action if agreement is not reached. Example required.</p> <p><b>Go Slow</b> In a manufacturing business, one section of the workforce takes longer than normal to complete their part of the production process, thus delaying overall production. Example required.</p>	4@5(2+2+1) Name, Explain, Example

**(C) (i)** Define discrimination as set out in the Employment Equality Act 1998/2015.

**(ii)** List **four** grounds other than age and sexual orientation on which discrimination is outlawed under this act.

Question			Possible Responses	Marks
1	(C)	(i)	An employee is said to be discriminated against if he or she is treated in a <u>less favourable</u> way than another person <u>is, has been or would be</u> treated (in a comparable situation on any of the nine distinct grounds.)	8+4
		(ii)	<ul style="list-style-type: none"> <li>• Civil (marital) status</li> <li>• Family status</li> <li>• Disability</li> <li>• Religion</li> <li>• Gender</li> <li>• Race</li> <li>• Membership of the Traveller community</li> </ul>	8marks (3,3,1,1)

## Question 2

**(A)** Illustrate your understanding of the following types of business organisations.

Partnership      Sole Trader      Franchise      Public Limited Company

Question		Possible Responses	Marks
2	(A)	<p><b>Partnership</b> A partnership is a form of business where two or more people share ownership and responsibility for a company.</p> <ul style="list-style-type: none"> <li>• Business partners receive profits and are liable for debts based on the terms of a partnership agreement.</li> <li>• A partnership is where you set up your business with 1 or more people (known as 'partners').</li> <li>• Each partner is jointly responsible for running the business, and each partner must pay income tax, PRSI and USC on their share of the profits. If the business fails, all partners are jointly responsible for the debt.</li> <li>• Your partnership agreement should be drawn up by a solicitor.</li> </ul> <p>Example required.</p> <p><b>Sole Trader</b> • A sole trader is a business that is owned and run by one person who is fully responsible for the debts of the business.</p> <ul style="list-style-type: none"> <li>• The sole trader makes all the decisions/has complete control, keeps all the profits but is fully liable for any business debt.</li> </ul> <p>Example required.</p> <p><b>Franchise</b> • A franchise is a type of business where a business owner(franchisor) grants permission to an individual( franchisee) to use the businesses owners business model.</p> <ul style="list-style-type: none"> <li>• The franchisor allows the franchisee use their full business model, sell their goods and services under the franchise name in exchange for a fee and a percentage of profits.</li> </ul> <p>Example required.</p> <p><b>Public Limited Company</b> • A Public Limited Company (PLC) is a company that is publicly listed on the Stock Exchange.</p> <ul style="list-style-type: none"> <li>• This is done so that the company can offer its shares out to the general public.</li> <li>• A PLC must have a minimum of seven members but there is no maximum number of shareholders</li> </ul> <p>Example required.</p>	<p>4@5 (4+1),(4+1), (3+2),(3+2)</p> <p>Explain, Example</p>

**(B)** Discuss the benefits **and** challenges of increasing employment for Irish businesses.

Question		Possible Responses	Marks
2	(B)	<p><b><u>Benefits</u></b></p> <p><b>Increase sales</b> Increasing employment levels has facilitated sustained economic growth. High employment leads to an increase in consumption and this has led to increased sales of everyday goods and services</p> <p><b>Increase spending on premium products and services and price increases for consumers</b> As people have more discretionary income, people will spend more on luxury items leading to e.g. more new cars, foreign holidays being purchased. The Society of the Irish Motor Industry (SIMI ) official statistics show that new car registrations increase during periods of high employment</p> <p><b>Business confidence/growth of enterprise</b> The demand for goods and services has increased and new businesses open or expand due to increased business profits. There is more enterprise in the economy as people's self-esteem and confidence increases.</p> <p><b>Increased sales/profits caused by increased government spending</b> The government has increased revenue from employment and consumption taxes. This could lead to an increase in capital expenditure which creates new opportunities for business, resulting in increased sales and profits.</p> <p><b><u>Challenges</u></b></p> <p><b>Shortage of staff</b> Shortage of the availability of the type of staff employers need. The overall employment numbers in tertiary sector have increased but the number of people employed in the services industry continues to grow. However, many businesses in the services industry are struggling to recruit staff</p> <p><b>Price increases</b> High employment can lead to an increased demand on services. Discretionary services such as hospitality can experience a surge in demand and prices can rise. Hotel prices in Ireland increasing and or the demand for tradespeople outweighing the supply of tradespeople available.</p>	<p>4@5(2+3)</p> <p><u>2 benefits and 2 challenges required</u></p>

