Leaving Certificate Business Educate.ie
Sample Paper A Ordinary Level Solutions

Question 1 **The Business World** **(90 marks)**

(a) **(i)** (Any **four**)

- Creativity
- Risk-taking
- Resilience and persistence
- Visionary thinking
- Problem-solving skills
- Adaptability
- Communication and collaboration

(ii)

- **Helps identify gaps in the market:** by studying competitors, Lakeshore Adventures can spot unmet customer needs or underserved segments, allowing them to tailor their glamping experience to stand out.
- **Supports product differentiation:** understanding what competitors offer enables James and Sarah to develop unique features for their luxury glamping, helping the business distinguish itself.
- **Informs pricing strategy:** knowing competitor prices allows them to set competitive and realistic prices that attract customers while maintaining profitability.
- **Guides marketing strategy:** analysing how competitors promote their services helps Lakeshore Adventures craft marketing messages that better appeal to their new target market.
- **Assesses threats:** identifying strong competitors helps the business prepare for challenges and develop strategies to defend or grow market share.
- **Improves customer service:** reviewing customer feedback on competitors can highlight areas where Lakeshore Adventures can offer superior service or experiences.
- **Supports strategic planning:** competitive analysis helps ensure that decisions about investment, service offerings and expansion are well informed and realistic in the context of the current market.

(b) (Any **three**)

- **Provides a roadmap:** a business plan outlines the goals of the business and how it intends to achieve them. It helps owners like James and Sarah from Lakeshore Adventures stay focused and organised.
- **Assists in securing finance:** lenders and investors use business plans to assess the viability and profitability of a business before offering funding or support.
- **Supports decision-making:** it helps business owners make informed decisions by clearly setting out strategies in areas such as marketing, operations, finance and human resources.
- **Clarifies objectives and strategies:** the plan breaks down the mission, vision and goals, and the strategies that will be used to reach them, ensuring everyone involved understands the direction.
- **Identifies potential risks and solutions:** a good business plan includes an assessment of possible challenges and outlines contingency plans to address them.
- **Monitors progress:** business plans include financial projections and performance indicators, helping to track progress over time and adjust plans if needed.

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(c) **(i)**
- Families
- Couples
- Small groups
- People seeking a relaxing or adventurous break away from city life

(ii) **Primary research (field research)**

This involves collecting new, first-hand data directly from potential customers.
Lakeshore Adventures may have conducted:
- **Surveys or questionnaires** with families, couples or adventure seekers to understand their preferences for glamping and outdoor experiences.
- **Focus groups** to gather opinions on potential service features like eco-friendly accommodation or activity packages.
- **Interviews** with previous or potential customers to gain in-depth insights into what attracts them to rural getaways.
- **Analysis of their own social media** to see what elements of their business are most popular and get the most engagement with their target market.

Secondary research (desk research)

This involves analysing existing information that has already been collected by others.
James and Sarah may have used:
- **Tourism industry reports** from organisations like Fáilte Ireland to understand trends in domestic and international travel.
- **Competitor websites and reviews** to assess the offerings and customer feedback of similar businesses.
- **Government and CSO data** on visitor numbers, demographics and tourism patterns in the west of Ireland.
- **Analysis of social media trends and hashtags** to see what experiences are popular with their target market.
- **Online booking platforms** to monitor pricing, availability and customer reviews in the glamping sector.

(d) **(i)** (Any **two**)
- **Interest rate:** compare the annual percentage rate (APR) offered by different lenders to find the most affordable borrowing option.
- **Ability to repay:** assess your current income and expenses to ensure you can comfortably make repayments over the term of the loan.
- **Purpose of the loan:** choose a lender and loan type suited to the reason for borrowing, such as a credit union for small personal loans or a bank for larger amounts.
- **Loan term:** consider how long you will take to repay the loan and the impact of short- versus long-term borrowing on total interest paid.
- **Fees and charges:** check for additional costs, such as arrangement fees, early repayment penalties or missed payment charges.
- **Lender's reputation:** consider the trustworthiness and regulatory status of the lender, such as being authorised by the Central Bank of Ireland.
- **Security or collateral required:** be aware of whether the loan is secured (e.g. a car loan) or unsecured, and the risk of losing assets if repayments are not made.
- **Impact on credit rating:** understand how borrowing and repayment behaviour will affect your credit score and ability to borrow in the future.

