

Block class

Marking scheme

Question 1

(B) Illustrate the impact of trade disputes on any **three** stakeholders in a business. (15 marks)

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

Management / Employer

More management time and effort required to resolve conflict rather than focusing on the goals of the business. Management must follow agreed codes of practice. This distraction may lead to production delays and wastage. It may also reduce their ability to encourage intrapreneurship among employees.

Any appropriate example:

Suppliers/Service Providers

Suppliers and Service Providers are normally paid after their product or service is sold. This period of time (credit) may be extended due to industrial action. They may not be able to sell their products or have their accounts due paid on time.

Any appropriate example:

Government

If the dispute is an official strike, the ceasing of business activity will reduce taxation revenue such as PAYE, VAT, and CPT for government. Business may close down requiring government payment of social welfare.

OR

Government agencies such as the Workplace Relations Commission may get involved to bring the dispute to a timely solution. This involves resources and time.

Any appropriate example:

Entrepreneur

The entrepreneur will be less likely to introduce new ideas as there is conflict in the business.

Any appropriate example:

Question 2

A. (i) Explain the term **co-operative relationship** between stakeholders in a business.

Question			Possible Responses	Max Mark
1	(A)	(i)	A co-operative relationship exists where both parties work together to achieve a common goal . It is a win-win relationship/mutual benefit , where both sides gain and are better off afterwards than they were before.	(2+3)

(A) (ii) 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.

Question			Possible Responses	Max Mark
1	(A)	(ii)	<ul style="list-style-type: none"> • <u>Employer and Employee</u> <p><u>A fair wage, which reflects work being done and qualifications and skills of employees, is offered by the employer and a fair day's work is provided by the employee.</u></p> <p>Wages/Good pay and conditions of work</p> <ul style="list-style-type: none"> • Employee benefits from being rewarded good pay and conditions for their work if they meet agreed targets. • Employer benefits from increased productivity/staff motivation/higher profits caused by employees working harder / job satisfaction. 	3@5(2+3) Example of benefit to each stakeholder required

Employee involvement in decision making results in less industrial relations problems for the employer

Allowing a representative of the workforce on a board of directors or allowing employees an input into decision making

- Employee benefits from gaining a greater understanding of employers viewpoints and are more likely to accept and embrace workplace change.
- Employer loses less days due to industrial relations conflict/strike. They may also acquire new ideas from the employees which they had not considered.

Delegation of responsibility to employees, leads to a more positive workforce and increased productivity for the employer.

Union Recognition

- Employees benefits from the knowledge that their rights have been accepted in the workplace. This leads to a good industrial relations climate.
- Employer benefits from having an efficient mechanism for preventing/solving disputes.

Safe and healthy work environment

The employer provides a better and healthy working environment, meeting the legal and moral requirements and the employee feels safe, leading to a productive environment.

- **Investor and Manager**

The financial resources provided by investors are not wasted but are used productively by management to generate a fair return on investment for the investor.

Transparent Financial Information:

All financial information provided by the manager to investor is accurate and up to date. The manager uses the investment appropriately.

- Investor will benefit from seeing that their investment is safe.
- Manager will find it easier to acquire the necessary finance to fund new projects.

Reasonable remuneration is sought by senior management:
If senior management avoid seeking excessive payments investors may be more willing to invest as fair return on investment can be received.

- **Producer and Consumer**

Brand Loyalty:

Where the consumer repeatedly purchases the good

- Producer maintains the quality of the product
- Consumer benefits from certainty in the quality that they purchase, leading to repeat purchase and brand loyalty.

Agreed terms of sale (fair price, profit margin)

- Producer – provides a quality product at a reasonable price.
- Consumer – pays a reasonable price for the product based on its quality/value for money.

The producer has an open and fair complaints procedure and consumer complaints are dealt with in a fair manner.

Question 3

5.		<p>Draft an email from Mike Hannon, Sales Manager to all staff at superstore.ie outlining two rights customers have under General Data Protection Regulation (GDPR).</p> <table border="1" data-bbox="341 423 1249 1314"> <tr> <td data-bbox="341 423 536 510">Recipients:</td> <td data-bbox="536 423 1249 510"><u>staff@superstore.ie</u> ①</td> </tr> <tr> <td data-bbox="341 510 536 598">Subject:</td> <td data-bbox="536 510 1249 598">GDPR ①</td> </tr> <tr> <td data-bbox="341 598 536 1238"></td> <td data-bbox="536 598 1249 1238"> <p>Hi all, ①</p> <p>Please be aware of the following rights of all our customers under GDPR:</p> <ul style="list-style-type: none"> - Customers have the right to request a copy of personal data held. - Customers have the right to question the use of their personal data - Incorrect information must be corrected. - Data must be erased if requested by the customer. - Information must be portable. <p>Regards ① Mike Hannon ①</p> </td> </tr> <tr> <td data-bbox="341 1238 536 1314">Send</td> <td data-bbox="536 1238 1249 1314"></td> </tr> </table>	Recipients:	<u>staff@superstore.ie</u> ①	Subject:	GDPR ①		<p>Hi all, ①</p> <p>Please be aware of the following rights of all our customers under GDPR:</p> <ul style="list-style-type: none"> - Customers have the right to request a copy of personal data held. - Customers have the right to question the use of their personal data - Incorrect information must be corrected. - Data must be erased if requested by the customer. - Information must be portable. <p>Regards ① Mike Hannon ①</p>	Send		<p>10</p> <p>5 x 1m</p> <p>3m + 2m</p>
Recipients:	<u>staff@superstore.ie</u> ①										
Subject:	GDPR ①										
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Send											

Question 4

Question		Possible Responses	Max Mark
1	(B)	<p>Informs the consumer: The CCPC provides consumers with information about their rights in relation to the purchase of goods and services, as well as financial services. They provide a website, a helpline, social media site and engage in radio and television advertising. They also produce a newsletter through a subscription service on their website.</p> <p>Enforces consumer law: The CCPC is the statutory body responsible for enforcing all consumer laws. They issue compliance notices, on the spot fines, prohibition notices and produce a Consumer Protection List of all businesses who have breached consumer law.</p> <p>Advise the Government: The CCPC advise the Government on consumer issues and recommend where consumers may need extra protection via legislation.</p> <p>Conduct Research: The CCPC engages in research into consumer behaviour. They do this in order to advise consumers on how they can change habits and save money or receive better value for money, e.g. switching electricity supplier.</p> <p>Educate consumers: The CCPC website has many tools for consumers to use to make more informed decisions. These include financial calculators, cost comparisons for various financial services, interactive quizzes etc.</p> <p>Monitors Mergers & Acquisitions: To ensure fair competition in the market for consumers, the CCPC monitors all mergers and acquisition in Ireland. This is to ensure that there are no dominant businesses in particular markets.</p> <p>Evaluation required.</p>	<p>20</p> <p>3 x 6m</p> <p>(3+3)</p> <p>Evaluation 2m</p>

Question 5

(C) Outline three types of redress available to employees who have been unfairly dismissed under the Unfair Dismissals Act 1977/2015.

Question		Possible Responses	Max Mark
1	(C)	<p>Reinstatement</p> <p>This means you are treated as if you had never been dismissed. Reinstatement entitles you to repayment for earnings lost between the date of the dismissal and the date of the hearing, and also to any favorable changes in the terms of employment during that period, such as pay rises. This remedy is rarely used.</p> <p>Re-engagement</p> <p>Re-engagement means you will be given your job back but only from a particular date, such as the date of the decision in your favor. This means that you will not be entitled to compensation for any loss of earnings. Often this remedy is used where the adjudicator feels the employee contributed to the dismissal, even though the actual dismissal was unfair. This remedy is rarely used.</p> <p>Compensation</p> <p>This is the most common remedy – where compensation is awarded in respect of financial loss only.</p> <p>Generally, the maximum compensation is 2 years’ pay. If you were dismissed for making a protected disclosure, the maximum is 5 years’ pay. You cannot claim any compensation for such matters as injury to your feelings or stress caused by the dismissal.</p>	<p>20</p> <p>7m +7m + 6m (3 +2+2) (2+2+2)</p>

Question 6

Question		Possible Responses	Max Mark
1	C	<p>Workplace Relations Commission 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 Conciliation is a voluntary process in which the parties to a dispute agree to avail of a neutral and impartial third party to assist them in resolving their industrial relations differences. The Workplace Relations Commission provides a conciliation service by making available Industrial Relations Officers (IRO or Conciliation Officer) of the Commission to chair ‘conciliation conferences’. Conciliation conferences are basically an extension of the process of direct negotiations, with an independent chairperson present to steer the discussions and explore possible avenues of settlement in a nonprejudicial fashion. Participation in the conciliation process is voluntary, and so too are the outcomes. Solutions are reached only by consensus, whether by negotiation and agreements facilitated between the parties themselves, or by the parties agreeing to settlement terms proposed by the Conciliation Officer. The conciliation process is informal in its practice. The parties are free to represent themselves or be represented by trade unions or by employer organisations. The Commission does not believe that the nature of the process requires legal representation of either party at conciliation meetings.</p> <p>Mediation 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</p>	<p>20</p> <p>4 x 5m (2+3)</p>

clear and informed basis. The process is voluntary and either party may terminate it at any stage. Where an attempt at mediation has been successful, the mediation officer will record the terms of the agreement in writing. If each of the parties are satisfied that the record accurately represents the terms of the resolution, they will sign the record. Where an attempt at mediation has proven unsuccessful, the mediation officer will notify the Director General of the WRC and each of the parties in writing of that fact. The complaint or dispute will be referred for adjudication by an Adjudication Officer.

