



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate 2023

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.



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LEAVING CERTIFICATE 2023

MARKING SCHEME

BUSINESS
HIGHER LEVEL

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

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

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

LEAVING CERTIFICATE BUSINESS HIGHER LEVEL 2023**MARKING SCHEME****SECTION 1****(80 Marks)****This is a compulsory section.****Answer 8 questions. Each question carries 10 marks.**

Question	Scheme	Marks
1.	(a) 4m (b) 2 x 3m (2+1)	10
2.	3,2,2,2,1	10
3.	(a) 4 (1,1,2) (b) Calculation 6 marks	10
4.	3,2,2,2,1	10
5.	(a) 3@2m (b) 2,2	10
6.	5 (3m + 2m) 5 (3m + 2m)	10
7.	4m (2,2) Formula 2m, Calculation 4@1m.	10
8.	5m + 5m (3+2)	10
9.	3,2,2,2,1	10
10.	2 x 5m (3m + 2m)	10
11.	2 x 5m (3m + 2m)	10
12.	(a) 2@3m (1+2) (b) 2 x 2m	10
Section 1	Available Marks	80

LEAVING CERTIFICATE BUSINESS HIGHER LEVEL 2023**MARKING SCHEME****SECTION 2****(80 Marks)****This is a compulsory question.**

Applied Business Question (Units 5, 6 & 7)			Max Mark
(A)	Explain the different sources of long term finance used by Crowley Housebuilders Ltd.	2@7m (2+3+2) 1@6m (2+2+2) Source, explain, link	20 marks
(B)	Describe the benefits and challenges of entering international markets for Crowley Housebuilders Ltd.	3@10 (4+2+4) State, explain, link At least one of each required.	30 marks
(C)	Discuss the impact of the economic variables on business. Refer to the text in your answer.	2@8(2+3+3) 2@7(2+3+2) Variable, discussion, link	30 marks
Section 2	Available Marks		80 marks

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

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

SECTION 3
(240 Marks)

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

One question from **Part 1**, **One** question from **Part 2** and **two other questions**.

All questions carry equal marks.

Part 1

People in Business / Business Environment

Question 1 People in Business			Max Mark
(A)	Describe one example of a co-operative relationship and one example of a competitive relationship that could arise between the following stakeholders: (i) Employer and employee (ii) Investor and the manager of a business.	2@10 (2, 2@4(3+1))	20
(B)	(i) Outline three provisions of the Sale of Goods and Supply of Services Act 1980 regarding a consumer's statutory rights. (ii) Explain the 'right to cancel' (cooling off period) for consumers in Ireland.	3 x 6m (3+3) 2m	20
(C)	Illustrate your understanding of the following essential elements of a valid contract. Consideration Legality of Form Intention to Contract	2@8m (4+4) 1@4m (2+2)	20
Available Marks			60

Question 2 Domestic Environment			Max Mark
(A)	(i) Distinguish between nationalisation and privatisation. Use examples to support your answer.	2 x 5m (3+2)	20
	(ii) Describe one benefit and one challenge of the privatisation.	2 x 5m (2 + 3)	
(B)	Outline why a business, over time, might change their ownership structure. Provide examples to support your answer.	3@7,7,6 (2+3+2), (2+2+2)	20
(C)	Discuss the characteristics of an environmentally responsible business.	4 x 5m (2+3)	20
	Available Marks		60

Question 3 International Environment			Max Mark
(A)	Outline the importance of EU Membership for Ireland.	4 x 5m (2 + 3)	20
(B)	Evaluate the role of 'special interest groups' in the European Union (EU). Use an example to support your answer.	2 x 5m (2+3) Example 2m Evaluation 3m (0,1,3)	15
(C)	Discuss the positive and negative impacts of multinational companies (MNC's) in Ireland. Use examples to support your answer	1x7m (2+3+2) 3x6m (2+2+2) Two of each required	25
	Available Marks		60

Question 4 People in Business			Max Mark
(A)	(i) Explain the term collective bargaining.	1 x 5m (2+3)	20
	(ii) Outline three provisions of the Industrial Relations Act 1990.	3 x 5m (2+3)	
(B)	Under the terms of the Unfair Dismissals Act 1997 to 2007, explain the grounds for dismissal that are deemed to be fair .	4 x 5m (2 + 3)	20
(C)	Discuss the role of the Workplace Relations Commission.	4 x 5m (2+3)	20
	Available Marks		60

Part 2

Enterprise

Question 5 Managing			Max Mark
(A)	Outline, giving an example, how a business manager could use each level of Maslow's Hierarchy of Needs to motivate their staff.	5x 5m (2+2+1)	25
(B)	Explain three implications for a manager of adopting a 'Theory Y' approach to management.	3 x 5m (2 + 3)	15
(C)	(i) Distinguish between enterprise and management.	2 x5m (2 +3)	20
	(ii) Discuss two benefits of 'planning' as a management activity.	2 x 5m (2+3)	
	Available Marks		60

Question 6 Managing			Max Mark
(A)	(i) Explain one implication of underinsurance. (ii) Discuss two types of business insurance that you recommend a hotel business should have in place.	1 x 5m (2 +3) 2 x 5m (2+3)	15
(B)	(i) Explain the term ' flexible working conditions '. (ii) Outline the different types of financial and non financial rewards that businesses use to attract employees.	1 x 5m (2+3) 3 x 5(2+3) At least one of each required.	20
(C)	Explain the following terms in the context of human resource management. <ul style="list-style-type: none"> • Internal and External Recruitment. • Job Description and Person Specification. • Interview and Selection 	5 x 5m (2+3)	25
	Available Marks		60

Question 7 Managing			Max Mark
(A)	Outline the internal and external sources of new product/service ideas for businesses. .	4 x 5m (2 + 3) Two of each required	20
(B)	Calculate each of the following (show your workings): (i) The PAYE which Tommy has to pay (ii) The total amount of USC (iii) The total amount of PRSI (iv) Tommy's annual take-home pay	10m 7m 1m 2m	20
(C)	(i) Explain the term Employee Empowerment. (ii) Describe the benefits of Employee Empowerment for a business.	5m (2+3) 3 x 5m (2+3)	20
	Available Marks		60

Question 8 Business in Action			Max Marks
(A)	<p>(i) Illustrate your understanding of the term a niche market.</p> <p>(ii) Outline two implications for a business of operating in a niche market.</p>	<p>7 marks (3, 2, 2)</p> <p>2x 4m (2+2)</p>	15
(B)	<p>(i) Contrast a strategic alliance and a merger as methods of business expansion.</p> <p>(ii) Evaluate one benefit and one challenge for a business of forming a strategic alliance.</p>	<p>2 x 5m (2+3)</p> <p>2 x 4m (2+2) Evaluation 2m</p>	20
(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>Break-even chart showing:</p> <ul style="list-style-type: none"> • X Axis: Output in units '000s 1m • Y Axis: Revenue/Costs/Sales €'000s 1m • Title of Chart 1m • FC line 2m • TC line 4m • TR line 4m • BEP 4m • MOS 4m • Profit at Forecast output 4m <p>OR</p> <p>Calculations only: (Max. 12m)</p> <p>Break Even Point 4m</p> <p>Profit at Forecast output 4m</p> <p>Margin of Safety 4m</p>	25
Available marks			60

