



BUSINESS OPTION A

HIGHER & ORDINARY LEVEL

MARKING SCHEME

Pre-Leaving Certificate Examination 2022

Higher Level: page 3

Ordinary Level: page 38



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. Where there is evidence of incorrect use or contradictions the marks may not be awarded.

HIGHER LEVEL

SECTION 1 (80 MARKS)

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

Q	Scheme	Marks
1.	2+2+2+2+2	10
2.	2+2+2+2+2	10
3.	2+2+2+2+2	10
4.	2+2+2+2+2	10
5.	(3+3) + (2+2)	10
6.	(3+3) + (2+2)	10
7.	(i) (3+3) (ii) (2+2)	10
8.	(i) Formula 2, answer 6 (ii) 2	10
9.	(6+4)	10
10.	(3+3) + (2+2)	10
11.	(i) (2+2+2 figures) (ii) (2+2)	10
12.	(3+3) + (2+2)	10
Section 1	Available Marks	80

SECTION 2
(80 MARKS)

E-Future Homes Ltd

Applied Business Question (Units 4, 5, 6) This is a compulsory question.			Max Mark
(A)	Evaluate the effectiveness of the HRM Dept.	27m	30
	With reference to the text of the ABQ. 3 x 9 marks (3m (name) + 3m (explain) + 3m (Link)) Evaluation required.	3m	
(B)	(i) Explain Market Research .	6m	30
	2 x 3 marks (2 specific points in explanation) (ii) Analyse how desk and field research can contribute to the continued success of E-Future Homes Ltd. 2 x 6 marks each (3m (name + 2m (1+1) point) + 1m (Link) each)	24m	
(C)	Discuss the social responsibilities of E-Future Homes Ltd to its stakeholders. Name the stakeholder & explain & Link 8m (3 +3 + 2 Link) + 6m (3 +2 +1 Link) + 6m (3 +2 +1 Link)	20m	20
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**, **One** question from **Part 2** and **any two** other questions from either **Part 1** or **Part 2**. All questions carry equal marks.

PART 1

People in Business / Business Environment

Question 1			Max Mark
People in Business			
(A)	(i) Discuss the rights of consumers under the terms of the Sale of Goods and Supply of Services Act 1980.	6 (4+2) + 4 (2+2) + 4 (2+2) + 4 (2+2) for services point.	30
	(ii) Illustrate two forms of redress.	12 (6 (3 +3)+6 (3+3))	
(B)	Outline three remedies for breach of contract.	8m (4+4) + 6m (3+3) + 6m (3+ 3)	20
(C)	Describe how conflict between an employer and employee could be resolved in a non-legislative manner.	2@5 (2+3)	10
Available Marks			60

Question 2			Max Mark
Domestic Environment			
(A)	Discuss the effects of increasing unemployment on Irish economy.	4@5 (3+2)	20
(B)	Evaluate, using examples, the arguments in favour OR against the privatisation of commercial state enterprises in Ireland.	3@6 (3+3)	20
	Evaluation required.	2m	
(C)	(i) Define business ethics .	6 (3+3)	20
	(ii) Outline how ethical behaviour in business can be encouraged.	2@7 (3+4)	
Available Marks			60

Question 3 International Environment			Max Mark
(A)	Outline four developments in technology that have facilitated the growth in globalisation.	4@5 (3+2)	20
(B)	Illustrate how foreign transnationals (FDI) companies have impacted on the Irish economy.	4@5 (3+2)	20
(C)	Should Ireland leave the European Union? Outline reasons for your answer.	Yes / No / Maybe 2m 3 valid reasons @ 6 (4+2)	20
Available Marks			60

Question 4 People in Business/Domestic Environment/ International Environment			Max Mark
(A)	(i) Under the terms of the Unfair Dismissals Act 1977 to 2015, explain two grounds for dismissal that are deemed to be fair. (ii) Explain the term constructive dismissal, providing an example.	2@6 (3+3) 8 (4+4)	20
(B)	Explain the following terms: (i) Shop steward (ii) A secret ballot (iii) Secondary picketing (iv) Interest group.	4@5 (3+2)	20
(C)	Identify three benefits of trade union membership for an employee	7 (4+3), 7(4+3), 6 (4+2)	20
Available Marks			60

SECTION 3

Part 2: Enterprise

Question 5 Enterprising/Managing			Max Mark
(A)	Outline the benefits to Staples Ltd of adopting a democratic leadership style. Link	3@4 (2+2) 1 Link to Staples article (3m)	15
(B)	(i) SWOT analysis (ii) Explain with an aid of a diagram Maslow's Motivational theory.	5 (3+2) 5@3 (2+1) [Each panel 3m (2+1)]	20
(C)	Analyse the contribution that strategic and tactical planning can make to the successful management of a business. Use examples in your answer.	7 (4+3) + 6 (3+3) Strategic 7 (4+3) + 5 (3+2) Tactical	25
Available Marks			60

Question 6 Managing			Max Mark
(A)	Calculate Avril Murphy's net monthly take home pay.	14 figures @ 1 mark 3 figures/actions @ 2 marks	20
(B)	(i) Outline two reasons why a household should prepare a cash flow forecast. (ii) Illustrate how a household can overcome cash flow problems	2@5 (3+2) 2@5 (3+2)	20
(C)	Managing change (two strategies) Description and examples.	2@10 (5+5)	20
Available Marks			60

Question 7 Managing/Business in Action			Max Marks
(A)	(i) Outline the function of an insurance proposal form.	5m (2+3)	20
	(ii) Explain the principle of insurance, referred to in the extract from the above private motor insurance proposal form.	5m (2+3)	
	(iii) Outline two other principles of insurance that apply to insurance contracts.	2@5m (2+3)	
(B)	(i) Explain what a business plan is.	8 (4+4)	20
	(ii) Outline two benefits to a manufacturing company of preparing a business plan.	2@6(3+3)	
(C)	Illustrate the difference between a merger and a takeover as methods of business expansion.	Merger (5+3+2 example) Takeover (5+3+2 example)	20
Available Marks			60

Question 8 Business in Action			Max Mark
(A)	Outline the factors a business should consider when choosing a suitable Channel of Distribution.	3@5 (3+2)	20
	Provide examples to illustrate your answer.	2 examples (3, 2)	
(B)	Within the product element of the marketing mix, evaluate product design and product packaging . Evaluation required for both (or together).	Product Design 7(4+3) Product Packaging 7(4+3) (3,3) or (6)	20
(C)	(i) Explain the term Public Relations (PR) .	5 (3+2)	20
	(ii) Discuss methods a business could consider to generate good Public Relations.	3@5 (3+2)	
Available Marks			60