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(ii) (Any **one**)

- **Too much debt:** borrowing too much can lead to repayment difficulties, stress, and reliance on further credit.
- **High interest costs:** consumers may face excessive repayment costs if they borrow at high interest rates or fail to compare options.
- **Damage to credit rating:** late or missed repayments are recorded on a person's credit history and may affect their ability to borrow again.
- **Loss of assets:** if the loan is secured, the lender can repossess the asset if repayments are not made.
- **Exposure to unregulated lenders:** borrowing from unauthorised or informal sources can lead to unfair terms and lack of legal protections.
- **Legal consequences:** continued failure to repay loans can lead to court action and enforcement measures such as wage deductions.
- **Reduced financial freedom:** loan repayments can reduce disposable income, affecting the consumer's ability to save, spend or invest.

(e) (Any **three**)

- **Promoting energy efficiency:** employers can invest in energy-saving equipment and lighting, while employees can support this by turning off devices and lights when not in use.
- **Reducing waste:** employers can provide proper recycling facilities and promote paperless systems, while employees can sort waste correctly and avoid unnecessary printing.
- **Encouraging sustainable transport:** employers may offer bike-to-work schemes or public transport incentives, and employees can choose greener commuting options.
- **Supporting remote or hybrid work:** employers can create flexible work policies to reduce emissions from commuting, and employees can maintain productivity from home.
- **Sustainable sourcing:** employers can choose environmentally responsible suppliers, while employees involved in procurement can follow green purchasing policies.
- **Raising awareness:** employers can run sustainability workshops or awareness campaigns, and employees can participate and share eco-friendly practices.
- **Creating a green culture:** both parties can collaborate to set goals, such as reducing carbon emissions or achieving sustainability certifications, fostering a shared commitment to the environment.
- **Employee-led initiatives:** employees can propose sustainability projects (e.g. green teams or carpool schemes), with employer support and recognition.

(f)

Statement	True	False
Stakeholders in a business always want the same outcomes.		✓
Businesses can play a role in the development of national policy.	✓	
An existing marketing mix can always be improved.	✓	
A business's operational model never changes over time.		✓

Question 2 **(70 marks)**

(a) **(i)** **Saving** involves putting aside money for future use or for an emergency fund.

(ii) When people don't have enough money to pay for something upfront, they may consider a **loan**. However, it's important to remember that borrowing usually includes paying back the money with **interest**.

(iii) Another way to grow your money is through **investing**, which can offer a higher return than a savings account but may also involve more **risk**.

(b)

Function	Central Bank	CCPC
It regulates financial institutions such as banks, credit unions and insurance companies.	✓	
It supervises how banks treat their customers and ensures financial products are safe and clear.	✓	
Its website offers guides on budgeting, borrowing and consumer rights.		✓

(c) **(i)** (Any **one**)

- Enterprise Ireland
- Local Enterprise Office
- IDA Ireland
- Sustainable Energy Authority of Ireland
- Údarás na Gaeltachta
- InterTradeIreland
- Enterprise and employment divisions within local government
- Bord Bia
- Foodworks Ireland
- Tourism Ireland
- Science Foundation Ireland

(ii) (Any **two**)

- **Enterprise Ireland:** supports Irish businesses in expanding their operations, both domestically and internationally. It provides a range of services, including financial support, mentoring and market research, to help businesses innovate, scale and access new markets.
- **Local Enterprise Offices (LEOs):** provide invaluable support to small and medium-sized enterprises (SMEs) across Ireland, offering financial assistance, training, mentoring and advice. LEOs help businesses at the local level with accessing funding, conducting market research and developing business plans, as well as providing guidance for startups.
- **IDA Ireland:** focuses on attracting and supporting foreign direct investment (FDI) into Ireland. The agency promotes Ireland as a prime location for multinational companies, offering financial incentives, business advice and assistance in setting up operations.
- **Sustainable Energy Authority of Ireland (SEAI):** supports businesses in adopting sustainable energy practices to reduce energy consumption and lower carbon emissions. SEAI offers advice, funding and resources to help companies implement energy-efficient solutions, invest in renewable energy technologies and meet environmental targets.