Support Notes


SECTION 1

Question	Possible Responses	Max. Mark
1	<p>(a) Explain the term indigenous firm. An indigenous business is a business which is owned by residents of a country that it operates in. An Irish indigenous firm is a business that was established by Irish residents and operates primarily in Ireland.</p>	4m
	<p>(b) Outline two challenges that may be experienced by an indigenous business in Ireland</p> <p>Increased costs/Energy costs increasing: A rise in energy costs has led to increased expenses and lower profits. Businesses have to decide on whether or not to increase prices which can have an adverse effect on sales.</p> <p>Increased competition from TNCs/FDI: Large transnational companies and global firms continue to expand and in turn develop large economies of scales. Indigenous firms face the challenge of competing with these large international businesses on price and efficiencies.</p> <p>Shortage of labour: Many indigenous firms are finding it difficult to source employees for both low skilled and high skilled job opportunities.</p> <p>Lack of economies of scale compared to large international retailers Indigenous firms can't achieve the economies of scale of large international firms due to lower bulk buying of raw materials and products.</p>	2@3(2+1)

Question	Possible Responses	Max. Mark
2	Total Quality Management Irish Small and Medium Enterprise Just in Time Electronic Data Interchange Return on Investment	3,2,2,2,1

Question	Possible Responses	Max. Mark
3	(a) Explain, with an example, the term invisible exports. Invisible exports refer to services sold by Irish businesses to customers from foreign countries . Money enters the Irish economy. Example Required	2m (1+1) 2 marks
	(b) Visible Imports = Total Imports – Invisible Imports $€90\text{bn} - €40\text{bn} = \text{€}50\text{bn}$ ② Balance of Trade = Visible Exports – Visible Imports $€70\text{bn} - €50\text{bn} =$ ① €20bn ① surplus Balance of Payments = Total Exports – Total Imports $100\text{bn} - 90\text{bn} =$ ① €10bn ① surplus	Calculations: 6 marks Own figure

Question		Possible Responses	Max. Mark										
4		<table><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	Max. Mark
5	<p>(a) Draft and label a functional organisation chart for a manufacturing firm.</p> <p>Title: <u>Functional Structure of a manufacturing firm.</u></p>  <pre> graph TD MD[Managing Director] --> PD[Production Department] MD --> FD[Finance Department] MD --> MDpt[Marketing Department] PD --> PE[Production Employees] FD --> FE[Finance Employees] MDpt --> ME[Marketing Employees] </pre> <p>• Production dept required.</p>	3@2m
	<p>(b) Outline one impact of choosing this type of organisation structure:</p> <p>Clear Chain of Command Staff have clear lines of authority in a functional structure. Staff know who reports to who in a functional structure there is a person in charge of each department, which improves coordination, as employees know what is expected of them and when.</p> <p>Specialisation/ Shared skills and expertise Employees from similar disciplines, i.e. all engineers working together brings expertise together. Employees can learn from each other and become more highly skilled. This benefits the productivity in the business and aids staff development.</p>	2m, 2m

Question		Possible Responses	Max. Mark
6		<p>Distinguish between penetration pricing and price skimming.</p> <p>Penetration pricing is when a business charges a low price for a product/service to gain market share. Penetration pricing allows a business to make an impact in a market quickly by charging a low price whereas</p> <p>price skimming is a pricing strategy where a business charges a high price at the launch/introduction phase. This is to maximize profit during a phase of high demand.</p>	2@5(3+2)
Question		Possible Responses	Max. Mark
7	(a)	<p>Explain the term liquidity.</p> <p>The ability of a business to repay their current liabilities from their current assets.</p> <p>The ability of a firm to repay their short term creditors/liabilities that are falling due within one year.</p>	4m (2+2)
	(b)	<p>Calculate the Acid Test Ratio for Cahill's newsagents.</p> <p>Formula: (Current Assets – closing stock) : Current Liabilities ②</p> <p>Workings:</p> <p>(① €93,200 - ① €14,000) : ① €72,000</p> <p>€79,200 : €72,000</p> <p>① 1.1:1</p>	Calculation: 6 marks

Question		Possible Responses	Max. Mark
8	(a)	<p>(a) Explain the term national minimum wage.</p> <p>The legal minimum hourly payment to an employee. The national minimum wage rates are set by the government.</p> <p>€11.30 (aged 20 and over); €10.17 (aged 19); €9.04 (aged 18); €7.91 (under 18 years of age)</p>	(3+2)
	(b)	<p>(b) Describe one possible economic impact on Irish businesses of the increase in the national minimum wage.</p> <ul style="list-style-type: none"> • Profits of business may decrease due to higher costs. • Increased costs may result in redundancies. The increased hourly rate of hiring employees may force the business to reduce staff numbers. • Further Wage Claims. Other sections of the labour force may seek a pay rise in response to an increase in minimum wage. • Increase prices may result in loss of trade. Increased wage costs are passed on to consumers as higher prices. • FDI may not be as attracted to Ireland. Higher wage costs will mean Ireland is not as competitive. 	(3+2)

Question		Possible Responses	Max. Mark
9		<p>Write TRUE or FALSE after each of the following statements.</p> <p>False</p> <p>True</p> <p>True</p> <p>False</p> <p>True</p>	3,2,2,2,1

Question	Possible Responses	Max. Mark
10	<p>Outline two characteristics/skills associated with entrepreneurs.</p> <p>Risk Taking: An entrepreneur takes a personal and financial risk in setting up a new business with no guarantee of success. Entrepreneurs invest their time and money to set up a new business.</p> <p>Decision making: An entrepreneur has to be able to make decisions for the benefit of the business, often in situations under pressure. They must be able to analyse the intended and unintended consequences of their decisions. Entrepreneurs learn to consult others when making decisions.</p> <p>Innovation/creativity/exploiting opportunity: Entrepreneurs come up with new ways of doing things. Entrepreneurs show imagination, resourcefulness and readiness to undertake new projects. They think outside the box to develop new products or new versions of existing products.</p> <p>Resilient: Entrepreneurs are willing to overcome setbacks and work around obstacles. They see failure as an opportunity to learn.</p> <p>Confident/determined/self-belief: Entrepreneurs have a strong sense of self-belief and conviction about their own business ideas. They have belief in their ability to make the business a success.</p> <p>Ambition: Having ambition and having a strong desire for success or achievement is central to being an entrepreneur.</p>	2@(3+2)

Question	Possible Responses	Max. Mark
11	<p>Explain two rights of the data subject (an individual) under data protection law.</p> <ul style="list-style-type: none"> Right of individuals not to be subjected to automated decision making: Important decisions about Data Subject, such as rating of work performance, creditworthiness, or reliability, may not be made solely by computer automated means, unless the consent to this is given/ human input into such decisions. Right to complain to the Data Protection Commissioner when some data controllers are not complying with the Data Protection Act. Right of access to own files: The right to get a copy of the data held by the Data controller. Right to have any errors corrected: Inaccurate information held by the Data Controller about the data subject can be rectified or erased. Right to Privacy under Data Protection and privacy in telecommunications regulations to prevent your data from being used for direct marketing purposes. 	2@5(3+2)

Question		Possible Responses	Max. Mark
12	(a)	<p>Distinguish between two types of meeting which are common in a business.</p> <p>AGM (Annual General Meeting). This is a meeting of the shareholders of a company. It is held once a year. At the AGM, shareholders can ask the directors questions, the chairperson gives an address, directors are elected, auditors are appointed and accounts are presented.</p> <p>EGM (Extraordinary General Meeting). This occurs when a matter of such importance arises that the business cannot wait until the next AGM to discuss the issue.</p> <p>Board Meeting. These are regular meetings held by the board of directors of the company. Tactical planning, strategic planning and review of company performance are often on the agenda of a board meeting.</p> <p>Ad-hoc meeting. Meeting held by various managers in the business to deal with operational issues/immediate problems.</p>	2@3(1+2)
	(b)	<p>Outline two benefits of meetings as a method of communication.</p> <ol style="list-style-type: none"> 1. Meetings allow discussions to take place on different proposals which in turn allow for good, effective decision-making/ co-ordination of the work of various departments. 2. Meetings allow information to be disseminated to the various stakeholders in the company, e.g. a meeting of management and the employees of the firm regarding industrial relations issues. 3. Meetings are creative forums, e.g. a brainstorming session during the idea generation stage of the product development process. 4. Meetings are appropriate when sensitive or confidential issues are being discussed e.g. redundancy, dismissal of staff and business contraction/expansion. 5. Meeting allow for feedback to be given and received. 6. A written record (i.e. minutes) of decisions can be made for future reference. 	2@2m