Question		Possible Responses	Marks
2	(B)	<p><b>High costs/wage demands/pay increases</b>  High employment leads to a labour market where employees can seek pay increases more readily. This can increase employer costs and reduce profitability.</p> <p><b>Limits the brain drain</b>  There will be more Government finance to invest in the Irish economy. High employment rates can minimise emigration levels and the 'Brain drain' (Exporting of skilled labour) should reverse. This means more access to skilled labour for the business. The business can also benefit from government spending facilitated by the increased tax take.</p>	<p>4@5(2+3)</p> <p><u>2 benefits and 2 challenges required</u></p>

**(C)** Outline how the Irish government could create a positive climate for business. Use examples to support your answer.

Question		Possible Responses	Marks
2	(C)	<p><b>Reduce Value Added Tax</b>  The government could reduce VAT on good and service. E.g. Reduce VAT for the tourism/services industry. This would allow the business to charge lower prices and or increase profitability thus enabling businesses to offer better rates of pay.  To improve competitiveness for the tourism industry and other industries the government could reduce VAT.  Example required.</p> <p><b>National minimum wage increases</b>  The government sets the minimum wage to protect workers on low pay.  e.g. To create a suitable climate for businesses the government could minimise minimum wage increases to ensure that businesses costs are sustainable and businesses remain viable.  Example required.</p> <p><b>Government Grants</b>  The government could offer financial supports and or low interest businesses supports loans to facilitate expansion.  e.g. The government could increase the number of grants available via state agencies.  Example required.</p> <p><b>Increase capital expenditure</b>  The government could increase capital expenditure on infrastructure, schools, hospitals etc.  Example required.</p> <p><b>Government State agencies</b> – Accept stating a specific stage agency and the service  Through a network of state agencies that give business advice, training and guidance, mentoring services and grant aid to facilitate growth and expansion.  Example required.</p>	4@5(2+2+1) Name, Explain, Example

Question		Possible Responses	Marks
2	(C)	<p><b>Increased current expenditure on public sector wages/social welfare:</b> 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. Example required.</p> <p><b>Government investments in Education and Training</b> The government invests in 3rd level education for all students in Ireland exempt of tuition fees ensures a steady supply of highly skilled labour. Example required.</p> <p><b>Taxation</b> By creating a low tax environment for business, entrepreneurs are encouraged to establish business as they can retain most of the gains they make. Low corporation tax ensures that the limited companies retain most of their profits. Example required.</p>	4@5(2+2+1) Name, Explain, Example



### Question 3

- (A) (i) Describe, with examples the difference between a directive and a regulation as forms of law in the European Union (EU).
- (ii) Explain the impact of an established EU directive on Irish businesses.

Question			Possible Responses	Marks
3	(A)	(i)	<p><b>EU Directive</b></p> <p>It obliges member states to change their national laws to allow for EU rules, within a certain time limit. It is binding only as to the results to be achieved, leaving member states to choose, within prescribed limits, the means by which the rules and targets are to be attained. They are used to bring different national laws into line with each other and are common in matters affecting the operation of the Single Market (e.g. product safety standards, WEEE (Waste, electrical, and electronic equipment directive, Health and Safety at work directive or the common charger directive.)</p> <p>Example required</p> <p><b>EU Regulation</b></p> <p>This is a legislative act of the EU which becomes enforceable immediately as law in its entirety in all member states simultaneously. It takes precedence over national law. It is self-executing and does not require any implementing measures. EU institutions can enforce a regulation throughout the EU. Regulation (EU) No.261/2004 established common rules on compensation and assistance to airline passengers.</p> <p>Example required</p>	<p>2@7 (4+3)</p> <p>Feature, Example</p>
		(ii)	<p>The WEEE directive means that businesses who sell electrical and electronic equipment must accept the consumers used/old appliance.</p> <p>This is a good law as it reduces the amount of electrical items that are illegally dumped, however it can increase the workload and costs for businesses.</p> <p>Renewable Energy Directive EU/2018/2001 was revised in 2023 with renewable energy targets at 42.5% binding at EU level by 2030 - but aiming for 45%.</p>	<p>1@6 (3+3)</p> <p>Impact explained</p>

