

BUSINESS OPTION A

HIGHER & ORDINARY LEVEL

MARKING SCHEME

Pre-Leaving Certificate Examination 2024

Higher Level: page 3

Ordinary Level: page 39



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

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

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

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.	2+2+2+2+2	10
8.	(3+3) + (2+2)	10
9.	(3+3) + (2+2)	10
10.	(2+2) + (2+1) + (2+1)	10
11.	(3+3) + (2+2)	10
12.	(3+3) + (2+2)	10
Section 1	Available Marks	80

**SECTION 2
(80 MARKS)**

Irish Artworks Ltd

Applied Business Question (Units 1,2,3) This is a compulsory question.			Max Mark
(A)	Outline the enterprising skills/characteristics employed by Rachel and Peter in the above situation with reference to text.	20m 4@3m (1,2) and 4 links @2m	20
(B)	(i) Define the management activity of 'planning'. (ii) Illustrate how different types of planning help Irish Artworks Ltd.	30m 6m 3@8m (3+3+2 link)	30
(C)	(i) Define the term 'trade dispute' as in the Industrial Relations Act 1990 and explain whether the staff at Irish Artworks Ltd have a valid dispute. (ii) Discuss two non-legislative methods of resolving the dispute.	30m 6m 4m Yes 2m, 4m Link 2@7m (2+3+2 link)	30
Section 2	Available Marks		80

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

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

SECTION 3
(240 MARKS)

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

One question from **Part 1**, **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)	Explain, using examples where appropriate, the essential elements of a valid contract.	All elements @3m (2,1) each plus examples 4m	25
(B)	(i) Outline four areas where conflict may arise with regard to a dismissal being unfair under the Unfair Dismissals Act 1997-2021. (ii) If an employee has been found to have been unfairly dismissed, what are the options for redress.	4 x 3m (2,1) 2 x 5m 1 x 3m	25
(C)	Explain the term 'work to rule'.	5+5m	10
Available Marks			60

Question 2			Max Mark
Domestic Environment			
(A)	Discuss the benefits of using franchising as an expansionary method	4@5m (3+2)	20
(B)	Explain, using examples, the impact that high inflation has had on the Irish consumer recently.	3 impacts @6m each + 2m any example	20
(C)	(i) Define Community Development. (ii) State two functions of Local Enterprise Offices (LEOs) and how they help businesses in the local community.	6m (3+3) 2 @ 5m + 2 x 2m how they help local community	20
Available Marks			60

Question 3 International Environment		Max Mark
(A)	Illustrate what is meant by the term 'trading bloc'. Give examples.	6m (3+3) 4m (2+2) examples 10
(B)	In the context of the EU, distinguish between an EU directive and an EU regulation. Choose one example of either and describe its purpose.	1@10 (5+5) 1@10 (5+5) 5m (2+3m purpose) 25
(C)	Evaluate the opportunities and challenges for Irish businesses as a result of engaging in international trade. Evaluation required.	2 opportunities @5 (3+2) 2 challenges @5 (3+2) 5m 25
Available Marks		60

Question 4 People in Business		Max Mark
(A)	These provisions are from the Industrial Relations Act (1990). (1) Closed shop agreements (2) Picketing (3) Secret Ballot (4) Immunity Discuss any three of these provisions.	2@9m (5+4) 1@7m (4+3) 25
(B)	(i) Outline the role of the Office of the Ombudsman. (ii) Describe two features of the Small Claims Procedure/Small Claims Court.	2@5m (3+2) 2@5m (3+2) 20
(C)	Explain three forms of redress available to consumers under the Sale of Goods & Supply of Services Act 1980.	3@5m(3+2) 15
Available Marks		60

SECTION 3

Part 2: Enterprise

Question 5 Enterprising/Managing		Max Mark
(A)	Outline the different stages in Maslow's Hierarchy of Needs and illustrate how Beta Ltd applies this theory to motivate its employees. Two Links/ reference	5 @3m (3+2) 1 x 3m Link 1 x 2m Link to Beta Ltd article 20
(B)	Evaluate how recent developments in technology have benefitted business communications. Evaluation required	3 @ 6m (3+3) 2m 20
(C)	Discuss the benefits and challenges for a business of developing a matrix structure (team structure) to complete specific projects in a business.	2@5m (3+2) 2@5m (3+2) 20
Available Marks		60

Question 6 Business In Action		Max Mark
(A)	(i) Explain the term risk management. (ii) Illustrate three methods that can be used to reduce risk in a business.	5m (3+2) 3@5m (3+2) 20
(B)	Outline four functions of a Human Resource Manager.	4@5m (3+2) 20
(C)	(i) Explain the term Debt/Equity ratio (ii) Calculate the Debt/Equity Ratio for 2023. Show your workings. (iii) Discuss the importance of the Debt/Equity Ratio when deciding on new sources of finance for Lee Tyres Ltd.	5m (3+2) 7m 2@4m (2+2) 20
Available Marks		60

Question 7		Max Mark
Managing/Business in Action		
(A)	Discuss the benefits of employee empowerment	3@ 5m (3+2) 15
(B)	Idea Generation, Feasibility Study & Prototype Development are important stages before a new product or service is launched onto the market. Discuss the stages underlined above, referring to a product or service of your choice.	3 @5m (3+2) 5m for explaining with example 20
(C)	(i) Explain the reasons VM Ltd would prepare a cash flow forecast. (ii) Calculate the figures represented by the letters A, B and C on the cash flow forecast. (iii) Explain how VM Ltd might deal with the financial problem identified in the cash flow forecast.	3 @3m 3 Figures @2m each Identifying problem 2m Deal with 2@4m (2+2) 25
Available Marks		60

Question 8		Max Mark
Business in Action		
(A)	(i) Define 'branding'. (ii) Discuss the benefits to Twitter in changing its brand.	1@10 (5+5) 3 @5m (3+2) 25
(B)	Evaluate 'price' and 'product' in relation to the Marketing four P's. Evaluation required	Price - 3 strategies @4m each Product - 3 points @3m each 4m 25
(C)	Explain what market segmentation is? Give examples.	2 @5 (3+2) 10
Available Marks		60

SECTION 1

SHORT ANSWER QUESTIONS

SUPPORT NOTES

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

	Possible Responses	Max Mark
2.	(i) A Matrix structure within businesses deal with individual work/ teamwork . (ii) The number of shareholders needed for a Ltd company is 1-149/1-99 . (iii) Gross Domestic Product (GDP) measures value of goods and services produced in a country / value of goods and services produced by citizens and businesses of a country. (iv) Inflation is measured by the CSO/ CPI . (v) An Ad hoc meeting is a regular/ once-off meeting .	10 2+2+2+2+2