SECTION 1

SHORT ANSWER QUESTIONS

SUPPORT NOTES

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

	Possible Responses	Max Mark
2.	(i) The Consumer Price Index measures <i>inflation rate</i> in Ireland. (ii) An embargo is a <i>ban</i> on specified or all goods from particular countries. (iii) McGregor's Theory Y managers are <i>democratic</i> in their approach. (iv) A merger is an example of <i>inorganic</i> growth of a business. (v) The reward for businesses in the investing of capital is <i>interest</i> .	10 2+2+2+2+2

	Possible Responses		Max Mark
3.	EMU	EUROPEAN MONETARY UNION	10 2+2+2+2+2
	IBEC	IRISH BUSINESS EMPLOYERS CONFEDERATION	
	USC	UNIVERSAL SOCIAL CHARGE	
	SME	SMALL MEDIUM ENTERPRISE	
	TQM	TOTAL QUALITY MANAGEMENT	

	Possible Responses	Max Mark										
4.	<table><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>False</td></tr></table>	1.	False	2.	False	3.	False	4.	True	5.	False	10 2+2+2+2+2
	1.	False										
	2.	False										
	3.	False										
	4.	True										
5.	False											

	Possible Responses	Max Mark
5.	Outline two challenges facing business start-ups. <ul style="list-style-type: none"> Raising finance and making loan repayments. A lot of business start-ups fail and as a result reluctant lenders charge high interest rates to lessen their risk. This carries the risks associated with being highly geared. The lack of adequate cash is often cited as the main reason why new start-ups fail in their first year of operation. An ownership structure has to be decided upon. Different structures have different demands in terms of risk, control, ownership, liability, tax implications etc. A firm must choose an appropriate method of production that suits the type of good being manufactured and the potential demand for the product. Job and batch production have different demands in terms of automation, staffing and storage. Marketing; Staff Recruitment; Competition etc. 	10 (3+3) + (2+2)

	Possible Responses	Max Mark
6.	Discuss two ways the Government could encourage business activity in Ireland. <ul style="list-style-type: none"> Through decreases in taxation business activity is encouraged. A reduction in PAYE rates would increase spending power and stimulate demand for goods and services. A reduction in Corporation Tax may improve company profits, and the ability to fund future growth of the business. A reduction in VAT reduces cost of goods and services, stimulates demand and makes the Irish economy more competitive. Through increases in State expenditure, business activity is encouraged. The government could increase capital expenditure on infrastructure, schools, hospitals etc. This will create jobs and consumer demand. Through a network of state agencies that give business advice, training and guidance, mentoring services and grant aid to facilitate growth and expansion. Examples include: Fáilte Ireland (developing and promoting tourism) Enterprise Ireland (grant aid to indigenous industry, e.g. R&D and marketing) Through government planning. Forward planning reduces uncertainty for business. National wage agreements involving the social partners allow businesses to predict their future wage costs, as well as decreasing significantly the risk of industrial relations problems during the length of the agreement. 	10 (3+3)+(2+2)

	Possible Responses	Max Mark
7.	<p>(i) A global business sells all over the world/regards the world as a single market /using a standardised marketing mix /adapted marketing mix.</p> <p>(ii) Examples: Coca-Cola, Google, Facebook, Nike, Adidas, Amazon, VW, Ford, TikTok etc.</p>	<p>10 (3+3)</p> <p>(2+2)</p>

	Possible Responses	Max Mark
8.	<p>(i) Insurance Claim Calculation:</p> <p>Value insured x Loss = Compensation Value of House</p> <p>House Value €350,000.</p> <p>House Insured for € 300,000 or 6/7ths of its value</p> <p>Partial Loss €63,000 x 6/7 = €54,000 (compensation)</p> <p>(ii) Average clause which is a corollary of the principle of Indemnity</p>	<p>10</p> <p>2</p> <p>6</p> <p>2</p>

	Possible Responses	Max Mark
9.	<p>Explain the term 'Electronic Data Interchange (EDI)'.</p> <p>This is a system that allows two or more computers to communicate directly. The computers are programmed to send and receive documents at regular intervals. It is often used in purchasing when an invoice is sent to a customer automatically every month. The system can be programmed to ensure minimal human interaction. It reduces costs through automation and saves time in processing paper documents.</p>	<p>10m (6+4)</p>

	Possible Responses	Max Mark
10.	<p>Outline your understanding of VAT and Corporation tax.</p> <p>VAT (Value Added Tax) is a tax on goods and services paid by both consumers and business/tax on consumer spending. The standard rate is 23%. There are various rates of VAT depending on the type of goods and services being sold, e.g., 0% (Medicine, Food staples etc.).</p> <p>Corporation Tax is an annual tax on company's profits. The corporation tax rate in Ireland is currently 12.5%, one of the lowest corporation tax rates worldwide. The tax is calculated based on a company's net profit position. It is seen as a major factor in attracting FDI in Ireland. Companies resident in the state, 25% rate on non-trading companies, e.g., Rental companies.</p>	<p>10m (3+3)</p> <p>(2+2)</p>

	Possible Responses	Max Mark
11.	<p>Complete the missing figures:</p> <p>(a) Visible Exports (€bn) Visible Imports (€bn) Balance of Trade (€bn) €70 €105 €35 deficit €90 €65 €25 surplus €80 €110 €30 deficit</p> <p>(b) Invisible Exports refers to services sold to foreign countries and money flowing into the country/ Money flows into Ireland when Irish services are sold abroad. E.g. Italian tourists holidaying in Ireland; foreign students studying in Ireland/Irish internet providers selling their services to customers abroad.</p>	<p>10m (2+2+2) + (2+2)</p>

	Possible Responses	Max Mark
12.	<p>Describe two functions of the Workplace Relations Commission.</p> <p>The WRC is the body to which all industrial relations disputes and all disputes and complaints about employment law is presented.</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 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 non-prejudicial 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>10m (3+3) + (2+2)</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 is 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.

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 practising barrister or practising solicitor for example. The Adjudication Officer will then decide the matter and give a written decision in relation to the complaint. The decision may:

- 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. A party to a complaint may appeal to the Labour Court from a decision of an Adjudication Officer.

