



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate 2018

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.

LEAVING CERTIFICATE 2018

MARKING SCHEME

BUSINESS

HIGHER LEVEL

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.

**LEAVING CERTIFICATE BUSINESS HIGHER LEVEL 2018
MARKING SCHEME**

**SECTION 1
(80 Marks)**

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

Question	Scheme	Marks
1.	3+2+2+2+1	10
2.	(3+3) + (2+2)	10
3.	3+2+2+2+1	10
4.	3+2+2+2+1	10
5.	2+2+(3+3)	10
6.	2+2+2+2+2	10
7.	(a) (2+2) (b) 3+3	10
8.	(3+3) + (2+2)	10
9.	3+2+2+2+1	10
10.	(3+3) + (2+2)	10
Section 1	Available Marks	80

SECTION 2
(80 Marks)
The Celtic Greenway

Applied Business Question (Units 5,6,7)			Max Mark
This is a compulsory question.			
(A)	(i) Illustrate the economic benefits of The Celtic Greenway to the Secondary sector and to the Tertiary (services) sector .	2@5 (3+2)	20
	(ii) Describe two social benefits of The Celtic Greenway project. Action, explanation and relevant link	2@ (1+2+2)	
(B)	(i) Explain the term market research .	6 (3+3)	30
	(ii) Evaluate the different types of desk research and field research carried out by Luke Breen, using appropriate examples from the text. (At least one of each form required.) Evaluation	4@5(2+3) (2+2)	
(C)	Discuss how Luke adapted the elements of the marketing mix for the global market .	2@8(3+2+3) 2@7(2+2+3)	30
Section 2	Available Marks		80

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

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

Section 3
(240 marks)

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

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

Part 1

People in Business / Business Environment

Question 1			Max Mark
People in Business			
(A)	<p>(i) Explain the method of terminating the legal contract referred to in the text above.</p> <p>(ii) Outline three other methods for terminating a legal contract, providing an example in each case.</p>	<p>(2+2)</p> <p>3@7(2+3+2)</p>	25
(B)	Illustrate the impact of trade disputes on any three stakeholders in a business.	3@5(2+3)	15
(C)	Under the terms of the Unfair Dismissals Act 1977 to 2007, explain the grounds for dismissal that are deemed to be fair .	<p>2@7 (4+3)</p> <p>1@6 (3+3)</p>	20
Available Marks			60

Question 2			Max Mark
Domestic Environment			
(A)	Discuss the advantages for a credit union of operating as a co-operative.	2@7 (4+3) 1@6 (3+3)	20
(B)	Outline the benefits and challenges of increasing employment for the Irish economy. (At least one benefit and one challenge is required.)	1@7(4+3) 3@6(3+3)	25
(C)	Evaluate the effectiveness of Enterprise Ireland in assisting indigenous Irish businesses. Evaluation	2@6(3+3) (0,3)	15
Available Marks			60

Question 3			Max Mark
International Environment			
(A)	<p>Evaluate the opportunities and challenges for the Irish economy of foreign multinationals (MNCs) locating in Ireland, providing examples to support your answer.</p> <p>(At least one opportunity and one challenge is required)</p> <p>Evaluation</p>	<p>3@6 (3+3)</p> <p>(0,2)</p>	20
(B)	<p><i>Membership of the Economic and Monetary Union (EMU) has been good for Irish business.</i></p> <p>Do you agree with this statement?</p> <p>Outline reasons for your answer.</p>	<p>2m</p> <p>2@7(4+3)</p> <p>1@4(2+2)</p>	20
(C)	<p>Explain the following terms in relation to international trade:</p> <ul style="list-style-type: none"> • Trading bloc • Tariffs • Embargoes • Subsidies. 	<p>2@6</p> <p>2@4</p>	20
Available Marks			60

Section 3

Part 2

Enterprise

Question 4 Enterprise / Managing			Max Mark
(A)	(i) Illustrate your understanding of the term contingency plan .	(4+1)	25
	(ii) Outline the importance of planning for an airline such as Ryanair. Refer to strategic, tactical and manpower planning in your answer.	2@8(5+2+1) 1@4(2+2) (Manpower planning)	
(B)	(i) Explain the 'hierarchy of needs' developed by Maslow in his theory of motivation.	5 @ 4 (2+2)	25
	(ii) Discuss possible limitations of this theory of motivation.	1@3m 1@2m	
(C)	Outline two reasons why a person might become an entrepreneur.	2@5(2+3)	10
Available Marks			60

Question 5			Max Mark
Managing / Business in Action			
(A)	<p>Outline the advantages and disadvantages for a business in the fast food sector of choosing franchising as a method of business expansion.</p> <p>(At least one of each required.)</p>	<p>2@7 (4+3) 1@6 (3+3)</p>	20
(B)	<p>Draft a business letter, using today's date, from Phoenix Risk Management Ltd to Ricardo's Burgers Ltd, a fast food retailer.</p> <p>In your letter identify the main types of insurance Ricardo's Burgers Ltd should have and outline ways in which it could minimise business risks. Use fictitious names and addresses.</p> <p>Risk minimisation</p>	<p>Layout (9 marks) 5@1 Address, Address, Re, Close, Signature 2@2 Date, Dear</p> <p>Content: 3@4(2+2)</p> <p>2@2</p>	25
(C)	<p>Discuss the factors a business should consider before changing from a batch to a mass (flow) method of production.</p>	<p>3@5(2+3)</p>	15
Available Marks			60

Question 6 Managing			Max Mark
(A)	Discuss the role of the following in the effective recruitment and selection of an Area Manager for a large supermarket chain: Person Specification; Job Description; Panel Interview Reference to “Area Manager “	2@7 (5+2) 1@4 (Panel interview) + 2m	20
(B)	Outline one appropriate leadership style which a manager in a retail outlet could adopt, giving reasons for your choice. Reference to “retail outlet”	3m (leadership style) 2@7(4+3) +3m	20
(C)	Calculate each of the following (show your workings): (i) The PAYE which Ben has to pay (ii) The total amount of USC (iii) The total amount of PRSI (iv) Ben’s net annual take-home pay.	Calculation Support Notes	20
Available Marks			60

Question 7			Max Marks	
Business in Action				
(A)	(i)	Draw a product life cycle diagram and explain each stage.	9@1 (draw) 5@2 (explain)	25
	(ii)	Outline two methods a business could consider to extend the product life cycle.	2@3	
(B)	(i)	Discuss the benefits for a large chocolate manufacturer of engaging in market segmentation .	2@5(2+3)	20
	(ii)	Illustrate two different ways the chocolate market could be segmented.	2@5(2+2+1)	
(C)		Evaluate the benefits and challenges for a small start-up business of choosing a direct channel of distribution rather than selling through wholesalers and retailers.	1@7(4+3) 2@3(2+1)	15
		Evaluation	(0,2)	
Available marks				60

SECTION 1

(80 Marks)