	Possible Responses	Max Mark										
3.	<table border="1"> <tr> <td>CRO</td> <td>COMPANIES REGISTRATION OFFICE</td> </tr> <tr> <td>USP</td> <td>UNIQUE SELLING POINT</td> </tr> <tr> <td>R&D</td> <td>RESEARCH & DEVELOPMENT</td> </tr> <tr> <td>JIT</td> <td>JUST IN TIME MANUFACTURING</td> </tr> <tr> <td>PRSI</td> <td>PAY RELATED SOCIAL INSURANCE</td> </tr> </table>	CRO	COMPANIES REGISTRATION OFFICE	USP	UNIQUE SELLING POINT	R&D	RESEARCH & DEVELOPMENT	JIT	JUST IN TIME MANUFACTURING	PRSI	PAY RELATED SOCIAL INSURANCE	10 2+2+2+2+2
CRO	COMPANIES REGISTRATION OFFICE											
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	Possible Responses	Max Mark										
4.	<table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>TRUE</td> <td>TRUE</td> <td>FALSE</td> <td>FALSE</td> <td>TRUE</td> </tr> </table>	1	2	3	4	5	TRUE	TRUE	FALSE	FALSE	TRUE	10 2+2+2+2+2
1	2	3	4	5								
TRUE	TRUE	FALSE	FALSE	TRUE								

	Possible Responses	Max Mark
5.	<p>Outline two external sources of new product ideas for manufacturing companies.</p> <p>Competitors – Monitoring competitors and copying some of their product ideas, while being mindful of patent and copyright law.</p> <p>Import substitution – where a product that is currently being imported is substituted by a home produced product of a similar quality or price.</p> <p>Customer Complaints – Feedback could result in changes in or further developments of existing products.</p> <p>Foreign travel or trade shows – could inspire companies to make a new product for the domestic market.</p>	<p>10</p> <p>(3+3) + (2+2)</p>

	Possible Responses	Max Mark
6.	<p>Discuss two benefits of delegation for the manager.</p> <ul style="list-style-type: none"> • Frees up time for management for strategic planning: • Manager is not required to do all the work and has more time for strategic planning. Increased efficiency. • Task/project may be completed to a higher standard due to the level of personal accountability provided by delegation. Increased motivation/staff morale. • Increased employee motivation from job enrichment/ improved staff morale/more challenging work. • Effective time-management tool/ managers can prioritise tasks that need their attention. • Staff development: Higher skilled workforce will allow greater management flexibility. The tasks up-skill staff and develop their capabilities. • Work-life balance improves for the manager: delegation may improve the work-life balance for the manager. Manager recognises the need to delegate and their workload can decrease. 	<p>10</p> <p>(3+3) + (2+2)</p>

	Possible Responses	Max Mark
7.	<p>Batch</p> <p>Job</p> <p>Job</p> <p>Mass</p> <p>Mass</p>	<p>10</p> <p>2+2+2+2+2</p>

	Possible Responses	Max Mark
8.	<p>Forming, storming, norming and performing are stages in team development. Outline your understanding of storming and norming.</p> <p>Storming: Team members test relationships and tensions/Conflicts frequently arise/Members try to establish their positions on a team/Members may act as individuals and resist other views/Differences are challenged.</p> <p>Norming: Constructive relationships and ways of working together emerge/ Ground Rules and procedures are agreed and there is an increased focus on the task at hand/Greater sense of trust develops between team members.</p>	<p>10 (3+3) (2+2)</p>

	Possible Responses	Max Mark
9.	<p>Outline two strategies that management could use to help employees adapt to change.</p> <p>1. Training and Development:</p> <ul style="list-style-type: none"> Staff must be provided with the skills needed for the use of new technologies so as to achieve efficiencies and provide a better service to its customers. Training increases staff's ability to cope and eases staff's fears about new changes. It can be provided on the job or off the job. <p>2. Teamwork:</p> <ul style="list-style-type: none"> When employees are arranged into teams it can lead to discussion, innovation and change. Teamwork increases staff's familiarity to change. This can ease reluctance to changes that management introduce <p>3. Rewards:</p> <ul style="list-style-type: none"> By providing rewards to employees, behaviour can be influenced as they try to achieve those awards. • Rewards may include a profit sharing scheme, so employees are encouraged to work as they will achieve a portion of those profits. 	<p>10m(3+3) + (2+2)</p>

	Possible Responses	Max Mark												
10.	<p>Complete the following grid by listing two types of short term, medium term and long-term finance for a household.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Short Term finance</th> <th>Medium Term finance</th> <th>Long Term finance</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Bank Overdraft</td> <td>Hire Purchase</td> <td>Savings</td> </tr> <tr> <td>(ii)</td> <td>Accrued Expenses</td> <td>Leasing</td> <td>Mortgage</td> </tr> </tbody> </table>		Short Term finance	Medium Term finance	Long Term finance	(i)	Bank Overdraft	Hire Purchase	Savings	(ii)	Accrued Expenses	Leasing	Mortgage	<p>10m (2+2) + (2+1) + (2+1)</p>
	Short Term finance	Medium Term finance	Long Term finance											
(i)	Bank Overdraft	Hire Purchase	Savings											
(ii)	Accrued Expenses	Leasing	Mortgage											

	Possible Responses	Max Mark
11.	<p>(a) Explain the role of the European Commission.</p> <ul style="list-style-type: none"> • Drafts proposals for new laws: the Commission is the sole EU institution tabling laws for adoption by the Parliament and the Council that protect the interests of the EU and its citizens on issues that can't be dealt with effectively at national level. • Implements laws/enforces existing legislation together with the Court of Justice, ensures that EU law is properly applied in all the member countries. • Represents the EU internationally, speaks on behalf of all EU countries in international bodies, in particular in areas of trade policy and humanitarian aid. Negotiates international agreements for the EU. • Manages the EU Budget and sets EU spending priorities, together with the Council and Parliament. Draws up annual budgets for approval by the Parliament and Council. Supervises how the money is spent under scrutiny by the Court of Auditors. <p>(b) Name the other two main decision-making institutions of the EU.</p> <p>(i) European Parliament</p> <p>(ii) Council of the European Union (Council of Ministers)</p>	<p>10m (3+3) + (2+2)</p>

	Possible Responses	Max Mark
12.	<p>Describe two characteristics of an environmentally responsible business.</p> <p>Minimise waste/safe disposal of waste:</p> <ul style="list-style-type: none"> • 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. <p>Pollution prevention:</p> <ul style="list-style-type: none"> • 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 health and the environment. The idea is pollution prevention rather than pollution control. <p>Code of Ethics:</p> <ul style="list-style-type: none"> • The business could establish a code of ethics which is a formal written statement setting out the modes of behaviour expected from a business in its dealings with the environment and the wider community in which it operates, encouraging a culture of openness, consultation, honesty and awareness of environmental issues, etc. <p>Environmental Audits:</p> <ul style="list-style-type: none"> • Independent studies of how the business impacts the environment. This makes the business more environmentally aware so they can reduce negative environmental impacts. 	<p>10m (3+3) + (2+2)</p>

SECTION 2
(80 marks)
Applied Business Question
Irish Artworks Ltd

(SUPPORT NOTES)