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.

SECTION 2
(80 marks)
Applied Business Question
E-Future Homes Ltd

(SUPPORT NOTES)

	Possible Responses	Max Mark
(A)	<p>Evaluate the effectiveness of the Human Resource department at E-Future Homes Ltd with reference to the text of the ABQ.</p> <ol style="list-style-type: none"> Manpower Planning: This involves having the right people with the right skills in the right place at the right time throughout the business. It involves doing a human resource audit and estimating future human resource needs. The Human Resource Manager must audit present manpower resources, forecast manpower needs, and then make a plan to either increase/decrease manpower. Relevant Link: 'He continues to effectively manage employee numbers'. Recruitment/Selection: Recruitment and selection is concerned with finding or attracting potential candidates with the appropriate skills and then picking the most suitable candidates for employment. The Human resource manager must draw up a job description and person specification and then advertise the position. The applicants must be screened (short-listed). Selection is usually by means of an interview process. Relevant Link: 'Mark advertised job opportunities on the company's website and included an online application form.' Training/Development: Training is concerned with improving the employees' ability to perform their job in an effective manner. Training allows employees to do their work better. The company invests in training, leading to better knowledge and skills among employees. This results in better customer service and a better shopping experience for customers. Induction training helps new employees fit into the workplace (learn about the job/the policies/rules of the company etc.). Other types of training include internal/external training. Development prepares the employees for new responsibilities and greater challenges in the workplace. Helps employees self-actualise. Relevant Link: 'A comprehensive induction programme is provided throughout the company' or 'Ann and Mark recognise the necessity to invest in staff training'. 	<p>30</p> <p>3+3+3</p> <p>3+3+3</p> <p>3+3+3</p>

	Possible Responses	Max Mark
	<p>4. Performance Appraisal: This is the process of evaluating the performances, progress, contribution and effectiveness of an employee. It ensures high performance standards in the business, leading to organisational success. It provides for two-way communication and clarification of objectives/feedback is provided for employees on performance to enable improvements to be made. A meeting is held with the employees to review their progress and set targets for the future. Regular reviews are vital to the performance appraisal process. Relevant Link: 'Personnel from the Human Resource department meet employees annually to review their progress.'</p>	3+3+3
	<p>5. Rewarding: Rewarding employees is concerned with paying employees (monetary/non-monetary) well for work well done, leading to a motivated workforce. It may include wages, salaries, bonuses, benefit-in-kind, share options, pension plans, promotion etc. The Human Resource Manager negotiates each employee's remuneration package and keeps it under review. Relevant Link: 'Employees at E-Future Homes Ltd are well rewarded and there are many opportunities for promotion for those who achieve their sales targets.'</p>	3+3+3
	Evaluation/informed judgement required based on the information provided in the ABQ.	3

	Possible Responses	Max Mark
(B)	<p>(i) Explain the term Market Research. Market research is the systematic gathering, recording and analysing of facts about some element of the marketing mix in order to identify and satisfy customer needs in an informed and effective manner. It ensures that the right goods are produced at the right time for the right market at the right price. Reasons for market research include - competition/new opportunities/business growth/decision/making/risk minimisation etc.</p>	<p>30 2 x 3</p>
	<p>(ii) Analyse how Desk and Field Research can contribute to the continued success of E-Future Homes Ltd.</p> <p>Desk Research - Desk research involves accessing information that has already been gathered. It is secondary research and can be both internal and external. - Desk research is relatively cheap, which keeps costs down, thereby ensuring a competitive business. - Different types of desk research include the internet, internal sales reports, trade reports, Central Statistics Office publications, newspapers etc. - The company must seek to protect its market share/ keep out competition so as to continue as a 'high volume low margin' business. Desk research can provide information on competitors. Contribution: Consumer spending patterns (facts/figures). The daily sales records of E-Future Homes Ltd would indicate if consumer spending patterns have changed and the CSO would provide global figures on trends in the fashion industry, competitor behaviour, and population details of towns (i.e. age, sex, family structure etc.) where branches could be set up. Quantitative type data is provided.</p> <p>Relevant Link: 'Tech company websites and social media presence are closely monitored' OR 'The company's daily sales records and data from the Central Statistics Office (CSO)' on market size and consumer expenditure patterns are continually analysed'.</p> <p>Field research Field research involves going into the marketplace to gather first-hand/ new business information. It is primary research which is carried out by making direct contact with customers/potential customers. - It tends to be expensive and time consuming but provides specific information on the target consumer behaviour. - Methods include: surveys, observation, questionnaires, and customer panels.</p> <p>Surveys involving personal interviews and/or questionnaires with a sample of the population can be very effective tools in accessing and collecting detailed information about consumer's tastes, behaviours, attitudes in the market place etc. Observation involving viewing consumers in action, e.g. the number of customers selecting a particular product during a particular period in the store. Also observation in the store may indicate long queue times and lost sales. This could then be rectified in order to satisfy customer needs and ensure continued business success. Contribution: Consumer attitudes and opinions.</p>	<p>2 x 6 (3 + 2 + 1)</p> <p>2 x 6 (3 + 2 + 1)</p>

	Possible Responses	Max Mark
	<p>Field research in E-Future Homes Ltd ascertains attitudes and opinions of its customers and they can make specific changes to their stores/ products/staff based on the feedback received. This type of research allows the company to satisfy its customer needs more effectively, encouraging customer loyalty and increasing the profits of the business. Qualitative type data.</p> <p>Relevant Link: 'The marketing department is carrying out regular consumer surveys'.</p>	