Support Notes

SECTION 2

Question	Possible Responses	Max. Mark
(A)	<p>Explain the different sources of long term finance used by Crowley Housebuilders Ltd.</p> <p><u>Long term loan</u></p> <p>A business borrows a large sum of money that is to be repaid over 5-30 years. The sum of money is repaid with interest.</p> <p>Security/collateral is provided against the sum of money borrowed. The business owner(s) retains full control of the business.</p> <p>“They took advantage of low interest rates and received approval for a 20 year long term loan to fund expansion into Europe and Asia.”</p> <p><u>Debenture</u></p> <p>A debenture is a long-term security yielding a fixed rate of interest, issued by a company and secured against assets.</p> <p>“An additional investment of €2 million was secured in the form of a 10 year debenture.”</p> <p><u>Issued Share Capital</u></p> <p>A company can issue shares to investors. The investors provide capital in exchange for a percentage of ownership. This dilutes the control of the entrepreneur but is a cost effective long term source of finance.</p> <p>“The company raised €3 million from issuing share capital.”</p>	<p>2@7(2+3+2) 1@6(2+2+2)</p>

Question		Possible Responses	Max. Mark
A	(ctd)	<p><u>Reserves/Retained Capital</u></p> <p>This is when a business uses the profits that they have developed to fund expansion.</p> <p>Using cash reserves is a cost effective long term source of finance.</p> <p>“The business was benefiting from economies of scale and their cash reserves were healthy.”</p> <p>Grant</p> <p>A grant is a type of finance provided by state agencies. State agencies such as enterprise Ireland provide grants to help with expansion. Grants come with conditions which must be met. They do not have to be repaid.</p> <p>“They successfully applied for support from Enterprise Ireland for their planned expansion.”</p> <p><u>Personal Equity /Savings</u></p> <p>The use of savings (unspent income) which are the personal equity of the entrepreneur. These are normally saved in a deposit account in a bank or another financial institution.</p> <p>“Helen raised the capital to start the business through Investing her savings”</p>	

Question	Possible Responses	Max. Mark
B	<p>Describe the benefits and challenges of entering international markets for Crowley Housebuilders Ltd.</p> <p>Benefits</p> <p><u>Increased Sales</u></p> <p>Ireland has a small population. Expanding to Asia and Europe areas could have a positive effect on sales and profits due to the size of the market. Large markets such offer the potential to increase sales and revenue.</p> <p>“However, as management systems improved the company began to gain market share in several countries.”</p> <p>or</p> <p>“This improved the profitability of Crowley Construction Ltd.”</p> <p><u>Greater Economies of Scale</u></p> <p>Cost benefits of large scale production, producing and selling in bulk will reduce unit cost, resulting in increased sales and profits. This increases the competitiveness of the business.</p> <p>“The business was benefiting from economies of scale and their cash reserves were healthy.”</p> <p><u>Identify new opportunities</u></p> <p>The business may acquire ideas from other markets and existing competition. Entering international markets and identifying new opportunities can reduce the reliance on the domestic market.</p> <p>“The company then successfully tendered for Irish government contracts and similar contracts in Europe.”</p> <p><u>Reduced Risk/Diversification.</u></p> <p>A benefit of entering international markets is the chance to reduce the risk of overall business failure caused by a recession in 1 market. It also allows the business to enter markets for new products to reduce the risk of business failure of their overall product portfolio.</p> <p>“The decision to enter new markets reduced their dependence on the Irish market”</p>	3@10(4+2+4)
B	(ctd)	

Challenges

Increased Competition

Intense international rivalry is far more challenging than competing in an indigenous market alone.

“They struggled to compete with local firms in international markets.”

Legislation

To avoid fines or prosecution, an international business will need to adapt to the differences in legislation from one country to the next.

“Crowley Housebuilders Ltd had to adapt to the varying legislation in other countries.”

Cultural/Language differences

Businesses may struggle to understand the variances in culture and language when trading internationally.

“Several projects were delayed due to miscommunications and language barriers.”

Question	Possible Responses	Max. Mark
C	<p data-bbox="371 174 1233 253">Discuss the impact of economic variables on a business. Refer to the text in your answer.</p> <p data-bbox="371 315 560 349"><u>Interest rates</u></p> <p data-bbox="371 353 1233 501">This refers to the cost of borrowing capital expressed as a percentage of the amount borrowed. A decrease in interest rates leads to more consumer borrowing. Consumers will use borrowed finance to pay for houses, cars, furniture etc.</p> <p data-bbox="371 506 1198 539">This has a positive impact on Irish businesses as sales increase.</p> <p data-bbox="371 562 1233 685">“They took advantage of low interest rates and received approval for a 20 year long term loan to fund expansion into Europe and Asia.”</p> <p data-bbox="371 707 1233 786">“Recently, across the world, interest rates have begun to increase.”</p> <p data-bbox="371 842 491 875"><u>Inflation</u></p> <p data-bbox="371 880 1233 1039">This is the sustained increase in the general level of prices over a period of time. If inflation is high, i.e. price increases are high, this has a negative impact on a business’s costs. The cost of running expenses, raw materials etc will increase.</p> <p data-bbox="371 1043 1233 1122">“Supply chain issues have caused delays, and inflation has led to a massive increase in price of raw materials.”</p> <p data-bbox="371 1126 411 1160">Or</p> <p data-bbox="371 1164 1233 1243">“Energy prices are far higher than budgeted for and fluctuations in exchange rates are also adding to the uncertainty.”</p> <p data-bbox="371 1299 549 1332"><u>Employment</u></p> <p data-bbox="371 1337 1233 1541">This refers to the percentage of the labour force who are engaged in paid employment. A decrease in employment levels has a negative impact on Irish businesses. When the people/the labour force have less income, consumer spending decreases. This leads to a decrease in sales for Irish businesses.</p> <p data-bbox="371 1545 1233 1579">“She is considering consolidation which could lead to job losses.”</p>	<p data-bbox="1249 163 1420 230">2@8(2+3+3) 2@7(2+3+2)</p>

Question		Possible Responses	Max. Mark
C	(ctd)	<p><u>Grants</u></p> <p>This refers to the availability of finance from state agencies to help the growth of businesses. It does not have to be repaid; but comes with conditions.</p> <p>“Helen raised the capital to start the business through investing her savings in the business and secured a grant from her local enterprise office.”</p> <p><u>Economic Growth</u></p> <p>An increase in the value of the goods and services produced in a country from one period to the next.</p> <p>“Economic growth has begun to slow down which is worrying.”</p> <p><u>Exchange Rates</u></p> <p>The cost of one currency in terms of another. The rate of exchange impacts on the overall transaction cost. This can make it difficult to obtain the necessary mark up in some foreign markets. The rate is variable and subject to change. The Euro currency gives stability to the rate of exchange for ‘eurozone’ countries.</p> <p>“fluctuations in exchange rates are also adding to the uncertainty”</p>	