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- **Údarás na Gaeltachta:** a government agency that provides support to businesses located in the Gaeltacht regions of Ireland, which are areas where the Irish language is predominantly spoken. The agency offers financial assistance, training and advice to promote job creation and business growth in these regions.
- **InterTradeIreland:** promotes cross-border trade and collaboration between businesses in Ireland and Northern Ireland. The agency offers financial support, advice and networking opportunities to businesses looking to expand their operations across the border.
- **Enterprise and Employment Divisions within local government:** provide various support services, such as funding, advice and other resources to promote business growth in specific regions.
- **Bord Bia** supports the development and growth of the Irish food and drink industry by offering a range of services, including market research, export promotion and sustainability initiatives. It helps Irish businesses expand into international markets through trade missions, networking events and market insights.
- **Foodworks Ireland:** provides support to food start-ups and entrepreneurs by offering mentoring, funding and business development resources. It helps new food businesses refine their business models, enhance product offerings and scale their operations.
- **Tourism Ireland:** responsible for promoting Ireland as a premier international tourism destination. It conducts global marketing campaigns to attract tourists, provides businesses in the sector with valuable market insights and supports the development of tourism products.
- **Science Foundation Ireland (SFI):** plays a key role in supporting scientific research and innovation across various sectors in Ireland. It provides funding for research projects that aim to develop cutting-edge technologies and solutions, fostering industry-academia collaborations.

(d) **(i)** (Any **one**)

- **Increased access to information:** consumers can easily compare prices, read online reviews and research product features before making a purchase.
- **Growth of online shopping:** consumers can shop from home at any time, which has changed buying habits and increased convenience.
- **Influence of social media:** platforms like Instagram, TikTok and YouTube influence purchasing decisions through influencers, peer recommendations and targeted content.
- **Personalised marketing:** businesses use digital tools to track browsing habits and deliver personalised ads, shaping consumer preferences and encouraging spending.
- **Mobile commerce:** the use of smartphones and apps allows consumers to shop, pay and manage purchases instantly from anywhere.
- **Customer feedback and interaction:** consumers now expect to communicate with businesses online and can influence others through reviews, ratings and social media posts.
- **Faster decision-making:** instant access to product information and one-click buying options have shortened the consumer decision-making process.

(ii) (Any **two**)

- **Payment history:** late or missed repayments on loans, credit cards or utility bills can negatively affect a person's credit rating.
- **Amount of debt:** owing large amounts of money, especially close to the credit limit, can reduce a person's credit score.

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- **Length of credit history:** a longer history of managing credit responsibly can improve a person's credit rating.
- **Types of credit used:** a healthy mix of credit types (e.g. loans, credit cards) used responsibly can positively influence the credit rating.
- **Recent credit applications:** applying for multiple loans or credit cards in a short period may lower a person's score, as it can suggest financial difficulty.
- **Court judgments or loan defaults:** legal action taken due to unpaid debts, such as court judgments or loan defaults, will significantly damage credit ratings.
- **Closing old accounts:** cancelling long-standing credit accounts can shorten credit history, which may lower the rating.

(e) **(i)** **Fixed costs** (any **two**)

- Rent or lease payments
- Insurance premiums
- Salaries of permanent staff
- Loan repayments
- Depreciation of equipment
- Property taxes
- Broadband and utilities (where there is a fixed monthly charge)

Variable costs (any **two**)

- Raw materials
- Wages of part-time or seasonal staff
- Packaging costs
- Electricity and gas (usage-based portion)
- Commission on sales
- Fuel for business vehicles (based on usage)
- Cleaning or laundry services (in tourism or hospitality, based on occupancy)

(ii) (Any **one**)