**(B)** Outline the global marketing mix for a product of your choice.

Question		Possible Responses	Marks
3	(B)	<p><b>Global Product</b> The product element of the marketing mix may need to be adjusted to reflect technical, legal and language requirements e.g. a left hand drive car; packaging may need to be changed to cater for the needs of the local market. <i>Reference to product of choice required.</i></p> <p><b>Global Price</b> Global firms attempt to achieve a uniform price in each market, however, this objective is often affected by the following factors: The cost of living in different countries/disposable incomes. Different tariffs, customs duties and VAT rates. Local price levels and prices charged by competitors in the market/exchange rate fluctuations. <i>Reference to product of choice required.</i></p> <p><b>Global Place</b> Global channels of distribution for physical goods tend to be longer involving more intermediaries such as exporters and agents. Examples of the various channels available include: Selling directly to customers on line. When selling goods or services globally the business channel of distribution might have more layers e.g. a distribution agent. <i>Reference to product of choice required.</i></p> <p><b>Global Promotion</b> Differences in legislation, language and culture need to be recognised in the choice of promotion such as advertising and publicity campaigns. The language of television advertisements may have to be amended in different countries due to language barriers or the message could be considered offensive in some countries. <i>Reference to product of choice required.</i></p>	4@5(2+2+1) Name, Explain, Example

(C) Illustrate the following barriers to free trade that can exist between countries.

Embargo      Quota      Subsidy      Tariff

Question		Possible Responses	Marks
3	(C)	<p><b>Embargos</b> Embargo is a total ban on the import of certain goods from certain countries. They are normally motivated by political, economic, moral or environmental reasons. They may be used as a form of protest against another country's practices. Example required.</p> <p><b>Quota</b> A quota is a limit on the number of items that can be imported from a certain country/of a certain product. Example required.</p> <p><b>Subsidies.</b> A subsidy is financial support given by the government to a domestic industry to reduce the cost of production so it can sell its products at lower prices than competition from imports/given directly to firms to encourage production. Example required.</p> <p><b>Tariffs</b> A tariff is a tax on an import. The effect of the tax is to raise the price of the import and discourage consumption. Example required.</p>	<p>4@5 (4+1),(4+1), (3+2),(3+2)</p> <p>Explain, Example</p>

### Question 4

(A) Illustrate each method of terminating a contract named below.

Performance      Frustration      Breach of contract      Agreement

Question		Possible Responses	Marks
4	(A)	<p><b>Performance</b> Both parties to the contract carry out their duties as required by the contract/the contract is executed according to the agreed terms. Example required.</p> <p><b>Frustration</b> An unforeseen event prevents the contract from being completed/ Something happens which makes it impossible to complete the contract. Example required.</p> <p><b>Breach of contract</b> 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. Example required.</p> <p><b>Agreement</b> 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. Example required.</p>	<p>4@5 (4+1),(4+1), (3+2),(3+2)</p> <p>Explain, Example</p>

**(B)** Explain, using an example, the grounds for dismissal that are deemed to be fair under the terms of the Unfair Dismissals Act 1977/2015.

Question		Possible Responses	Marks
4	(B)	<p><b>Incapability</b></p> <p>This includes issues such as persistent lateness, and absenteeism either short-term or long-term.</p> <p>The employer will be expected to have documentary proof of this allegation, such as clocking-in records or documented absences on file that are not medically certified.</p> <p>In addition, the employer will also be expected to show that the employee was made aware of the problem and that the employer were warned as to the consequences for their continued employment</p> <p>Example required.</p> <p><b>Incompetence</b></p> <p>Incompetence refers to inability to do the job (poor work performance/failure to meet sales targets).</p> <p>In the first place, employees need to be made aware of the standards that are expected of them and these must refer to the job they were hired to do.</p> <p>Secondly, if they fall short of the required standard, this must be clearly explained to them. This should be done through a formal set of procedure.</p> <p>The employer should also specify what improvements are necessary. These should be achievable, and a reasonable timeframe must be allowed for the improvement.</p> <p>Ultimately, the employer should give the employee a final warning setting out the likelihood of dismissal.</p> <p>Example required.</p> <p><b>Qualifications (misrepresentation by the employee)</b></p> <p>Fair dismissal on grounds of qualifications can happen in two ways.</p> <p>One situation is where the employer is misled about qualifications the employee had when applying for the job.</p> <p>The other is where the employer made continued employment conditional upon your obtaining further qualifications and the employee failed to achieve this, having been given a reasonable opportunity to do so.</p> <p>Example required.</p>	4@5(2+2+1) Ground, Explain, Example