Adjudication

Adjudication Officers of the Workplace Relations Commission (WRC) are statutorily independent in their decision-making duties. The Adjudication Officer's role is to hold a hearing where both parties are given an opportunity to be heard by the Adjudication Officer and to present any evidence relevant to the complaint. The Adjudication Officer will not attempt to mediate or conciliate the case. Parties may be accompanied and represented at hearings by a trade union official, a practicing barrister or practicing solicitor for example. 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.

Enforcement of Decisions

If an Employer fails to carry out a decision of an Adjudication Officer of the Workplace Relations Commission, or a decision of the Labour Court arising from an appeal of an Adjudication Officer's decision, within the prescribed time, an application may be made to the District Court for an order directing the Employer to carry out the decision.

The application can be made by the following:

- The Employee/Complainant (or legal representative on their behalf)
- A Trade Union, with consent of employee, or
- An excepted body of which the employee/complainant is a member.

In the case of an Adjudication Officer's decision, the application to the District Court can be made after a period of 56 days has elapsed from the date the decision was issued to the parties. A period of 42 days must have elapsed from the date the Labour Court decision was issued to the parties before the application can be made in respect of that decision.

Question 7

(B) Evaluate **negotiation**, **conciliation** and **arbitration** as methods to resolve industrial conflict in the workplace.

Question		Possible Responses	Max Mark
1	(B)	<p><u>Negotiation</u></p> <ul style="list-style-type: none"> Both parties bargain with each other/a process of bargaining Seek to discover common ground and reach agreement to settle a matter of mutual concern A compromise is reached that both parties find acceptable. <p><u>Conciliation</u></p> <ul style="list-style-type: none"> The third party attempts to get both sides of the dispute to talk / separately and jointly. The third party may offer a solution to the problem. The parties involved decide on the solution themselves /not legally binding. <p><u>Arbitration</u></p> <ul style="list-style-type: none"> The third party listens to both sides and makes a decision /judgement on the solution. Both parties agree in advance to accept the solution/to abide by the decisions made. <p>Evaluation required</p>	<p>3@6(3+3)</p> <p>2m</p>

Question 8

(A) *Outline the procedures an employer should follow before dismissing an employee, under the terms of the Unfair Dismissals Act of 1977-2007.*

All dismissals are presumed to be unfair unless the employer can prove otherwise. The burden of proof lies with the employer. The employer must show that there were substantial grounds for justifying the dismissal, e.g. misconduct such as theft or assault caught on CCTV.

- Counselling/Advice:

Counselling (i.e. advice on how to improve) is given by supervisor and recorded on the employee's personal record. The employer outlines what employee needs to do to rectify the situation. The employee is made aware of the consequences.

Formal verbal warning:

The employer has to inform the employee of the reasons for the possible dismissal. The evidence for the dismissal must be made known to the employee. This is given in the presence of the employee's representative. The employee is given the opportunity to respond fully to any such allegations or complaints. The warning is recorded on the employee's personal record.

- First Written warning:

If there is no change to the situation, a formal written warning follows the oral warning. A copy will be given to the employee's representative.

This may be followed by a final written warning, suspension without pay, transfer to another task, or section of the enterprise, demotion, some other appropriate disciplinary action short of dismissal and finally dismissal.

- Employee's Right of appeal

The employee has the right to a fair and impartial determination of the issues concerned, taking into account any representations made by, or on behalf of, the employee and any other relevant or appropriate evidence, factors or circumstances.

- Employer Duties/Responsibilities

The employer must recognise the employees right to representation at a hearing into the dismissal and the hearing itself must be impartial.

Other points: The employer is required to give the Procedure for Dismissals (i.e. Handbook for Employees) to all employees/Written copy of the reasons for dismissal must be forwarded to the employees within 14 days of the dismissal.

(20 marks)

Question 9

(C) (i) Explain, using an example, the term **intrapreneurship**.

Question			Possible Responses	Max Mark
4	C	(i)	<p>An employee within a business who engages in entrepreneurial activity/comes up with new ideas within/for the business in which she/he is employed. Intrapreneurs come up with ways of reducing costs or ideas for new products. Intrapreneurs need the freedom and resources (human and capital) to pursue their ideas.</p> <p>e.g. A worker at Google came up with idea for Gmail. A worker at Google came up with the idea for Google Maps. A worker at Microsoft came up with the idea for the Xbox. An employee at Good4U identifying a cost saving measure.</p>	<p>8</p> <p>8m (3+2+3)</p>

(ii) Illustrate **two** benefits of intrapreneurship for a business.

Question			Possible Responses	Max Mark
4	C	(ii)	<p>Increased Sales - New Products/Markets identified</p> <p>Intrapreneurship results in new products/services being developed. Intrapreneurs are champions of change, looking for ways to grow and expand the business constantly, to improve the business process or product for the business in which they are employed. New product and market development is very important to ensure the continued viability of any/all businesses.</p> <p>e.g. An employee at Sony came up with the idea for a games console which would become known as 'The Playstation'. This increased Sony sales and profits.</p> <p>Reduced Costs - Improved Efficiencies/ Increased Productivity</p> <p>Various ideas introduced result in greater productivity in the business. Many new ideas and cost cutting measures introduced result in greater profitability in the business.</p> <p>e.g. An employee at Cadbury's came up with a packaging improvement that reduced costs.</p> <p>Increased Staff Morale and Increased Staff Motivation</p> <p>More enjoyable workplace/nurturing of in-house talent to promote innovation. Where staff are offered the opportunity to be intrapreneurial they are generally more productive, happier and more fulfilled in their work. There is greater motivation and improved industrial relations which saves time and money in the business.</p> <p>e.g. Facebook is one the world's top employers. Facebook encourage intrapreneurship. An employee developed the idea for the 'Like' button. Encouraging intrapreneurship has a positive impact on staff morale and staff motivation at the business.</p>	<p>12</p> <p>2 x 6m (2+2+2)</p>

Question 10

2	C	<ul style="list-style-type: none"> • Employment. More enterprises will result in more jobs provided by Irish owned companies. These jobs can be more stable than footloose industries. • Taxation. The increase in jobs together with business activity will increase taxation yield which government may use to invest in infrastructure. • Exports will increase as home-produced products are sold abroad/ new markets. Imports may decrease. Import Substitution/ Balance of Payments may decrease. • Spin off effects. An enterprise culture will be developed where more local people are inspired to become entrepreneurs. • Reduce Social Welfare. Increased employment opportunities will reduce reliance on social welfare. • Economic Growth • New businesses are created • Community development • Enterprise Ireland/ LEO's • Overreliance on FDI 	15
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Question 11