	Possible Responses	Max Mark
(A)	<p>Outline the enterprising skills/characteristics employed by Rachel and Peter in the above situation with reference to text. (20)</p> <p>Risk Takers – Being an entrepreneur involves taking both personal (may quit their job to set up the business) and financial risk (borrow capital) in pursuit of a business idea.</p> <p>‘Both left careers in industry to set up their business, investing their own savings as well as securing a loan from the bank’.</p> <p>Realistic – Entrepreneurs see things as they are, not as they would like them to be. They take action to improve something/prevent something from happening. They set realistic targets. They don’t overestimate target profits etc.</p> <p>‘Their overall vision is to become the leading provider of specialized reasonably priced Irish artwork in Ireland’.</p> <p>Confident – Entrepreneurs have belief in their idea and belief in their ability to turn the idea into a reality.</p> <p>‘They were not discouraged and continued to grow the company.’</p> <p>Identify Opportunities – Entrepreneurs can spot gaps in the market for profit making opportunities</p> <p>‘They spotted a gap in the market when a friend of theirs complained that she couldn’t find a reasonably priced Irish landmark artwork for a gift.’</p>	<p>20m 4@3m (1,2) and 4 links @2m</p> <p>Skill Explain Link</p>

	Possible Responses	Max Mark
(B)	<p>(i) Define the management activity of 'planning'. Planning is the setting down of specific goals and objectives and the putting in place of strategies that allow you to achieve the stated goals and objectives of the business.</p> <p>(ii) Illustrate how different types of planning help Irish Artworks Ltd.</p> <p>Strategic plan This refers to a long-term plan outlining the goals or objective to be achieved over a longer period of time. A plan that outlines the goals to be achieved over the next 5-10 years. Link to text: 'They recently signed a year-long contract with a nationwide supermarket chain, which, if successful, will go along way to making that dream a reality'.</p> <p>Tactical plan A tactical breakdown of the strategic plan into goals or objectives to be achieved within the next 1-2 years. Short term plans. Link to text: 'At the moment, they are working towards increasing their market share by 15% over the next five years'.</p> <p>SMART/ SWOT / Operational This is a plan outlining the goals or objectives to be achieved on a daily or weekly/monthly basis. 'A SWOT analysis revealed their strengths to be their talented staff and quality of their products'.</p> <p>Mission statement This is an overall vision document for a business. Who we are? Our values? What we do? Link to text: 'Their overall vision is to become the leading provider of specialized reasonably priced Irish artwork in Ireland'.</p>	<p>6m</p> <p>3@8m (3+3+2 Link)</p>

	Possible Responses	Max Mark
(C)	<p>(i) Define the term 'trade dispute' as in the Industrial Relations Act 1990 and explain whether the staff at Irish Artworks Ltd have a valid dispute.</p> <p>A Trade Dispute is defined as any dispute between employers and workers which is connected with the employment or non-employment or the terms or conditions of employment of any person (example of any condition of employment).</p> <p>Yes, they have a valid dispute. Management have not delivered on the promises they made.</p> <p>'The Trade Union representative outlined his belief that the employees had a valid reason to consider an official strike, as pay and conditions were below expectations.'</p>	<p>30</p> <p>6m</p> <p>4m 2m</p> <p>4m Link</p>
	<p>(ii) Discuss two non-legislative methods of resolving the dispute</p> <p>Meeting/Talk: The employee and the employer can meet to discuss the issue and try to resolve the problem. The shop steward might meet with the HR manager to discuss an issue affecting an employee or group of employees.</p> <p>Negotiation/Bargaining: Both parties can compromise/use counter arguments to reach a middle ground. Mediation: a third party becomes involved and tries to open communication between the parties involved in the conflict. 'The representative has communicated this to staff and drawn up a lot of points for negotiation.'</p> <p>Conciliation: A third party becomes involved and tries to open communication between the parties, and may offer a suggestion for parties to consider to resolve the conflict. The parties agree a solution themselves. 'Should either party not be happy with the outcome, they have agreed to try conciliation to come to a mutually acceptable conclusion.'</p>	<p>2@7m (2+3+2)</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

	Possible Responses	Max Mark
(A)	<p>Explain, using examples, the essential elements of a valid contract.</p> <p>Offer A promise by the person making the offer to be bound by the offer provided the terms of the offer are accepted. The offer can be made orally, in writing, or by conduct and is a clear indication of the offerer’s willingness to enter into an agreement under specified terms. Example required for full marks.</p> <p>Acceptance The second party must agree to the terms of the offer as it stands. The acceptance must be clear, complete and unconditional. Example required for full marks.</p> <p>Agreement For agreement to exist there must be a clear, complete and unconditional offer and an acceptance of that offer by another party. Example required for full marks.</p> <p>Capacity to contract All-natural persons (human beings) and legal/corporate persons, such as companies, have the legal right (able to) (capable of) to enter freely into a contract. Example required for full marks. The following generally do not have the capacity to contract: infants (those under 18 years of age) except in certain cases e.g. necessities - persons under the influence of drink or drugs - insane persons - bankrupt persons - diplomats - companies operating outside their powers/ Ultra Vires.</p> <p>Consideration This refers to the exchange of value in a contract. Each party in a contract must give something of value to the other party. So long as consideration exists, a court of law will not question its adequacy, provided it is of some value. Consideration is usually some monetary payment, but it could also be something valuable exchanged as part of the contract. Example required for full marks.</p> <p>Legality of form 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. Example required for full marks.</p> <p>Consent to contract Both parties must enter the contract on their own free will. They must agree to the contract without undue influence. If there is no choice, there is no consent. Consent must be honest and voluntary. Example required for full marks.</p> <p>Intention to Contract Both parties to the contract must be aware that they are entering into a legally binding agreement that could see them in court if they fail to keep their side of the agreement. With domestic and social arrangements there is no intention to create a legally binding contract. Example required for full marks.</p> <p>Legality of Purpose The intention of the contract must be in full compliance with all laws. Example required for full marks.</p>	<p style="text-align: center;">25</p> <p>All elements at 3m (2,1) plus any two examples 4m (2,2)</p>

	Possible Responses	Max Mark
(C)	<p>Explain the term 'work-to-rule'.</p> <p>This is where employees only undertake the exact jobs written in their job description or contract of employment. No flexibility is provided by staff to meet urgent or unforeseen requirements. Workers follow the rules of their employment contracts to the 'letter of the law'.</p> <p>It is a <u>job action</u> in which <u>employees</u> do no more than the minimum required by the rules of their contract or job, and <u>strictly follow</u> time-consuming rules normally not enforced.</p> <p>This may cause a <u>slowdown</u> or decrease in productivity if the employer does not hire enough employees or pay the appropriate salary and as such does not have the requirements needed to run at the level they desire.</p> <p>It is a form of protest against low pay and poor working conditions, and is considered less disruptive than a <u>strike</u> or <u>lockout</u> as obeying the rules is not susceptible to disciplinary action or loss of pay. It can also highlight rules that are technically in place but impractical and thus hamper the organisation, if they were to be followed as written.</p>	10m (5+5)