Question		Possible Responses	Marks
4	(B)	<p><b>Misconduct</b>  Improper and unacceptable behaviour gross misconduct may give rise to instant dismissal without notice or pay in lieu of notice.  Examples of gross misconduct include assault, drunkenness, theft, bullying or serious breach of the employer's policies and practices.  Minor incidents, when taken together, constitute misconduct and are enough to warrant dismissal, although the employer is obliged to give notice or pay in lieu of notice in this type of situation.  Example required.</p> <p><b>Redundancy</b>  The job no longer exists due to closure, competition, decline in demand)  In this case your employer needs to show that a redundancy situation exists as your job is no longer required and therefore the dismissal is fair.  This means that there is an economic justification for the redundancy; that you will not be replaced.  Fair procedures must be applied (e.g. last in and first out).  Example required.</p> <p><b>Legal reasons/ Contravening the law</b>  Your employer may dismiss you if your continued employment would contravene the law.  The employee cannot continue to work without breaking the law and dismissal may be deemed fair.  However, the employer might be expected to look at alternatives depending on all the facts of the case.  Example required.</p>	4@5(2+2+1) Ground, Explain, Example

- (C) (i) Explain the term a competitive relationship.  
 (ii) Explain the benefits to a business of competitive relationships between;

- two suppliers
- two employees

Question			Possible Responses	Marks
4	(C)	(i)	A competitive relationship exists where two or more parties work against each other to achieve a mutually exclusive goal. It is a win-lose situation; one party gains at the expense of the other.	3+3
		(ii)	<p><b>Price of raw materials</b>            The business manager may be able to negotiate better prices with suppliers when two suppliers compete over price and quality. The business can achieve price reduction when suppliers compete.</p> <p><b>Increase productivity/greater flexibility</b>            When employees compete for a promotion, it can lead to increase productivity in the workplace as employees try to outperform each other. This can allow the business management to achieve greater productivity and flexibility from staff.</p>	2@7(4+3)

## Question 5

**(A)** Discuss the factors to consider when choosing an effective communication medium.

Question		Possible Responses	Marks
5	(A)	<p><b>Appropriate Language/Clarity</b></p> <ul style="list-style-type: none"> <li>If the language is too technical or too difficult for the customers to understand then the message may be misinterpreted.</li> <li>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.</li> </ul> <p><b>Confidentiality/Safety</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p><b>Cost</b></p> <ul style="list-style-type: none"> <li>The expense of the communication process is a very important factor.</li> <li>A CEO communicating with his managers worldwide may choose to hold a virtual meeting to cut down on travel and subsistence costs.</li> </ul> <p><b>Urgency/Speed/Destination</b></p> <ul style="list-style-type: none"> <li>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</li> <li></li> </ul> <p><b>Feedback/Accuracy/Record</b></p> <ul style="list-style-type: none"> <li>The business may be looking for feedback in order to take further action.</li> <li>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.</li> </ul> <p><b>Other relevant factors:</b> Legal requirements; Availability of technology etc Communication Skills of the Receiver /ability to respond/information overload.</p>	4@5(2+3)



**(B)** Conduct a SWOT analysis for a business of your choice.

Question		Possible Responses	Marks
5	(B)	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>• These refer to positive internal factors</li> <li>• Aspects that the business is good at.</li> <li>• <i>Reference</i></li> </ul> <p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Is an internal aspect of the business that could be improved.</li> <li>• Areas of the business that could be bettered.</li> <li>• <i>Reference</i></li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• External factors the business could take advantage of.</li> <li>• Things that could help the business grow and increase sales.</li> <li>• <i>Reference</i></li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• External factors - that could have a negative effect on the business.</li> </ul> <p>External factors that the business has no control over and that could lead to a decrease in sales.</p> <ul style="list-style-type: none"> <li>• <i>Reference</i></li> </ul>	4@5(2+3) Name, Reference

(C)

(i) Outline the implications of a manager adopting McGregor's Theory X approach to management.

(ii) Explain the factors that influence a manager to adopt a Theory X approach to management.

