

Chapter 1

(a) Stakeholders and Relationships

2021 Q4 (B)

Describe a co-operative relationship and a competitive relationship between two producers in the same line of business. Use appropriate examples to support your answer. (20)

MS: 2 x 10m (4 + 3 + 3)

A **co-operative relationship** exists where both **parties work together to achieve a common goal**.

It is a win-win relationship/ a scenario of **mutual benefit**, where both sides gain and are better off afterwards than they were before.

A co-operative relationship between producers in the same line of business could exist to encourage consumption of the good.

E.g. Two rival car manufacturers share the cost of developing an in-car IT system.

A **competitive relationship** between rival businesses refers to both businesses pursuing a **mutually exclusive goal** in an effort to achieve particular objectives at the expense of the other.

It is known as a **win-lose** relationship.

Car manufacturers such as Volkswagen and Renault compete via Quality of goods, Price of goods, Customer Service, Choice of goods and services.

2015 Q1 (A)

Describe one example of a co-operative relationship and one example of a source of conflict that could arise between the following stakeholders:

(i) Investor and Entrepreneur.

(ii) Supplier and Purchasing Manager. (20 marks)

MS: Investor and Entrepreneur Co-operative relationship 5m (3+2)

Source of Conflict 5m (3+2)

Supplier and Purchasing Manager Co-operative relationship 5m (3+2)

Source of Conflict 5m (3+2)

(i) Investor and Entrepreneur

A co-operative situation could arise if the entrepreneur requests more time to repay a loan during an economic downturn, and an investor agrees to allow them more time to reduce the chances of them going out of business and not being able to pay back the debt at all. This would be a co-operative relationship as both parties gain from the relationship, i.e. it is a **win-win relationship**.

A source of conflict may exist where an investor may want immediate returns (e.g. dividends) and is not prepared to wait/may want greater returns out of profits rather than retaining funds in the business for further expansion which an entrepreneur might prefer.

(ii) Supplier and Purchasing Manager

A co-operative situation (win-win) would arise when the supplier provides good quality raw materials, components and finished goods to the purchasing manager who pays on time and offers a fair price. They act in each-others interests to both benefit.

There may be conflict between the two sides if the purchasing manager isn't paying up within the credit period provided by the supplier for the purchase of the goods.

2017 Q1 (A)

Describe one example of a co-operative relationship which could arise between each of the following pairs of stakeholders:

- ☐ Employer and employee
- ☐ Investor and manager of a business
- ☐ Producer and consumer (20m)

Employer and employee

An employer can pay for an employee to do a training course and an employee could take time out of their weekends to do the training course. The employer 'wins' as the employee becomes more skilled for work. The employee 'wins' as they didn't have to pay to be more qualified.

Investor and manager of a business

The manager may convince investors to invest more money for an expansion project. The Investor 'wins' as the value of their investment will go up if successful. The manager 'wins' as the business becomes more profitable, they may receive more bonuses.

Producer and consumer

The producer could ask the consumer to take an online survey on their product. The producer 'wins' because they can improve their product, increasing sales. The consumer 'wins' as they will now get a product more suited to their needs.

2020 Q1 (A)

In November 2019, Aldi celebrated 20 years of operating in Ireland. Today the supermarket store has over 200 Irish businesses making products for it. The company's website states: 'We're committed to sourcing the very best produce from the very best local suppliers.'

- (i) Illustrate how a co-operative relationship between Aldi and its suppliers could arise.
- (ii) Describe a competitive relationship between Aldi and its rival supermarkets.
- (iii) Outline how consumers benefit from the existence of competition between rival businesses. (20)

MS: (i) 7m 4(2+2)+3 (ii) 7m 4(2+2)+3 (iii) 6m (3+3) State and Explain

(i) A co-operative relationship exists where both parties work together to achieve a common goal. It is a **win-win** relationship/ a scenario of mutual benefit, where both sides gain and are better off afterwards than they were before.

A co-operative situation would arise when the supplier provides good quality raw materials, components and finished goods to Aldi who, in turn, pays the suppliers on time and importantly offer a fair price to suppliers.

(ii) A competitive relationship between Aldi and rival supermarkets business refers to both businesses pursuing different objectives in an effort to achieve particular objectives at the expense of the other. It is known as a **win-lose** relationship.