- **Encourage faster payments from customers:** offering early payment discounts or electronic invoicing can help speed up the receipt of cash from customers, improving cash flow.
- **Delay payments to suppliers:** negotiating longer payment terms with suppliers gives the business more time to manage its cash flow and reduces the immediate cash outflow.
- **Reduce unnecessary expenses:** cutting non-essential or excessive costs, such as subscriptions or utilities, frees up cash that can be used for other parts of the business.
- **Improve stock management:** managing inventory efficiently, including adopting a just-in-time system, reduces the amount of cash tied up in stock.
- **Increase sales and revenue:** running promotions or improving marketing strategies can attract more customers, thereby increasing cash inflows.
- **Lease assets rather than buying them:** instead of buying new equipment, machinery, etc., leasing allows the business to pay for them over time, preserving cash for day-to-day expenses.
- **Uses short-term finance options:** securing overdrafts, short-term loans or invoice factoring helps provide immediate cash, which can help cover short-term gaps in cash flow.

Question 3 **(70 marks)**

(a) Public

(b) **(i)** (Any **two**)
- Employees
- Consumers
- Suppliers
- Local community
- Government

(ii) (Any **one**)
- **Employees:** use internal communication methods such as meetings, union negotiations, email updates or secure staff portals to provide clear, timely updates and listen to staff concerns. Open dialogue with union representatives is essential to build trust and seek resolution.
- **Consumers:** communicate service updates through social media, the Dublin Bus website, customer emails, SMS alerts and at-bus-stop notices to keep the public informed about any disruptions or changes to timetables.
- **Suppliers:** send direct emails or make phone contact to notify suppliers of potential changes to delivery schedules, payments or service needs, ensuring relationships and operations remain stable during the dispute.
- **Local community:** issue press releases or use local radio, newspapers and community forums to explain the situation, highlight efforts to resolve the issue and reduce negative impact on public perception.
- **Government:** engage through formal correspondence and meetings with relevant government departments (e.g. Department of Transport) to discuss the dispute's implications, seek mediation support or comply with regulatory requirements.

(c) (Any **two**)
- **Induction training:** upon commencement of new role or job, employees are introduced to the premises, facility, machinery, etc.
- **On-the-job training:** on-site training on selected machinery, equipment, policies, etc.
- **Off-the-job training:** at an outside location – generally tailored towards softer skills, such as team building or time management.
- **Professional development:** generally external education focused on long-term development and future promotion of the employee.

(d) (Any **three**)
- **Improves employee performance:** continuous training helps employees gain new skills and refine existing ones, leading to improved productivity and work quality.
- **Increases adaptability:** ongoing development prepares employees to respond to technological changes, such as transitioning to electric vehicles, ensuring the business stays competitive.
- **Boosts employee motivation and morale:** investing in staff development shows they are valued, leading to higher job satisfaction and engagement.
- **Supports career progression:** employees are more likely to stay with a business that offers opportunities for learning, promotion and personal growth.

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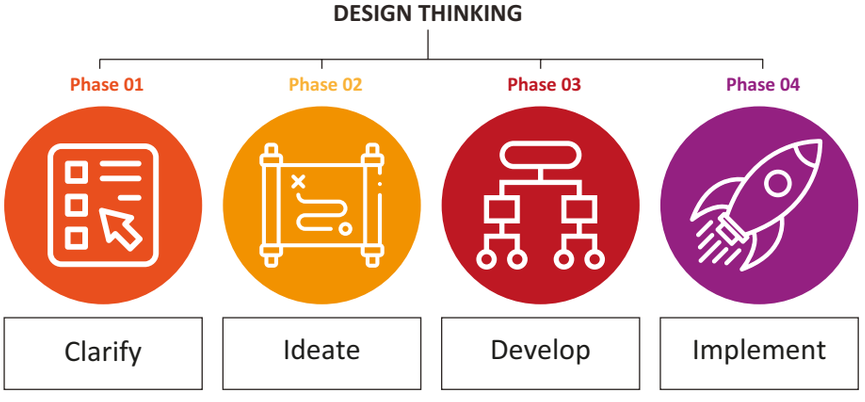
- **Reduces errors and accidents:** well-trained staff are less likely to make mistakes, especially in technical roles, improving workplace safety and reliability.
- **Enhances innovation and problem-solving:** development opportunities encourage creative thinking and upskilling, which can lead to process improvements and innovation.
- **Improves customer service and satisfaction:** skilled employees are better equipped to meet customer needs, contributing to a positive business reputation.
- **Supports compliance and standards:** regular training ensures employees understand and follow legal, industry and safety requirements.