Question			Possible Responses	Marks
5	(C)	(i)	<ul style="list-style-type: none"><li>• <b>Control:</b> Manager keeps control/ possible conflict between management and employees.</li><li>• <b>Low trust and lack of innovation/intrapreneurship:</b> Little trust/employees less likely to use their own initiative.</li><li>• <b>Lower Productivity/Poor decisions due to limited consultation.</b> No consultation when making decisions/lower productivity and lower quality</li><li>• <b>Reduces employee development/lack of training due to limited delegation:</b> Little delegation/fewer opportunities for employee to develop skillset and gain promotions.</li></ul>	2@5(2+3)
		(ii)	<p><b>Type of work</b> When it is low skilled work, the employer might believe staff are lazy and that they dislike work or lack ambition, and will avoid taking responsibility. This may influence a manager to take a Theory X approach.</p> <p><b>Training or lack of training</b> If the manager has not received training in the benefits of employee empowerment or the benefits of a facilitative approach to management. This could influence the approach they take to management.</p> <p><b>Industrial relations</b> If industrial relations are poor and employees have been involved in industrial relations disputes and are reluctant to accept change in the workplace, then the manager might adopt a Theory X approach to management due to hostile nature of the relationship.</p> <p><b>Situation to be managed</b> A time sensitive situation, such as the urgent recall of a product may cause the manager to adopt a Theory X style of managing in order to have fast decisions and to get the task completed as soon as possible. This also applies to emergency situations such as fire in an office or a chemical leak in a production plant.</p>	2@5(2+3)

## Question 6

**(A)** Outline the different types of insurance that The Royal Oak Hotel should have in place.

Question		Possible Responses	Marks
6	(A)	<p><b>Employers Liability Insurance</b> This protects the business against claims made by employees who are injured in the course of their work. All employees are trained in health and safety procedures and the use of cooking equipment.</p> <p><b>Public Liability Insurance</b> This protects the business against claims made by members of the public who are injured while on the premises, such as slip and-fall injuries. All floors have appropriate warning signs placed on them when they have been washed to avoid any injury.</p> <p><b>Product Liability Insurance</b> This insures the business against claims made by customers relating to the products you sell such as food poisoning claims. All foods are cooked properly on the premises before serving. All sell by dates on stock should be checked and adhered to. A stand-by generator could be considered in the event of loss of electricity to protect frozen food products. Ensure that staff are properly qualified.</p> <p><b>Consequential Loss insurance</b> Consequential Loss insurance is a policy which protects the business against loss of income from business closure or being unable to use equipment within a commercial property, or being unable to use the property itself.</p> <p>Other types of insurance relevant to a hotel such as 'Royal Oak'</p> <ul style="list-style-type: none"> <li>• Motor Insurance,</li> <li>• Cash in transit insurance</li> <li>• Stock insurance</li> <li>• Premises /buildings insurance</li> <li>• Contents insurance</li> <li>• Fidelity Guarantee insurance</li> <li>• Plate Glass insurance</li> </ul>	<p>4@5 4@5 (4+1),(4+1), (3+2),(3+2)</p> <p>Name, Explain</p>

**(B)** Discuss the strategies used to manage change in a business.

Question		Possible Responses	Marks
6	(B)	<p><b>Training and Development</b></p> <ul style="list-style-type: none"> <li>• Staff must be provided with the skills needed for the use of new technologies so as to achieve efficiencies and provide a better service to its customers.</li> <li>• Training increases staff's ability to cope and eases staff's fears about new changes. It can be provided on the job or off the job.</li> </ul> <p><b>Teamwork</b></p> <ul style="list-style-type: none"> <li>• When employees are arranged into teams it can lead to discussion, innovation and change. Teamwork increases staff's familiarity to change.</li> <li>• This can ease reluctance to changes that management introduce.</li> </ul> <p><b>Rewards</b></p> <ul style="list-style-type: none"> <li>• By providing rewards to employees, behaviour can be influenced as they try to achieve those awards. Rewards may include a profit-sharing scheme, so employees are encouraged to work as they will achieve a portion of those profits.</li> </ul> <p><b>Communicate with staff about the changes.</b></p> <ul style="list-style-type: none"> <li>• Management should explain the need for the changes and the consequences of not taking any action to ensure the survival of the firm. Communication should be honest and open. The benefits of change should be explained to staff. This will reduce uncertainty and tensions among employees.</li> </ul> <p><b>Consultation with staff</b></p> <ul style="list-style-type: none"> <li>• Management can be seen to seek staff input regarding the changes. Staff are allowed give their opinions about the change. This eases reluctance as staff start to shape the changes. As a result, staff are more likely to be open to changes suggested by management.</li> </ul> <p><b>Facilitator approach to management</b></p> <p>Helping employees perform the tasks rather than controlling the task. This may be achieved a democratic or theory Y approach to management. As a result, staff are more likely to be open to changes suggested by management.</p> <p>Other answers may include:</p> <ul style="list-style-type: none"> <li>• Lead by example</li> <li>• Resource Provider</li> <li>• TQM/Empowerment</li> </ul>	4@5(2+3)