Aldi competes with other supermarkets, such as Tesco, via prices

(iii) Reduced Prices

The consumer benefits from Aldi and rival supermarkets **reducing their prices in order to attract consumers.**

Established supermarkets have been forced to lower their prices in order to compete with Aldi, Lidl etc. This is of financial benefit to the consumer.

Other: Sales promotions, higher quality goods

2014 Q1 (B)

Describe the role of any **two** 'Interest Groups' in business. (15 marks)
MS: Interest Groups x 2 - Name 6m(3+3) / role 6m(3+3) / methodology 3m

An interest group (a group which represents a group/stakeholders with a **common objective**) seeks to **influence decision and policy makers** affecting **its members**, through various actions including **negotiation, lobbying, information campaigns, public protests, boycotting** and possibly legal action.

Irish Business and Employers Confederation (IBEC)

- This is a union for business **owners** and employers.
- **Represents** employers on industrial relations matters with their employees.
- **Negotiates** with government and ICTU on **wage agreements**.

Irish Congress of Trade Unions (ICTU)

- **Represents** almost all trade unions in Ireland.
- **Negotiates** national agreements with government and employers.
- **Promotes** the principles of trade unionism through **campaigns** and policy development.
- Provides **information, advice and training** to **unions** and their **members**.

2009 Q1 (A)

Outline, using an example, the role of interest groups in the business world. (10 marks)

MS: Role of Interest Groups and example 10m: 4+4+2 marks

This question is answered as per 2014 above.

2011 Q1 (A)

Outline, using examples, the relationship that can exist between 'Investors' and 'Entrepreneurs' in business. (15 marks)

MS: Co-operative OR Competitive relationship 15m (3+6+6)

Investors provide **finance** for the business (shareholders/Banks/State bodies...) and expect a **return from their investment** (e.g. interest, dividends...)

Entrepreneurs are the risk takers (both **financial** and **personal risk**). They provide the **initiative** to start the business with the hope of making a **profit**.

Co-operative relationship

Parties/stakeholders working together towards a common goal. They act in a mutually beneficial manner (**win-win**).

For example, the relationship is co-operative when the entrepreneur gives open, transparent and honest information to the investor e.g. accurate business plans and cash flow forecasts and in return the entrepreneur receives finance at a reasonable rate from the investor.

Competitive relationship

Each party/stakeholder tries to win at the other party's expense. It is a **win-lose** relationship.

For example, they might compete on the level of risk/investment. The entrepreneur is prepared to take further risks to develop the business and to use the profits for expansion, while the investor may wish the profit to be paid out regularly (less risk/safety of investment).

2009 Q1 (B)

Discuss how consumers may benefit from the existence of a competitive relationship between producers. (15 marks)

MS: Each point must show how the consumer benefits & show it is from a competitive relationship between producers 3 x 5m (2+3)

A competitive relationship exists where each party is pursuing a common objective at the expense of the other party. It is a win-lose relationship.

Producers like Lacoste may try to **increase the quality** of their product in order to increase sales against their competitors (like Tommy Hilfiger). Customers may respond by becoming more loyal to the firm. Consumers would benefit by getting a higher quality product from the manufacturer.

Producers like Nike or Adidas may try to **increase the range of products** (increase **choice**) available for sale to increase loyalty amongst consumers. Consumers would benefit, as there are more options available to them

Producers like Sony or LG may try to offer better **customer service** to their consumers, e.g. live chat on their webpage, more information on their products, customer care line...to outdo their competition. Customers would benefit as they can find out better information on the product before purchasing an item like a TV.

(N.B. Make it clear in your answer that you are referring to producers, i.e. *manufacturers* and not *retailers*.)

2008 Q1 (A)

Describe a competitive relationship and a co-operative relationship between two producers in the same line of business. Use appropriate examples to support your answer. (15 marks)

MS: Comp & Coop relationships & e.g. 5 (2+3)+ 3 and 5(2+3) +2

Co-operative Relationship

A co-operative relationship is when two or more parties work together and they both benefit from the relationship if it is successful. It is a **win-win** relationship.

Producers could decide to share market research costs on their market, e.g. Ryanair and Aer Lingus both pay for one market research study on airline customers holiday habits.

They both benefit as they receive better information on the market than they could afford individually.