QUESTION 2 - Domestic Environment

	Possible Responses	Max Mark
(A)	<p>Discuss the benefits of using franchising as an expansionary method.</p> <p>Benefits:</p> <ul style="list-style-type: none"> • Tried and tested formula – reduced risk. • Buying an established business/name/brand with a proven track record/ lower risk of failure in the marketplace/business idea is already successful. • Have an existing customer base which results in guaranteed sales. • Have access to the experience and systems of the franchisor/can learn from other franchisees/benefit from uniform approach. • Low cost/centralised/group purchasing power/ bulk discounts/ economies of scale/can share costs such as marketing between all franchisees. • Managerial training and support provided by the franchiser. • Brand recognition/ can use the name or logo which is already well established. Product innovation is shared. • Part of a bigger organisation e.g. benefitting from a national/international presence. <p>Less risk of business failure:</p> <p>Franchising provides a person who wishes to open a business with the opportunity of replicating a proven, well established business model. The franchisee (person setting up the business) pays the franchisor (existing business) for the right to use the franchisors trade name and business system. The business name is well known in the market so it is low risk.</p> <p>Economies of scale:</p> <p>The new franchisee benefits from economies of scale generated by the franchiser. Bulk discounts, gained by the franchiser as a result of bulk purchasing are passed onto individual franchisees, allowing them to charge lower prices and generate larger profits. Training and on-going support is provided in the start- up and development by the franchisor. The franchisor may pay for a national advertising campaign and create a marketing strategy for the franchisee. New product development is undertaken by the franchisor, business start-up advice and training programmes will help the new franchisees in their businesses.</p> <p>Banks are more likely to lend money:</p> <p>Failure rates for franchises are far lower than the failure rates for new independent businesses and for that reason banks are more willing to lend money. Marketing campaigns are conducted nationally, etc.</p>	4@5m(3+2)

	Possible Responses	Max Mark
(B)	<p>Explain, using examples, the impact that high inflation has had on the Irish consumer recently.</p> <p>Inflation Erodes Purchasing Power This is inflation's primary and most pervasive effect. An overall rise in prices over time reduces the purchasing power of consumers since a fixed amount of money will afford progressively less consumption.</p> <p>Consumers lose purchasing power regardless of what the inflation rate is. This curtails spending.</p> <p>Inflation Raises Interest Rates As the examples above suggest, governments and central banks have a powerful incentive to keep inflation in check. The approach has been to manage inflation using monetary policy over the past century. The ECB has increased the interest rates having a negative effect on consumers' mortgages and borrowing.</p> <p>Cost of Living crisis Huge price increases have pushed consumers to the brink, especially for fuel and groceries.</p> <p>Inflation makes governments and central banks plan for manageable price increases by setting inflationary targets and consumers respond by spending as prices tend to increase at a nominal rate.</p> <p>But that changes when inflation overheats.</p> <p>It can diminish the purchasing power of consumers. When inflation runs rampant, governments generally raise interest rates, reduce the amount of money banks must have on reserve, and cut back on the money supply.</p>	<p>20m</p> <p>3 impacts @6m each +2m any example</p>

	Possible Responses	Max Mark
(C)	<p>(i) Define Community Development</p> <p>Community development refers to the improvement of local areas and local communities socially and economically through the efforts of local citizens and residents. Community development is about self-help/spirit of enterprise as opposed to depending on the government or outside agencies to help them develop.</p> <p>The aim of community development is to improve the local social and economic infrastructure.</p> <p>Or A voluntary or professional effort to support and develop the social and economic activity of a local community for the benefit of the community.</p> <p>(ii) State two functions of Local Enterprise Offices (LEOs) and explain how they help businesses in the local community.</p> <p>The Local Enterprise Office provides advice, information and support to you in starting up or growing your business. With 31 dedicated teams across the Local Authority network in Ireland, Local Enterprise Offices offer you a wide range of experience, skills and services.</p> <p>Our Role: To Help You Deliver on Your Business Idea</p> <ul style="list-style-type: none"> • To drive the development of local enterprise, putting local micro and small business at the heart of job creation in Ireland. • To drive and support business start-ups and promote a 'can-do' business culture. • To increase the job potential of new and existing micro and small businesses. • To increase the number of innovative businesses with potential to export. • To be proactive in response to the needs of our clients. 	<p>20m</p> <p>6m (3+3)</p> <p>2@5m +2 x 2 help community</p>

	Possible Responses	Max Mark
(C)	<p>First-Stop Shop</p> <p>The LEOs are the front door through which all information on State supports for small and micro-businesses can be accessed and signposted to other supports and bodies with programmes relevant to small business as well as important local services and compliance requirements can be provided.</p> <ul style="list-style-type: none"> • Revenue • Dept of Social Protection • Education and Training Boards • Skillnet Ireland • Microfinance Ireland • Credit Review Office • Fáilte Ireland • National Association of Community Enterprise Centres (NACEC) <ul style="list-style-type: none"> • We provide direct financial supports to micro businesses*. Micro enterprises are businesses with 10 or less employees. However, in some cases, depending on certain criteria, businesses with 10 employees or more may be eligible, please contact your <u>Local Enterprise Office</u> advisor for more information on eligibility. • We advise on a range of alternative funding options available. • We offer business information, advisory services and enterprise support. • We deliver high-quality training to meet the needs of your business including: Start Your Own Business, Managing Your Business e.g., Marketing, Sales, Financial Management, Strategy and Business Planning. • We mentor you and your business with experienced experts. • We guide you to the services most relevant to support the growth and development of your business. • We give you advice on local authority regulations, planning, accessibility, environment, procurement and other issues affecting your business. • We connect you with appropriate State resources for your business including relevant agencies such as; <ul style="list-style-type: none"> - Department of Social Protection: Enterprise Supports - Microfinance Ireland: Business Loans - Revenue: Start Up Relief for Entrepreneurs - Education and Training Boards: Business Courses - Credit Review Office: When your bank has refused credit • We create progression pathways for high-potential companies to Enterprise Ireland. • We advise on local property solutions for start-ups and business expansions. • We organise key enterprise events. • We facilitate effective business networking. • We promote entrepreneurship education in the local community. • Our website www.localenterprise.ie gives you access to online information about our supports and services. 	