(C) Calculate each of the following for Gemma. (show your workings)

- (i) The PAYE which Gemma has to pay
- (ii) The total amount of USC paid.
- (iii) The total amount of PRSI paid
- (iv) Gemma's net annual take-home pay.

Question		Possible Responses				Marks		
6	(C)			€	€	€	20m	
			Gross Salary			55,000		
			Benefit in Kind			20,000		
			Total taxable income			75,000 ①		
			PAYE					
			0·20 x 44,000	8,800 ①				
			0·40 x 31,000 ①	12,400 ①	21,200 ①			
			Single Person Tax Credit	1,875 ①				
			Employee Tax Credit	2,000 ①	(3,875) ①			
			(i)	PAYE which Gemma has to pay:			17,325 ②	10m
			USC					
			0·005 x 12,012		60·06 ①			
			0·02 x 9,281		185·62 ①			
			0·03 x 53,707 ①		1,611·21 ①			
			(ii)	The total amount of USC paid:				1,856·89 ②
			PRSI					
			0·04 x 75,000		3,000			
			(iii)	The total amount of PRSI paid				3,000 ②
			Gemma's net annual take home pay					
				Total deductions:				22,181·89 ①
				Gross Salary				55,000
				Less Total Deductions				22,181·89
			(iv)	Net annual take-home pay				€32,818·11 ①
			Own figures are shaded.					

### Question 7

(A) Discuss the advantages and disadvantages of an acquisition (takeover) as a method of business expansion.

Question		Possible Responses	Marks
7	(A)	<p><b><u>Advantages</u></b></p> <p><b>Spreads Risk</b> By diversifying into new products or markets, it spreads risk for the acquiring business.</p> <p><b>Economies of Scale</b> The larger business benefits from discounts from suppliers due to bulk buying. This reduces business costs.</p> <p><b>New Products</b> The combined resources of the firms may result in faster development of new products. This can increase a firm's sales and profits.</p> <p><b>Faster than organic competition</b> When taking over another business the customers, resources, stock and employees instantly are acquired.</p> <p><b><u>Disadvantages</u></b></p> <p><b>Costs/Expensive</b> It can be expensive for the acquiring business as a large amount of capital may be required to finance the takeover.</p> <p><b>Staff Redundancies</b> There may be too many staff performing the same duties when one business is taken over by another. Staff redundancies will be needed to reduce business costs.</p> <p><b>Industrial Relations</b> Some staff may be unhappy with the takeover and possible redundancies. This can increase the likelihood of industrial relations conflict at the firm.</p>	<p>4@5(2+3)</p> <p><u>2 advantages</u> <u>and 2</u> <u>disadvantages</u> <u>required</u></p>

**(B)** Illustrate **four** stages, apart from launch, that Glanbia may use for developing a new product.

Question		Possible Responses	Marks
7	(B)	<p><b>Idea Generation</b> Initial ideas for the new product are created. It may come from internal or external sources. An idea may come from brain-storming. Reference/Example to Glanbia required.</p> <p><b>Product Screening</b> The ideas are vetted/sorted and the impractical and unworkable ideas are eliminated, leaving the most likely one for further examination and development. Reference/Example to Glanbia required.</p> <p><b>Concept Development</b> This involves turning the idea into an actual product or service that will appeal to customers. This stage involves identifying features for the idea. A unique selling point (USP) is identified which will distinguish it from other products. Reference/Example to Glanbia required.</p> <p><b>Feasibility Study</b> This is carried out to assess if a product is viable. It looks at whether it can be produced technically and will it be profitable. It answers question like: What demand is there? What will it cost etc? Reference/Example to Glanbia required.</p> <p><b>Prototype Development:</b> This is a sample or working model of a product. It is produced to see if a product can be made and what materials are required to make it. It can be used to test the product to see what improvements can be made. Reference/Example to Glanbia required Reference.</p> <p><b>Test Marketing</b> The product is tested on a sample of consumers before going into full production. Reference/Example to Glanbia required Reference.</p>	4@5(2+2+1) Name, Explain, Reference/ Example