	Possible Responses	Max Mark
(C)	<p>Discuss the social responsibilities of E-Future Homes Ltd to its stakeholders.</p> <p>Social Responsibilities to Shareholders/Investors</p> <ul style="list-style-type: none"> • To act in accordance with its Memorandum and Articles of Association • Provide a fair return on the investment by shareholders • Avoid excessive payments to senior management • To present a true and fair view of the financial performance and standing of the business and maintain a proper set of accounts <p>Link: 'A major European venture capital firm has invested €3.5 million in the company to date'</p> <p>Social Responsibility to Customers</p> <ul style="list-style-type: none"> • Fair and honest advertising of its product • Abide by health and safety regulations; products must be safe • Goods must be of merchantable quality, match their description, fit for purpose etc. • Uphold the right of the customer to complain and to investigate such complaints • Good after-sales service • Charge a fair price <p>Link: 'Funding was invested in supporting the development of a highly skilled customer service department.'</p> <p>Social Responsibility to Employees</p> <ul style="list-style-type: none"> • Adhere to Employment Law, Health and Safety Regulations etc. • Pay a fair wage to all employees • Provide a safe working environment • Treat employees with dignity and respect/no discrimination • Provide equal opportunities for promotion, pay etc. to all employees <p>Link: 'E-Future Homes Ltd attracts and retains high quality, creative employees'</p> <p>Social Responsibility to Suppliers</p> <ul style="list-style-type: none"> • Follow tendering procedures where applicable; treat all suppliers fairly • Pay amounts agreed within timeframe agreed <p>Link: 'E-future Homes Ltd maintains good relationships with its suppliers, many of whom have continued a business relationship with the company since its establishment'</p> <p>Social Responsibility to General Public/Community</p> <ul style="list-style-type: none"> • To be environmentally conscious; to implement environmentally friendly business practices • Co-operate with government offices e.g. EPA • Openness and transparency • Recyclable packaging, clean manufacturing, sustainable development. <p>Link: 'Ann continues to make sure that her company is very environmentally conscious'</p>	<p>20</p> <p>8 (3+3+2)</p> <p>6 (3+2+1)</p> <p>6 (3+2+1)</p>

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

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

PART 1 People in Business

Question 1

- (A) (i) **Discuss the rights of consumers under the terms of the Sale of Goods and Supply of services Act 1980.** **6(4+2) + 4 (2 +2) + 4 (2 +2) + 4 (2 +2) for services point**

Goods:

Goods should be of **merchantable quality** – they should be of reasonable standard/quality taking into account what they are supposed to do, their durability and their price.

Goods must be **fit for the purpose intended**. This means that the goods must be able to do what they are meant to do and what they were designed for (i.e. fit for the particular purpose for which the buyer intends to use them). For example, a waterproof jacket and leggings should keep the rain out. A combined fridge/freezer must be capable of freezing food.

Goods **sold must be as described** by the sales person, catalogue/package or sample. For example if a consumer orders blue floral wallpaper from a catalogue then it can't be gold plain wallpaper when delivered.

Services:

Services must be provided with **due care and attention** - a car left at a garage for a full service but the garage failed to change the oil.

A service provider must have the **necessary competence and skills set**. In addition, any materials used in the delivery of the service must be of merchantable quality.

Other Provisions **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. If a company sends you something you didn't order and does not provide for return post, it cannot invoice you for the product e.g. Book Club. This demand is an illegal act and the consumer has specific rights. The right to keep the goods without payment after thirty days if the consumer has sent written notice to the sender and informed him where they can be collected.

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.

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. Other points could include: **Ownership and quiet possession/Retailer responsibility**

- (ii) **Illustrate two forms of redress available to consumers for breach of the Act.**

The form of redress is dependent on how serious the fault is, the time it occurred and how soon after the purchase the complaint was made. If the complaint is valid the consumer is entitled to one of the **three R's – refund, replacement and repair.** **12 (6 (3+3)+6 (3+3))**

If a consumer purchases a faulty good and complains promptly then s/he is entitled to a full cash refund or replacement. For example if a consumer purchases a microwave oven and the minute timer doesn't work (i.e. not of merchantable quality) then s/he is entitled to a full refund of money paid.

A replacement may also be provided, e.g. a new model of the same or similar quality given in its place. When the consumer has used the product, when there is a delay between the purchase date and the actual complaint, or when the fault is of a minor nature then the consumer may only be entitled to partial refund or repair. The consumer's rights lessen, the longer s/he puts off making the complaint.

(B) Outline three remedies for breach of contract.

**20m
8(4+4)**

1. Compensation (damages)

A judge can order the party who broke/breached the contract to pay compensation or damages to the party who suffered from the breach.

2. Specific Performance

A judge can order the party who breached the contract to carry out the conditions set out in the contract. This means the parties must fulfil the agreed terms of the contract.

6(3+3)

3. Rescind (cancel) the contract

A judge may set aside the contract so that both parties are in the same position as they were before the existence of the contract. This remedy is often used in cases where the contract has been terminated by frustration.

6(3+3)

C Describe how conflict between an employer and an employee could be resolved in a non-legislative manner.

10m 2@5(2+3)

A non-legislative approach should be the first strategy in a conflict resolution process between employees and employer. It means that the parties involved are not using any law or body set up under a law to resolve the conflict.

Meet and talk. This involves having a meeting between the individual employee and his/her employer to try and discuss the situation and clarify any difficulties. Assistance can be sought from the shop steward and/or the Human Resource Manager (grievance procedure). Employee may seek help from the union head office and the employer may seek help from IBEC.

Negotiation/agreement discussion occurs between the disputants who are trying to work out a solution to their problem. The employer and the employee make a series of offers and counter offers intended to aim at a compromise. Both need to be aware of their bottom line and their ideal outcome. They need to be prepared to make concessions/compromises. A timetable for the conclusion of the negotiations process needs to be put in place.

Third Party Intervention:

- **Conciliation.** The conciliator will speak to the employer and the employee separately and then together, highlighting the others point of view. The conciliator encourages the parties to settle the dispute through continued negotiation.
- **Mediation.** The mediator presents his/her own proposals/recommendations to resolve the conflict. It is a useful form of intervention if both parties are in 'lock-jam' and are not prepared to listen any longer to each other. However, the parties themselves must solve the dispute.
- **Arbitration.** With arbitration both sides in the disagreement agree beforehand to an independent third party's intervention, investigation and judgement. They also agree beforehand on whether the arbitration outcome should be binding or non-binding.

Question 2**(A) Discuss the effects of increasing unemployment on the Irish Economy.****20m****4@5(3+2)**

- The demand for goods and services is reduced and businesses may have to close down.
- As people have less discretionary income, people will spend on necessities but luxury items will be sacrificed leading to falling business profits, e.g. less new cars, foreign holidays being purchased.
- Government current expenditure will increase as the unemployed will sign on and claim social welfare benefits. During Covid-19 Pandemic a huge number availed of the PUP payments.
- Emigration and falling immigration/ 'Brain drain' (Exporting of skilled labour).
- The Government revenue/tax take will fall as receipts from major sources of taxation will fall e.g. VAT receipts will fall as there will be less consumer expenditure and PAYE receipts will fall as fewer people are working and paying income tax.
- The social costs associated with unemployment will increase. Unemployment leads to social deprivation, rising crime, alcoholism and drug abuse. This can lead to increased expenditure for the government on health and law and order.
- Lack of business confidence. There is less enterprise in the economy as people's self-esteem and confidence is hit. Their standard of living falls and they may lose motivation which leads to less creativity, innovation and enterprise.
- Long term unemployed can lead to a large number of deskilled workers.