SHORT ANSWER QUESTIONS SUPPORT NOTES

Question	Possible Responses	Max Mark
1.	<p>(i) <u>REFUNDS</u>, replacements and repairs are forms of redress available to a consumer under the Sale of Goods and Supply of Services Act 1980.</p> <p>(ii) The <u>SMALL CLAIMS COURT/SMALL CLAIMS PROCEDURE</u> provides a solution to consumer conflicts and can award compensation up to €2,000.</p> <p>(iii) The term merchantable quality in consumer law implies that consumer products are of a reasonable quality having regard to their <u>PRICE /DURABILITY</u>.</p> <p>(iv) The <u>NATIONAL CONSUMER AGENCY / COMPETITION AND CONSUMER PROTECTION COMMISSION</u> is responsible for investigating, enforcing and encouraging compliance with consumer law.</p> <p>(v) The Sale of Goods and Supply of Services Act 1980 states that all providers of services will supply a service with <u>DUE SKILL/ DUE CARE/ DUE DILLIGENCE/ having the necessary skills to render the service/where materials are used they will be sound and reasonably fit for the purpose for which they are required/that the goods supplied (with the service) will be of merchantable quality.</u></p>	<p>10</p> <p>3+2+2+2+1</p>

Question	Possible Responses	Max Mark
2.	<p>Outline two implications for a business of changing from a functional to a matrix organisation structure.</p> <ul style="list-style-type: none"> • Training/Staff Development required /Training costs involved for manager and staff which takes time to complete/ Productivity may decline in the short term/ Staff development may result as employees have greater knowledge and learn how the whole business operates/ Multi-skilled staff. • Duplication of duties may exist across several teams. Several teams may have a marketing manager, production manager. It is essential that each of these managers communicate to avoid conflicting approaches to projects. <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> • Greater complexity in the chain of command/staff will have 2 managers to report to (generally department manager and project manager). This can lead to divided loyalties and there could be a conflict of interest between both. • Staff conflict/power struggles – staff may resist working outside of their own departments. /Staff may dislike working outside their comfort zones /Staff may view new ideas of others from other departments as a threat and there may be internal conflict/may be difficult for the project manager to manage staff from different departments. • Increased intrapreneurship/Greater innovation/ encourages a democratic leadership style. Employees from different departments working together generates new ideas for the business. /Different expertise and perspectives are brought to the project which encourages employees to be enterprising/ Teamwork is encouraged. 	<p>10</p> <p>(3+3) + (2+2)</p>

		<ul style="list-style-type: none">• Better staff relations. Staff may enjoy working with people from different departments. This could improve morale in the business and improve relations between different departments/increased productivity/faster decision making.• Greater staff flexibility in their attitudes and approach to the business/more openness to change in work practices.	
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Question		Possible Responses	Max Mark
3.		<p>(i) An acquisition (takeover) is a form of <i>inorganic growth</i></p> <p>(ii) In a merger, <i>a new legal entity is created.</i></p> <p>(iii) In a strategic alliance, businesses share expertise, and the agreement is <i>temporary.</i></p> <p>(iv) Expansion can be financed by debt capital which <i>does not include</i> ordinary share capital.</p> <p>(vi) Economies of scale are defined as <i>unit (average) cost</i> decreasing as output increases.</p>	<p>10</p> <p>3+2+2+2+1</p>

Question		Possible Responses	Max Mark										
4.		<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>E</td> <td>D</td> <td>A</td> <td>B</td> <td>F</td> </tr> </table>	1	2	3	4	5	E	D	A	B	F	<p>10</p> <p>3+2+2+2+1</p>
1	2	3	4	5									
E	D	A	B	F									

Question		Possible Responses	Max Mark						
5.		<table border="1"> <tr> <td>(i)</td> <td>May</td> </tr> <tr> <td>(ii)</td> <td>August</td> </tr> <tr> <td>(iii)</td> <td> <p>Import substitution refers to a trade policy which replaces imports with domestically produced goods/services.</p> <p>Irish manufacturers producing goods that were previously imported.</p> </td> </tr> </table>	(i)	May	(ii)	August	(iii)	<p>Import substitution refers to a trade policy which replaces imports with domestically produced goods/services.</p> <p>Irish manufacturers producing goods that were previously imported.</p>	10 2m 2m (3+3)
(i)	May								
(ii)	August								
(iii)	<p>Import substitution refers to a trade policy which replaces imports with domestically produced goods/services.</p> <p>Irish manufacturers producing goods that were previously imported.</p>								

Question		Possible Responses	Max Mark										
6.		<table border="1"> <tr> <td>A.</td> <td>360,000</td> </tr> <tr> <td>B.</td> <td>400,000</td> </tr> <tr> <td>C.</td> <td>760,000</td> </tr> <tr> <td>D.</td> <td>600,000</td> </tr> <tr> <td>E.</td> <td>(360,000)</td> </tr> </table>	A.	360,000	B.	400,000	C.	760,000	D.	600,000	E.	(360,000)	10 2+2+2+2+2
A.	360,000												
B.	400,000												
C.	760,000												
D.	600,000												
E.	(360,000)												

Question		Possible Responses	Max Mark
7.	(a)	<p>Explain the term working capital.</p> <p>The level of cash available for the day by day running of a business/ the level of cash available to run the business in the short run/It is used to pay current liabilities such as creditors, bank overdraft, accruals/Working Capital is calculated by subtracting current liabilities from current assets.</p>	10 (2+2)
	(b)	<p>Outline two problems caused by insufficient working capital for a start-up business.</p> <ul style="list-style-type: none"> • It directly affects the liquidity position of the business. There will be a cash flow problem. This may make it more difficult to acquire loans/Short term funding problem/ Credit worthiness is reduced. • The objectives of the business cannot be achieved. Short term needs such as the purchase of stock and payment of wages cannot take place. • The short term liabilities cannot be met on time. This will mean a lack of cash available to the business and will delay customer orders being met/ suppliers may no longer supply goods on credit/service suppliers may cut off essential services such as electricity etc. • Sometimes, business opportunities like cash discount and trade discount cannot be availed of by the business. • Production capacity is not fully utilised resulting in low levels of production. This may lead to failure to meet the regular consumer demands and consumers may switch to competitors. • The business may be overtrading (carrying on too much business for the level of working capital available), which could result in closure. 	2@3 No marks awarded for just repeating the explanation in (a)

Question		Possible Responses	Max Mark
8.		<p>Outline your understanding of the terms Privatisation and Deregulation.</p> <p>Privatisation occurs when a state-owned business is sold to private investors.</p> <p>Deregulation is the removal of legislative/legal barriers to allow firms to enter an industry or a market/to trade in a market.</p>	<p>10</p> <p>(3+3) + (2+2)</p>

Question		Possible Responses	Max Mark										
9.		<table border="1"> <tbody> <tr> <td>1.</td> <td>False</td> </tr> <tr> <td>2.</td> <td>False</td> </tr> <tr> <td>3.</td> <td>False</td> </tr> <tr> <td>4.</td> <td>True</td> </tr> <tr> <td>5.</td> <td>True</td> </tr> </tbody> </table>	1.	False	2.	False	3.	False	4.	True	5.	True	<p>10</p> <p>3+2+2+2+1</p>
1.	False												
2.	False												
3.	False												
4.	True												
5.	True												

Question		Possible Responses	Max Mark
10.		<p>Distinguish between Induction training and staff development.</p> <p>Induction training is necessary for all new employees joining a business. It familiarises new employees with the business, its employees, its culture and its systems and procedures/It demonstrates to new employees the requirements of every day technical operations/work skills in the business/aim is to make employees fully productive as soon as possible.</p> <p>Staff Development is a long term approach taken with existing employees to encourage them to take on new challenges and to realise their full potential /focus is on career development/ professional development less job specific than induction training/ brings all employees to a higher level in terms of their general skills of leadership, and communication.</p>	<p>10 (3+3) + (2+2)</p>

SECTION 2

(80 marks)

Applied Business Question *The Celtic Greenway*

(SUPPORT NOTES)