Support Notes
SECTION 3 – Part 1

Question		Possible Responses	Max. Mark
1	(A)	<p>Describe one example of a co-operative relationship and one example of a competitive relationship that could arise between the following stakeholders:</p> <p style="padding-left: 40px;">(i) Employer and employee (ii) Investor and the manager of a business.</p> <p>(i) A <u>co-operative relationship</u> exists where both parties work towards a common goal. It is a win-win situation.</p> <p>An <u>employer and employee</u> could have a cooperative relationship when the employer invests in training for the employee. This up skills the employee, improves their motivation and increases productivity for the business.</p> <p>The employer agrees a pay rise for the employee in return for productivity. The employer gains productivity and the employee gains extra income.</p> <p>The <u>investor and the manager</u> of a business might have a cooperative relationship when they are both trying to grow the business. The investor can provide capital and the manager works to achieve results for the business, so the investor can get a dividend.</p>	2@ (2, 2@4(3+1))

		<p>(ii) A competitive relationship exists where both parties work towards a mutually exclusive goal. It is a win-lose situation</p> <p>The <u>employer and the employee</u> might have a competitive relationship over pay increases. The employer might want to decrease pay, in order to maximise the business profitability whereas the employee might want a pay increase.</p> <p>The employee and employer may have a competitive relationship over changes to working conditions. The employer may want all employees to take a shared lunch break to keep the business open, whereas the employees want a common lunch break to spend time with their colleagues.</p> <p><u>The investor and manager</u> may have a competitive relationship when deciding on a dividend. The manager might want to reinvest the profits and minimise the dividend to be paid to investors whereas the investor might want to maximise the dividend paid to investors.</p>	
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Question			Possible Responses	Max. Mark
1	(B)	(i)	<p>Outline three provisions of the Sale of Goods and Supply of Services Act 1980 regarding a consumer's statutory rights.</p> <p>Goods should be of merchantable quality – they should be of reasonable standard taking into account what they are supposed to do, their durability and price.</p> <p>Goods should be fit for the purpose intended – they must do what they are sold as being capable of doing. (i.e. fit for the particular purpose for which the buyer intends to use them).</p> <p>Goods should be as described – the description on the package must not be misleading. The goods must match the description provided by the salesperson, brochure etc.</p> <p>Goods should match the sample – all the goods received must be of the same as the sample that was shown to the consumer.</p> <p>Services should be provided by a person with the necessary skill/qualification. – A service provider must have the necessary competence and skills set.</p> <p>Due care & diligence must be used –The service provider must carry out an attentive job of high quality.</p> <p>Materials used in providing the service must be of merchantable quality- any materials used or sold as part of the service must be of merchantable quality.</p> <p>Illegal signs - Consumers' rights under the act cannot be taken away or limited by signs such as 'Credit Notes Only', 'No Cash Refunds', 'No exchange' etc. These signs do not affect your statutory consumer rights. A credit note is not a refund as it restricts you to shopping in that shop</p>	3@6(3+3)

		<p>Guarantees must not limit the consumer's basic rights Guarantees are seen as something extra (additional protection) that is given to the consumer and they cannot limit the consumer's rights under consumer law. The guarantee must clearly show what goods are covered, the time frame involved and the procedure for making claims.</p> <p>Unsolicited Goods/Inertia Selling - It is illegal for a supplier to demand payment for unsolicited goods. These are goods that are sent to someone without having received an order.</p> <p>Responsibilities of Retailers- Retailer is Responsible The responsibility for sorting out a complaint from a consumer rests with the retailer.</p> <p>Redress- Full or partial refund, replacement, repair if there is a breach in warranty or condition of the contract (i.e. the requirements of the act). This is under Section 21 of the Act.</p>	
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Question			Possible Responses	Max. Mark
1	(B)	(ii)	<p>Explain the 'right to cancel' for consumers in Ireland.</p> <p>You have the right to a cooling-off period of 14 days if you buy something from a distance, for example:</p> <ul style="list-style-type: none"> • Online (web shop or online selling platform) • Telephone • Door-to-door selling with a value of €50 or more • Street trade with a value of €50 or more • A sales party or a sales demonstration with a value of €50 or more <p>The cooling off period ends 14 days after you receive the goods or service. For doorstep sales, you have 30 days from when the contract was agreed to cancel.</p>	2m

Question		Possible Responses	Max. Mark
1	(C)	<p>Illustrate your understanding of the following essential elements of a valid contract.</p> <p>Consideration Legality of Form Intention to Contract</p> <p>Consideration This refers to the exchange of value in a contract. Each party in a contract must give something of value to the other party. Consideration is usually some monetary payment, but it could also be something valuable exchanged as part of the contract.</p> <p>Example required for full marks</p> <p>Legality of form Certain contracts, to be considered legal, must be drawn up in a particular manner. Some contracts must be in writing if they are to be legally valid.</p> <p>Example required for full marks</p> <p>Intention to Contract Both parties to the contract must be aware that they are entering into a legally binding agreement that could see them in court if they fail to keep their side of the agreement. With domestic and social arrangements there is no intention to create a legally binding contract.</p> <p>Example required for full marks</p>	2@8(4+4) 1@4(2+2)

Question			Possible Responses	Max. Mark
2	(A)	(i)	<p>Distinguish between nationalisation and privatisation. Provide examples to support your answer.</p> <p>Privatisation refers to the sale of state owned companies to private investors. E.g., The government selling their ownership of Aer Lingus to private shareholders whereas</p> <p>Nationalisation refers to the government buying shares and taking control of privately owned businesses. E.g. The government taking ownership of Anglo Irish Bank.</p>	2@5(2+3)

Question			Possible Responses	Max. Mark
2	(A)	(ii)	<p>Describe one benefit and one challenge of privatisation for the government.</p> <p><u>Benefits</u></p> <p>Government Revenue: Selling of a state enterprise provides the government with a large sum of money e.g. Selling Aer Lingus or the governments stake in AIB to private investors. The revenue can be used to build infrastructure/repay the national debt.</p> <p>Efficiency: State owned enterprises are often perceived as being inefficient because they can rely on government funding and have little competition. Private firms are driven by a profit motive and should therefore be more efficiently run.</p> <p>Access to Finance: Privatised companies are able to take out loans and shares and generally have greater access to sources of finance than state enterprises. This makes it easier to fund expansion, creating wealth and employment in the economy.</p> <p>Industrial Relations: With greater job security employees in state enterprises are more likely to take part in industrial action in pursuit of pay claims, better working conditions etc. than those in the private sector.</p> <p>Competition: The elimination of a state monopoly can lead to open market competition and can lead to greater choice and lower prices for consumers e.g. Eircom/Aer Lingus.</p>	2@5(3+2)

Question			Possible Responses	Max. Mark
2	(A)	(ii) (ctd)	<p><u>Challenges:</u></p> <p>Loss of state assets - The state protects industries of strategic interest to the country e.g. transport network, the country's energy supplies for industry and domestic purposes, water supply, communications systems, the economic infrastructure of the country.</p> <p>Increased Unemployment - There may be a loss of jobs through rationalisation of services, leading to higher social welfare spending.</p> <p>Lack of Social Commitments - Non-profit making essential services may be discontinued by the private business in an effort to reduce costs e.g. the postal and telecommunications service, electricity, gas and water services to remote areas.</p> <p>Loss of Control /Costs to state - The shares of privatised companies may end up with foreign investors. Privatised companies must maximise returns to the shareholders and this could result in increased prices for consumers.</p> <p>Due to a mismatch between the Irish and English versions of the examination paper, accept answers describing one benefit and one challenge of privatisation from any stakeholder's point of view.</p>	