(B) Evaluate the benefits OR challenges of privatisation for the Irish economy.**20m****3@6(3+3) + 2 Evaluation****Benefits:**

- Possible responses include Government Revenue: Selling of a state enterprise provides the government with a large sum of money e.g. Aer Lingus, AIB. The revenue can be used to build infrastructure/repay the national debt.
- 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.
- Access to Finance: Privatised companies are able to take out loans and shares and generally have greater access to sources of finance than state enterprise. This makes it easier to fund expansion, creating wealth and employment in the economy.
- 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.
- 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.

Challenges:

Possible responses include:

- 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.
- Increased Unemployment: There may be a loss of jobs through rationalisation of services, leading to higher social welfare spending. Lack of social commitments. Non-profits 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.

- Loss of Control /Costs to state: The shares of privatised companies may end up with foreign investors/There may be high costs involved in preparing a company for privatisation.
- Profit Motive/increased prices Privatised companies must maximise returns to the shareholders and this could result in increased prices for consumers.

Evaluation required.

(C) (i) Define the term 'Business Ethics'.

**20m
6 (3+3)**

It is a set of moral rules and standards that provide guidelines for right and truthful behaviour in business situations with its various stakeholders such as employees, customers, suppliers and the community in which it operates. Business ethics is concerned with right and wrong, fairness, honesty and respect in a business context.

(ii) Outline how ethical behaviour in business can be encouraged.

2@7(4+3)

Sample responses include the following:

- Cleaner production methods/materials substitution/energy efficiency (this can include switching to renewable energy sources). The product itself can be designed to reduce consumption of resources (e.g. reduce reliance on natural resources-use of rainwater tanks, solar hot water systems), and to prolong its useful life. By reducing the environmental impact of business it will improve the sustainability of the business. This helps achieve the goal of sustainable development.
- Minimise waste/safe disposal of waste: The business could adopt the 4Rs: reduce, reuse, recycle and recover. If waste is produced, every effort should be made to reuse it, if practicable.
- Maximisation of recycled content- recycling will conserve resources and reduce waste while it may be possible for a business to recover materials or energy from waste which cannot be reduced, reused or recycled.
- Pollution prevention: The use of processes, practices, materials, products or energy sources that avoid or minimise the creation of pollutants and waste, and thereby reduce the risk to human health and the environment. The idea is pollution prevention rather than pollution control.
- Code of Ethics: 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.
- Other acceptable points: Regular environmental audits/Advice from the EPA (Environmental Protection Agency)/Promotion of environmental issues (rewarding 'Green' initiatives) etc.

OR

(Focus on qualities of an environmentally conscious business)

- Consult/advice-consult stakeholders before introducing policies that might affect the environment.
- Honest/do not cover up environmental accidents/compliant with the law.
- Aware/promote environmental awareness amongst staff through adequate training, which will require resources.
- Open to the development of new product design/ to new environmentally friendly manufacturing processes/better product end of life solutions/recycling.
- Sensitive 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: Reduction of air pollution/Recycling of waste/Energy conservation/Tree planting on premises/Acceptable disposable methods/Reject excess packaging/ Have sustainable development as a top priority etc.

Question 3**A Outline four developments in technology that have facilitated the growth in globalisation.****20m****4@5 (2+3)**

- Design/ CAD. CAD (Computer Aided Design) had revolutionised the design process, making it much easier and faster, and allowing companies to react quickly to changing global market conditions.
- Production/CAM Computer aided manufacture (CAM) where all equipment can be computer controlled and computer integrated manufacturing (CIM) which involves total integrated control of the production from design to delivery, all add to the efficiency of production and the ability of firms to locate anywhere in the world and produce standardised products irrespective of local labour skill sets.
- Communication/mobile technology/EDI (Electronic Data Interchange) greatly facilitates communication in a global market. Document transfer, automated stock ordering, details of trading figures etc. can be transmitted globally in a matter of seconds.
- Decision Making/ISDN ISDN (Integrated Services Digital Network) uses telephone lines to transmit and receive digital information. File transfer, teleworking, video conferencing, e-mail etc. allow vital information to be transferred anywhere in the world. This greatly assists management planning, organising and control and facilitates effective decision making.
- Marketing, the internet and social networking sites such as Facebook and business networks such as LinkedIn have facilitated the global marketing of companies and the establishment of global brands. Network advertising, company web sites and electronic payment have allowed global E-commerce to flourish.
- Distribution/ JIT Logistics, just-in-time delivery, container transport and the relevant computer software programs facilitate the global distribution of goods.

B) Illustrate how foreign transnationals (i.e. foreign direct investment (FDI) companies) have impacted on the Irish Economy.**20m****4@5 (3+2)**

- Direct employment, e.g. approximately 150,000 people are directly employed by foreign multinationals in Ireland. It is estimated that FDI companies give rise to indirect employment of twice that amount. 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 will 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 transnational 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. 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 eg. DELL Limerick moving to Poland, resulting in thousands of job losses in the Limerick area. Irish employees of foreign multinationals learn the best business practices and technologies. This makes it easy for 'would-be entrepreneurs' to set up their own businesses, thereby promoting an entrepreneurial spirit.

(C) Should Ireland leave the European Union? No/yes/maybe

20m
3@6(4+2)

Reasons for staying in the EU - Possible responses include:

- 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.
- Bigger market for Irish companies leading to greater economies of scale.
- Farmers, under the Common Agricultural Policy (CAP), receive income support measures. Between 1973 and 2008, Irish farmers received €44 billion from the (CAP).
- Structural funds of over €17 billion have been made available to Ireland from the European Regional Development Fund and the European Cohesion Fund helping improve roads and public transport infrastructure.
- 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.
- 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 eurozone. Other: Less bureaucracy involved for businesses. Directives such as environmental directives help protect the environment etc.