- (A) (i) Illustrate the economic benefits of *The Celtic Greenway* to the **secondary sector** and to the **tertiary (services) sector**.
 (ii) Describe **two** social benefits of *The Celtic Greenway* project. (20 marks)

Question		Possible Responses	Max Mark
(A)	(i)	<p><u>Secondary Sector</u> The secondary sector refers to a collection of businesses which take the output of the primary sector and transform it into finished products. Examples Manufacturing and Construction.</p> <p>Direct Employment/Job creation Jobs were directly created in the construction phase and following completion on maintenance, reducing unemployment in the construction sector.</p> <p><i>“The construction of the route was carried out by a local building company over 3 years”.</i></p> <p><u>Tertiary Sector</u> The tertiary sector refers to a collection of businesses providing a services to its consumers rather than a tangible product.</p> <p>Spin off businesses/There was a growth in the retail and service businesses due to development of The Greenway. <i>“...has led to increase in demand for cafés and accommodation in local hotels and B&Bs along the route.”</i></p> <p>OR</p> <p>Enterprise culture/New enterprise is encouraged and promoted. Businesses have set up as the Greenway becomes more successful and as confidence grows. <i>“.....he (Luke Breen) then launched Greenway Bikes, a bicycle rental service, in summer of 2016.”</i></p>	2@5(3+2)

Question		Possible Responses	Max Mark
(A)	(ii)	<p>Describe two social benefits of <i>The Celtic Greenway</i> project.</p> <p>1.Promotes Healthy lifestyle</p> <p>In an age where obesity levels are increasing, the promotion of physical exercise has never been more important. A healthier community is a happier one with less reliance on public services.</p> <p><i>“The provision of this safe and attractive walking and cycling route has encouraged a huge uptake of cycling, walking and jogging among local people.”</i></p> <p>OR</p> <p>2.Improved quality of life/New facilities</p> <p>The Greenaway promotes outdoor activities and recreation and will bring people to the countryside to cycle and walk as friends, families avail of the views, fresh air and a sense of peace. It improves the general health of the population, both physical and mental. Facilities are improved and people like living in the area.</p> <p><i>“The provision of this safe and attractive walking and cycling route has encouraged a huge uptake of cycling, walking and jogging.”</i></p> <p>OR</p> <p>3.Healthier Society/Wellness</p> <p>The Greenaway promotes outdoor activities and recreation and will bring people to the countryside to cycle and walk as friends, families avail of the views, fresh air and a sense of peace. This helps improve the health and wellbeing of the population and results in fewer cost implications for the health services.</p> <p><i>“ Cycling is increasingly being recognised as a key mode in reducing the environmental impact of transport and in promoting healthier and more balanced ways of life.”</i></p> <p>4.Environmental Benefits</p> <p>Business and human activity often pollutes the environment. Anything which reduces pollution increases the attractiveness of an area and improves quality of life. Transport is a key area to tackle in reducing greenhouse gas emissions.</p>	2@5(1+2+2)

		<p><i>“Cycling is increasingly being recognised as a key mode in reducing the environmental impact of transport and in promoting healthier and more balanced ways of life.”</i> OR Environmental Protection</p> <p>Any decrease in the use of carbon based fuels will result in a cleaner environment and a better quality of life for all locals and for future generations. Cycling and walking as opposed to motor travel reduces carbon footprint thereby protecting the environment.</p> <p><i>“Cycling is increasingly being recognised as a key mode in reducing the environmental impact of transport.”</i></p> <p>5.Community Spirit/Social fabric improved</p> <p>As a community works together, relationships are built and the atmosphere is greatly improved with residents proud to live there. The project was driven by local interests. The Greenway offers the potential for social interaction and prompts many individuals and groups to pursue new social activities based around greenways.</p> <p><i>“ It has become a great location for scouts to earn merit badges and complete volunteer projects.”</i> or <i>“.....he designed a Greenway guide highlighting places of historical interest along the route.”</i></p> <p>OR 6. Depopulation is prevented/Rural regeneration/prosperity</p> <p>People may be encouraged to remain in an area if facilities are available and opportunities to work and to enjoy leisure time are provided. Local communities thrive.</p> <p><i>“The Greenway connects towns, villages and places of natural interest.”</i> OR 7.Social Opportunities</p> <p>Any local amenity which provides a space for people to meet and socialise will improve the social fabric of an area by creating a sense of belonging and pride in the area.</p> <p><i>“It has become a great location for scouts to earn merit badges and complete volunteer projects.”</i> NOTE: Cannot repeat links within a section.</p>	
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- (B) (i) Explain the term **market research**.
(ii) Evaluate the different types of desk research **and** field research carried out by Luke Breen, using appropriate examples from the text. (30 marks)

Question		Possible Responses	Max Mark
(B)	(i)	The process of collecting and analysing information about the target market to establish trends.	6(3+3)

Question		Possible Responses	Max Mark
(B)	(ii)	<p><u>Field Research</u></p> <p>(Direct) Observation An employee of the business takes note of customer behaviour at the point of sale. This enables the business to see what customers are doing without interacting with them directly. This reduces the impact of bias on the results obtained.</p> <p><i>“Luke Breen, a business man in the community and a keen cyclist, observed that overseas tourists using the Greenway were restricted to walking the route, as they could not rent bicycles locally.”</i></p> <p>Survey (interviews or questionnaires) An employee of the business interacts directly with the target market/representative sample of the population and asks them specific questions. The aim is to determine people’s reactions to particular products or services. Both qualitative and quantitative data is produced. The results of each questionnaire are recorded. A survey can be done by person, or by telephone or by email.</p> <p><i>“Luke surveyed users of the Greenway over two days to gather information on their levels of satisfaction with the Greenway.”</i></p> <p>Customer Feedback Sales employees often have an opportunity to gather feedback from customers at the point of sale. This can be reported to managers and may inform future decisions of the business.</p> <p><i>“He made improvements to the service based on customers’ suggestions.”</i></p>	<p>4@5(2+3)</p> <p>At least 1 of each required.</p>

			<p><u>Desk Research</u></p> <p>1.The internet (websites/user groups such as boards.ie The internet is the largest collection of data available anywhere in the world. It contains large banks of statistics and news articles which help to establish trends in customer behaviour. It is easy to access and cost effective. Data published on the internet can be used by the business to establish trends within the target market.</p> <p><i>“He investigated online and found that the sale of bicycles was increasing in several European countries including Ireland, indicating an increased interest in cycling and cycling holiday.”</i></p> <p>2.Trade Associations/Interest Groups/published reports Trade Associations and interest groups publish research findings and annual reports which provides an insight to how customer behaviour can be changing.</p> <p>Industry associations/trade associations may publish research from time to time. This provides information about the product and how it is changing within the market or how the market is changing. Very focused data is provided.</p> <p><i>“He read research published by the Irish Bicycle Business Association on the different types of bicycles suitable for different terrains before purchasing bicycles to rent.”</i></p>	
				(2+2)
			Evaluation	

(C) Discuss how Luke adapted the elements of the marketing mix for the **global market**.