Question		Possible Responses	Max. Mark
2	(B)	<p>Outline why a business, over time, might change their ownership structure. Provide examples to support your answer.</p> <p>Raise Capital: A business might find it easier to raise capital if there are more owners/shareholders. E.g. A private limited company might become a public limited company to raise finance.</p> <p>Liability: A business might change their ownership structure to acquire limited liability. E.g. A sole trader or partnership could become a private limited company to change from unlimited liability to limited liability.</p> <p>Tax implications: The business could become more tax efficient by changing ownership structure. E.g. changing from a sole trader or partnership to a limited company can allow a business avail of the corporation tax rate.</p> <p>Decision making/ Recruitment of staff: Raising finance via bringing in new shareholders can allow the business to recruit talented staff. This can improve decision making in the business. e.g. Changing ownership structure from a partnership to private limited company, or from a private limited company to a public limited company, might help the business recruit talented staff or allow the business to invest in recruiting high skilled decision makers.</p>	2@7(2+3+2) 1@6 (2+2+2)

Question		Possible Responses	Max. Mark
2	(C)	<p>Discuss the characteristics of an environmentally responsible business.</p> <p>Consult Consult stakeholders before introducing policies that might affect the environment.</p> <p>Honest Do not cover up environmental accidents and be compliant with the law.</p> <p>Aware Promote environmental awareness amongst staff through adequate training, which will require resources. The business could establish a code of ethics which is a formal written statement setting out the modes of behaviour expected from a business in its dealings with the environment and the wider community in which it operates, encouraging a culture of openness, consultation, honesty and awareness of environmental issues etc.</p> <p>Open Openness to the development of new product design/ to new environmentally friendly manufacturing processes/better product end of life solutions/recycling.</p> <p>Sensitive Sensitivity to needs of society as a whole and have such safeguards as an environmental audit to ensure that it operates in an environmentally friendly manner. To achieve this, it should have policies such as: the 4Rs: reduce, reuse, recycle and recover.</p>	4@5(2+3)

Question		Possible Responses	Max. Mark
3	(A)	<p>Outline the importance of European Union (EU) membership for Ireland.</p> <p>Free movement of goods services and labour: The creation of the Single Market in 1993 eliminated trade barriers within the EU, allowing for the free movement of goods, services, labour and capital between member states. This helps Irish businesses attract high quality labour from EU countries.</p> <p>Larger market/Increased Sales Bigger market for Irish businesses leading to greater sales potential. Irish businesses can expand and grow by trading in other EU countries. This leads to increased profitability and diversification for Irish businesses who export to the European Union.</p> <p>Spin-off effect of FDI for Irish Businesses As a member of the EU with open access to the EU market the Irish economy attracts foreign direct investment (FDI), thereby creating employment opportunities. The value of (FDI) in Ireland stands at over €30 billion today. Many Irish businesses supply raw materials and services to multinationals.</p> <p>Small Irish agricultural businesses benefit from CAP Farmers, under the Common Agricultural Policy (CAP), receive income support measures. Between 1973 and 2008, Irish farmers received €44 billion from the (CAP). This helps Irish farming businesses stay viable.</p> <p>Single currency in the Eurozone/Economic Monetary Union The introduction of the single currency brought additional incentives for foreign investors to locate in Ireland, along with relative price stability. The euro has made life easier for Irish businesses and travellers trading or visiting in the euro zone.</p>	4@5(2+3)

Question		Possible Responses	Max. Mark
3	(C)	<p>Discuss the positive and negative impacts of multinational companies (MNC's) in Ireland. Use examples to support your answer.</p> <p>Spin off effect/ Sales for Irish firms-MNC's are consumers of Irish goods and services and indigenous businesses can increase their profits by supplying these. E.g McDonald's purchases over 40,000 tonnes of Irish beef every year.</p> <p>Taxes -All MNCs are subject to a corporation tax. The government can use this money to invest in support for indigenous Irish businesses reducing their costs of business. E.g. The Irish government receive taxation from MNC's such as Intel.</p> <p>Training-Multinational companies provide the highest standard of training to employees. This benefits the Irish labour force who work for multinational as their skillsets and qualifications are enhanced. E.g. Multinational companies such as Johnson and Johnson and Google invest in training their staff.</p> <p>Create jobs - Multinational companies provide a large amount of employment opportunities for the Irish labour force. e.g. A large amount of Irish people work for multinational companies such as Irish people working for Facebook, Twitter etc.</p> <p>Loyalty -They show no loyalty to Ireland and can leave without warning for cheaper economies. e.g. Dell relocated many Irish jobs to Poland which caused major job losses and business closures in the Shannon area.</p> <p>Increased competition - Because of the economies of scale these businesses enjoy, they are able to charge lower prices for their goods and services. It is very difficult for small Irish businesses to compete with this and may cause them to leave the market altogether. E.g. Ikea furniture compared with domestically produced furniture.</p>	<p>1@7(2+3+2) 3@6(2+2+2)</p>

		<p>Competition for Employees- Large MNCs can offer very generous remuneration packages for employees that smaller businesses would not be able to afford. This may make it more difficult for Irish tech firms to attract employees with suitable skills to their business. E.g. they might choose to work for Google etc.</p> <p>Influence - Large MNCs have been known to exert influence over government and their policies. This means they may convince the government to bring in legislation that may benefit them but impact negatively on smaller Irish businesses in the same line of business. e.g. Apple might influence the government regarding taxation.</p>	
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Question			Possible Responses	Max. Mark
4	(A)	(i)	<p>Explain the term collective bargaining.</p> <p>Collective bargaining is a process of negotiation between employers and a group of employees aimed at agreements to regulate working salaries, working conditions, benefits, and other aspects of workers' compensation and rights for workers.</p>	(2+3)
4	(A)	(ii)	<p>Outline three provisions of the Industrial Relations Act 1990.</p> <p>Trade Disputes -Trade Dispute as defined by the Industrial Relations Act 1990 is 'any dispute between employers and workers, which is connected with the employment or non-employment or the terms or conditions of employment of any person'.</p> <p>Legitimate Trade Dispute – Grounds for legitimate trade disputes include disputes concerning pay, changes to conditions, demarcation disputes etc.</p> <p>Secret Ballots- Under the provisions of the Industrial Relations Act 1990 no strike or other industrial action can take place without a secret ballot. All members are given a fair opportunity of voting. The act also provides that the union should not organise or participate in industrial action without a majority of votes having being cast in favour of industrial action. The union must make known to the members (entitled to vote) the results of a secret ballot as soon as practicable after the vote.</p> <p>Notice of industrial action One week's notice of action must be given to the employer involved in a dispute.</p> <p>Official disputes unofficial disputes and Injunctions-Official dispute is one where a union has received approval from workers in a secret ballot and is confirmed by ICTU. Unofficial disputes have no ICTU or union approval and workers receive no strike pay.</p> <p>Picketing - Primary picketing- According to the Industrial Relations Act 1990 it is lawful for workers to picket peacefully at a place where their employer works or carries on business provided the picketing is for the purpose of peacefully communicating information.</p> <p>Secondary picketing- The act provides that secondary picketing (i.e. picketing of an employer other than the primary employer involved in the dispute) is lawful only in situations where it is reasonable for those workers picketing to believe that the second employer was acting to frustrate the industrial action by directly assisting their employer.</p>	3@5(2+3)