(e)

- **Better interest rates:** switching can help consumers access better savings rates or lower borrowing costs, improving their financial position.
- **Reduced fees and charges:** some providers may offer lower fees for account maintenance, transactions or services, helping to save money.
- **Improved services:** consumers may benefit from better customer service, mobile banking features or online tools with another provider.
- **Tailored financial products:** switching allows consumers to find products that better match their needs, such as loans with flexible terms or savings accounts with higher returns.
- **Introductory offers or incentives:** new providers may offer welcome bonuses, cashback or reduced fees for switching, providing short-term financial benefits.
- **Encourages competition:** when consumers switch, it encourages providers to improve their products and pricing, which benefits all customers.
- **Avoiding poor service or dissatisfaction:** if a consumer is unhappy with their current provider's service or charges, switching can lead to a more positive experience.
- **Improved financial awareness:** comparing products before switching helps consumers make informed decisions and stay actively engaged in managing their finances.

(f) **(i)**



(ii)

- **Clarify**
  This phase involves understanding and defining the problem.
  Businesses research customer needs, gather insights and clearly define the challenge they are trying to solve. It ensures that the problem is real, relevant and based on user needs.

- **Ideate**
  This phase focuses on generating creative ideas and possible solutions.
  Brainstorming sessions take place, encouraging wide and imaginative thinking. The goal is to produce as many potential solutions as possible without immediate judgement or evaluation.

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- **Develop**
  This phase involves refining and testing the most promising ideas.
  Prototypes or sample models are created, and feedback is gathered. It allows businesses to experiment and improve their ideas before full implementation.
- **Implement**
  This phase brings the final solution to life.
  The developed solution is launched or delivered to the market. Businesses monitor its impact and make any necessary adjustments to ensure it meets user needs and solves the original problem.

Question 4 **(70 marks)**

(a) **(i)** (Any **two**)

- **Access to larger markets:** trading internationally allows Irish businesses to reach millions of potential customers beyond the domestic market.
- **Increased sales and profits:** by selling products or services abroad, businesses can boost revenue and profitability.
- **Economies of scale:** a larger customer base can lead to increased production, reducing unit costs and improving efficiency.
- **Diversification of risk:** trading in multiple countries reduces dependence on the Irish market and protects against local economic downturns.
- **Exploitation of competitive advantage:** Irish firms can export products they specialise in, such as pharmaceuticals, food or tech services, to markets where demand is strong.
- **Government support and incentives:** agencies like Enterprise Ireland assist Irish businesses to export by providing grants, advice and market access support.
- **Improved brand recognition:** operating internationally can raise a company's profile and reputation, helping it grow and compete on a global stage.
- **Access to resources and skills:** international trade may also give businesses access to specialised inputs, technology or skilled labour not available domestically.

(ii) **Challenges** (any **one**)

- **Cultural differences:** language barriers, customs and business etiquette may affect communication and marketing success.
- **Legal and regulatory issues:** each country has different laws, taxes and trade regulations that businesses must comply with.
- **Exchange rate fluctuations:** currency value changes can affect pricing, costs and profits when trading internationally.
- **Increased costs:** logistics, tariffs and adapting products for different markets can increase operational costs.
- **Political and economic risks:** changes in government policy or economic instability abroad can disrupt trade or create uncertainty.

Benefits (any **one**)

- **Access to larger markets:** businesses can increase their customer base, leading to higher sales and potential for business growth.
- **Increased revenue and profits:** international trade opens up additional income streams beyond the domestic market.
- **Enhanced brand reputation:** operating globally can build international credibility and raise the profile of Irish businesses.
- **Diversification:** selling in multiple countries spreads risk and reduces dependence on one economy.
- **Learning and innovation:** exposure to global markets can encourage innovation and improvement through competition and collaboration.