QUESTION 3 - International Development

	Possible Responses	Max Mark
(A)	<p>Illustrate what is meant by the term trading bloc. Give examples.</p> <p>Trading bloc: A group of participating countries which allow free trade between them. There is no tariffs or trade barriers in place between them. European Union and NAFTA.</p>	<p>10m 6m(3+3) + (2+2) examples</p>

	Possible Responses	Max Mark
(B)	<p>In EU context, distinguish between an EU Directive and an EU Regulation.</p> <p>EU Directive: it obliges member states to change their national laws to allow for EU rules, within a certain time limit. It is binding only as to the results to be achieved, leaving member states to choose, within prescribed limits, the means by which the rules and targets are to be attained. They are used to bring different national laws into line with each other and are common in matters affecting the operation of the Single Market (e.g. product safety standards, WEEE (Waste, electrical, and electronic equipment Directive, Health and Safety at work Directive.)</p> <p>EU Regulation: this is a legislative act of the EU which becomes enforceable immediately as law in its entirety in all member states simultaneously. It takes precedence over national law. It is self-executing and does not require any implementing measures. EU institutions can enforce a regulation throughout the EU. Regulation (EU) No.261/2004 established common rules on compensation and assistance to airline passengers.</p>	<p>25m 1@10m (5+5) 1@10m (5+5) 5m (3+2) purpose</p>

	Possible Responses	Max Mark
(C)	<p>Evaluate the opportunities and challenges for Irish businesses as a result of engaging in international trade.</p> <p>BENEFITS:</p> <p>Free movement of goods services and labour: The creation of the Single Market in 1993 eliminated trade barriers within the EU, allowing for the free movement of goods, services, labour and capital between member states. This helps Irish businesses attract high quality labour from EU countries.</p> <p>Larger market/Increased Sales Bigger market for Irish businesses leading to greater sales potential. Irish businesses can expand and grow by trading in other EU countries. This leads to increased profitability and diversification for Irish businesses who export to the European Union.</p>	<p>25m 2x5 (3+2) & 2x5 (3+2) 5m Evaluation</p>

	Possible Responses	Max Mark
(C)	<p>Economies of Scale When an Irish business is producing goods for the European market this can reduce costs. Mass production can help the business reduce the cost per unit of producing goods which in turn increases profitability for Irish businesses.</p> <p>Spin-off effect of FDI for Irish Businesses As a member of the EU with open access to the EU market the Irish economy attracts foreign direct investment (FDI), thereby creating employment opportunities. The value of (FDI) in Ireland stands at over €30 billion today. Many Irish businesses supply raw materials and services to multinationals. Small Irish agricultural businesses benefit from CAP Farmers, under the Common Agricultural Policy (CAP), receive income support measures. Between 1973 and 2008, Irish farmers received €44 billion from the (CAP). This helps Irish farming businesses stay viable. Single currency in the Eurozone/European Monetary Union.</p> <p>Increased sales: Global firms have access to larger markets all over the world. This gives the opportunity to increase their sales and profit.</p> <p>Marketing: A standardised global marketing campaign can increase brand awareness among consumers in global markets. The business can find it easier to expand into new markets or launch new products as consumers recognise the global brand name, e.g. Keogh’s Crisps .</p> <p>Spreading Risk: By operating in several global markets, the firm spreads its risk of failure. Sales in one market can compensate for falling sales in another market. This helps to reduce the likelihood of business failure.</p> <p>CHALLENGES:</p> <p>Local consumers: Consumers might not purchase a standardised product, so the business must adapt the product to suit local tastes. This customisation increases business costs.</p> <p>Local Customs: The global business must be aware of local customs. Consumer attitudes and behaviours are highly influenced by culture. When a company moves into a new market, business models should be modified to reflect local preferences, customs, and habits.</p> <p>Environmental penalties: New legislation, higher tax or financial penalties will begin to affect businesses that breach environmental standards or fail to meet sustainability targets. Corporate Social Responsibility and environmental factors must be included as factors in planning the future of a business.</p> <p>Evaluation required.</p>	

QUESTION 4 - People in Business

	Possible Responses	Max Mark
(A)	<p>(i) Provisions of The Industrial Relations Act 1990.</p> <p>Closed Shop Agreements</p> <ul style="list-style-type: none"> • Closed shop: in union-management relations, an arrangement whereby an employer agrees to hire - and retain in employment - only persons who are members in good standing of the trade union. A closed shop is an arrangement whereby a place of employment requires current membership in a specific union as a condition of employment. • Secret Ballots: under the provisions of the Industrial Relations Act 1990 no strike or other industrial action can take place without a secret ballot. All members are given a fair opportunity of voting. The act also provides that the union should not organise or participate in industrial action without a majority of votes having being cast in favour of industrial action. The union must make known to the members (entitled to vote) the results of a secret ballot as soon as practicable after the vote. Notice of industrial action One week's notice of action must be given to the employer involved in a dispute. • Official disputes unofficial disputes and injunctions: Official dispute is one where a union has received approval from workers in a secret ballot and is confirmed by ICTU. Unofficial disputes have no ICTU or union approval and workers receive no strike pay. • Picketing: Primary picketing: according to the Industrial Relations Act 1990 it is lawful for workers to picket peacefully at a place where their employer works or carries on business provided the picketing is for the purpose of peacefully communicating information. • 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. • Immunity: the Industrial Relations Act 1990 states the trade unions and workers are immune from legal action/prosecution for damages or losses suffered by the employer as a result of a trade dispute. 	<p>25m</p> <p>2@9m (4+4)</p> <p>1@7m (4+3)</p>

	Possible Responses	Max Mark
(B)	<p>(i) Outline the role of the Office of the Ombudsman.</p> <p>The Office of the Ombudsman. Types of claim The Ombudsman can investigate a complaint if you believe that a public service body has given you the wrong information or your complaint has not been dealt with properly.</p> <p>Last Resort The Ombudsman will only investigate a claim if all other procedural routes have been exhausted. Types of investigation: they can also investigate a decision that you believe to be unfair, has been delayed or where the reason for the decision has not been properly explained to you. Agencies not in its remit, there are certain complaints that the Ombudsman cannot examine.</p> <p>They include complaints about:</p> <ul style="list-style-type: none"> • Clinical judgements of doctors or other medical professionals • Job applications • Decisions relating to immigration or naturalisation • How prisons are run • The Office of the Ombudsman cannot examine a complaint if you have already started legal proceedings against a public body for the same complaint. <p>Preliminary Investigation if the Ombudsman can take your case on they will begin a preliminary investigation and ask the public service body to provide relevant information. You may also be informally interviewed at this stage.</p> <p>Formal Investigation In a formal investigation, the Ombudsman will draft a statement of complaint in consultation with you. The investigation will be carried out in private and usually in writing. The Ombudsman may demand any information, files or documents to help him or her carry out the investigation. At the end of the investigation process, the Ombudsman must inform you of the decision.</p> <p>Outcome of investigation depending on the outcome, they may ask the provider to change its decision or offer an explanation and/or compensation.</p> <p>Recommendations: the Ombudsman can only make recommendations. Their decisions are not legally binding.</p>	<p>20m 2@5m (3+2)</p>