			<p>Immunity-The Industrial Relations Act 1990 states the trade unions and workers are immune from legal action/prosecution for damages or losses suffered by the employer as a result of a trade dispute.</p>	
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Question		Possible Responses	Max. Mark
4	(B)	<p>Under the terms of the Unfair Dismissals Act 1997 to 2021, explain the grounds for dismissal that are deemed to be fair.</p> <p>Incompetence refers to an inability to do the job (poor work performance/failure to meet sales targets). In the first place, the employee needs to be made aware of the standards that are expected.</p> <p>Incapable The ‘capability’ includes issues such as lateness, absenteeism, and persistent absence through illness or injury, either short-term or long-term. If lateness or absenteeism is an issue, the employer should have proof of this allegation, such as: Clocking-in records and Documented absences on file that are not medically certified.</p> <p>Qualifications Fair dismissal on grounds of qualifications can happen in two ways. One situation is where the employer is misled about qualifications during recruitment. The other is where the employer made continued employment conditional upon further qualifications which have not been obtained.</p> <p>Misconduct Gross misconduct may give rise to instant (summary) 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.</p>	4@5(2+3)

			<p>Redundancy</p> <p>In this case the 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 the employee will not be replaced. Fair procedures must be applied (e.g. last in and first out).</p> <p>Contravening the law</p> <p>The employer may dismiss an employee if their continued employment would contravene the law. However, your employer might be expected to look at alternatives depending on all the facts of the case.</p>	
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Question		Possible Responses	Max. Mark
4	(C)	<p>Discuss the services provided by the Workplace Relations Commission.</p> <p>Advisory Service The Workplace Relations Commission's Advisory Service promotes good practice in the workplace by assisting and advising organisations in all aspects of industrial relations in the workplace. It engages with employers, employees and their representatives to help them to develop effective industrial relations practices, procedures and structures. Such assistance could include reviewing or developing effective workplace procedures in areas such as grievance, discipline, communications and consultation.</p> <p>Conciliation Conciliation is a voluntary process in which the parties to a dispute agree to avail of a neutral and impartial third party to assist them in resolving their industrial relations differences. The Workplace Relations Commission provides a conciliation service by making available Industrial Relations Officers (IRO or Conciliation Officer) of the Commission to chair 'conciliation conferences'. Conciliation conferences are basically an extension of the process of direct negotiations, with an independent chairperson present to steer the discussions and explore possible avenues of settlement in a nonprejudicial fashion. Participation in the conciliation process is voluntary, and so too are the outcomes. Solutions are reached only by consensus, whether by negotiation and agreements facilitated between the parties themselves, or by the parties agreeing to settlement terms proposed by the Conciliation Officer. The conciliation process is informal in its practice. The parties are free to represent themselves or be represented by trade unions or by employer organisations. The Commission does not believe that the nature of the process requires legal representation of either party at conciliation meetings.</p> <p>Compliance/Inspection Service Inspectors visit places of employment and carry out investigations on behalf of the WRC in order to ensure compliance with equality and employment-related legislation. Such investigations involve examining books, records and documents related to the employment, and conducting interviews with current and former employees and employers. Where breaches of legislation have been found, an Inspector may issue either a Compliance Notice or a Fixed Payment Notice to an employer.</p>	4@5(2+3)

4	(C)	(ctd)	<p>Mediation</p> <p>Mediation seeks to arrive at a solution through an agreement between the parties, rather than through an investigation or hearing or formal decision. The WRC offers a mediation service in certain cases to facilitate the resolution of complaints/disputes where possible at an early stage and without recourse to adjudication. The Mediation Officer empowers the parties to negotiate their own agreement on a clear and informed basis. The process is voluntary and either party may terminate it at any stage. Where an attempt at mediation has been successful, the mediation officer will record the terms of the agreement in writing. If each of the parties are satisfied that the record accurately represents the terms of the resolution, they will sign the record. Where an attempt at mediation has proven unsuccessful, the mediation officer will notify the Director General of the WRC and each of the parties in writing of that fact. The complaint or dispute will be referred for adjudication by an Adjudication Officer.</p> <p>Adjudication</p> <p>Adjudication Officers of the Workplace Relations Commission (WRC) are statutorily independent in their decision-making duties. The Adjudication Officer's role is to hold a hearing where both parties are given an opportunity to be heard by the Adjudication Officer and to present any evidence relevant to the complaint. The Adjudication Officer will not attempt to mediate or conciliate the case. Parties may be accompanied and represented at hearings by a trade union official, a practicing barrister or practicing solicitor for example.</p> <p>The Adjudication Officer will then decide the matter and give a written decision in relation to the complaint. The decision may:</p> <ul style="list-style-type: none"> ▪ declare whether the complainant's complaint was or was not well founded, ▪ require the employer to comply with the relevant provision(s), ▪ require the employer to make such redress as is just and equitable in the circumstances including the award of compensation. <p>A party to a complaint may appeal to the Labour Court from a decision of an Adjudication Officer.</p>	
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SECTION 3 – Part 2

Question		Possible Responses	Max. Mark
5	(A)	<p>Outline, giving an example, how a business manager could use each level of Maslow's Hierarchy of Needs to motivate their staff.</p> <p>Physical Needs Maslow identified that humans have a need for food, water, clothing and shelter. <i>A business manager can satisfy these needs by offering competitive payments/salaries to all employees and financial incentives.</i></p> <p>Safety Needs The need for job certainty, tenure of employment and physical safety. <i>A business manager can satisfy these needs by offering long- term contracts of employment employees and ensure the working environment is safe.</i></p> <p>Social Needs The need for interaction with other humans. The need for friendship and to belong as part of a group. <i>A business can satisfy these needs by offering a team structure exists in the business where employees from all over the world work together on innovative projects.</i></p> <p>Esteem Needs The need to have your performance recognised by others. The need for praise and the need to be challenged. <i>A business manager could provide challenging work, listen to staff ideas, reward innovation and achievement and offer development opportunities.</i></p> <p>Self-Actualisation This is the desire to achieve a person's own full potential. To be the best possible version of themselves. <i>Business managers who support employees to seek new challenges and both facilitate and encourage a growth mindset can help employees strive to self-actualise through development programmes.</i></p>	5@5(2+2+1)

Question		Possible Responses	Max. Mark
5	(B)	<p>Explain three implications for a manager of adopting a Theory Y approach to management.</p> <p>High levels of trust-Industrial Relations are improved when the manager places trust and authority in their staff. Morale is improved. <i>Less time is spent in resolving conflict.</i></p> <p>Innovation -The improved communication may result in employees being <i>more likely to innovate or come up with an idea for a new product</i>, way of reducing costs etc.</p> <p>Improved communications -The atmosphere in the workplace is improved as the manager uses a two way system of communication. <i>This reduces resistance to change and helps the organisation manage change effectively.</i></p> <p>Delegation- By giving employees more authority motivation improves as employees feel more in control of their environment. This may lead to better customer relations, as a happy workforce enjoys engaging with the consumer. <i>In service industries, this can result in increased sales and profitability.</i></p> <p>An open style of Management -Management are open to employee suggestions and welcome an opportunity to discuss rather than give directions. This improved knowledge base can lead to <i>more effective decision making and higher productivity in design/manufacturing businesses.</i></p> <p><u>Implications can be negative, such as:</u></p> <p>Delegation requires training / Delegation may result in a pay claim:-Training may be required if employees are use to an autocratic style of leadership. They may resist the theory Y approach to management concerning delegation. This could lead to poor industrial relations and the <i>notion that new management is 'distributing extra work without pay' to employees.</i></p> <p>New Communication Style could result in resistance to change The new approach to communication and discussion of ideas may not be successful if the manager is newly appointed. Internal factors such as reactions to promotions or resistance to outside appointments <i>may stagger the perceived benefits of a theory y approach to managing.</i></p>	3@5(2+3)