(30 marks)

Question	Possible Responses	Max Mark
(C)	<p>Global Product</p> <ul style="list-style-type: none"> • This is the element of the marketing mix that companies try not to change. • Global businesses aim to sell an undifferentiated product/service in all markets etc. <p><i>“He rebranded the business on his social networking sites as Celtic Heritage Bike Trails, with its focus on outdoor adventure tourism.”</i> <i>or</i> <i>“He was aware that his brand name needed to be adapted to highlight its USP.”</i></p> <p>Global Price</p> <p>Global firms attempt to achieve a uniform price in each market, however, this objective is often affected by the following factors:</p> <ul style="list-style-type: none"> • The cost of living in different countries. • Local market conditions. • Local price levels and prices charged by competitors in the market. • The cost of trading in different currencies • Exchange rate instability which may increase prices etc. <p><i>“The website has the capacity to take payments in several currencies.”</i></p> <p>Global Promotion</p> <ul style="list-style-type: none"> • Differences in legislation, language and culture and different media used in different markets need to be recognised in the choice of promotion etc. <p><i>“His promotional campaign involved using digital platforms when advertising internationally, due to the cost of traditional advertising media such as television, radio, newspaper etc.”</i> <i>Or</i> <i>“..... with special offers available for early bookings.”</i> <i>Or</i> <i>“.....it can be accessed in a number of different languages.”</i></p>	<p>2@8 (3+2+3) 2@7 (2+2+3)</p>

		<p>Global Place</p> <p>Global channels of distribution tend to be longer involving more intermediaries such as exporters and agents.</p> <p>Examples of various channels include:</p> <ul style="list-style-type: none">• Selling directly to consumers• Use of agents – independent third party who will act on behalf of the firm.• Forming a strategic alliance with a foreign company to market a service etc.• A website is more cost effective to run rather than an agent. <p><i>“Different packages are sold through the website.”</i></p>	
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Section 3
(240 marks)

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

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

Part 1

People in Business / Business Environment

Question 1

(A)

- (i) Explain the method of terminating the legal contract referred to in the text above.
- (ii) Outline **three** other methods for terminating a legal contract, providing an example in **each** case. (25 marks)

Question			Possible Responses	Max Mark
1	(A)	(i)	<p>Frustration</p> <p>An unforeseen event prevents the contract from being completed/ Something happens which makes it impossible to complete the contract. The death of the singer makes it impossible to complete the contract.</p>	(2+2)

Question			Possible Responses	Max Mark
1	(A)	(ii)	<p>Breach</p> <p>If one of the parties does not perform his/her side of the bargain/contractual obligation i.e. does not honour the promises made, the contract is said to have been repudiated. The party is in breach of a condition/essential element of the contract. The second party has the right of action in the courts against the first party who caused the breach/entitled to compensation.</p> <p><i>Any appropriate example:</i> <i>A builder employed to build a conservatory/sun room but built a room with only one window. The second party can take the builder to court.</i></p> <p>Agreement</p> <p>The parties to the contract may agree to end/bring the contract to a conclusion by mutual consent/ whether or not the purpose of the contract has been achieved.</p> <p><i>Any appropriate example:</i></p>	3@7 (2+3+2)

		<p><i>A contract of employment may be ended by agreement if it includes a clause stating for example that the contract can be terminated if one month's notice is given.</i></p> <p>Performance Both parties to the contract carry out their duties as required by the contract/the contract is executed according to the agreed terms. <i>Any appropriate example: A band is booked to perform at a wedding. They perform as agreed.</i></p>	
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(B) Illustrate the impact of trade disputes on any **three** stakeholders in a business. (15 marks)

Question		Possible Responses	Max Mark
1	(B)	<p>Possible responses include:</p> <p><u>Employees</u> Employees will not be performing their duties resulting in conflict between them and management. They will not receive a wage during an official strike. Prolonged industrial action may result in financial hardship for the employees. Employees may become unmotivated/unproductive. Any appropriate example:</p> <p><u>Customers/consumers</u> The disruption to the business caused by a work to rule or official strike will result in consumers being unable to purchase products/services. They may lose faith in the brand/may change to another brand/business. Any appropriate example:</p> <p><u>Investors</u> Trade disputes are bad publicity for the business. Share price may fall, reducing the market value of the investor's stake. Prolonged industrial action will reduce profit levels and the chance of a dividend being paid to investors at the end of the year. Investors may sell their shares. Any appropriate example:</p>	3@5(2+3)

		<p><u>Management / Employer</u> More management time and effort required to resolve conflict rather than focusing on the goals of the business. Management must follow agreed codes of practice. This distraction may lead to production delays and wastage. It may also reduce their ability to encourage intrapreneurship among employees.</p> <p>Any appropriate example:</p>	
		<p><u>Suppliers/Service Providers</u> Suppliers and Service Providers are normally paid after their product or service is sold. This period of time (credit) may be extended due to industrial action. They may not be able to sell their products or have their accounts due paid on time.</p> <p>Any appropriate example:</p>	
		<p><u>Government</u> If the dispute is an official strike, the ceasing of business activity will reduce taxation revenue such as PAYE, VAT, and CPT for government. Business may close down requiring government payment of social welfare. OR Government agencies such as the Workplace Relations Commission may get involved to bring the dispute to a timely solution. This involves resources and time.</p> <p>Any appropriate example:</p>	
		<p><u>Entrepreneur</u> The entrepreneur will be less likely to introduce new ideas as there is conflict in the business.</p> <p>Any appropriate example:</p>	

- (C) Under the terms of the Unfair Dismissals Acts 1977 to 2007, explain the grounds for dismissal that are deemed to be **fair**. (20 marks)

Question		Possible Responses	Max Mark
1	(C)	<p><u>Incapability</u> This includes issues such as persistent lateness, and absenteeism either short-term or long-term. 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. In addition, your employer will also be expected to show that you were made aware of the problem and that you were warned as to the consequences for your continued employment</p> <p><u>Incompetence</u> Incompetence refers to your inability to do your job (poor work performance/failure to meet sales targets). In the first place, you need to be made aware of the standards that are expected of you, and these must refer to the job you were hired to do. Secondly, if you fall short of the required standard, this must be clearly explained to you. This should be done through a formal set of procedure. Your employer should also specify what improvements are necessary.</p> <p>These should be achievable and a reasonable timeframe must be allowed for the improvement. Ultimately, your employer should give you a final warning setting out the likelihood of dismissal.</p> <p><u>Qualifications</u> (misrepresentation by the employee) Fair dismissal on grounds of qualifications can happen in two ways. One situation is where you misled your employer about qualifications you had when applying for the job. OR The other is where your employer made continued employment conditional upon your obtaining further qualifications and you failed to achieve this, having been given a reasonable opportunity to do so. Driver has a heavy goods license but fails to get a public service license.</p>	<p>2@7(4+3) 1@6(3+3)</p>

			<p><u>Misconduct</u> (improper and unacceptable behaviour) 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 your employer's policies and practices.</p> <p>Minor incidents, when taken together, constitute misconduct and are enough to warrant dismissal, although your employer is obliged to give you notice or pay in lieu of notice in this type of situation.</p> <p><u>Redundancy</u> (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).</p> <p><u>Contravening the law</u> Your employer may dismiss you if your continued employment would contravene the law. For example, you need a current driving license to work, but you have lost your license on a drunk driving charge. You cannot continue to work without breaking the law and dismissal may be deemed fair. However, your employer might be expected to look at alternatives depending on all the facts of the case. Another example could be if an employee's work visa expired/work permit.</p>	
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Question 2

(A) Discuss the advantages for a credit union of operating as a co-operative. (20 marks)

Question		Possible Responses	Max Mark
2	(A)	<ul style="list-style-type: none"> • Limited Liability. Members' personal assets cannot be sold to pay business debts in the event of insolvency. • Members usually have a common bond (e.g. residents in a local area). Members feel they are doing business with people they know. • Members have a say in how the business is run. Members are invited to the AGM and can vote on issues such as the dividend/ Decisions are made on the basis of "One Member One Vote". • Members' savings are used for the mutual benefit of all members of the credit union. Once members have saved with the credit union they can borrow at fixed rates of interest. • Credit Unions can provide a wide range of low cost banking services as they are not concerned with profit levels as much as commercial banks. There are no transaction charges on loans or saving accounts. They provide a safe place to save, and to borrow at reasonable rates. • Every credit union is a 'not-for-profit' financial co-operative. Surplus income generated is returned to the members as a dividend to savers and interest-rebate to borrowers or it may be directed to improved or additional services for members. • The credit union also works in co-operation with the local community. • Credit Unions promote thrift and the use of members' savings for the mutual benefit of all members. 	<p>2@7(4+3) 1@6(3+3)</p>

(B) Outline the benefits **and** challenges of increasing employment **for the Irish economy**.