4	B	<p><u>Physical Needs</u> Need for food, water, clothing and shelter. It offers competitive salaries to all employees</p> <p><u>Safety Needs</u> The need for certainty and physical safety. Long- term contracts of employment to all employees</p> <p><u>Social Needs</u> The need for interaction with other human beings. A team structure exists in the business where employees from all over the world work together on innovative projects</p> <p><u>Esteem Needs</u> The need to have your performance recognised by others. Staff ideas are accepted, and innovation rewarded.</p> <p><u>Self-Actualisation</u> This need is met when an employee reaches their full potential. Hexagon supports employees who take on further studies.</p>	20
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4	C	<p>(i) • Autocratic The leader gives instructions to subordinates. S/he makes decision without consulting with anyone. Example: A product recall or an emergency in store.</p> <p><u>Characteristics</u></p> <ul style="list-style-type: none"> • The leader gives instructions to subordinates. • Decision making is not shared/no consultation. • Little room for employee innovation. <p>• Democratic The leader involves the employees in the decision making process. S/he listen to the views of others and may facilitate consensus of the team. Leadership generates a sense of belonging but it is still centrally controlled by the manager/ Capitalise on the skills and talents of employees by letting them share their views rather than expecting them to conform.</p> <p><u>Characteristics</u></p> <ul style="list-style-type: none"> • The leader shares decision making with subordinates. • They listen to the views of employees /collaborative/keep employees informed of changes so they feel part of the retail outlet. • Leadership generates a sense of belonging but is still centrally controlled by the manager. • Teamwork-fosters an atmosphere that values information sharing/greater openness. • Requires trust between manager and employees. <p>• Laissez faire (Free reign) Leadership involvement is minimised/Very highly skilled employees (such as middle managers) may make their own decisions and there is no requirement for central coordination.</p> <p><u>Characteristics</u></p> <ul style="list-style-type: none"> • Very highly skilled employees/experts (such as middle managers). • This involves allowing subordinates to set their own goals and achieve them without interference of management. • Requires employees who are very engaged with their work. 	10
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4	C	(ii)	<ul style="list-style-type: none"> • Instant/quick decisions where there is no need for input on the decision or where the decision wouldn't change as result of employee input autocratic style would be appropriate. • Type of Employees. The amount of direction needed by employees will need to be considered. Assembly line staff more suited to an autocratic style. • Time. If an outcome is needed fast, a more autocratic form of leadership may be required. • Complexity of the task/Skills of employees. A more complicated task will require more detailed instruction and supervision. However, if the skill set is high, employees may require a leader to be a facilitator to allow them to figure out the task themselves. • Corporate Culture. The culture of the organisation will also influence the leadership style expected by the manager. • Span of Control 	10
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Question 12

10.	5 marks (3+2) + 5 marks (3 + 2)	10
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10. Outline two possible implications for a business if a manager adopts McGregors Theory X approach to managing:

Possible Implications:

- **Demotivated workforce** as a result of the autocratic approach, lack of consultation and empowerment. Lack of trust; no delegation; low morale.
- **High labour turnover** and re -training costs for the company.
- **Industrial relations problems**, impacting on productivity/output.
- **Poor time management** because the Theory X manager will not delegate tasks, resulting in possible overwork and stress for the manager.
- **Low quality of work/output; low quality of goods/services;** lack of incentives provided to be entrepreneurial, to do things differently, and to take an interest in the work.

Question 13

- (C) Information and Communication Technology (ICT) has affected international trade. Outline the developments in ICT that have made it easier for Irish businesses to trade internationally.

Question		Possible Responses	Max Mark
3	C	<p>High speed Broadband/Wi-Fi/5G</p> <ul style="list-style-type: none"> • Continuous advancements in technology has resulted in high speed communication across the world. • Irish business can communicate with customers, suppliers, service providers etc. at the touch of a button. • It has reduced costs for business and given them greater access to customers around the world. • This improvement in internet access and internet speed has facilitated video conferencing and ecommerce. This is of vital importance during the Covid 19 crisis. <p>E-commerce/Online selling/ Increased Sales:</p> <ul style="list-style-type: none"> • E-commerce refers to businesses selling goods and services online. • By using the internet as a sales tool, Irish businesses no longer have to rely on traditional retail methods to sell to customers. • Selling online allows even the smallest of businesses to increase their sales and profit margins as there are opportunities to sell all over the world, once they have an online presence. • This has maintained a cashflow for businesses who closed during the Covid 19 pandemic. <p>Video Conferencing / Costs are lowered:</p> <ul style="list-style-type: none"> • Video conferencing refers to virtual meetings using technology. • Developments in ICT have resulted in more cost-effective methods of communication, production, sales etc. • Irish businesses can hold meetings via video-conferencing software such as 'Zoom', cutting down on travel costs and utilising time more efficiently. • Irish businesses only use an online platform, and this leads to a reduction in the amount of manpower required to sell the product/service. This reduces greatly the cost of employing staff. 	<p>15</p> <p>3 x 5m (3+2)</p>

Market Research/Databases/Data Analytics/ Decision making is improved:

- Business can use the internet to research markets, competitors, suppliers etc., thus helping them to make better and faster decisions by using a variety of different sources.
- Improved decision-making results in more cost savings and increased profits.

Social Media/Digital Marketing/Promotion Tool:

- ICT developments have revolutionised how businesses promote themselves and how they interact with customers.
- Social media such as Facebook and Instagram, Snapchat keep businesses connected to their customers 24/7.
- It allows them to tailor advertising and develop customer loyalty.

Email

- Electronic mail has transformed written communications.
- Data can be sent and received in large quantities. Email has reduced the cost and improved the speed of written communications.

Accept other appropriate answers such as CAD, CAM etc.

Question 14

Question		Possible Responses	Max Mark
4	(B)	<p>Possible responses include:</p> <p>Less Conflict/fewer industrial relations problems Effective communication means the receiver gets the message which was sent by the sender. There is no confusion or ambiguity. A manager who is an effective communicator will provide opportunity for feedback to ensure the message is conveyed clearly. This results in less conflict and disagreement among employees.</p> <p>Less Errors Clear communications are often in written form. This allows the receiver to read them several times to ensure they understand the content of the message. This will result in fewer errors being made.</p> <p>Less Wastage/improved quality Effective communication from a manager to employees in a timely manner means that tasks can start quicker ensuring there is less wastage and lag times for production.</p> <p>Quick Decision Making/more sales and profits A manager who is an effective communicator is also an effective listener. S/he can analyse information quickly which means that decisions can be made without delay. This is important in a fast changing business environment.</p> <p>Better Decision Making Better decisions are also made based on actual facts presented, accurate information given in clear language and confusion can be overcome through opportunities for feedback (questions).</p> <p>Better staff Morale/less stress In a business where managers are effective communicators, employees are empowered by receiving clear instructions, being listened to and having decisions made in an effective manner. This results in high morale.</p> <p>Low Staff Turnover If a manager communicates effectively with his employees, it will result in employees wanting to stay in the business. This will result in a low staff turnover.</p>	4@5(3+2)

(C) Using your knowledge of the **Data Protection Acts 1988 and 2003**, draft a **report** from Emer Kelly to Richard Daly, Managing Director outlining the obligations of Bective Manor in relation to data protection. (Use today's date.)

Question		Possible Responses	Max Mark
4	(C)	<p style="text-align: center;">REPORT ON THE DATA PROTECTION OBLIGATIONS OF BECTIVE MANOR (1m)</p> <p>To: Mr Richard Daly, Managing Director(1m) From: Ms Emer Kelly, Data Protection Officer (1m) Date: 15 June 2017 (1m)</p> <p>Terms of Reference (1m) To outline the obligations of Bective Manor under the Data Protection Acts 1988 and 2003.</p> <p>Introduction Data protection is the means by which the privacy rights of individuals are safeguarded in relation to the processing of their personal data. The Data Protection Acts 1988 and 2003 confer rights on individuals as well as placing responsibilities on those persons processing personal data.</p> <p>A data controller is an individual in your organisation who collects, stores or processes any data about living people on any type of computer or in a structured filing system. The Data controller has the following obligations:</p> <p>Findings/Obligations(1m) According to the legislation my duties as the Data Protection Officer are as follows:</p> <ol style="list-style-type: none"> 1. Obtain and process data fairly and openly 2. Keep data only for one or more specified, explicit and lawful purposes 3. Use and disclose data only in ways compatible with explicit and lawful purposes 4. Keep data safe and secure/protected against unauthorised access 5. Keep data accurate, complete and up-to-date/keep a register of data kept 6. Ensure that data is adequate, relevant and not excessive 7. Retain data for no longer than is necessary for the purpose or purposes 8. Provide copy of personal data to the individual, on request. <p>Signed:</p> <p>Emer Kelly</p> <p>_____</p> <p>Emer Kelly Data Protection Officer</p>	<p>(6+14)</p> <p><u>Layout</u> 6m 6 compulsory headings at 1m each</p> <p><u>Content</u> 14m 3 relevant points (5+5+4)</p>

Question 15

(B) Analyse the effect/impact of new technology on business costs and business opportunities. Provide examples to support your answer. **20 marks**

Technology (impacts can be on business costs or business opportunities depending on how they are presented by the candidates).

Impact on **finance** for acquiring the technology-financial cost of purchase; installing and maintenance costs.

Impact on **production**- product quality/greater efficiency /economies of scale/reduced costs/speed of production etc.

Impact on **staff** (employees **and** management)- staff redundancies; training costs; wider span of control; E-working; more competent staff; greater efficiency in administrative functions, etc.

Impact on **communications**-Quick/better decision making due to availability of large amounts of data, etc.

Impact on **marketing**-on-line advertising; on-line sales; E-commerce; E-business, etc.

Impact on **sales**/enhanced reputation with existing/ potential customers; edge over rivals, etc.

Impact on **security**- Breakdowns/security breaches/business vulnerability, etc.