Question			Possible Responses	Max. Mark
5	(C)	(i)	<p>Distinguish between enterprise and management</p> <p>Enterprise refers to an attempt to take a personal and financial risk in order to create something new for the return of profit.</p> <p>Management is a goal-orientated process. It involves co-ordinating the resources of the organisation to achieve the goals of the organisation. This involves the activities of planning, organising and controlling. A manager should have the skills of leadership, motivation and communication.</p>	2@5(2+3)

Question			Possible Responses	Max. Mark
5	(C)	(ii)	<p>Discuss two benefits of planning as a management activity.</p> <p>Create Awareness & Gives Direction-All staff are aware of the targets/what the firm wants to achieve. This gives direction to staff. E.g. Management communicate to staff that they want to improve the reputation and public image of the business.</p> <p>Helps Decision Making-Having long term objectives helps management and staff make effective decisions. E.G. Ryanair might decide to take over another airline and/or enter transatlantic flights in order to be the number one airline in the world.</p> <p>Manpower(HR) planning-ensures the firm has enough staff to avoid shortages and identifies when staff need to be recruited E.g. Effective Manpower Planning would ensure the management of a school have the correct number of teachers for the academic year.</p>	2@5(2+3)

Question			Possible Responses	Max. Mark
6	(A)	(i)	<p>Explain one implication of underinsurance.</p> <p>The insured fails to insure the asset for the full value of the asset. In the event of a claim for total loss or partial loss underinsurance may result in economic losses to the policy holder, since the claim would exceed the maximum amount that can be paid out by the insurance policy. The motivation for being underinsured is the lower premiums paid by the policy holder, however, the losses arising from a claim will far outweigh savings experienced in reduced insurance premiums as a consequence of the inadequate insurance.</p>	(2+3)

Question			Possible Responses	Max. Mark
6	(A)	(ii)	<p>Discuss two types of business insurance that you recommend a hotel business should have.</p> <p>Public Liability Insurance-Public liability insurance protects the business against financial loss as a result claims made by members of the public such as consumers who are injured or hurt on the business premises.</p> <p>Employer's Liability Insurance-Employer's liability protects the business against financial loss as a result claims made by employees as a result of injuries they have sustained in the workplace.</p> <p>Premises/Buildings Insurance- This provides the business with protection against any loss caused by damage to the structure of the building caused by fire, flood or storm. You should ensure a smoke alarm is fitted and there are adequate fire extinguishers in the premises.</p> <p>Contents Insurance-This provides the business with protection against any loss or damage to stock, raw materials, components etc. caused by burglary, fire or flood.</p> <p>Motor Insurance-A compulsory type of insurance that must be paid by law if the business or individual own a motor vehicle. Protects the business from being at a financial loss as a result of a motor accident. Three types of motor insurance include; third party insurance, third party fire & theft and fully comprehensive insurance.</p> <p>Any relevant type of insurance for a hotel accepted.</p>	3@5(2+3)

Question			Possible Responses	Max. Mark
6	(B)	(i)	<p>Explain the term flexible working conditions.</p> <p>Flexible working conditions refer to an arrangement between the employer and their employees that allows the employ input into their place of work, when they complete their duties etc. Flexible working conditions can enable an employee to work from home for a number of days per week and may also allow for flexitime.</p>	(2+3)

Question			Possible Responses	Max. Mark
6	(B)	(ii)	<p><u>Financial Rewards</u></p> <p>Time rate-The employee is rewarded a fixed amount per hour for a fixed number of hours. Hours worked over and above the fixed number of hours are paid at a higher rate called overtime e.g. time and a half or double time.</p> <p>Piece Rate-The employee is rewarded per item produced/job completed. This method may lead to quality control problems as employees may try to get as many items produced as possible to increase its earnings.</p> <p>Commission-The employees are paid a percentage of the total sales they have achieved. This is normally paid in addition to a flat payment. It has the advantage of directly encouraging sales.</p> <p>Salary-A salary is paid to the employees in equal amounts, either weekly, biweekly or monthly.</p> <p>Benefit in Kind (if taxable)-The use of an asset as a form of reward. E.g. Company car available for private use. It could include preferential loans, free or subsidised accommodation.</p> <p>Bonus A sum of money raised for reaching a certain target e.g. producing units above an agreed limit.</p> <p>Profit –sharing scheme-This is a scheme where some of the business profits are paid to employees on an agreed basis. The scheme is administered and profits are paid to employees to motivate them to become more productive.</p> <p>Employee share ownership scheme-Shares may be given to staff instead of cash bonuses, maintaining employee interest in the job/share option schemes give employees an option to buy shares in a company at a specified price sometime in the future.</p>	<p>3@5(2+3)</p> <p>At least one of each required</p>

Question			Possible Responses	Max. Mark
6	(B)	(ii) (ctd)	<p><u>Non – Financial Rewards</u></p> <p>Benefit-in-kind: This is also known as a perk or a fringe benefit. It takes the form of goods or a service given to employees rather than money. Benefits-in-kind are often used to raise the status of a position in a firm and to boost morale. Examples include meal vouchers, company cars and health insurance.</p> <p><i>(Note: Benefit-in-kind can be considered financial or non-financial depending on whether it is taxable or not).</i></p> <p>Promotion: Movement to a more responsible senior level in the organisation. While this will also carry a higher wage it is often the job title, bigger office or the availability of a personal assistant that is the real reward as per Maslow's self-esteem needs.</p> <p>Job sharing: This involves employees sharing a position e.g. two employees have a job split between them. This is a flexible approach to employment and recognises that employees may wish to prioritise leisure time over work time.</p>	

Question		Possible Responses	Max. Mark
6	(C)	<p>Explain the following terms in the context of human resource management.</p> <ul style="list-style-type: none"> ● Job Description and Person Specification. ● Internal and External Recruitment. ● Interview and Selection. <p>Job Description – A job description sets out the purpose of a job, where the job fits into the organisation structure, the main accountabilities and responsibilities of the job and the key tasks to be performed. The job description defines where the job is positioned in the organisation structure and who reports to whom.</p> <p>Person Specification -A person specification sets out the kind of qualifications, skills, experience and personal attributes a successful candidate should possess. It refers to the person rather than the post and is useful in comparing and assessing the suitability of job applicants.</p> <p>Internal and External Recruitment:</p> <p>Internal recruitment- The employee is familiar with the culture, policies and work practices of the firm. Training and advertising costs are decreased. Motivation within the workplace improves as employees recognise that opportunities will occur as vacancies higher up the chain of command become available. No “new blood”, no new thinking. The best person for the job may not be the internal appointment. Promotion from within can have a negative effect on levels of co-operation between employees.</p> <p>External recruitment – Fresh new perspective brought to the business by the external appointee. The new employee may have skills and experience that may be required by the business but is not present among existing staff. Training costs avoided as the external appointee may already have the skill set required. Links with colleges of education which provide staff with expertise to meet business needs.</p> <p>Job Interview and selection - A job interview is a process in which a potential employee is evaluated by an employer for prospective employment in the company. The process attempts to determine the candidate’s ability to do the job, get along with other employees, work in teams and contribute to the business in an innovative and effective manner. Interviews generally take the form of interview panels where a number of interviewers interview one candidate. A variety of selection methods can be used.</p>	5@5(2+3)