Reasons for leaving the EU - Possible responses include:

- Extra regulations: The EU places extra regulations on business which will increase business costs. Example: Mobile operator Three is raising its monthly prices by up to €5, blaming costs and new roaming regulations.
- Loss of decision making powers: Rules and regulations impose constraints. The national government will not have complete control over its decisions. They will be subject to regulations which are binding immediately and take precedence over national laws. Limits/restrictions placed on government budgetary decisions e.g. The payment received for AIB shares to be used to pay down the National Debt.
- BREXIT: Has created huge uncertainty for Ireland's economic future. It may have huge consequences for Irish trade. Much of Ireland's agricultural exports go to UK currently and if tariffs and quotas are placed on them Ireland will have to look at other markets.
- Immigration: Free movement of labour may cause overcrowding in large urban areas. This can push up house prices and led to congestion on roads.
- Threats to Ireland's corporation tax: A push towards harmonised tax rates/a consolidated tax base for Ireland may result in a fall in tax revenues. Multinational companies which locate in Ireland because of low corporation tax rates may move to other countries.
- Apple tax decision: The European Commission has found that Ireland granted undue tax benefits to Apple worth €13bn. This may cause multinationals like Apple, Facebook and Intel to leave Ireland and locate in other countries which have a more favourable tax rate.

20m

Question 4

- (A) (i) **Outline two reasons for fair dismissal, as set out under the Unfair Dismissals Acts 1977-2015.**

20m
2@ 6(3+3)

Incapability:

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

Incompetence:

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.

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.

Qualifications: (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.

Misconduct (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.

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.

Redundancy, 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).

Contravening the law:

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 drink 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.

(ii) Explain the term constructive dismissal, providing an example. 8(4+4)

Constructive dismissal refers to a situation where an employer makes it so difficult for an employee/ the employee feels they have no other option but to resign their position/, with or without notice.

E.g. An employee is constantly being harassed by his manager, who blames the employee for all problems in the business. The employee feels she has no option but to resign her position.

A change in functions of your job could give rise to a successful constructive dismissal case.

(B) Explain the following terms:**20m****4@5m (3+2)****(i) Shop steward:**

A shop steward is elected by employees in a workplace and is the communication link between the trade union and its members in that workplace. Some of the duties of a shop steward include, communicating the views of the members of the trade union, advising members on workplace issues and helping to resolve employment related disputes.

(ii) A secret ballot:

There is a requirement for trade unions to conduct a secret ballot of their members prior to engaging in industrial action and the majority of members must support the action. The following are good practice procedures that should be followed in a secret ballot:

- The majority must answer yes to the question, and this question cannot cover both types of action, it must be specific.
- All members of a union who it is reasonable to believe will be called upon to take industrial action must be entitled to vote.
- The union must take reasonable steps to ensure that all members can vote without interference or constraint, and members are given a fair opportunity to vote.
- Voters should be asked if they are prepared to take part in a strike or action short of a strike, whichever is relevant.
- The union shall take reasonable steps to ensure that every member entitled to vote in the ballot votes without interference from, or constraint imposed by, the union or any of its members, officials or employees and, so far as is reasonably possible, that such members shall be given a fair opportunity of voting.
- Where the outcome of a secret ballot conducted by a trade union which is affiliated to the Irish Congress of Trade Unions or, in the case of ballots by more than one such trade union, an aggregate majority of all the votes cast, is in favour of supporting a strike organised by another trade union, a decision to take such supportive action shall not be implemented unless the action has been sanctioned by the Irish Congress of Trade Unions.

(iii) 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.

(iv) Interest group:

An interest group is an organisation which represents the common viewpoint, objectives and goals of particular group/stakeholders e.g. IBEC, ICTU, IFA, SIMI and ISME etc. An interest group seeks to influence decisions and policy affecting its members, through various actions including negotiation, lobbying, information campaigns, public protests, boycotting and possibly legal action. Lobbying is the deliberate effort to influence the decision making process by promoting a particular point of view with government or MEPs or with other organisations. Interest groups may or may not succeed in achieving their desired objectives. Example: Irish Congress of Trade Unions (ICTU) - Represents almost all trade unions in Ireland.

C Identify three benefits of trade union membership for an employee.

20m

2@7 (4+3) + 1@6 (4+2)

- Protect employment rights.
- Provide information on rights and entitlements
- Facilitate bargaining by speaking on behalf of every union member.
- Simplify the communication and bargaining process for the employers.
- Negotiate on behalf of their members with employers.
- Provide services such as insurance and savings schemes.
- Represent their members' concerns to the public through the media.

SECTION 3: PART 2

Question 5

(A) Outline the benefits to Staples Ltd of adopting a democratic leadership style.**15m****3@4 (2+2)**

Democratic

- Power is shared with staff
- Authority is delegated to staff, but ultimately responsibility rests with the manager.
- Opinions/ideas/feedback are sought before decisions are made and tend to be better as a result.
- Trust is built overtime with staff/ Staff feel more valued and motivated.
- Promotions are internal as staff get experience of management.
- Intrapreneurship may occur.
- Decision making can be slow and delayed. Illustration: It may be appropriate in a business that promotes teamwork (e.g. Google). Works well in an environment where staff can handle responsibility.

Link: ' They now employ ten workers and firmly believe in a democratic style of leadership. **3m****(B) (i) What is meant by the term SWOT analysis?****20m****5(3+2)**

A management technique/strategic planning method. It is used to assess/evaluate a business in terms of strengths, weaknesses, opportunities and threats. In a SWOT analysis, strengths and weaknesses are internal factors while opportunities and threats are external factors. The aim is to maximise the potential of strengths and opportunities while minimising the impact of weaknesses and threats.

(ii) Maslow's theory of motivation is based on two assumptions:**5@3(2+1)**

- 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. The 5 needs are:
 - 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.
 - 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.

(C) Analyse the contributions that strategic and tactical planning can make to the successful management of a business. Use examples in your answer.

25

7(4+3) + 6 (3+3)

Strategic planning is long term, made by top management. It provides a guide for where the business is going in the long run, and how it's going to get there.

- A strategic plan clearly defines the purpose of the business and establishes realistic goals that are consistent with that of the mission statement of the business.
- Management has a base from which progress can be measured (benchmarking) and they can establish a mechanism for informed change when needed.
- Strategic plans help businesses to identify acquisition opportunities. Strategic plans Increase market share/ grow an export market/ become market leader/to enter a planned Merger- e.g. United and Continental airlines/enter new markets Example ESB Investment in renewable (wind) energy, strategic alliances with motor manufacturers to pilot the use of electric vehicles and is involved in the National Smart Meter rollout overseen by the Commission for Energy Regulation.