	Possible Responses	Max Mark
(B)	<p>(ii) Small Claims Procedure/Court:</p> <p>Types of claim: The following types of consumer claims can be dealt with under the small claims procedure:</p> <ul style="list-style-type: none"> • Consumer claims such as for faulty goods or bad workmanship. • You must have bought the goods or service for private use from someone selling them in the course of business. • Claims can also be made for minor damage to your property. • Claims for the non-return of a rent deposit for certain kinds of rented properties, such as, a holiday home or a flat in a premises where the landlord also lives. • Consumer claims cannot be made through the small claims procedure for debts, personal injuries or breach of leasing or hire-purchase agreements. • Businesses can make claims against other businesses in relation to contracts for goods or services purchased. It does not apply to claims in relation to agreements to which the Consumer Credit Act 1995 applies; breaches of leasing agreements, debt or liquidated damages. • Low cost/affordable: to apply to the Courts Service a fee of €25 must be paid. • Compensation: can award compensation up to the value of €2000. • The consumer does not have to hire a solicitor. This limits the legal costs and is convenient. • Convenience/Speed: the retailer/service provider is given two weeks to respond to the case, otherwise a court date is set in the District Court. • Impartial/Appeals: the case is heard by an impartial judge who makes a decision on the claim. The decision may be appealed to the Circuit Court if either party are not happy with the judgement. • Access to online Small Claims Procedure. 	2@5m (3+2)

	Possible Responses	Max Mark
(C)	<p>Explain three forms of redress available to consumers under the Sale of Goods and Supply of services Act 1980.</p> <p>Remedies for breaches of the Act: 3 Rs: Refund, Repair and Replacement: The remedy will depend on the seriousness of the fault, when the fault happened and how soon after purchase the consumer made the complaint.</p> <p>A full refund: If goods are not of merchantable quality/have major fault from the very beginning and the consumer acts within a reasonable time of the sale it is likely that the goods can be rejected by the buyer and a full refund will be provided.</p> <p>A partial refund, repair or replacement : if the consumer has used the product/delayed in acting/there is an implied acceptance of the product. Any remedy must be completed without significant inconvenience to the consumer.</p>	15m 3@5m(3+2)

SECTION 3: PART 2

QUESTION 5 - Enterprise

	Possible Responses	Max Mark
(A)	<p>Outline the different stages in Maslow’s Hierarchy of Needs and illustrate how Beta Ltd applies this theory to motivate its employees.</p> <p>Physical Needs: Maslow identified that humans have a need for food, water, clothing and shelter. A business manager can satisfy these needs by offering competitive payments/salaries to all employees and financial incentives.</p> <p>Safety Needs: the need for job certainty, tenure of employment and physical safety. A business manager can satisfy these needs by offering long-term contracts of employment employees, and ensure the working environment is safe.</p> <p><i>‘It is committed to providing a healthy and safe workplace’</i></p> <p>Social Needs: the need for interaction with other humans. The need for friendship and to belong as part of a group. A business can satisfy these needs by offering a team structure exists in the business where employees from all over the world work together on innovative projects.</p> <p><i>‘It fosters a culture of intrapreneurship’</i></p> <p>Esteem Needs: the need to have your performance recognised by others. The need for praise and the need to be challenged. A business manager could provide challenging work, listen to staff ideas, reward innovation and achievement and offer development opportunities.</p> <p><i>‘It recognises and rewards staff achievements’</i></p> <p>Self-Actualisation: this is the desire to achieve a person’s own full potential. To be the best possible version of themselves. Business managers who support employees to seek new challenges and both facilitate and encourage a growth mindset can help employees strive to self-actualise through development programmes.</p>	<p>20m</p> <p>5@3m (3+2) 1x3m Link 1x 2m Link to Beta Ltd</p>

	Possible Responses	Max Mark
(B)	<p>Evaluate how recent developments in technology have benefitted business communications.</p> <p>If you need to speak with an employee who is travelling in another country or you need to communicate with your supplier half way around the world, technology such as email and texting allows you to do so instantaneously. Urgent messages can be communicated rapidly and effectively using different technologies, including Skype and smart phone technology.</p> <p>Professional networks like LinkedIn have revolutionised the way business people communicate with each other.</p> <p>The Internet including social network sites Sites such as Facebook, Instagram, twitter as well as LinkedIn have facilitated the global marketing of companies. Network advertising, company websites and electronic payment have allowed global e-commerce to flourish.</p> <p>Skype and virtual meetings/video conferencing This allows workers to enjoy flexi-time, work from home and communicate, cutting down on the costs associated with live meetings i.e., Microsoft Teams or Zoom.</p> <p>Advanced CAD (Computer Aided Design) CAD has revolutionised the design process, making it much easier and faster to develop new products, and allowing companies to react quickly to customer requests and needs. Allows designs to be saved, changed and reworked without starting from scratch. A product designed in one country can be sent electronically to another country to be tweaked by local designers to make it better suited to local tastes.</p> <p>EDI Automated stock-control systems/design 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.</p> <p>Robotics: Use of technology to handle, analyse and communicate business data.</p> <p>AI: Artificial Intelligence Use of AI sites like ChatGpt will change how businesses do business.</p> <p>Evaluation required</p>	<p>20m 3@6m (3+3) 2m evaluation</p>

	Possible Responses	Max Mark
(C)	<p>Discuss the benefits and challenges of developing a matrix organisation structure (team structure) to complete specific projects in a business.</p> <p>Possible responses include:</p> <p>Benefits</p> <ul style="list-style-type: none"> • Personnel from various different departments bring new ideas/ new ways of thinking to the project (innovation). Improves relationships within the team – improved communication. • A co-ordinated approach to problem solving can be achieved due to the existence of a team/project leader/Team members have the support of a project leader who is responsible for co-ordinating team effort and ensuring task completion. • Shared skills and expertise – employees can learn new skills from each other/professional development/improved motivation for employees. Responsibility is shared – although team leader is appointed to control the project the entire team shares responsibility of task/all team members have an input into decision making and problem solving. <p>Challenges</p> <ul style="list-style-type: none"> • Teams can be a talking shop – all talk no action/ certain people in the project team may dominate the task/only one voice is heard. Team development goes through stages of forming, storming, norming and performing. • Decision making may be slow as getting agreement at consultation stage could take time/all opinions considered which may slow down the process. • Can be difficult to co-ordinate employees from different areas/being answerable to two different managers could lead to confusion and conflict/ clash of loyalty between their own department and the project team. • Can be conflicting pull on resources. Member from the sales team may be unwilling to agree extra funding for the production department, etc. 	<p>20m</p> <p>2@5m (3+2) Opportunities 2@5m (3+2) Challenges</p>

QUESTION 6

	Possible Responses	Max Mark
(A)	<p>(i) Explain the term risk management.</p> <p>It involves the identification of all possible risks/losses e.g. the risk of fire, employer negligence, personal injury loss, legal liability, etc. and trying to minimise the impact of these risks occurring.</p> <p>(ii) Illustrate three methods that can be used to reduce risk in a business:</p> <p>Insurance: transfer the risk to an insurance company for a premium where the company will make good any loss suffered.</p> <p>Safe procedures: the manner/act of doing something is strictly laid out and adhered to/ /stringent monitoring procedures/secure procedures for managing cash.</p> <p>Health and Safety/Health and Safety statements: regulations, identification of hazards, etc. Training of personnel in health and safety. Drills, courses of action and medical training.</p> <p>Appoint Health and Safety representatives in the work force. Report safety issues. Regular safety inspections/audits. Investment in new, replacement, upgraded equipment.</p> <p>Install Security systems - alarms, fire doors, CCTV etc. Provision of safety equipment, protective clothing and training in same.</p>	<p>20m</p> <p>5m (3+2)</p> <p>3@5m (3+2)</p>