Competitive Relationship

A competitive relationship is where if one party gains it is at the expense of the other. It is a **win-lose** relationship.

Producers could offer lower prices or better products

For example, Ryanair compete against Aer Lingus by offering cheaper flights than Aer Lingus can on routes. If a customer chooses Ryanair because they are cheaper, they benefit while Aer Lingus loses out.

(b) Contract Law: Elements, Termination, Remedies**2010 Q1 (C)**

In relation to the Law of Contract, illustrate your understanding of *Capacity to Contract*. (10 marks)

MS: Explanation 5m and Example 5m

Capacity to contract means that all natural persons (human beings) and legal/corporate persons, such as companies, have the legal right to enter into a contract. It is the legal ability to enter a valid contract.

If the company acts beyond its legal powers it is said to be acting '**Ultra Vires**'.

The following people generally don't have the capacity to contract: infants, persons under the influence of drink or drugs, insane or bankrupt persons.

2009 Short Q

(a) Explain the legal term '*consideration*'. (b) Outline two other elements of a legally binding contract.

MS: (a) 4m (2+2); (b) 6m (1m+2m x 2)

(a) Each party in a contract must exchange **something of real value** to the other party. Consideration is usually in the form of money but it could also be something valuable exchanged as part of the contract.

(b) (1) **Legality of Purpose:** A valid contract cannot be for something illegal, e.g. a drug deal. (2) **Legality of Form:** For some contracts to be valid, they must be in a certain form, e.g. the sale of a house must be in writing to be legal.

2017 Short Q1

Column 1: Terms	Column 2: Explanations
1. Specific Performance	A. Some contracts must be in writing to be legally valid.
2. Legality of form	B. A way of terminating a legal contract.
3. Performance	C. The mutual exchange of something of value in a contract.
4. Consideration	D. Each party chooses to enter a contract voluntarily.
5. Capacity	E. A remedy for breach of contract.
	F. The legal right to enter into a contract.

Answer: 1E; 2A; 3B; 4C; 5F

2013 Q1 (C)

Illustrate your understanding of the following terms, in relation to a valid contract: agreement; legality of form; and consideration. (20 marks)

MS: Agreement (8m) (3+3+2)

Legality of form (6m) & Consideration (6m) (3+3)

Agreement (Offer and Acceptance)

For agreement to exist there must be a clear, complete and unconditional offer and acceptance of that offer. The offer can be made orally, in writing, or by conduct.

The party answering the offer agrees to the terms of the offer orally, in writing, or by conduct. This is acceptance. Offer must be accepted and taken up by other party as it stands, without any conditions.

For example, Paddy is selling an iPhone. Noah offers €280 for the iPhone. Paddy accepts the offer of €280 without any changes.

Legality of form

Certain contracts, to be considered legal, must be drawn up in a particular **manner**. Some contracts must be in **writing** if they are to be legally valid.

For example, insurance policies/hire purchase agreements/the sale of a house.

Consideration

Each party in a contract must exchange **something of real value** to the other party. Consideration is usually in the form of money, but it could also be something valuable exchanged as part of the contract.

For example, Noah pays Paddy €280 for the iPhone. The money (€280) and phone (iPhone) are the consideration.

2019 Q1 (A)

Q1 (A) Explain each of the following terms in relation to the law of contract, providing an example in each case.

Capacity to Contract - Consideration - Legality of Form - Consent to Contract

MS: 4@5 (3+2); 3m for the keywords and 2m for the example

Let's look at what a real answer looks like in a script:

Consent to Contract
 Parties must give free/real agreement of their own free will.
 eg. A contract would be void if someone was forced to sign
 under gunpoint.

[This is taken from Getting a H1 in Leaving Cert Business \(my 2019 LC Script\), available in our store now](#)

Capacity to Contract

The **legal ability or power** to enter in to a legal contract.

E.g. adults have capacity but a **child that is under 18** doesn't have the legal power to enter in to a contract to buy a house for example

Consideration

Consideration is the **items of value that must be exchanged between parties** for a contract to be considered valid.

E.g. **Giving €3 to a café and getting a coffee back** – both the money and drink are consideration as they are of value. A charity donation isn't a contract as an item of value isn't given back to the person donating.

Legality of Form

Certain contracts must take on a **particular format, like be in writing**, to be legal.