Technology-some examples

EDI-Automated stock ordering system.

Websites and social media such as Facebook; Twitter and LinkedIn allow businesses use internet effectively.

Software- **Database software** (Details of customers/suppliers etc.): **Spreadsheet software** (Financial and statistical calculations etc.): **Desktop publishing software** (Professional quality brochures/leaflets/newsletters etc.)

CAD-3D Printing technology- e.g. packaging design).

CAM-Assembly line work automated.

CIM-Use of robotics to control the entire production process.

Question 16

5.	6 marks + 4 marks	10
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5. Outline two implications for management in developing its own website:

- **Communication:** The website provides opportunities for **instant communication**, both internally and externally. The Website can be used by management to communicate with customers, suppliers and staff.
- **E-business.** Customers can buy on-line (i.e. online payments) and credit card payments can be taken.
- **Enhanced reputation** of the business creating a positive image with consumers. Sales should increase with ordering possible 24/7, gaining an advantage over the competition.
- **Growth in potential customers** who can be reached at minimal cost. It allows for **global advertising** as a website can reach a worldwide market.
- **Online support service** can be provided to customers i.e. responding to various concerns or queries.
- **Staff training in web design/web maintenance** and operation.
- **Capital investment** will be required to set up the web site. You have to buy your own domain name.

Question 17

(A) **Outline four developments in technology that have facilitated the growth in globalisation.**

- **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**
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/Internet/social networking/www**
The Internet including social network 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.

(20 marks)

Question 18

- (B) (i) Illustrate, by means of a diagram, a functional organisation structure for a manufacturing business such as Good4U.

Question			Possible Responses	Max Mark
4	B	(i)	<pre> graph TD MD[Managing Director] --> PD[Production Department] MD --> FD[Finance Department] MD --> MDpt[Marketing Department] PD --> PE[Production Employees] FD --> FE[Finance Employees] MDpt --> ME[Marketing Employees] </pre>	10 3,3,2,2

- (ii) Outline the benefits of a functional organisational structure.

Question			Possible Responses	Max Mark
4	B	(ii)	<p>Clear Chain of Command</p> <ul style="list-style-type: none"> • Staff have clear lines of authority in a functional structure. • Staff know who reports to who <p>In a functional structure there is a person in charge of each department, which improves coordination, as employees know what is expected of them and when.</p> <p>Specialisation/ Shared skills and expertise</p> <ul style="list-style-type: none"> • Employees from similar disciplines, i.e. all engineers working together brings expertise together. Employees can learn from each other and become more highly skilled. • This benefits the productivity in the business and aids staff development. <p>Better decision making</p> <ul style="list-style-type: none"> • Staff can consult with experienced colleagues. There are varying levels of skills and expertise in each department. • This allows staff make the most informed decision which leads to better results. 	10 2@5(2+3)

Question 19

<p>(C)</p>	<p>(i) Explain the term quality assurance as part of Total Quality Management (TQM).</p> <p>Quality Assurance is a system that guarantees customers that detailed systems are in place to govern quality at every stage in production from design right through sales/ refers to the maintenance of a desired level of quality in a service or a product, by means of attention to every stage of the process of delivery or production.</p> <p>(ii) Describe the benefits to a business of achieving a recognised quality standard/mark.</p> <p>Quality symbols (i.e. Q mark) show consumers that a product can be trusted – quality has been approved – products have met industry standards which should result in increased customer loyalty/satisfaction.</p> <p>Can be used as a marketing tool to gain a competitive advantage/ increase sales/gain sales from competitors.</p> <p>Allows business to export more easily – quality symbols such as ISO9001 are internationally recognised/ improved reputation.</p> <p>By becoming associated with a high level of quality a business may be able to charge a higher price for its products leading to higher profits.</p> <p>Cost savings-less wastage/mistakes.</p> <p>May ensure repeat sales of products/source of competitive advantage.</p> <p>Better motivated employees/Job satisfaction.</p>	<p>20 marks (5m+15m)</p>
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Question 20

- (C) Describe **two** distinct situations requiring **short-term** finance for a start-up business **and** explain the most appropriate sources of short-term finance in **each** situation.

Question		Possible Response	Max Mark
5	C	<ul style="list-style-type: none"> • Paying for stock. <u>Trade Credit</u> may be used to pay for stock. The new business will have to negotiate terms with its suppliers. This gives the business time to sell the stock before paying for it. • Paying for wages/first month's rent/deposit <u>Bank Overdraft</u> may be acquired to pay wages during the first month. A facility on current account where the account holder can withdraw more than is in the account. Subject to limit and acceptance. Interest payable on the reducing balance. • Utilities <u>Accruals</u> (unpaid expenses) may be used to pay for utilities. The utilities are used during a month but do not have to be paid until the end of the month. This money can be used for other purposes during the month. 	20

Question 21

	<p>It will help Amrod 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 Amrod 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.</p>
	<p>It will help Amrod 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 Amrod Ltd to use its scarce resources more effectively.</p>
	<p>It will help Amrod Ltd identify periods of time in the future when the business will have a surplus of income over expenditure. Amrod Ltd can then make plans to place these surplus funds on deposit with a financial institution or make expansion decisions.</p>
	<p>It will help Amrod 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>
	<p>A = (€10,000) =2m B = (€30,000)= 2m (90,000 -120,000)= 1m C = €20,000 =2m</p>

6	C	<p>iii Financial Problem: The deficits months are October and December.</p> <p>How to address:</p> <p>Avail of a short-term source of finance:</p> <p>Amrod 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 Amrod 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>	

Question 22

5	C	<p>Explain what it means to be 'underinsured' and outline one possible effect of being underinsured on a business.</p> <p>Underinsured means the business has inadequate insurance cover. The insured fails to insure for the full value of the policy. In the event of a claim for total loss or partial loss underinsurance may result in economic losses to the policy holder, since the claim would exceed the maximum amount that can be paid out by the insurance policy.</p> <p>The motivation for being underinsured is the lower premiums paid by the policy holder, however, the losses arising from a claim will far outweigh savings experienced in reduced insurance premiums as a consequence of the inadequate insurance.</p>	15
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Possible effects on business:

Underinsurance could result in a serious financial crisis in a business depending on the asset that is insured. For example if a building is insured for €300,000 and is subsequently destroyed in a fire and the cost to replace the building is €500,000 the business will have to make up the difference of €200,000 from its own resources.

The lower premiums will reduce the business costs and thereby increase profits. This could be intentional with the full knowledge of the risk. However, the losses arising from a claim may far exceed any marginal savings in insurance premiums. It may not be intentional. Businesses should review and update cover annually (e.g. stock may have increased in value due to inflation).

Question 23

(C)	Compare the similarities and differences for businesses and households in relation to taxation. Use any three of the following headings to structure your answer: Corporation Tax PAYE Capital Gains Tax Local Property Tax (LPT)	7 +7 +6 (4 +3) (3+3)	20
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- (C) Compare the similarities and differences for businesses and households in relation to taxation. Use any **three** of the following headings to structure your answer: (20)

Corporation Tax PAYE Capital Gains Tax Local Property Tax (LPT)

Question		Possible Responses	Max Mark
6	(C)	<p>Corporation Tax: Certain business, limited companies, must pay corporation tax to revenue on their profits whereas households do not pay corporation tax.</p> <p>PAYE: Households pay PAYE on their income if they are employees or self-employed. The PAYE is collected at source by the employer. Businesses collect and deduct PAYE from the employee's gross wages and send the money to revenue. Businesses, such as limited companies, do not pay PAYE on their profits.</p> <p>Capital Gains Tax: Both households and business are liable to pay Capital Gains Tax on any profit made from the sale of the asset. If you make a profit or gain when you dispose of an asset, you pay Capital Gains Tax (CGT) on the chargeable gain. The chargeable gain is usually the difference between the price you paid for the asset and the price you disposed of it for. You can deduct allowable expenses such as the cost of acquiring and disposing of the asset.</p> <p>Local Property Tax (LPT) is a self-assessed tax charged on the market value of residential properties in the State. Households pay the LPT but businesses/commercial properties do not.</p>	<p>20</p> <p>7+7+6 (4 + 3) (3 + 3)</p>

Question 24

2	<p>(a) What do the letters PAYE stand for?</p> <p>Pay As You Earn</p> <p>(b) Outline two main features of the PAYE tax system:</p> <p>Progressive (Falls heaviest on high income earners)</p> <p>Efficient (Business collects the tax for the exchequer)</p> <p>Direct (It is a direct tax on income earned from employment)</p> <p>Form based (P12A, P60, P45, P12, P21) etc.</p>	10
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Question 25

(B) Pay As You Earn (PAYE), Value Added Tax (VAT) and Corporation Tax are examples of taxes that are relevant to business.