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(b) **(i)**

Statement	True	False
Trading internationally can lead to lower carbon emissions due to transport and shipping.		✓
Ireland, as a member of the EU, is part of a trading bloc.	✓	
Interdependence arises when one group becomes dependent on another for the supply of necessary goods and services.	✓	
Organisational culture and innovation are not important in organisations.		✓
A power interest grid is used to analyse customer interest.		✓

(ii) (Any **two**)

- **Improved communication:** technology (such as email, video conferencing and instant messaging) allows businesses to communicate instantly with global partners, suppliers and customers.
- **E-commerce platforms:** businesses can sell products and services worldwide using online platforms, expanding their reach without needing a physical presence.
- **Faster and cheaper transport systems:** technological advancements in logistics and tracking systems support more efficient global shipping and supply chain management.
- **Access to global talent:** digital tools enable companies to hire and collaborate with workers from different parts of the world through remote-working platforms.
- **Global marketing and advertising:** social media, websites and digital advertising allow businesses to promote products internationally in a cost-effective and targeted way.
- **Innovation and collaboration:** technology makes it easier for businesses in different countries to collaborate on research, development and innovation.
- **Data analytics and market research:** digital tools allow businesses to gather insights on global consumer behaviour, helping them to tailor their strategies for different markets.

(c) **(i)**

U	S	P
Unique	Selling	Point

(ii) (Any **one**)

- **Wide range of foundation shades:** Fenty Beauty introduced 50 foundation shades to cater for a diverse range of skin tones, addressing a gap in the market and setting a new industry standard.
- **Focus on inclusivity:** the brand was launched with inclusivity at its core, prioritising the needs of women who were traditionally underrepresented in the beauty industry.
- **Diverse campaign representation:** Fenty Beauty used campaign models of various ethnicities, genders and skin tones, demonstrating a commitment to true diversity in its branding.
- **Industry disruption:** this inclusive approach disrupted the traditional beauty industry, which often failed to offer sufficient options for people with darker skin tones.
- **Recognition for innovation:** the brand's approach was acknowledged globally, including being named one of *Time* magazine's 25 Best Innovations of the Year.

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(d) **Business**

- **Competitive advantage:** innovation allows businesses to develop unique products or services that help them stand out in the market and attract more customers.
- **Increased profitability:** by creating new or improved offerings, businesses can generate new revenue streams and reduce costs through more efficient processes.
- **Adaptability and resilience:** innovative businesses are better equipped to respond to changes in consumer needs, technology and market trends.

Economy

- **Job creation:** innovation leads to the development of new industries and roles, increasing employment opportunities and supporting economic growth.
- **Exports and investment:** innovative Irish businesses can compete internationally, boosting exports and attracting FDI.
- **Productivity improvements:** innovation can lead to more efficient ways of working, helping to improve national productivity and competitiveness.

Society

- **Improved quality of life:** innovations in areas such as healthcare, education, transport and sustainability contribute to a higher standard of living.
- **Environmental solutions:** innovation plays a key role in tackling global challenges such as climate change through the development of green technologies and sustainable products.
- **Inclusivity and access:** innovation can promote social inclusion by addressing the needs of underrepresented groups, e.g. Fenty Beauty's diverse product range.

(e) (Any **two**)

- **Financial risk:** entrepreneurs often invest their own money or take on loans, with no guarantee of business success or return on investment.
- **Uncertainty and failure:** many start-ups face uncertain markets, competition and changing customer demands, leading to a high risk of failure.
- **Stress and pressure:** entrepreneurs may experience personal stress due to long hours, decision-making responsibilities and the pressure to succeed.
- **Access to funding:** new entrepreneurs may struggle to secure investment or loans, particularly if they lack a proven track record or collateral.
- **Time commitment:** starting and running a business often requires significant personal time and energy, affecting work–life balance.
- **Regulatory compliance:** entrepreneurs must navigate complex legal and regulatory requirements, including taxation, employment laws, and health and safety standards.
- **Building a customer base:** it can take time to build trust and attract loyal customers, especially in a competitive market.
- **Skill gaps:** entrepreneurs may need to develop skills in areas like finance, marketing or technology, which can be challenging without support or training.
- **Attracting and retaining staff:** new businesses may find it difficult to recruit and keep skilled employees, especially without offering high wages or job security.