**(C)** Discuss how Anthem Transport Ltd could use different medium-term sources of finance for their medium-term needs.

Question		Possible Responses	Marks
7	(C)	<p><b>Hire Purchase</b> Is a medium source of finance that involves a three party agreement between a retailer, finance company and a buyer. The finance company pay the retailer for the asset, the buyer gets the asset immediately and repays the finance company in regular instalments. Interest is included and a deposit and final payment are required. The buyer does not legally own the asset until the final instalment is paid.</p> <p><b>Medium term loan</b> This is a medium source of finance that involves a financial institution providing capital to a borrower. The borrower repays the capital with interest over 1-5 years in regular repayments.</p> <p><b>Leasing</b> Through leasing, the business acquires, but does not necessarily purchase, fixed assets over the medium term. This is a form of hiring whereby a contract is agreed between a leasing company (the lessor) and the business (the lessee). The lessee pays rental income to hire assets from the lessor.</p> <p><b>Medium term needs:</b> Aging fleet Outdated IT system</p>	<p>3@6(3+3) Source, Explain</p> <p>2@1m</p>



### Question 8

- (A) (i) Explain the term product portfolio.  
(ii) Illustrate the different methods of market segmentation used by businesses such as Proctor and Gamble.

Question			Possible Responses	Marks
8	(A)	(i)	A product portfolio is a <b>collection/range</b> of all products and services a company offers <b>available for sale</b> to its customers.	6(3+3)
		(ii)	<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>Example Required.</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>Example Required.</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- concerns around production.</li> <li>Lifestyles – health conscious</li> <li>Example Required.</li> </ul> <p><b>Behavioural</b></p> <ul style="list-style-type: none"> <li>Analyses consumer according to their knowledge of and attitude toward the use of the product, impulse buying/value for money (special prices), gift packs of him/her.</li> <li>Example Required.</li> </ul>	2@7(2+3+2) Method, Explain, Reference

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

Question		Possible Responses	Marks
8	(B)	<p><b>Indicates the size of the market</b> Market research indicates the size of the market and the number of potential customers. Research will show whether the market is increasing, decreasing or stagnant.</p> <p><b>Reduces risks and can reduce costs</b> Market research identifies the potentials challenges a business will face and allows plans to be put in place about how to overcome obstacles.</p> <p><b>Identifies competitors</b> Market research identifies who are a business's competitors in a market and what their competitive advantage is.</p> <p><b>Tests consumer reaction</b> Market research can help a business to ascertain what consumers want in a product and their views on prototypes or product ideas. This allows a business to get feedback on product packaging, branding, pricing, the features of the product or service.</p> <p><b>Predicts sales</b> Market research can estimate the likely level of sales for a product and therefore estimate the level of production required.</p>	3@5(3+2)

(C) Illustrate the following by means of a breakeven chart:

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

Question	Possible Responses	Marks
8	<p>(C)</p> <div data-bbox="327 510 1260 1097"> <p style="text-align: center;"><b>Break Even Chart of P and G</b> ②</p> </div> <p>(i) Break Even Point = <math>600,000 \div (10-5)</math>  = <u>120,000 units</u> or <u>€1,200,000 sales</u> ④</p> <p>(ii) Margin of Safety = <math>200,000 - 120,000</math>  = <u>80,000 units</u> ④</p> <p>(iii) Profit at forecast output = <math>2,000,000 - (600,000 + 1,000,000)</math>  = <u>€400,000</u> ④</p>	<p><u>Break Even Chart:</u></p> <p>Title 2m  Axis 1m  Axis 1m</p> <p>FC 3m  TC 3m  TR 3m</p> <p>BEP 4m  Profit at FO 4m  MoS 4m</p> <p style="text-align: center;"><b>OR</b></p> <p><u>Calculations only:</u></p> <p>BEP 4m  Profit at FO 4m  MoS 4m</p>