(25 marks)

Question		Possible Responses	Max Mark
2	(B)	<p>Possible responses include:</p> <p>Benefits</p> <ul style="list-style-type: none"> • Increased income for employees will increase consumption spending/higher standard of living • Increased taxation revenue for the government will lead to an improvement in public services or assist in paying of national debt/Reduction in Social Welfare as there is less unemployment. • Increased confidence and local pride will mean more vibrant communities • May attract foreign direct investment as the reputation of 'Ireland.inc' improves. • Increase in the level of construction activity (very labour intensive activity): increased income will lead to more home buying and renovation. Business premises will also need to be built. • Improved infrastructure will need to be provided to facilitate the increase in employment (improved DART, Luas Cross City and Metro system) • Political Stability/greater social cohesion. Generally the electorate becomes more settled when employment levels are high. • Less emigration as more employment is available in Ireland/fall in "brain drain". <p>Challenges</p> <ul style="list-style-type: none"> • A skills shortage may exist as some skills are in high demand (e.g. programmers, chefs, hospitality service)/Difficulty finding workers to fill vacancies. • Pressure may be put on housing stock resulting in a rise in rents and a lack of suitable accommodation in critical areas. • The lack of affordable accommodation may also reduce the attractiveness of Ireland as a location for multinational companies. • Improvements in infrastructure take a long time to occur. A commuter culture may be created where employees are forced to travel long distances to get to work. 	<p>1@7(4+3) 3@6(3+3)</p> <p>Only one government point accepted</p>

		<ul style="list-style-type: none"> • A commuting culture may create ‘commuter towns’ where residents are only present in the area in the evening. This can limit the development of community activities such as GAA Clubs and tidy towns committees as residents spend less time at home. • High consumption spending leads to inflation which in turn causes wage demands affecting business competitiveness. • In an effort to curb wage claims new contractual arrangements may reduce the quality of life of employees in low skilled jobs. (Part time employment, Zero hours contracts/the “gig economy”). • Immigration may increase as people come to Ireland seeking employment. This may result in cultural conflict. • In times where the increase in employment takes place in large cities, rural communities can fall into decline as residents leave the area to take employment in urban areas. <p>Other relevant points are marked on their merits.</p>	
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(C) Evaluate the effectiveness of Enterprise Ireland (EI) in assisting **indigenous Irish businesses**.
(15 marks)

Question		Possible Responses	Max Mark
2	(C)	<p>Enterprise Ireland has the responsibility for developing Indigenous Irish industry with an export focus. It is focused on helping Irish-owned business with 10 or more employees seeking to deliver new export sales. The Irish software sector is one area that Enterprise Ireland supports.</p> <ul style="list-style-type: none"> • Funding supports - a range of supports, for start-ups, expansion plans, and R&D business plans. Enterprise Ireland provides funding and supports for companies - from entrepreneurs with business propositions for a high potential start-up through to large companies expanding their activities and growing international sales. It provides equity investment for business. Its Seed Venture Capital Scheme supports the development of high-growth companies. • Export assistance - Enterprise Ireland provides international offices that can assist in the growth of exports by providing marketing services/connections and introductions to potential customers overseas. • Supports to develop competitiveness - helping companies to become leaner to make them more competitive in international markets. • Incentives to stimulate in-company R&D – new product, service and process development to ensure sustainability, and growth through the evolution of products and services. • Assistance with R&D collaboration - with research institutions, to develop and bring to market new technologies, products or processes. Enterprise Ireland provides supports for both companies and researchers in Higher Education Institutes to develop new technologies and processes that will lead to job creation and increased exports. • Connections with and introductions to customers overseas - access to a global network of contacts - from heads of government to end customers. Enterprise Ireland provides a programme of trade missions, trade fairs and knowledge events to give clients the opportunity to connect with existing and new customers and increase sales in international markets and exchange ideas etc. <p>Evaluation</p>	<p>2@6(3+3)</p> <p>(0,3)</p>

Question 3

- (A) Evaluate the opportunities **and** challenges for the Irish Economy of foreign multinationals (MNCs) locating in Ireland, **providing examples** to support your answer. (20 marks)

Question		Possible Responses	Max Mark
3	(A)	<p>Possible responses include</p> <p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Direct employment. Employ highly skilled graduates, right up to PhD level which prevents a ‘brain drain’ from the country. Many of these graduates are engaged in R&D, an important area in multinational businesses. • Tax revenue for the Government e.g. transnationals pay 12.5% corporation tax on their profits. This low rate of corporation tax is a key Government strategy in attracting FDI. • Positive spin-off effects for the local economy and local indigenous firms. They source their inputs from domestic companies where possible, thereby increasing employment in those firms. They mentor Irish firms to bring this about. Local taxis, catering firms, cleaners, security firms, local pubs and restaurants all benefit from the presence of a multinational in their locality. • Enhance Ireland’s reputation and acts as a catalyst for further FDI. As companies such as Intel and Google have a major presence here, it can be inferred that Ireland is a good place to do business (international goodwill). • Bring a knowledge base and a business expertise to Ireland in terms of management systems and organisational culture. The latest technology is introduced based on research carried out in other countries, thereby requiring less Irish expenditure on R&D. Irish managers gain experience and learn from these foreign business executives. • Irish employees of foreign multinationals learn the best business practices and technologies. This makes 	<p>3@6(3+3)</p> <p>Must provide an example specific to the Irish economy for full marks.</p>

		<p>it easy for ‘would be entrepreneurs’ to set up their own businesses, thereby promoting an entrepreneurial spirit.</p> <ul style="list-style-type: none"> • Positive impact on the Balance of Trade- They bring their own business plans and ready-made export markets. <p><u>Challenges</u></p> <ul style="list-style-type: none"> • Excellent high-tech companies have easy access to international markets. Some FDI companies are considered footloose having no loyalty to Ireland. They may leave immediately if operating costs are lower elsewhere. • Repatriation of profits, which means wealth leaves the Irish economy. • Tax avoidance schemes such as those operated by Apple mean the actual tax gain for the country is much less than expected. • Brexit. The decision of the United Kingdom to leave the European Union will mean that the UK are free to ‘outbid’ Ireland to attract multinationals. Once it is outside the EU, Britain would have even more leeway to offer special deals to multinationals in the hope they would invest in the UK. • New US Trade rules may attract multinationals back to the US resulting in a threat to the Irish model of economic development. • Huge dependence on a small number of multinational companies and should one leave there would be a major fall in tax revenue for the government. • Domestic firm closures-unable to compete with large multinationals. • Less competition which could result in higher prices. <p>Evaluation</p>	(0,2)
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(B) Membership of the **Economic and Monetary Union (EMU)** has been good for Irish business. Do you agree with this statement? Outline reasons for your answer. (20 marks)