Tactical planning is short term where the long-term plan is broken down into shorter more manageable short-term objectives.

7(4+3)+ 5(3+2)

The tactical plan is developed by a management team who deals with getting the work done to carry out the strategic plan. They draw up a tactical plan that will deal with the "now" part of the plan. If these are achieved, it helps a business to achieve its long-term goals. Tactical plans outline a set of action items or tactics to help a business achieve a number of key objectives or goals. Examples of a tactical plan could be adding a group of new customers in the next year, improving customer service levels through specific tactics, reducing employee turnover, or lowering operational costs.

Tactical plans: Offer internet shopping/target new market segments/launch a new range of products/open new branches.

Example: Some tactical plans relate to particular functions of a business e.g. advertising. A two-month advertising campaign to try to increase sales by 20%.

Question 6**(A) Calculate Avril Murphy's net monthly take home pay.****20m**

Tax Computation for Avril Murphy			
	€	€	€
Gross Salary			64,000
Add Benefit in Kind			6,000
Gross Income			<u>70,000</u> (2m)
<u>PAYE Tax payable calculation</u>			
€32,800 @ 20%		6,560 (1m)	
€37,200 @ 40% (1m)		14,880 (1m) OF	
Gross PAYE Tax		21,440 (1m) OF	
Less tax credits			
Single person	1,650 (1m)		
PAYE	1,650 (1m)		
Rent	<u>320 (1m)</u>		
	3,620	(3,620)	
(A) Net Tax Payable		17,820 (1m) OF	
(B) Employer's PRSI			
€70,000 @ 4%		2,800 (2m)	
(C) Universal Social Charge (USC)			
€12,012 @1.5%	180.18 (1m)		
€ 5,980 @2.0%	119.60 (1m)		
€52,008 @5% (1m)	<u>2,600.40 (1m) OF</u>	2,900.18 (1m) OF	
Total Statutory Deductions			
(A+B+C)			23,520.18
Net Income (Take-Home Pay) p.a.			
(€64,000-€ 23,520.18)			40,479.82
Net Income (Take-Home Pay) p.m.	(40,479.82 / 12) 2m		3,373.32 (1m)
		OF=Own Figure	

(B)**20m****(i) Outline two reasons why a household should prepare a cash flow forecast. 2@5(3+2)**

- It helps the household manage its cash flow and live within its means. It acts as a control mechanism that can be used to measure actual cash flow against planned cash flow encouraging households to plan their finances sensibly and live within their means. Means of controlling personal debt.

- It helps a household identify periods of time in the future when the household will have an excess of expenditure over income i.e. a deficit and the take corrective action to deal with the cash shortfall.
- It helps a household identify periods of time in the future when the household will have a surplus of income over expenditure. The household can then make plans to place these surplus funds on deposit with a financial institution.

(ii) Illustrate how a household can overcome cash flow problems.

2@5(3+2)

- The household could decrease its cash outflows by targeting (discretionary) expenditure and reducing its spending on for example, entertainment and holidays.
- The household could attempt to increase its cash inflows by increasing the income levels of family members. This may involve a non-working family member returning to work. It might involve doing overtime to earn extra income or even getting a second job.
- The household could arrange a bank overdraft facility with its bank to finance problem months where the household is running a deficit. The overdraft facility provides extra flexibility for the household when it needs it most. However, care should be taken because the rate of interest charged on a bank overdraft is high.

(C) Strategies to manage change (describe and provide examples):

20m

2@10(5+5)

- Senior Management commitment to the change process.
- Consultation with trade unions and employee representatives regarding the proposed changes/involve all in the decision making process.
- Effective Communication between all parties throughout the change process. This will reduce uncertainty and tensions.
- Adequate funding for the proposed changes/ funding of new technologies and staff involvement/training.
- Negotiation – remuneration packages, productivity agreements, changes in work practices etc.
- Employee Empowerment/training/job rotation/job enlargement etc.
- Change in management style from 'controller' to 'facilitator'.
- Funding/Rewards- Adequate funding for the change process/remuneration packages for staff.

Question 7

(A) Read the information supplied and answer the questions which follow.

20

PRIVATE MOTOR INSURANCE PROPOSAL FORM DECLARATION I/We declare to the best of my/our knowledge and belief that the information given on this form is true and complete in every respect.

(i) Outline the function of an insurance proposal form.

5(2+3)

Insurance Proposal forms are used to apply for insurance cover and the company is given full particulars of the risk against which the insurance protection is desired. Insurance Proposal form helps the insurance company to calculate the premium based on all the potential risks in relation to the insurance policy.

(ii) Explain the principle of insurance, referred to in the extract from the above private motor Insurance proposal form.

5(2+3)

Utmost Good Faith: All material facts must be revealed. The person taking out the insurance must answer all the questions truthfully. Failure to do so can make the insurance cover worthless. If the insurance contract is obtained by way of fraud or misrepresentation it is void e.g. a driver should declare truthfully the number of penalty points on his license.

(iii) Outline two other principles of insurance that apply to insurance contracts.

2@5(2+3)

Indemnity: An insured person cannot make a profit from an insurance claim i.e. insurance can at best put an insured person in the same financial position as they were prior to a loss occurring. If a car is written off in an accident the insured receives its replacement value and not the original sum paid for it.

Insurable Interest: The insured must gain from the existence of the exposure unit and suffer from its loss. You can insure your own car but not your neighbour's. In essence you can't insure something unless you have a vested interest in it.

Subrogation: If a third party is responsible for damaging your car in an accident and you are compensated by your own insurer, your insurer can then sue the other driver. Subrogation says when you accept an insurance settlement; the insurer gets your right to sue the third party. This prevents you collecting twice for the same damage and gives your insurer a way to recoup its losses. Fundamentally the principle is linked to indemnity ensuring that a person doesn't profit from insurance.

(B) (i) Explain what a business plan is.

20

8(4+4)

A business plan is a written document setting out the objectives and strategies of a business. It includes information on the proposed financial, production and marketing strategies, as well as an analysis of the market.

(ii) Outline two benefits to a manufacturing company of preparing a business plan

2@6(3+3)

Finance/Grants: a business plan will be required when or from government agencies. Without it, the future, and therefore the success of the business, will not be fully appreciated. No financial institution/government agency will give funds to a business without being convinced that the investment has a good chance of being recovered. Necessary to obtain/qualify for grants. The business plan markets manufacturing business and encourages potential investors.