	Possible Responses	Max Mark
(B)	<p>Outline four functions of a human resource manager.</p> <p>HR Planning/Manpower Planning:</p> <ul style="list-style-type: none"> • 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 staff resources, forecast staff needs, and then make a plan to either increase/decrease staff levels. <p>Recruitment/Selection:</p> <ul style="list-style-type: none"> • Recruitment and selection is concerned with finding or attracting the best potential candidates with the appropriate skills and then picking the most suitable candidates for employment. • The Human resource manager must draw up a job description and person specification and then advertise the position. The applicants must be screened (short-listed). Selection is usually by means of an interview process. <p>Training/Development:</p> <ul style="list-style-type: none"> • Training is concerned with improving the employees' ability to perform their job in an effective manner. • The company invests in training, leading to better knowledge and skills among employees. This results in better customer service and a better experience for customers. • 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. <p>Performance Appraisal:</p> <ul style="list-style-type: none"> • 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. <p>Rewarding employees:</p> <p>This is concerned with offering employees monetary and or non-monetary rewards for work well done. This can lead to a motivated workforce.</p> <ul style="list-style-type: none"> • Rewards offered by the HR department 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. • Monetary and non-monetary rewards are used to satisfy the wide-ranging needs of the workforce. <p>Managing Industrial Relations:</p> <ul style="list-style-type: none"> • A function of the HR department is to promote and maintain positive industrial relations in the organisation. • HR departments take a proactive approach to ensure positive industrial relations by attempting to maintain open communications with staff and develop grievance procedures. • This is to ensure issues are resolved quickly. 	<p>20m 4@5m (3+2)</p>

	Possible Responses	Max Mark
(C)	<p>(i) Debt/Equity Ratio – it compares the proportion of capital acquired through long-term loans/debt capital with the proportion of capital raised via through retained earnings and issued share capital. It analyses the capital structure of the business.</p> <p>(ii) Formula: Debt capital : equity capital (long-term loan) : (Issued Share Capital + Reserves)</p> <p>2023 €150,000 : €460,000 + €140,000 €150,000 : €600,000 0.25 : 1</p> <p>The Debt/Equity Ratio for Lee Tyres Ltd of 0.25: 1 shows that the business is low geared.</p> <p>(iii) Discuss the importance of the Debt/Equity Ratio when deciding on new sources of finance for Lee Tyres Ltd.</p> <p>Financial institutions would look favourably on any application for finance as they are in such a good position. This gives the business more freedom as they now have more finance options for expansion available to them.</p> <p>Lee Tyres Ltd is a lowly-geared company which means the majority of the capital has been provided by the owners in the form of share capital and retained earnings.</p> <p>Lee Tyres Ltd can raise further capital by selling shares up to a limit of €290,000 (Authorised – Issued). Raising finance through additional loans is an option for Lee Tyres Ltd because it does not have too many existing loans already, as it is lowly geared.</p>	<p>20m 5m (3+2) 7m Calculation 2@4m (2+2)</p>

QUESTION 7

	Possible Responses	Max Mark
(A)	<p>Discuss the benefits of employee empowerment.</p> <p>Improves decision making – staff with expertise make effective decisions - speeds up decisions</p> <ul style="list-style-type: none"> • Decisions can be made quicker and without having to constantly get approval from a manager/superior - this slows decisions. • Employees often have the expertise to make effective fast decisions, empowerment facilitates fast-effective decision making. <p>Prepares staff for Management roles/promotions - trains staff to be decision makers</p> <ul style="list-style-type: none"> • Empowerment means staff gain invaluable experience in having to make decisions and judgement calls. • This prepares staff for promotions/ role of management which in turn can reduce the need for training. <p>Increased Motivation – Increased Staff Morale & Job Satisfaction</p> <ul style="list-style-type: none"> • Employees will be empowered, allowing them to make decisions, increasing trust from management and allowing them to satisfy esteem needs (Maslow). The benefit for the business is that there would be more energised and productive staff, and lower staff turnover 	<p>15m 3@5m (3+2)</p>

	Possible Responses	Max Mark
(B)	<p><u>Idea Generation, Feasibility Study & Prototype Development</u> are important stages before a new product or service is launched onto the market.</p> <p>Discuss the stages underlined above, referring to a product or service of your choice.</p> <p>Idea Generation: Ideas for new products can come from internal sources, such as firms R&D department or brainstorming sessions. External sources such as suggestions from friends and family or customer feedback can also provide ideas.</p> <p>Feasibility Study: This is an investigation to see if a product is profitable and possible. It identifies whether the idea should be produced. Feasibility can be assessed as marketing feasibility or financial feasibility.</p> <p>Prototype Development: This is a ‘mock-up’ original of a product. It is manufactured to see any flaws in the original design and to see if the product can be made. The prototype also allows the product to be changed/updated. Characteristics, difficulties and costs of production can be identified.</p>	<p>20m 3@5m (3+2)</p> <p>5m for any example of a product or service of their choice</p>

	Possible Responses	Max Mark
(C)	<p>(i) Explain the reasons VM Ltd would prepare a cash flow forecast.</p> <ul style="list-style-type: none"> • It will help VM Ltd manage its cash flow and live within its means. • It acts as a financial control mechanism that can be used to measure actual cash flow against planned cash flow encouraging VM Ltd to plan its finances sensibly and live within its means and not to overtrade. • Avoids cash flow problems as costs are considered in advance/ to ensure it has sufficient funds. It will help VM Ltd identify periods of time in the future when the business will have an excess of expenditure over income i.e., a deficit and then take corrective action/assess the best methods to deal with the cash shortfall. • Enable VM Ltd to use its scarce resources more effectively. It will help VM Ltd identify periods of time in the future when the business will have a surplus of income over expenditure. • VM Ltd can then make plans to place these surplus funds on deposit with a financial institution or make expansion decisions. It will help VM Ltd gain access to finance from financial institutions as the cash flow forecast is an integral part of the business plan given to banks and other potential investors/ Supports applications for loans and grants, etc. <p>(ii) Calculate the figures represented by the letters A, B and C on the cash flow forecast.</p> <p>A = (€10,000) B = (€30,000) C = (€40,000)</p> <p>(iii) Explain how VM Ltd might deal with the financial problem identified in the cash flow forecast.</p> <p>The deficits months are October and December. How to address:</p> <p>Avail of a short-term source of finance: VM Ltd could arrange a bank overdraft facility with its bank to finance problem months where the business is running a deficit. The overdraft facility provides extra flexibility for VM Ltd when it needs it most. However, care should be taken because the rate of interest charged on a bank overdraft is high. Other short-term sources could be considered such as trade credit (delaying payment to creditors/ seeking an extension period of credit from creditors)</p> <p>Adjust receipts: Its receipts in October and December could be increased by changing its marketing mix, e.g., lowering price to sell more, increasing the price depending on elasticities, designing new products or more effective promotion campaigns/reducing period of credit given to debtors/cash sales only.</p> <p>Adjust payments: The business could decrease its cash payments by sourcing cheaper suppliers, restructuring loan repayments or asking employees to take a wage decrease. By moving €10,000 of payments from October to November, the company would break even at the end of October, etc.</p>	<p>25m</p> <p>3@3m 3 figures @2m each Identifying problems 2m Deal with 2@4m (2+2)</p>