Question 5 **(70 marks)**

(a) **(i)**

F	D	I
Foreign	Direct	Investment

(ii) (Any **two**)

- **Favourable corporate tax rate:** Ireland's low corporation tax rate of 12.5% makes it an attractive location for multinational companies seeking to reduce their tax burden.
- **Highly skilled/educated workforce:** government investment in education and training ensures a skilled, English-speaking workforce, which is appealing to global employers.
- **English-speaking country:** as an English-speaking EU member, Ireland offers linguistic and cultural alignment with the USA and global businesses.
- **Access to the EU single market:** as a member of the EU, Ireland offers companies access to a large, tariff-free market of over 400 million consumers.
- **Supportive legal and regulatory environment:** the Irish government ensures business-friendly regulations, strong intellectual property protection and ease of doing business.
- **Investment in infrastructure:** continued development of transport, broadband and utilities makes Ireland a more attractive place to locate international operations.
- **Political stability:** Ireland offers a stable political and economic environment, providing confidence and security for international investors.
- **Research and innovation supports:** through agencies like Enterprise Ireland and Science Foundation Ireland, the government funds R&D, encouraging innovation-based FDI.
- **Attractive quality of life:** Ireland's high standards of living, healthcare, education and cultural appeal help attract and retain international talent and business leaders.

(b) (Any **three**)

- **Job creation:** FDI supports thousands of direct and indirect jobs across sectors such as technology, pharmaceuticals and finance, boosting employment levels nationwide.
- **Increased tax revenue:** multinational companies contribute significantly to government income through corporate taxes, income tax and VAT.
- **Boosts exports:** foreign-owned firms produce goods and services for international markets, significantly contributing to Ireland's export economy.
- **Skills and knowledge transfer:** FDI introduces advanced technologies and global business practices, which can benefit the domestic workforce and local suppliers.
- **Regional development:** FDI often supports development in less urbanised areas, helping to spread economic activity more evenly across the country.
- **Support for local businesses:** multinational companies often rely on Irish firms for goods and services, creating opportunities for SMEs.
- **Enhances innovation:** many FDI firms invest in research and development in Ireland, boosting innovation and helping Ireland build a reputation as a knowledge-based economy.
- **Increases consumer spending:** with higher levels of employment and income, FDI contributes to greater spending in the economy, stimulating growth in other sectors.

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(c) **(i)**

Answer: €4 billion surplus (Include the € symbol and surplus)	Calculations: 42 − 38 = 4

(ii) (Any **two**)

- Inflation
- Employment rates
- Interest rates
- Exchange rates
- Consumer confidence

(d) **(i)** Strategic planning is a process where a business sets out its long-term goals and determines how to achieve them over a defined period (typically 3–5 years or more). It helps the organisation decide on its direction, identify priorities and allocate resources effectively to achieve its vision and objectives.

(ii) (Any **two**)

- **Clear direction:** strategic planning provides a clear sense of purpose and direction for the business, helping all staff understand long-term goals.
- **Improved decision-making:** it offers a structured framework that supports informed, consistent and goal-aligned decision-making.
- **Efficient resource use:** resources such as time, money and staff are allocated more effectively, reducing waste and increasing productivity.
- **Enhanced coordination:** departments and teams can align their activities with overall business objectives, improving collaboration and coherence.
- **Performance measurement:** strategic plans include targets and timelines, which help measure progress and hold teams accountable.
- **Risk management:** it helps identify potential challenges in advance and prepare strategies to address them, reducing uncertainty.
- **Competitive advantage:** by setting out how to meet customer needs and respond to market trends, strategic planning helps the business remain competitive.
- **Supports growth and innovation:** it encourages long-term thinking and investment in innovation, helping the organisation to grow and adapt over time.

(e)

Statement	True	False
Central Bank Digital Currency (CBDC) is an electronic form of cash for the digitalised world.	✓	
Intrapreneurs take risks and start their own businesses from scratch.		✓
The gig economy refers to a part of the labour market that relies on permanent positions.		✓
Manufacturing is a common business model.	✓	