- **Performance Measurement:** it can be used in the future to measure the performance of the business against the objectives/targets set out in the plan. By having realistic figures available they can be used as a benchmark or standard against which the operations and performance of the business can be measured. If the standards are not reached, then a manufacturing company may take actions to fix the problem.
- **Viability:** It sets out thoughtful, well presented/laid out logical steps designed to implement both short term and long term strategies over agreed time periods, e.g. one year, five years ten years etc. It plans how to get where the business wants to go over those time periods. By planning ahead manufacturing companies can foresee difficulties and take steps to address the problems.

C Illustrate the difference between a Merger and a Takeover as methods of business expansion.

20

5+3+2 for example

A **merger** is a friendly/voluntary amalgamation of two firms for their mutual benefit. It involves the mutual consent of two equal companies to combine and become one entity. - A single new legal entity is formed once it is approved by shareholders and neither has control over the other e.g. Irish Permanent and Trustee Savings Bank merged to form Permanent TSB. Avonmore Plc and Waterford Plc merged to form Glanbia.

5+3+2 for example

A **takeover** on the other hand is where 51% of the shares in another company have been purchased in either a hostile or friendly manner. The acquiring company absorbs the other company, which loses its identity after the acquisition and becomes part of the acquiring company. The cost of the takeover can be very expensive. It is the product of the share price multiplied by the number of shares purchased e.g. Eircom took over Meteor mobile phone company for €420 million.

Question 8**(A) Outline the factors business should consider when choosing a suitable Channel of Distribution.****20m****3@5 (3+2)****2 examples (3, 2)**

- **Cost:** The more stages in the channel of distribution the more expensive the product will be for the consumer as each middleman will require a cut or mark-up. Businesses may keep costs down by selling directly to producers. They also provide online selling.
- **Nature of the product being sold/its durability/its image:** A range of low calorie confectionary products could include cakes which may have a very short shelf life. If marketed as a product for the health conscious, businesses may sell the product in a pharmacy or a health store (i.e. directly to the independents).
- **Target Market:** Businesses will have to consider its target market and choose a channel which allows it to reach its target market of health conscious consumers. Businesses can advertise and sell its products on line using a company web site. Consumers place orders and goods are delivered using the postal system or a courier delivery service.
- **Payment Methods:** Selling online is direct and enables immediate payment collection.
- **E-business:** Companies can advertise and sell their products online using a company web site. Consumers place orders and goods are delivered using the postal system or a courier delivery service. Dell computers is an example.
- **Technological developments:** Have enabled direct contact between business and the consumer e.g. direct banking and insurance services. Customers can get quotations over the telephone, pay for services with a credit card, transfer funds etc. These services were originally carried out in a branch or by agent or broker.

(B) Within the product element of the marketing mix, evaluate 'product design' and 'product packaging'.**20m****7(4+3) +7(4+3), evaluation 3,3 or 6****Product design Function:**

This is linked into the main clauses of the Sale of Goods and Supply of Services Act 1980 which puts a legislative onus on producers to manufacture goods that are of merchantable quality and fit for the purpose intended. The product must do what it is expected to e.g. a lawnmower should operate as expected and cut grass properly.

Evaluation: The value of this approach is that the specific needs of the consumer will be met in line with the marketing concept. This will lead to repeat purchasing, consumer loyalty and ultimately increased sales and profits for the business.

Form: The product must be aesthetically appealing in terms of shape, size, colour, style, image etc. e.g. (iPad). The product must be practical and comply with safety standards; however it must also be appealing. For example car marketing campaigns emphasise efficiency, reliability and aesthetic appeal in their adverts.

Evaluation

Individuals are fashion conscious with unique tastes and preferences. If these needs can be satisfied by businesses then increased sales and profits will ensue.

Product Packaging serves many functions:

Protection: Packaging safeguards the product during transit, storage and handling. It also keeps the product fresh, preserving quality until it is used. **Information:** The packaging contains information on contents, ingredients, best before date, health warnings etc.

Differentiation/source of competitive advantage: Many products are instantly recognisable because of the shape or design of the packaging, some of which are patented and legally protected e.g. Coca-Cola bottle. **Promotion:** Packaging helps market the product because it can draw attention through brands and logos, shape and colour.

Customer/user friendly: Microwave porridge, popcorn, soup, beans etc. make food consumption more convenient and increase sales.

Evaluation (Size and Quantity) Packaging can control the size and quantity of a product. Portion control helps control inventory, create product consistency and can help regulate prices. **(Marketing)** Packaging is the front line of marketing. Through design and marketing communications, packages can help sell a product and differentiate it from similar products.

The packaging can also help promote product branding. **(Security)** Product security can be provided through packaging. Packing can make items tamper resistant, can help reduce theft and can help prevent harm from dangerous products.

(C) (i) Explain the term 'Public Relations' (PR).

**20m
5 (3+2)**

Public Relations refers to all activities related to creating a good public image for the product or service amongst its stakeholders. It aims to achieve favourable publicity and build a good corporate image for the business/ its concern is the long-term objective of promoting a favourable image of the business.

(ii) Discuss methods a business could consider to generate good Public Relations.

3@5 (3+2)

Publicity: Public Relations can take the form of press releases or press conferences where the media are given information about the company's activities.

Sponsorship is another form where businesses pay money so that their product name will be displayed by individuals, organisations or at particular events or stadia. It can be very effective at positioning a business (sponsoring of sports events or TV programmes). Businesses can position themselves as big, national, popular, traditional etc. e.g. The Aviva stadium, 3Arena in Dublin, the Cork Guinness Jazz festival, Irish Independent Park (formally Musgrave Park in Cork) and Kellogg's GAA Cúl camps.

Celebrity endorsements, where celebrities are paid to endorse or be associated with the business and its brand. The celebrities market the product through television or radio advertisements, large event appearances etc. Businesses use celebrities in their marketing, hoping to drive up sales and have a positive impact on profits. e.g. Beyonce and Taylor Swift both became 'brand ambassadors' for Pepsi Amy Huberman-Newbridge Silver Brian O'Driscoll-Gillette Katie Taylor-Bank of Ireland.

Other PR strategies include: Annual reports; company brochures; publicity literature; promotional films /Donations to charity/ Local community relations/After Sales Service etc.