- (i) Explain **each** tax underlined above.
- (ii) Evaluate the implications of **each** tax for a business.

Pay As You Earn

- PAYE is a direct tax on income earned from employment.
- PAYE is remitted by the business every month to the revenue commissioners.
- It is deducted at source by the employer and passed onto the Revenue Commissioners.
- Taxpayers receive a certificate of tax credits which is forwarded to employers and which will reduce the amount of tax they have to pay.

Implication for business (evaluation)

- The collection of PAYE is an administrative cost for business/ It is a bureaucratic system requiring the completion of many different taxation forms e.g. P12A, P60, P45, P12 and P21.
- It is a progressive tax because the more income you earn the more tax you pay. High rates of PAYE are a disincentive for people to do overtime, which affects a business's ability to meet sales orders.

Value Added Tax

- VAT is an indirect tax charged on the sale of goods and services.
- Businesses register for VAT and receive a VAT number.
- VAT is remitted by the business every two months to the revenue commissioners.
- The VAT paid is the difference between the VAT paid on purchases and collected from sales
- VAT is charged at different rates, depending on the type of goods or services involved.

Implication for business (evaluation)

- The collection of VAT is a significant administrative cost for business.
- High rates of VAT on raw materials and components increase the costs of production for business affecting margins and cash flows.
- High rates of VAT increase the purchase price for consumers. This reduces the demand for goods and services of business.
- The government's planned reduction in VAT rates in the tourism sector from 13.5% to 9% should encourage growth in the tourism sector.

Corporation Tax.

- Corporation tax is a tax on the profits made by companies.
- The current rate of corporation tax is 12.5% for manufacturing businesses.
- Expenses of the business are allowable when calculating the taxable profits of the business.
- Companies must prepare annual final accounts to show their taxable profit.

Implication for business (evaluation)

- Corporation tax in Ireland is relatively low by international standards. This encourages Irish entrepreneurs and foreign investors to set up business here. If corporation tax was to increase it could act as a disincentive to FDI.
- Corporation tax reduces the size of profits and consequently the amount available as retained earnings. This could put pressure on the business to borrow money, leading to high gearing.

(No repeat points in either explanations or implications for each tax.)

(25 marks)

Question 26

5.	<p>(a) Debt: Equity Ratio Debt Capital: Share Capital + Reserves 700,000:220,000 + 130,000 700,000:350,000 = 2:1</p> <p>(b) Lalco Ltd. is highly geared – this means the firm has to make high interest payments resulting in low/no dividend payments to shareholders. Assets may be used as security/Capital repayment required/May impact on ability to borrow in the near future/Impact on the firm's profits/cash flow.</p>	10
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Question 27

(A) (i) Distinguish between forming and norming as stages in team development.

Question			Possible Responses	Max Mark
6	(A)	(i)	<p>Forming refers to the team members coming together for the first time. A lack of trust can exist between team members. The team leader will attempt to build relationships and outline the objectives of the team</p> <p>Norming is when norms/rules have been established for how the team will behave, what standards are expected etc. Conflicts that might have occurred in the storming stage have been overcome. Trust has developed between team members and roles have been established.</p>	6 3 + 3

(ii) Outline two benefits of teamwork for the employees in a business

Question			Possible Responses	Max Mark
6	(A)	(ii)	<p>Increased Motivation/Increased staff morale: The staff workforce are more motivated when they work as part of team. Staff contribute their best efforts in an attempt to achieve the team objectives.</p> <p>Reduced absenteeism: Employees recognise that others depend on them. This can reduce the level of absenteeism in the workforce.</p> <p>Increased efficiencies/communications: Teamwork can improve communication with the organization. It can lead to staff developing greater interpersonal skills. This can lead to the sharing of ideas and improved efficiencies.</p> <p>Improved decision making: Team members have knowledge and experience that they share with each other. This in turn can lead to more effective decisions and faster task completion</p> <p>Accept other relevant answers such as low labour turnover:</p>	10 2 x 7m (4 + 3)

(B) Discuss the benefits of adopting a Total Quality Management (TQM) system for a company such as Kerry Group.

	(B)	<p>Increased Sales/Enhanced Reputation TQM involves the business focusing on the needs of the customer. The benefit is that sales for Kerry Group will increase as consumer satisfaction is improved and the business will develop a reputation for developing high quality goods and services.</p> <p>Increased employee motivation/ Increased job satisfaction Employee empowerment encourages the employees to make decisions. This extra trust from management satisfies the esteem of the employees. This can boost productivity at Kerry Group.</p> <p>Reduced costs/zero defects Businesses who adopt TQM will strive for 'zero defects' in production. The benefit is less wastage for Kerry group and less refunds.</p> <p>Teamwork/Employee empowerment/Increased job satisfaction Employee empowerment encourages the employees to make decisions. This extra trust from management satisfies the esteem of the employees.</p> <p>Teamwork/Help attract talented employees A principle of TQM is that employees work in teams, increasing productivity and satisfaction. This will enhance the reputation of Kerry Group as an attractive place to work. This will make it easier for Kerry group to attract high class staff.</p>	15 3@5(2+3)
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Question 28

10.	(i)	A = Fixed Costs B = Total Costs C = Total Revenue D = Break Even Point	10
	(ii)	270,000 – 240,000 = €30,000	
	(iii)	<p>Limitations of Break-Even Analysis</p> <ul style="list-style-type: none"> • The selling price is assumed to be constant regardless of output. • Breakeven analysis assumes that all stock is sold. • Fixed Costs will only remain constant over a small range of output and assumed constant on chart. • Profits are a function of not only output, but also of other factors like technological change, improvement in management, etc., which are overlooked in this analysis. 	

Question 29

6.	Fixed Costs 5 marks (3+2(1+1)) Variable Costs 5 marks (3+2(1+1))	10
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6. In Break-Even analysis a distinction is made between ‘Fixed Costs’ and ‘Variable Costs’. Explain these terms, and give one example in each case.

Fixed costs **remain the same irrespective of the level of output;**

Examples: rent, loan repayments, insurance.

Variable costs **fluctuate/change directly with the level of output;**

Examples: direct wages, raw materials, energy costs.

Question 30

(A) Discuss the three challenges below that a new business start-up must address.

Ownership Structure Production Finance

Question	Possible Response	Max Mark
A	<p>Access to Finance:</p> <ul style="list-style-type: none"> • It can be very difficult for new businesses to raise finance. Issues sharing profits, convincing investors. • Adequate working capital • Entrepreneurs will need both short and long term sources of finance and may need to acquire finance through loan capital from financial institutions or try to convince investors to give them the finance they require. <p>Choose the correct ownership structure:</p> <ul style="list-style-type: none"> • Entrepreneurs must decide on the best ownership structure of the business. • They must take into account the type of business they are operating, the number of owners involved and the tax and administrative implications of their choice. • Sole trader, company, partnership <p>Choosing a method of production:</p> <ul style="list-style-type: none"> • The method of production will be influence; Economies of scale, type of workers required (low skilled or high skilled) etc. • Job, Batch or Mass production. 	<p>2 x 7m (2+3+2)</p> <p>1 x 6m (2+2+2)</p>

Question 31

- (C) Discuss the factors a business should consider before changing from a batch to a mass (flow) method of production. (15 marks)

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

Question 32

(A) (i) Explain the term **niche market** with reference to Fantasia Clothing Ltd.

Question			Possible Responses	Max Mark
7	(A)	(i)	<p>A small market segment which a firm may specialise in supplying/Small specialist segments of a larger market. Normally small firms enter niche markets because of the specialist nature / requirements of the market: the niche segment may be so small that the larger firms may not have the flexibility or desire to enter it.</p> <p>Diamond rings/bridal shoes/first communion dresses/children's' clothing/ specialist transport-wheelchair.</p> <p>Reference to Fantasia is required 1m</p>	(5+1)

(ii) Illustrate the implications for a business operating in a niche market.

Question			Possible Responses	Max Mark
7	(A)	(ii)	<p>Possible responses include:</p> <p>Little or no competition/small market Unlike in generalised marketing where market competition is stiff, niche marketers face less competition in the market as they deal with a specific product for a small market segment.</p> <p>Less investment required As they produce limited goods for the niche market they may require less investment.</p> <p>High cost base The specialisation of products involves more expensive raw materials, highly skilled staff and job/batch production methods/personal service. The costs are very high for the business, therefore, they must charge a higher price to customers.</p> <p>Less risk for the business/cost effective use of resources/more focused marketing There may be fewer risks/costs for the business as the marketing is focused on a very small segment of the market.</p>	7(4+3)+7(4+3)

Brand loyalty/loyal relationships with customers

Niche marketing makes it possible for businesses to build brand loyalty. The customers may continue to repeat the purchases of the same brand, and they may recommend it to their friends and others/
Better targeting of customers with focused advertising. They know their target customers so well that they meet their needs better.