Question		Possible Responses	Max Mark
3	(B)	<p>Yes/Maybe</p> <ul style="list-style-type: none"> • Reduction of transaction costs in trade – trade can occur without changing currency. • Easier for companies to locate here – Companies can locate in Ireland and have the same currency as much of Europe. • Reduction in price discrimination – If goods are priced in a single currency it should be much harder to disguise price differences across countries. • Reduction in foreign exchange rate variability-the reduction in uncertainty arising from the removal of exchange rate fluctuations may affect investment in the economy. Large exporting firms, facing less uncertainty concerning receipts from its exports are able to plan for their future with less risk so investment projects such as building new factories appear less risky. • Tourism industry. – It is easier for foreign visitors to holiday in Ireland resulting in higher revenues for the Irish services sector such as hotels, transport, and entertainment. • Easier for Irish business to expand into Europe as all transactions can be conducted in Euro • Stable interest rates as they are only changed by the ECB • Easier to access capital from banks across Europe. • Low inflation and price stability 	<p>2m</p> <p>2@7(4+3) 1@4(2+2)</p>

Question		Possible Responses	Max Mark
3	(B)	<p>No/Maybe</p> <ul style="list-style-type: none"> • Ireland's biggest trading partner (UK) did not join EMU so in a lot of cases, transaction costs still remain. • Loss of its independent monetary policy-Ireland gave up its national currency and therefore its freedom to set its own monetary policy which is now set and implemented by the ECB. • Single Monetary Policy. Ireland can no longer use monetary policy to adjust its interest rate. • More competition. There is more competition between Irish business and foreign firms/ Consumers are spending more online. • Loss of sovereignty. Ireland no longer has its own currency. It is reliant on the euro and policies of the eurozone. • Strict criteria for eligibility-(budget deficit, debt-to-GDP, low inflation, interest rates close to EU average). • Greater vulnerability to external shocks. 	

(C) Explain the following terms in relation to international trade:

- Trading bloc
- Tariffs
- Embargos
- Subsidies.

(20 marks)

Question		Possible Responses	Max Mark
3	(C)	<ul style="list-style-type: none"> • Trading bloc A group of participating countries which allow free trade between them. There is no tariffs or trade barriers in place between them. • Tariffs 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: President Trump is on the verge of securing his first major trade deal, leveraging the threat of tariffs to gain concessions from South Korea on exports of steel. • Embargos 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: UK beef was embargoed across Europe during the 'mad cow' disease epidemic in the 1990's. • Subsidies. 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. 	<p>2@6</p> <p>2@4</p>

SECTION 3

Part 2

Enterprise

Question 4

(A)

- (i) Illustrate your understanding of the term **contingency plan**.
- (ii) Outline the importance of planning for an airline such as Ryanair. Refer to strategic, tactical and manpower planning in your answer. (25 marks)

Question			Possible Responses	Max Mark
4	(A)	(i)	A contingency plan is a back-up plan to take account of a possible future event/an unforeseen event, to prevent the closure of a business or disruption to supply/Ryanair should have had a contingency plan as a back-up plan if many pilots were seeking holidays during the busiest season. Example required.	(4+1)

Question			Possible Responses	Max Mark
4	(A)	(ii)	<p><u>Strategic Plan</u></p> <p>Long Term planning for the major objectives of the business. It is prepared by senior management to ensure the long term profitability and ultimate existence of the business. It involves taking the mission statement and backing it up with plans to achieve the objectives of the business/they shape the objectives of the business. They have a high financial risk. They require a knowledge of the whole business and its policies.</p> <p>Example: The purchase of new fuel efficient airplanes/decision re long haul flights (transatlantic flights)/move from a regional airline to a national or international airline)/ Expansion re merger or takeover (IAG takeover of Aer Lingus).</p> <p><u>Tactical Plan</u></p> <p>The Strategic plan is broken down into tactical plans which are short term, devised by middle management. These plans achieve operations which make the overall strategic goals possible.</p>	2@8(5+2+1)

		<p>Example: moving to checking in online in airports/new routes/increasing the number of flights to particular destinations during busy periods/expansion of daily services (additional connectivity).</p> <p><u>Manpower Planning</u> A manpower plan is a plan for the human resources of a business. It sets out the number of staff which are required. It also sets out the type of staff which are required/ putting the right number of people, with the right skills in the right place, at the right time to achieve the goals of the organisation.</p> <p>Example: Ryanair did not have a good manpower plan as they ran short on pilot hours because of pilot holiday arrangements/ there was poor planning in relation to the number of pilots and cabin crew required for the busy period.</p>	<p>1@4(2+2) Manpower planning</p>
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(B)

(i) Explain the 'hierarchy of needs' developed by Maslow in his theory of motivation.

(ii) Discuss possible limitations of this theory of motivation. (25 marks)

Question			Possible Responses	Max Mark
4	(B)	(i)	<p>Maslow's theory of motivation is based on two assumptions:</p> <ul style="list-style-type: none">• Every employee has the same needs organised into a hierarchy of 5 categories.• Once a need is met it stops being a motivator. The next need becomes the motivating influence for the employee. <p>The 5 needs are:</p> <ul style="list-style-type: none">• Physical Needs. Food, shelter and warmth A manager can motivate his workers by ensuring they receive a fair wage, bonuses, profit-sharing schemes in order that the physical needs for food, clothes, shelter etc. can be met.• Safety Needs. Security and stability and consistency Managers can make employees feel safe and secure by: offering long term contracts of employment providing a grievance procedure providing free medical check-ups/ sending workers on health and safety courses/ providing a safe working environment e.g. safety goggles, boots, gloves, hard-hats, high visibility jackets for construction workers.• Social Needs. Belonging, friendship and contact The social needs of employees can be met through offering flexi-time which allows employees to spend more time with their families. Teamwork and social events can help workers form new friendships and relationships.• Esteem Needs. Confidence, status, self-respect and recognition Managers can facilitate a worker's esteem needs through offering praise and rewards such as a new job title or an attractive office etc.	5@4(2+2)

			<ul style="list-style-type: none"> • Self-Actualisation Needs. Self-fulfilment, become everything one is capable of becoming. Management by offering workers a career plan, training and development opportunities, empowerment and promotion to positions of responsibility can meet these needs. 	
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Question			Possible Responses	Max Mark
4	(B)	(ii)	<p>Possible limitations of this theory of motivation:</p> <ul style="list-style-type: none"> • Needs may not occur in the strict order specified by Maslow (cultural and individual differences) • Not all employees are governed by the same set of needs • Needs may not be all of equal value to the employees • Employees may be driven by different needs at different Times • Theory not based on rigorous sampling. 	1@3 1@2

(C) Outline **two** reasons why a person might become an entrepreneur.