Question		Possible Responses	Max. Mark
7	(A)	<p>Outline the internal and external sources of new product/service ideas for businesses such as Centre Parcs.</p> <p>Brainstorming sessions-This involves people from different areas of the business coming together and creatively thinking up new ideas. Some of these ideas are rejected while some are giving further consideration. The diversity of the team assists in the creativity process.</p> <p>Intrapreneurship-Ideas from employees through suggestion schemes or suggestion boxes. A good idea may be rewarded by a bonus. A good intrapreneurial culture exists within multinational organisations such as Google.</p> <p>Research and Development Department -The R&D department may discover a new product/or improve an existing product through science and technology.</p> <p>Competitors- Monitoring competitors and copying some of their product ideas, while being mindful of patent and copyright law.</p> <p>Import substitution- where a product that is currently being imported is substituted by a home produced product of a similar quality or price.</p> <p>Customer Complaints -Feedback could result in changes in or further developments of existing products.</p> <p>Foreign travel or trade shows – could inspire companies to make a new product for the domestic market.</p>	4@5(2+3)

Question		Possible Responses				Max. Mark
7	(B)	Calculate each of the following (show your workings):				20m
		(i)	The PAYE which Tommy has to pay			
		(ii)	The total amount of USC			
		(iii)	The total amount of PRSI			
		(iv)	Tommy's annual take-home pay			
		Gross Salary			85,000	
		Benefit in Kind			25,000	
		Taxable Income			2 110,000	
		(i) The PAYE which Tommy has to pay				
		40,000 x 0.20	3 8,000			
		1 <u>70,000</u> x 0.40	1 28,000			
		Gross PAYE		1 36,000		
		Less Tax Credits:				
		Single Person	1,700			
		PAYE	1,700			
		Dependent Relative	245	1 (3645)		
		PAYE Tommy has to Pay			1 €32,355	10 marks
		12,012 x 0.005		3 60.06		
		9,281 x 0.02		1 185.62		
		1 <u>88,707</u> x 0.045		1 3,991.82*		
		Total amount of USC			1 €4,237.50	7 marks
		(iii) The total amount of PRSI				
		110,000 x 0.04			1 €4,400	1 mark
		(iv) Tommy's annual take-home pay				
		Gross Salary			85,000	
		Less deductions:				
		PAYE		32,355.00		
		USC		4,237.50		
		PRSI		4,400.00	40,992.50	
		Annual Net Pay			2 €44,007.50	2 marks

Own figures are shown in bold.

Question			Possible Responses	Max. Mark
7	(C)	(i)	<p>Explain the term employee empowerment.</p> <p>Employee empowerment involve giving staff decision making authority. This increased decision making responsibility increases accountability and provides a challenge for employee. With the increased responsibility comes increased enthusiasm for the job.</p>	(2+3)

Question			Possible Responses	Max. Mark
7	(C)	(ii)	<p>Describe the benefits of employee empowerment for a business.</p> <p>Decision-making: Decision-making and control is in the hands of employees who use their greater skills and knowledge for the benefit of the business/decisions made quicker. Employees become more responsive to the needs of customers/come up with ideas to solve issues/more satisfied customers.</p> <p>Prepares staff for Management roles/promotions: Empowerment trains staff to be decision makers. Empowerment means staff gain invaluable experience in having to make decisions and judgement calls. This prepares staff for promotions/ role of management which in turn can reduce the need for training.</p> <p>Increased Motivation - Increased Staff Morale & Job Satisfaction: Employees will be empowered, allowing them to make decisions, increasing trust from management and allowing them to satisfy esteem needs (Maslow). The benefit for the manufacturing business is that there would be more energized and productive staff, and lower staff turnover.</p>	2@5(2+3)

Question			Possible Responses	Max. Mark
8	(A)	(i)	<p>Illustrate your understanding of the term niche market.</p> <p>A niche market is a small segment of a larger market for a specialised product or service. It is a specialised market with only a few suppliers.</p> <p>E.g. Bridal shoes/first communion dresses/children's' clothing/ specialist transport-wheelchair.</p>	(3,2,2)





Question			Possible Responses	Max. Mark
8	(A)	(ii)	<p>Outline two implications for a business of operating in a niche market</p> <p>Little or no competition/small market-Unlike in generalised marketing where market competition is stiff, niche marketers face less competition in the market as they deal with a specific product for a small market segment.</p> <p>Less investment required-As they produce limited goods for the niche market they may require less investment.</p> <p>High cost base -The specialisation of products involves more expensive raw materials, highly skilled staff and job/batch production methods/personal service.</p> <p>Higher Price-As the costs are very high for the business, therefore, they must charge a higher price to customers.</p> <p>Less risk for the business/cost effective use of resources/more focused marketing -There may be fewer risks/costs for the business as the marketing is focused on a very small segment of the market.</p>	2@4(2+2)

Question			Possible Responses	Max. Mark
8	(B)	(i)	<p>Contrast a strategic alliance and a merger as methods of business expansion.</p> <p>A strategic alliance is when two or more independent firms agree to co-operate and share resources and expertise for the mutual benefit of all parties involved. The firms remain completely independent legally and each firm maintains its own separate trading identity.</p> <p>A merger is a friendly or voluntary amalgamation of two or more businesses for their mutual benefit. A single new legal entity is formed. Example: Glanbia plc was formed in 1997 out of the merger of Avonmore Foods plc and Waterford Foods plc.</p>	2@5(2+3)

Question			Possible Responses	Max. Mark
8	(B)	(ii)	<p>Evaluate one benefit and one challenge for a business of forming a strategic alliance.</p> <p><u>Benefits:</u></p> <p>Less risk: The cost of the business venture is split between the two businesses so there is a lower risk for both.</p> <p>Shared knowledge & expertise. Both businesses will bring their own unique knowledge and expertise to the project and they can learn from each other.</p> <p>Quick access to new markets.</p> <p>Fast establishment /Easy to form & dissolve/temporary in nature.</p> <p>Increased profits.</p> <p><u>Challenges:</u></p> <p>Shared decision making leading to disagreements, slow down business/cultural clash.</p> <p>Brand Reputational risk if the alliance does not work out.</p> <p>Customer dissatisfaction: Loss of unhappy customers who may not want to do business with alliance partner.</p> <p>Evaluation Required</p>	2@4(2+2)

Question		Possible Responses	Max. Mark								
8	(C)	<p>MJ Sports produce products aimed at Hurling and Camogie players. MJ Sports have provided the following information for their new product line:</p> <table><tr><td>Forecast Output (Sales)</td><td>8,000 units</td></tr><tr><td>Selling Price per unit</td><td>€20</td></tr><tr><td>Fixed Costs</td><td>€40,000</td></tr><tr><td>Variable Costs per unit</td><td>€10</td></tr></table> <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>	Forecast Output (Sales)	8,000 units	Selling Price per unit	€20	Fixed Costs	€40,000	Variable Costs per unit	€10	25m
Forecast Output (Sales)	8,000 units										
Selling Price per unit	€20										
Fixed Costs	€40,000										
Variable Costs per unit	€10										
Calculations:											
(i)	<p>Break Even Point = Fixed Costs/Contribution per unit = 40,000/10 = 4,000 units ④</p>	Calculations only: 12 marks									
(ii)	<p>Margin of Safety = Forecast output in units – BEP in units = 8,000 - 4,000 = 4,000 units ④</p>										
(iii)	<p>Profit at forecast output = TR-TC = €160,000 – €120,000 = €40,000 ④</p>										
Chart:											
<div><div>① €</div><div><p>MJ Sports Breakeven Chart</p><div>①</div></div></div>			Chart: 25 marks								

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.
OF	Candidate's own figure earns marks.
[Surplus answer or part of answer. Marks awarded elsewhere.
L2	2 Marks awarded for linking to text.
L3	3 Marks awarded for linking to text.
L4	4 Marks awarded for linking to text.
	Evaluation