High Margins/high profits/high prices

They achieve high margins because of the added value to the goods and services offered/Prices tend to be more expensive than mass produced goods/High quality products/High skilled labour.

Goodwill

A niche marketer can earn a name and reputation in the market. Rolls Royce command a lot of goodwill.

Survival chances may **decrease** if it depends solely on one product/Tends to sell in relatively low volumes.


May be difficult to source finance because of its small size.

Question 33

Question 8			Max Marks
Business in Action			
(A)	<p>(i) Explain the term channel of distribution.</p> <p>(ii) Draft a diagram of a channel of distribution that Spotlight Oral Care might use.</p> <p>(iii) Outline two implications of using this channel of distribution.</p>	<p>5m (2+3)</p> <p>6m (3+3)</p> <p>2 x 7m (4+3)</p>	25
(B)	In relation to the product element of the marketing mix explain the factors a business must consider when designing a new or a revised product.	3x 5m(2+3)	15
(C)	<p>Outline your understanding of any three of the following types of advertising listed below. Provide an example in each case to support your answer.</p> <p>1. Persuasive advertising</p> <p>2. Informative advertising</p> <p>3. Generic advertising</p> <p>4. Competitive advertising.</p>	<p>2 x 7m</p> <p>1 x 6m</p> <p>(4+3)</p> <p>(3+3)</p>	20
Q8.	Available Marks		60

- (A) (i) Explain the term **channel of distribution**.
(ii) Draft a channel of distribution that Spotlight Oral Care might use.
(iii) Outline **two** implications of using this channel of distribution.

(25)

Question			Possible Responses	Max Mark
8	(A)	(i)	The channel of distribution refers to how a business/manufacturer gets their product to a consumer .	5m(2+3)
		(ii)	<div style="border: 1px solid black; padding: 10px; text-align: center;"> <p>Channel of Distribution of Spotlight</p> <p>Manufacturer</p>  <p>Retailer (e.g. Boots)</p> <p>Consumer</p> </div>	(3+3)
		(iii)	<p>Increased sales/reach a wider audience: When a business chooses to distribute their product via retailers, the business will reach more potential consumers i.e. put the product in front of a large proportion of their target market.</p> <p>Profit margin per unit: The business would retain more of the selling price if selling direct to consumers e.g. Manufacturer - Consumer. They business must sacrifice not generating as much profit per unit when selling to a retailer. However, in the long term, the use of retailers can increase profitability due to economies of scale.</p> <p>Economies of scale: If a manufacturer uses a retailer who has a large amount of shops nationally, this might lead to economies of scale. Production of the products will have to increase as this in turns leads to bulk buying of raw materials so the cost per unit decreases on each product. This increases profitability and competitiveness.</p>	14m 2 x 7m (4+3)

(B) Under the product element of the marketing mix, Explain the factors a business must consider when designing a new **or** a revised product.

(15)

Question		Possible Responses	Max Mark
8	(B)	<p>Functionality A business must consider how the product will be used. It is must be feasible to produce and for the product to function correctly, with consumers not having difficulty using it. e.g. Functionality was a key factor in the design of the apple iPhone.</p> <p>Cost of Production Materials, equipment and labour costs must be considered in the decision when designing a Product. The business must ensure that the cost price of producing each unit allows for adequate profit margins.</p> <p>Target Market The needs of the target market are fundamental to the marketing concept. The needs of the target market must be identified and considered when designing a product. The business will consider; Will the product appeal to the target market? Does the deign satisfy the needs and wants of the target market? Is there a market. Are they willing to pay for this product?</p> <p>Competitors In all marketing decision, the competition must be a consideration. Is our Product too similar? Do we have a USP? Can our idea be easily copied?</p> <p>Legal Requirements Products must satisfy all consumer laws, such as The Sale of Goods & Supply Of Services Act 1980. EU directives and regulations regarding Product safety legislation and packaging must be obeyed.</p> <p>Branding Does the product fit with our existing product range and business brand? Will our existing customers purchase this type of product under this brand name?</p>	<p>15 marks</p> <p>3 x 5m (2+3)</p>

(C) Outline your understanding of any **three** of the following types of advertising listed below. Provide an example in each case to support your answer.

1. Persuasive advertising
2. Informative advertising
3. Generic advertising
4. Competitive advertising.

(20)

Question		Possible Responses	Max Mark
8	(C)	<p>1. Persuasive advertising:</p> <p>This advertising attempts to persuade the consumer that they need the product. Persuasive advertising attempts to convey the message that this product/service will bring value to the consumers life. E.g. L'Oréal try to persuade the consumer they will have healthier/more attractive hair as a result of using their products.</p> <p>2. Informative advertising:</p> <p>Informative advertising conveys facts or data for the purposes of educating an audience, rather than increasing sales revenue.</p> <p>Examples: Covid-19 advertising from the Department of Health</p> <p>In April 2022, Ferrero (Kinder Chocolate) recalled batches of Kinder Surprise 20g and Kinder Surprise 20g x 3, due to the possible presence of Salmonella.</p> <p>3. Generic advertising:</p> <p>Generic advertising attempts to convey the importance of one particular type of good. This refers to advertising a good/industry/service rather than one particular brand. E.g. The National dairy council advertising the benefits of drinking milk.</p> <p>4. Competitive/Comparative advertising:</p> <p>The brand or product is advertised as superior to those of other competitors based on the price comparisons, quality of the products etc. Supermarkets will often use print advertising in newspapers to highlight the price difference between their products and those of competitors.</p>	<p>20</p> <p>2 x 7m (4+3)</p> <p>1 x 6m (3+3)</p>

Question 34

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

(15 marks)

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

Question 35

7. (A)

(i) Outline the advantages and disadvantages of using secondary (desk) research as a method of collecting information on a market.

**25 marks
(15m+10m)**

Advantages:

Usually faster to complete than primary research/may be carried out online/research reports/press reports/CSO publications, etc.

Relatively inexpensive compared to primary research thereby keeping business costs down.

More and more sources are available online so results can be checked for accuracy.

Can provide information on competitors and consumer spending patterns.

It can be a starting point to allow business to focus primary research on a particular area identified through secondary research.

Disadvantages:

Information is also available to your competitors.

Accuracy of information cannot be completely verified/can be difficult to find the original source.

Information collected may be out of date.

Information may be biased depending on who developed it.

(ii) Illustrate one source of desk research and one source of field research that Stitch Express might use, giving a reason for your answer in each case.

Desk: (quantitative data)

CSO Statistics- to determine population trends (age, sex, family structure) and forecasts/rate of pedestrian and traffic flow past business compared to that of rivals/ footfall in a location.

Household budget survey (CSO) would give information on household spending patterns for different types of goods.

Internet –could view the pricing and promotion strategies of competitors from their websites to help develop its own pricing or promotion policies.

Daily sales records would indicate if consumer patterns have changed and if consumers would be interested in the new service.

Government Publications/Enterprise Ireland etc.

Previous Market Research reports/trade association reports.

Own previously published reports.

Press (newspaper and magazine) articles - useful general information.

Reason for your choice must be given.

Field: (opinions and attitudes-qualitative data)

Questionnaires/Surveys where individuals are asked specific questions and detailed information is received about consumer's tastes, behaviours in the market place.

Focus Groups/selected individuals are involved in discussions about the product or service/scripted series of questions or topics.

Personal Interviews/provide more subjective data.

Observation/viewing customers in action and purchasing patterns are observed by trained staff.

Reason for your choice must be given.

(B) Evaluate the effectiveness of sales promotion techniques Alex could consider to boost sales. 15 marks

Customer Loyalty programmes – offering discounts, cash back, points etc. to regular customers (through key fob, customer card etc.). This will reward the loyal customers. One free dry clean for every five shirts dry cleaned.

Special Offers:

Free gifts – adding a free gift “dry clean suit – shirt and tie cleaned for free”). May encourage the occasional customer to avail of the service more often. (Get suit cleaned every 2 weeks rather than every month)

OR

Buy One Get One Free/3 for price of 2 – getting 3 items dry cleaned/ altered only pay for 2 items. May increase the volume of trade for Stitch Express.

OR

Introductory Offer

Money off vouchers/coupons – putting coupons in local papers and magazines for reduction in cost of dry cleaning/alteration service. May attract new customers to the service.

Could run competitions on social media. Could encourage customers to share posts from Stitch Express on Facebook by offering the winners €100 worth of dry cleaning etc. This could be a reward for the loyal customers.