QUESTION 8 - Business in Action

	Possible Responses	Max Mark
(A)	<p>(i) Define branding</p> <p>Branding is about making consumers feel good about supporting a company and establishing an emotional connection. Those that brand effectively create a lasting impression that helps grow advocacy and loyalty among customers for the long term.</p> <p>A brand is a name, term, design, symbol or any other feature that distinguishes one seller's good or service from those of other sellers e.g. Twitter, Ralph Lauren, Adidas.</p> <p>(ii) Benefits for Twitter in changing its brand</p> <p>Possible responses for a re-brand include:</p> <ul style="list-style-type: none"> • Having a brand name makes it easier to distinguish the product from competitor's products/it is instantly recognisable. • Can be used as a marketing tool for advertising purposes. Twitter is a well-known brand and they have different promotions to keep the brand name to the fore of consumer's minds. It is easier to introduce new products if the brand name is already well known. • A well-known brand name can command a premium price. • Twitter brand command higher prices than for instance own brand labels/ premium prices can be charged. • May be perceived as high quality. • Repeat purchases as a result of branding will increase sales. • Individual market segments can be identified and targeted with different products under the brand name. Over time consumers become loyal to a particular brand and will not change. • Consumers tend to use the same brand each day, twitter over other social media outlets. • Branding allows a company to differentiate itself from the competition and, in the process, to bond with their customers to create loyalty. • Brand names can be registered to protect the owner so that no other firm can use that name. • Embodying a Vision for the Future: Elon Musk's vision for X as the 'everything app' is an ambitious goal to create a unified digital ecosystem, but it's possible. (Look at what Amazon did with shopping.) By consolidating various services under one platform, users can seamlessly connect, communicate, explore, and transact in integrated ways. • Simplifying the Brand: X embodies the Zen of simplicity, where less is more. The single letter connotes a user-friendly design that streamlines the digital experience. • Reimagining Social Networking: Twitter's roots, which innovated how we communicate globally and share media, can be the crop starter for this newly imagined social marketplace. The breadth of products and services X will offer may prove effective in fostering a deeper sense of community and engagement. • Tapping Into Musk's Strength: Innovation: Elon Musk's leadership and reputation as an innovative entrepreneur undoubtedly play a significant role in attracting attention to X. His futuristic vision for society, combined with his fervent following, can act as a catalyst in shaping the platform's growth and fueling excitement among users and investors alike. 	<p>25m</p> <p>1@10 (5+5)</p> <p>3@5m (3+2)</p>

	Possible Responses	Max Mark
(B)	<p>Evaluate 'price' and 'product' in the Marketing four P's.</p> <p>Product/Service:</p> <ul style="list-style-type: none"> The item/service being sold plus anything related to how it is made, packaged and named. The business needs to consider product/service options, the after-sales service, warranties and servicing, etc. <p>Product design</p> <ul style="list-style-type: none"> Design of the product is very important. A full design team should be assigned to come up with prototypes. All factors should be looked at, e.g., cost, environmental and consumer needs. Functionality: the product must take account of consumer legislation such as the Sale of Goods and Supply of Services Act 1980 which puts a legislative onus on producers to manufacture products or provide services that are of merchantable quality and fit for the purpose intended. The product/service must do what it is expected to do. Branding - having a brand name makes it easier to distinguish the product/service from competitor's products/services. Branding can be used as a marketing tool for advertising purposes. New products/services are easier to introduce if the brand name is already well known. Brand names can be registered to protect the owner so that no other firm can use that name. Branding helps buyers to identify a particular supplier's goods/ services and create and maintain their confidence in the performance of the brand encouraging, brand loyalty. <p>Price:</p> <ul style="list-style-type: none"> Premium pricing/penetration pricing/cost-plus pricing. Competition is very intense in the various sectors and this will influence the price to be charged. Decisions on price affect the viability of the brand and the profitability of the business, so great care is needed when deciding on the price to charge. Consumers may use price as a judge of quality/therefore one must be cautious around low prices. Premium pricing: price is set at a high rate to reflect consumer's perception of a superior product. Ideal for small businesses that sell unique products (bespoke diamond rings). Along with developing a high-quality product, they combine marketing, promotion and product packaging to support the premium price. Product may have a unique selling point (USP) or a distinct competitive advantage. BMW/Rolex Watch/Hermes scarf/Fantasia children's clothing/ Products based on new technologies (3D Games). Price skimming: Often most effective in the early days of a product life cycle/very few close rivals/setting high prices during the introductory phase to maximise revenues/help cover R&D costs and lowering the prices as competitor products appear on the market. May suit businesses that have a significant competitive advantage. Allows businesses to earn high profits from 'early adopters' who are prepared to pay the higher price to have the latest or best product on the market, before dropping the price for price sensitive consumers (Apple iPad/Sony iPhone). Cannot last for long as rival products will come on the market. May help small businesses recover their development costs and give the illusion of an exclusive product when first introduced into the market. 	<p>25m</p> <p>Price: 3 strategies @4m each</p> <p>Product: 3 points @3m each</p> <p>Ev 4m</p>

	Possible Responses	Max Mark
(B)	<ul style="list-style-type: none"> Penetration pricing/market share pricing: Setting the price lower than competitor's prices initially to get a foothold in the market/capture market share from competitors/increase sales volume ('special introductory offers'). May be used to draw attention away from competitors and get consumers to try the product, even though it may result in a loss of income for the business initially. However, overtime the increase in awareness can increase profits and help businesses stand out from competitors. In the long run they may raise their prices to reflect their market position. <p>Evaluation required.</p>	

	Possible Responses	Max Mark
(C)	<p>Explain the term 'market segmentation'</p> <ul style="list-style-type: none"> Market segmentation involves dividing up the market into clearly identifiable sections, which have common characteristics. It allows a firm to identify who their target market is. Businesses may segment the overall market for their products either by demographic or physiological methods. This market may be further segmented e.g., males and females, sporty and non-sporty, leisure and competitive, rural and urban types to help develop and support an effective marketing strategy. 	<p>10m 2@5(3+2)</p>