E.g. When **buying a house**, an oral agreement isn't sufficient to be valid, it must be in writing.

Consent to Contract

All parties in a contract must **give their real permission and not be threatened or forced to agree** to enter a contract.

E.g. If a person is **forced to sign a contract at gunpoint** it can be ruled invalid by a court if proven

The Business Guys

2018 Q1 (A)

Read the information supplied and answer the questions which follow.

The band 'Stand and Deliver' officially cancelled their upcoming tour due to the death of their singer Richard Stears.

- (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.

MS: 2+2; 3@7 (2+3+2)

(i) Frustration

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.

(ii) *Let's look at what a real answer looks like in a script:*

Performance 2
 When both parties complete what was agreed in the contract, it is now terminated as it has finished and parties require no further action. 3
 E.g. An actor like Tom Cruise's contract is finished when the film stops shooting after a year. +2

[This is taken from What It Takes \(2018 LC Script\), available in our store now](#)

Breach

If one of the parties does not perform their side of the contract i.e. they break an important condition/essential element of the contract.

E.g. 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.

Agreement

The parties to the contract may agree to end the contract by mutual consent even if the purpose of the contract has been achieved.

E.g. 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.

Performance

Both parties to the contract carry out their duties as required by the contract/the contract is executed according to the agreed terms.

E.g. A band is booked to perform at a wedding. They perform as agreed.

2012 Q1 (B)

A legal contract can be terminated by breach, frustration or agreement. Illustrate your understanding of the underlined terms. (20 marks)

MS: Explanation & Example needed 7 + 7 + 6 marks (4 + 3), (4+3) and (3+3)

By Breach

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 breached. The party is in breach of a **condition/essential element** agreed. The second party has the right of action in the courts against the first party who caused the breach/compensation. For example, a condition of the contract states that a footballer won't use drugs. If a footballer used drugs, then they would have breached their contract and could be fined or fired by their club.

By Frustration

An **unforeseen event prevents the contract from being completed**. Something happens which makes it impossible to complete the contract for either or both parties. For example, the **death** or **bankruptcy** of one of the parties in the contract.

By Agreement

The parties to the contract may **agree** to end/cancel a contract by **mutual consent** whether or not the purpose of the contract has been achieved. For example, a contract of employment between a football club and its manager may be ended if both parties are happy to no longer work together.

2016 Q1 (B)

A legal contract can be terminated by **performance**, whereby parties to the contract fulfil their obligations as agreed.

Outline **three other** methods for terminating a legal contract.

MS: 8 (4+4) + 2 @ 6m (3+3)

2021 Q4 (C)

Read the information supplied and answer the questions which follow.

Premier League soccer player Jack Wilshere and his club West Ham Utd agree 'mutual termination of midfielder's contract'. (Adapted from the Irish Independent)

- (i) Explain the method of terminating a legal contract as referred to in the text above.
- (ii) Outline other methods for terminating a legal contract. Provide an example in each case. (20)

MS: (i) 6m (3+3); (ii) 14m 2 x 7m (2+3+2)

(i) Agreement

The parties to the contract may agree to end the contract by mutual consent whether or not the purpose of the contract has been achieved.

(ii) Breach of contract

If one of the parties does not perform their contractual obligation the party is in breach of a condition.

The second party has the right of action in the courts against the first party who caused the breach/entitled to compensation.

E.g. a wedding band arrive and only play 2 songs having been booked to play for 2 hours

Performance

Both parties to the contract carry out their duties as required by the contract.

E.g. A builder is contracted to build a house. The house is completed and the builder is paid.

Frustration

An unforeseen event happens which makes it impossible to complete the contract. E.g. The death of Michael Jackson made it impossible for him to carry out his concerts in London.

2015 Q1 (B)

Illustrate your understanding of the term *specific performance* in relation to contract law. (10 marks)

MS: Remedy for breach, explanation, and relevant example. 10m (4 + 3 + 3)

Specific Performance is a **remedy for the breach** of a contract.

The party in breach of a contract would be **ordered by a court to carry out its agreed contractual obligations**.

For example, specific performance may be used as a remedy in a contract for an extension to a property if a builder was to quit working on the extension before it was completed. The homeowner could bring it to court and the builder could be ordered to carry out the work as agreed in the original contract.