Evaluation of each technique you have chosen *****

(C)

Discuss the benefits of branding as a marketing tool for business, providing examples to support your answer.

20 marks

Possible responses include:

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. Kelloggs 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. Different products are released under the Kelloggs brand e.g. All-Bran Breakfast Biscuits, Coco Pops, Frosted Flakes.

A well-known brand name can command a **premium price**. Kellogg's brands 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.
e.g. Kellogg's Rice Krispies for kids/All-bran/ Mc Donalds childrens' meals.

Over time consumers become loyal to a particular brand and will not change. Consumers tend to eat the same brand each day. (Brennan's Bread). Branding allows a company to differentiate itself from the competition and, in the process, to bond with their customers **to create loyalty**.

"Brennan's Bread, Today's Bread Today"

A position is created in the marketplace that is much more difficult for the competition to 'steal'. A satisfied customer may leave, but a loyal one is much less likely to. Consumers who have grown up with Kellogg's breakfast cereals will have strong associations of childhood and home. They will have developed **confidence in** the brand.

Brand names can be registered to protect the owner so that no other firm can use that name.

Some brands become so popular overtime that **the product becomes the brand** e.g. Google, hoover, biro, tippex etc.

Question 36

**(B) 'For a business to survive it needs to grow and expand'.
Evaluate two methods of business expansion.**

A merger:

- A **friendly or voluntary** amalgamation or joining together of two or more firms for their mutual benefit, trading under a common name.
- A **single new legal entity** is formed once it is approved by shareholders.
- E.g. Irish Permanent and Trustee Savings Bank merged to form Permanent TSB. Avonmore Co-op and Waterford Foods merged to form Glanbia plc.
- It is a defensive strategy as the merger may involve diversification into new product areas, which reduces the risk of the firm 'having all its eggs in the on basket'.
- Costs will be lower because of economies of scale and the sharing of costs and resources.

Evaluation: Own judgement required

A takeover:

- This occurs when one company **purchases 51% or more** of the shares in another company 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.
- Eircom took over Meteor mobile phone company for €420 million. Google bought the popular online video site YouTube for \$1.65 billion. Google has acquired Motorola Mobility, a mobile device manufacturing company, for \$12.5 billion.

Evaluation: Own judgement required

A Strategic alliance:

- When two or more independent firms agree to co-operate and share resources and expertise with each other for the mutual benefit of all parties involved.
- The firms remain **completely independent legally** and each firm maintains its own separate trading identity.
- Google has worked with several corporations, in order to improve production and services. In January 2013, Google announced a partnership with Kia Motors and Hyundai. The partnership integrates Google Maps and Places into new car models to be released later in 2013.
- The firms benefit from the sharing of resources and talent that otherwise they wouldn't have access to. Either party can end the arrangement easily if they choose to do so.

Evaluation: Own judgement required

A Franchise:

- This is a business arrangement whereby the franchisor (the existing business with the proven business model) grants a contractual licence/permission to the franchisee (person setting up the business) to use its name, logo and business idea in return for a fee or a percentage of profits or sales.
- The franchisor can expand his business without having to invest further capital or take additional risks as these are passed onto the franchisee in the contractual arrangement.
- Some franchises in Ireland include, The Zip Yard, Gloria Jean's Coffees, McDonalds and GEMS.

- It is a cost effective form of expansion for the franchisor. It can be risky for a franchisor as if standards are not maintained by the franchisee the image of the franchisor could be affected.

Evaluation: Own judgement required

(C) Discuss the short term and long term implications of business expansion using the following headings:

Organisation Structure; Product mix; Profitability; Employment

Organisation structure:

Short-term Implication

- As the business expands a new structure may be required as more activities may need to be organised. The business needs a formal organisation structure such as a functional structure which clearly identifies the chain of command and span of control within the business.

Long-term Implication

- This functional organisation structure may be replaced by a geographic structure to facilitate expansion into new geographic regions or a product structure to facilitate the increased range of products.
- As businesses grow they rely more on specialist support functions and personnel. An IT Department and/or a HR Department may be introduced to assist line managers and thereby increase efficiency.

Product mix:

Short-term Implication

- As the business begins to expand the product mix and portfolio of products available for sale will increase to suit the wider range of market segments targeted by the business.
- Any products acquired during growth that do not fit the company's business model may be sold off.
- Wider product range makes the management of the marketing mix more difficult.

Long-term Implication

- Mergers and acquisitions will allow the business to satisfy the various niche markets. This will result in further investment in R&D and product development in order to satisfy the wide range of market segments the business is selling into.
- Different marketing mixes may have to be put in place for the wider range of products.

Profitability:

Short-term Implication

- Short-term restructuring costs. Initially profits may fall as a result of the increased expenditure on assets such as machinery, buildings, IT and R&D, premises etc.
- Diseconomies of scale due to lack of proper management and duplication of work.

Long-term Implication

- As the business consolidates its position during business growth and maturity, sales and revenues should increase leading to greater profitability.
- The business may develop economies of scale such as bulk buying, increased market power, automation and elimination of duplication leading to efficiencies and greater profitability.
- Greater profits will allow for higher dividends to shareholder encouraging further investment and the building up of reserves.
- Profits could also fall in the long term due to diseconomies of scale (poor management, lower employee motivation resulting from very big business). Disconnection between management and employees.

Employment:

Short –term Implication

- Initial expansion may result in rationalisation as the business attempts to remove wasteful duplication of roles. This can lead to compulsory redundancies. The uncertainty/fear about the future can demotivate staff and management and cause industrial relations problems (different pay and reward systems).
- Work relationships could be stressful, due to uncertainty.
- More training required for staff.

Long-term Implication

- As the business consolidates its position during business growth and maturity its HR department may be able to engage in a recruitment drive for new employees as part of its manpower planning.
- The business may be able to motivate workers through higher wages and better working conditions.
- Staff training and development opportunities could open up promotion possibilities for staff improving staff morale and industrial relations.
- Bigger businesses could attract highly qualified personnel.
- Employees may become alienated and demotivated in a very large business, leading to inefficiencies.

Question 37

Question		Possible Responses	Max Mark
6.		<p>Explain how the Consumer Price Index works.</p> <p>The Consumer Price Index or CPI measures the overall change in the prices of goods and services that people typically buy over time. It does this by collecting approximately 53,000 prices every month and comparing these to the corresponding prices from the previous month.</p>	<p>10</p> <p>4+3+3</p>

Question 38

(A) Outline the effects a decrease in sales revenue has on a business.

Question		Possible Response	Max Mark
5	A	<ul style="list-style-type: none"> • Reduction in profits • Restructuring of costs required • Employee numbers may have to be reduced • Sales Promotions may need to be increased • Identify alternative suppliers • Product modifications • Market Research – new markets required. • Price of Shares/Stock Exchange/Investors 	15

Question 39

7	<p>(a) Explain the term <i>Exchange Rate</i>.</p> <p>This is the price of one currency expressed in terms of another currency.</p> <p>(b) Describe two possible risks which <i>exchange rates</i> could present for businesses in Ireland:</p> <p>If the euro increases in value relative to \$/£ Irish exports are more expensive abroad/less competitive, which is bad for Irish business as sales and profits decrease.</p> <p>If the euro falls in value relative to the \$/£ imports will become more expensive, increasing costs for businesses e.g. imports of oil, which is a raw material for businesses, may result in businesses increasing their prices or reducing their profit margins.</p>	10
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Question 40

- (C) (i) Explain the term 'community development'.
 (ii) Describe the economic and social benefits of community development.

Question		Possible Responses	Max Mark
2	(C)	(i) 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. The aim of community development is to improve the local social and economic infrastructure 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	20 6m (3 + 3)
		(ii) Creates employment and thereby increases spending in the local economy <ul style="list-style-type: none"> New enterprises might be set up to provide employment in the local areas and thus develop their local economy. The new enterprises and initiatives can create jobs for the area. Spin off jobs e.g. transport, education <ul style="list-style-type: none"> The establishment of community initiatives and business enterprises in a local community brings an immediate increase in the levels of direct and indirect employment. This new employment sees an increase in demand for goods and services in the area. e.g. transport, education, entertainment etc. Community Development has the spin off effect of increasing sales for other businesses in the area. Promotes an enterprise culture/encourages new ideas/new businesses in community <ul style="list-style-type: none"> Community Development initiatives can encourage other members of the community to pursue ideas. This can lead to more new initiatives or new businesses being established in the future. It can lead to a culture or generation of people taking the risk to set up new enterprises. 	14 2@7m (4m+3m)

Creates confidence/community spirit in the community/growth and prosperity in local area. Empowers local community and generates a sense of pride within the community

- The co-operation and involvement of all members of the community in the process of development enriches people personally, creates confidence in their ability to make a difference and enhances the sense of community spirit in the area.
- The money earned by the employees in the area will be spent in the area. Homes will be constructed for the families involved in the enterprise, young people will be able to make a living in their own community. Others will be given the opportunity to retrain.