(10 marks)

Question		Possible Responses	Max Mark
4	(C)	<p>Possible responses include:</p> <ul style="list-style-type: none">• Freedom to do new things. Enterprise is all about taking a risk and doing something new. There is no job description for the entrepreneur.• Earn more income. An employee earns a wage for being part of a business. They may also earn a commission. However, an entrepreneur keeps all profits made by the business. As the business grows their earning potential grows considerably.• Be their 'own boss'. The entrepreneur leads a self-directed life in the business. They are not answerable to a manager.• "Wanderlust" – like to take a risk. Entrepreneurs get to try things they always wanted to.• See a gap in the market. The entrepreneur may see a gap in the market and attempt to sell to this gap and make substantial profits.• Pro entrepreneur culture in Ireland. Entrepreneurial activity is encouraged in Ireland. The Local Enterprise Offices (LEO's) offer huge support to local businesses with less than 10 employees.• No choice. Made redundant and need to change their life course.• Inspired by other entrepreneurs. Steve Jobs/Elon Musk etc..	2@5(2+3)

Question 5

- (A) Outline the advantages **and** disadvantages for a business in the fast food sector of choosing franchising **as a method of business expansion.** (20 marks)

Question		Possible Responses	Max Mark
5	(A)	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> • It is a form of expansion which requires, low capital investment by the franchisor as the capital used to expand the business comes from franchisees. Very suitable/popular in the current economic climate as a form of expansion. • Franchising permits a more rapid expansion. By using the franchisees' capital, the franchisor is able to establish a large number of outlets in a short period of time. Rapid expansion can be achieved without incurring the overheads and costs associated with opening company-owned restaurants. • An owner will be more attentive than a manager. This is the central point which makes franchising so attractive. The franchisor can be assured that the person operating its restaurant will be "attending to business" as much as they would. By franchising the business, the franchisor places the expansion of his/her business in the hands of people who are motivated to make it work and are therefore more likely to succeed. • Economies of scale exist. There is strength in numbers. The successful franchisor can command deals with various suppliers. Can control supplies to various franchisees. The cost savings can increase the franchisor's profits. • Because there is a smaller capital investment required the franchisor's profits are generated on a much lower capital investment even though the revenue from franchised restaurants may be less than that received from company-owned restaurants. • A franchise system requires less management than a company owned chain of restaurants. Hiring, motivating and retaining competent staffing are all functions handled by the franchisee, not the franchisor. • There is low risk to the franchiser as should the franchisee not adhere to the conditions of the contract it could be cancelled. 	<p>2@7(4+3) 1@6(3+3)</p> <p>At least one of each required.</p>

		<p><u>Disadvantages</u></p> <ul style="list-style-type: none">• Control is lost over the day-to-day management of the franchise businesses.• The reputation of the whole business could be affected by the actions of one franchisee /poor quality standards/staff problems ☒• A training programme for franchisees will be required. This will be expensive and time consuming.• Franchisees will have to be monitored on a regular basis.	
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- (B) Draft a business letter, using today's date, from Phoenix Risk Management Ltd to Ricardo's Burgers Ltd, a fast food retailer. In your letter identify the main types of insurance Ricardo's Burgers Ltd should have **and** outline ways in which it could minimise business risks. Use fictitious names and addresses. (25 marks)

Question		Possible Responses	Max Mark
5	(B)	<p style="text-align: center;">Phoenix Risk Management Ltd Main Street, Athlone, County Westmeath 14th June 2018</p> <p>Ricardo's Burgers Ltd O'Connell Ave Dublin</p> <p>Dear Sir/Madam,</p> <p><u>Re: Risk Management and types of insurance cover</u> Further to your enquiry, I have identified the following insurance policies you should consider and recommend a number of risk management approaches:</p> <p><u>Employers Liability **</u> This protects the business against claims made by employees who are injured in the course of their work.</p> <p>You should ensure all employees are trained in the use of cooking equipment.</p> <p><u>Public Liability**</u> 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.</p> <p>You should ensure that all floors have appropriate warning signs placed on them when they have been washed to avoid any injury.</p> <p><u>Product Liability**</u> This insures the business against claims made by customers relating to the products you sell such as food poisoning claims.</p> <p>You should ensure 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>Layout 9marks</p> <p>Address(1) Address(1) Date(2) Dear(2) Re(1) Close(1) Signature (1)</p> <p>Content 16marks 3@4(2+2)</p> <p>Must have one of the first three policies, named **</p> <p>Risk minimisation 2@2m</p>

		<p><u>Buildings and Contents</u></p> <p>This provides you 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>This provides you with protection against any loss or damage to stock, raw materials, components etc. caused by burglary, fire or flood.</p> <p>A stock control system should be put in place and stock taking carried out regularly.</p> <p>I hope this is of help to you. Yours faithfully,</p> <p>Aaron Ryan Risk Consultant</p> <p>Other policies:</p> <p>Fidelity Guarantee Insurance – insurance against fraud, theft or dishonesty of employees - ensure checks and balances are in place.</p> <p>Cash in transit insurance – ensure secure procedures are in place.</p> <p>Commercial vehicles- ensure you have adequate insurance cover and the vehicles are roadworthy.</p>	
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- (C) Discuss the factors a business should consider before changing from a batch to a mass (flow) method of production. (15 marks)

Question		Possible Responses	Max Mark
5	(C)	<ul style="list-style-type: none"> • One type of product only (mass produced standardised product)/Being a leader in price only. Can the business survive on price leadership alone? • Demand/Does the size of market exist? Has adequate market research been carried out to determine the size of the market? / Is the demand for that product sufficient? • Can quality be maintained across a large numbers of goods? • Capital investment required/necessary finance. Can sufficient capital be raised as it is expensive to set up production lines? /machine maintenance costs can be high. • Staff working conditions/Will key people leave due to more repetitive work?/less variety (boredom)/Semi-skilled to unskilled. Could there be redundancy issues? • Will it be more difficult to change/adapt the product to meet changing needs of customer?/less flexibility when producing just one product. • The amount of space available (will more space be required for new machinery and stock?) • Impact on the brand name. Will the change affect the reputation of the business? /status of the brand? • Competition. Large markets can have dominant firms in place/Can this business compete? • Highly standardised product so not all customers will be satisfied. 	3@5(2+3)

			<p>Panel Interview</p> <p>A selection technique used to choose the candidate who most closely matches the criteria set out in the person specification. The candidate is interviewed by a group of interviewers who meet the candidate in order to reduce the effect of a single interviewer's personal bias.</p> <ul style="list-style-type: none"> • To avoid gender balance • To distribute questions across the panel • To determine the candidate fits with the corporate culture. 	<p>1@4 (Panel interview)</p>
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(B) Outline **one** appropriate leadership style which a manager in a retail outlet could adopt, giving reasons for your choice. (20 marks)

Question		Possible Responses	Max Mark
6	(B)	<p>Democratic</p> <p><u>Characteristics:</u></p> <ul style="list-style-type: none"> • The leader shares decision making with subordinates. • They listen to the views of employees /collaborative/keep employees informed of changes so they feel part of the retail outlet. • Leadership generates a sense of belonging but is still centrally controlled by the manager. • Teamwork-fosters an atmosphere that values information sharing/greater openness. • Requires trust between manager and employees. <p><u>Reasons:</u></p> <ul style="list-style-type: none"> • Employee have some freedom to show innovation/greater flexibility/greater empowerment. • Provides feedback to employees on their relationship with customers/appreciation of their efforts. • Employee will mirror the behaviour of the manager with customers. • Employees will sell from a position of confidence as they are allowed to grow personally while they help grow the retail business. 	<p>Leadership style 3m</p> <p>2@7(4+3)</p> <p>+3m for reference to retail outlet</p>