Community Spirit/Social fabric improved:

- As a community works together, relationships are built and the atmosphere is greatly improved with residents proud to live there.
- Projects are driven by local interests.
- These projects offer the potential for social interaction'

Depopulation is prevented/Rural regeneration/prosperity

- People may be encouraged to remain in an area if facilities are available and opportunities to work and to enjoy leisure time are provided. Local communities thrive.

Social Opportunities

- Any local amenity which provides a space for people to meet and socialise will improve the social fabric of an area by creating a sense of belonging and pride in the area.

Question 41

2	A	<p>(i) Reduced impact on the environment. use products that reduce your reliance on non-renewable natural resources (e.g. rainwater tanks, solar hot water systems), use products that are made from recycled material (e.g. office supplies made from recycled plastic, furniture made from recycled rubber) look at all your business activities to see if you can do anything differently (e.g. reducing air travel by holding conference calls instead of interstate meetings).</p> <p>Cost savings from reducing waste</p> <ul style="list-style-type: none">•avoid using materials unnecessarily/use of recycled materials can reduce costs•reduce paper needs by asking staff to print double-sided•reuse by encouraging staff to use scrap paper for message-taking instead of purchasing message pads•recycle by shredding excess paper - you could recycle this commercially or invite staff to take it home for their compost or mulch heaps. <p>As companies move towards recycling and reducing the amount of materials going to landfill they can be rewarded by having less waste and therefore reduced expense when paying for waste.</p> <p>Good practice can attract new customers</p> <p>Promoting environmentally friendly methods can set the business apart from competitors and attract new customers who want to buy products and services from an environmentally friendly business.</p> <p>Good PR for the business and can improve the image of the business/ May be a business USP/ May encourage customer loyalty as consumers are becoming more environmentally conscious.</p> <p>Improve sustainability</p> <p>Reducing the environmental impact of the business will improve the sustainability of the business. If you are less dependent on natural resources than your competitors and have ways to deal with rising costs due to climate change, your business will have a greater chance of long-term success</p> <p>Focusing more on your environmental impacts can help to attract and retain staff.</p> <p>May attract Investors</p> <p>Increase business ability to comply with regulation.</p>	15
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2	A	<p data-bbox="312 103 360 136">(ii)</p> <p data-bbox="379 103 675 136">Environmental Audits</p> <p data-bbox="379 141 1201 253">Independent studies of how the business impacts the environment. This makes the business more environmentally aware so they can reduce negative environmental impacts.</p> <p data-bbox="379 297 1046 331">Review of business processes to reduce pollution.</p> <p data-bbox="379 376 512 409">Recycling</p> <p data-bbox="379 414 1201 488">Recycling packaging and waste will help to reduce negative environmental impacts</p> <p data-bbox="379 533 592 566">Limit packaging</p> <p data-bbox="379 611 1201 685">Source Sustainable raw materials/use local suppliers and so reduce carbon footprint.</p> <p data-bbox="379 730 1161 763">Training of employees to be more environmentally aware.</p> <p data-bbox="379 808 882 842">Compliance with environmental laws</p> <p data-bbox="379 887 531 920">Energy use</p> <p data-bbox="379 965 539 999">Car pooling</p>	10
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Question 42

(B) Discuss the benefits **and** challenges of European Union membership for Irish businesses.

Question		Possible Responses	Max Mark
3	B	<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>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.</p> <p>Small Irish agricultural businesses benefit from CAP Farmers, under the Common Agricultural Policy (CAP), receive income support measures. Between 1973 and 2008, Irish farmers received €44 billion from the (CAP). This helps Irish farming businesses stay viable.</p> <p>Single currency in the Eurozone/European Monetary Union The introduction of the single currency brought additional incentives for foreign investors to locate in Ireland, along with relative price stability. The euro has made life easier for Irish businesses and travellers trading or visiting in the euro zone.</p> <ul style="list-style-type: none"> • Other: Less bureaucracy involved for businesses: Trade with countries who are outside the European Union requires more bureaucracy and documentation. 	25 5 x 5m (2+3)

Challenges:

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.

Increased competition

The growth in Globalisation and global companies with their quality produce at competitive prices are a challenge for Irish businesses. Irish businesses will have to become more efficient and invest in R&D in order to provide products with a unique selling point (USP) to survive the competitive threat from global companies.

Currency/Exchange rate fluctuations: As the Euro (€) strengthens for example against the US dollar (\$), Irish exports become more expensive leading to a decline in sales to these very important international markets.

Goods traded between EU and non-EU countries are subject to certain customs duties which increases the selling price of exports making them less competitive. Trading outside the EU is often subject to restrictions and may require for example additional export licenses.

Language and cultural differences may be an obstacle in exporting to other EU countries. It is important to gain knowledge of customs, culture and language in order to market products without causing offence. An adapted marketing mix may be needed for.

Costs of distribution:

Distribution costs will be higher as Ireland is geographically located on the peripheral of Europe which may lead to higher transport costs and less competitive prices.

BREXIT: Has created huge uncertainty for certain industries/businesses. It has the potential to have negative consequences for Irish trade. Much of Ireland's agricultural exports go to the UK currently and if tariffs and quotas are placed on them Irish businesses will have to look at other markets.

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

Question 43

(C) Should Ireland leave the European Union? Outline reasons for your answer.

Question		Possible Responses	Max Mark
3	(C)	<p>Should Ireland leave the European Union? No/yes/maybe</p> <p><u>Reasons for staying in the EU</u></p> <p>Possible responses include</p> <ul style="list-style-type: none"> • 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 euro zone. <p>Other: Less bureaucracy involved for businesses. Directives such as environmental directives help protect the environment etc.</p>	<p>2m</p> <p>3@6(3+3)</p>

3

(C)

Possible responses include

Reasons for leaving the EU

- **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. 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.

Question 44

Question 3			Max Mark
International Environment			
(A)	Outline the challenges of global marketing that an Irish business may face when trading internationally.	3@7,7,6 (4+3) (3+3)	20
(B)	(i) Illustrate, by using an example, your understanding of the term an indigenous business. (ii) Discuss the benefits for large indigenous businesses of exporting to new markets.	5m (2+3) 3@5m(2+3)	20

Question 3

- (A) Outline the challenges of global marketing that an Irish business may face when trading internationally. (20)

Question		Possible Responses	Max Mark
3	(A)	<p>Global Product:</p> <p>A business which intends to sell a product globally aims to sell a standardised product in all markets worldwide. The product is designed in a manner which appeals to most consumers. However, branding, packaging or some elements may have to be adapted to suit a local market.</p> <p>Global Price:</p> <p>A global firm aims to sell their product/service for the same price to consumers around the world. However, they must consider the cost of living in each country, taxation, exchange rates, distribution costs and local competitors before setting prices in each jurisdiction.</p> <p>Global Place:</p> <p>Distribution channels vary around the world. Businesses may engage in direct export – selling online/retailers directly to customers, using an agent to sell on its behalf in return for commission, licensing agreements where other manufacturers produce the product for a fee, establishing a manufacturing plant abroad or joint venture agreements.</p> <p>Global Promotion:</p> <p>Most global firms use the same promotion methods worldwide. This lowers costs but some minor changes may be required in some regions. Factors such as language, cultural differences, legislation and technology must be taken into consideration.</p>	<p>20</p> <p>2 x 7 (4+3)</p> <p>1 x 6 (3+3)</p>

- (B) (i) Illustrate, by using an example, your understanding of the term an indigenous business.
(ii) Discuss the opportunities for large indigenous businesses of exporting internationally.

(20)

Question			Possible Responses	Max Mark
3	(B)	(i)	<p>An indigenous business is a business which is owned by residents of a country that it operates in.</p> <p>An indigenous firm is a business that was established by Irish residents and operates primarily in Ireland.</p> <p>E.G. Dunnes stores are an example of an Irish indigenous firm.</p>	<p>20</p> <p>5marks (2+3) Example Required.</p>
		(ii)	<p>Increased Sales/Emerging Markets: Irish business can export to new and emerging markets in Asia, South America and Africa. As income levels rise in these new markets the demand for products increases.</p> <p>Reduced costs – Achieve Economies of scale Exporting can lead to indigenous firms achieving economies of scale due to ‘bulk buying’ raw materials in larger quantities. This in turn can increase profitability as the cost per unit of producing the product decreases.</p> <p>Diversification An indigenous firm is less reliant on their domestic/home market. The business will be able to survive economy slowdowns in their domestic economy.</p>	<p>3@5m (2+3)</p>