		<p>Autocratic</p> <p><u>Characteristics:</u></p> <ul style="list-style-type: none"> • The leader gives instructions to subordinates. • Decision making is not shared/no consultation. • Little room for employee innovation. <p><u>Reasons:</u></p> <ul style="list-style-type: none"> • Tasks are completed efficiently /may be suitable in high volume stores/fast paced retail outlet where staff are told what to do without question. <p>Free reign/Laissez-faire</p> <p><u>Characteristics:</u></p> <ul style="list-style-type: none"> • Very highly skilled employees/experts (such as middle managers). • This involves allowing subordinates to set their own goals and achieve them without interference of management. • Requires employees who are very engaged with their work. <p><u>Reasons:</u></p> <ul style="list-style-type: none"> • Little supervision from management/staff make their own decision. • Management have more time to dedicate to strategic issues. 	
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(C) Calculate **each** of the following (**show your workings**):

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

Question		Possible Responses			Max Mark
6		Calculation			20 marks
Question	Detail:	€	€	€	Marks subtotal:
	Gross Salary			55,000	
	Voucher			5,000	
	Taxable Income			60,000 ②	(2 marks)
(i)	Pay As You Earn				<u>P.A.Y.E.</u>
	34,550 x 0.20	6,910 ③			
	25,450 ① x 0.40	10,180 ①	17,090 ①		
	Tax Credits				
	PAYE	1650			
	Single Person	1650			
	Dependent Relative	70	(3370) ①		
	PAYE Ben has to Pay			13,720 ①	
(ii)	Universal Social Charge				<u>U.S.C.</u>
	12,012 x 0.005	60.06 ③			
	7,360 x 0.02	147.20 ①			
	40,628 ① x 0.0475	1929.83 ①			
	USC			2,137.09 ①	(7 marks)
(iii)	Pay Related Social Insurance				<u>P.R.S.I.</u>
	60,000 x 0.04	2,400 ①			
	PRSI			2,400	(1 mark)
(iv)	Net Annual Take home pay				<u>Annual Net Pay.</u>
	Gross Pay			55,000	
	PAYE		13,720		
	USC		2137.09		
	PRSI		2,400	(18257.09)	
	Net Annual Take home Pay			36,742.91 ②	(2 marks)
Own Figures highlighted above		NOTE:	41,742.91 ① only other figure accepted		

Question 7

- (A) (i) Draw a product life cycle diagram **and** explain **each** stage.
 (ii) Outline **two** methods a business could consider to extend the product life cycle.
(25 marks)

Question			Possible Responses	Max Mark
7	(A)	(i)	<p>Diagram, stages and explanation</p> <div style="text-align: center;"> </div> <ul style="list-style-type: none"> • Introduction-the product is launched onto the market. Sales may be low / costs of marketing the product will be high/Profits will be low if at all/Aim is to create product awareness. Heavy drain on cash flow. • Growth-customer awareness of the product increases /sales are growing rapidly/Profits should start to rise/Aim is to maximise market share. Cash Flow improves. • Maturity-Sales are at their peak and product is commonplace in the market/Profits are maximised / market share is defended. Cash flow is excellent • Saturation- Sales are levelling off/Profits should be steady/Market will have been fully exploited. Planning needs to happen to prevent a decline/Extend the life cycle. • Decline-many competitors in the market and new products will cause a decline in sales/Profits decline/May cut prices to sell/May phase out weak products/May even be making a loss. 	<p><u>Diagram 9m</u> 5@1: each stage 4@1 Title Sales Time Curve</p> <p>Each stage explained 5@2</p> <p>Accept 2 references to impact on sales if clearly differentiated.</p>

Question			Possible Responses	Max Mark
7	(A)	(ii)	<p>Suggested strategies:</p> <ul style="list-style-type: none"> • Product <ul style="list-style-type: none"> ○ New product features/new image/design/use ○ Create a portfolio of products to increase popularity of the brand ○ Create line extensions (different flavours/sizes). • Price <ul style="list-style-type: none"> ○ Image/reduce price to attract more customers. • Promotion <ul style="list-style-type: none"> ○ Advertising Campaign/Sales Promotion techniques. • Place <ul style="list-style-type: none"> ○ Change Channel of Distribution ○ Sell on line to attract a worldwide audience. 	<p>2@3</p> <p>Two different elements of the marketing mix required.</p>

- (B) (i) Discuss the benefits for a large chocolate manufacturer of engaging in **market segmentation**.
- (ii) Illustrate **two** different ways the **chocolate market** could be segmented.

(20 marks)

Question			Possible Responses	Max Mark
7	(B)	(i)	<ul style="list-style-type: none"> • Better matching of customer needs/to match the needs of the customer leading to increased sales/able to target particular customers who might have been overlooked in the past and provide offers suitable to their needs. • Position the product better in the mind of the consumers leading to greater customer satisfaction. • More focused/targeted advertising and marketing spend leading to lower marketing costs. • Focused Communications therefore more of the target customers can be reached more often. • Can retain customers who might shift to competing products by altering the product due to changes in life circumstances. • Easier to compete with a niche market (small artisan manufacturer). • Easier decision making as the focus is on a particular target group. • Enhance profits for the business-different customers have different disposable incomes/may be able to raise prices for a particular income group and thereby enhance profits. • Better opportunities for growth. Customers can be encouraged to “trade-up” to more luxury chocolate products. 	2@5(2+3)

Question			Possible Responses	Max Mark
7	(B)	(ii)	<p>Demographic – analyses consumers according to age, gender, family size, income, occupation, Different types of chocolate for different ages.</p> <p>For mass marketing demographic is one of the best ways as everyone has an age, gender and income.</p> <ul style="list-style-type: none"> • Age-Freddo bars for young children • Gender-the Yorkie bar is famous in the UK for its former tag line #it’s not for girls <p>Geographic location –analyses consumers according to location: county/region/country etc.</p> <p>Geography can affect the type/taste of product being sold/different countries different tastes/chocolate in Ireland famous for its high dairy content.</p> <ul style="list-style-type: none"> • Hershey’s the most popular US brand not popular in Ireland. <p>Behavioural- analyses consumers according to their knowledge of and attitudes towards the use of or response to a product.</p> <ul style="list-style-type: none"> • Impulse buying /Value for money (special price) /Celebration packs of chocolates as seasonal treats (Easter/Christmas etc.) <p>Psychological - analyses consumers according to social class, lifestyle and personality type.</p> <ul style="list-style-type: none"> • Attitudes-organic chocolate/environmental concerns around cocoa bean production. • Lifestyles-more health conscious (natural ingredients) /sugar free chocolate/protein bars/diet conscious. • Tastes-more screen time, more snacking while watching TV/Netflix. 	2@5(2+2+1)

(C) Evaluate the benefits **and** challenges for a small start-up business of choosing a direct channel of distribution rather than selling through wholesalers and retailers.

(15 marks)

Question		Possible Responses	Max Mark
7	(C)	<p>Benefits:</p> <ul style="list-style-type: none"> • The shortest and simplest form of distribution channel (factory outlet to consumer) • Low overheads • Potential Global reach (internet/eBay) • Greater flexibility • 24/7 (convenient for consumers) • Higher rates of profit than indirect distribution channels/Profits given directly to producers. • More control over distribution-the longer the channel the less control is available. <p>Challenges</p> <ul style="list-style-type: none"> • Cannot compete with geographical reach and business volume of a distribution channel that includes major wholesalers and retailers. • Customers may be asked to shoulder the burden of the shipping costs if phone, mail or internet is involved. • Some competitors may be using different channels. • Lack experience and may be better off using the expertise of an established and reputable wholesaler. <p>Evaluation</p>	<p>1@7(4+3) 2@3(2+1)</p> <p>(0,2)</p>

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