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

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

(a) **(i)** Savings, investment from their parents

(ii) (Any **two**)

- **Business growth:** as a business develops, its financial needs evolve. Initially, small investments may suffice, but as the business grows, more capital may be needed for expansion, development of new products or reaching new markets.
- **Increased risk:** with business expansion or the introduction of new products, the perceived risk increases. This can lead to a shift from using personal savings or loans to seeking external finance from investors or banks.
- **Need for larger investment:** as production increases or operations scale up, larger amounts of capital are often required to fund activities such as purchasing equipment, hiring additional staff or increasing inventory.
- **Shift in financial strategy:** in the early stages, businesses may rely on informal or short-term sources like personal savings or credit cards. Over time, businesses may move towards more structured finance options, such as equity financing, loans or venture capital.
- **Changing cash flow:** as cash flow improves and becomes more predictable, businesses may gain access to more attractive financing options. This might include traditional bank loans or lines of credit, which were not viable during the business's early stages.
- **External economic factors:** economic changes, such as interest rates or market conditions, can affect a business's ability to access or choose specific types of finance over time.
- **Investor involvement:** as businesses become more established, they may seek larger investors or venture capitalists who bring in additional finance and offer strategic guidance.

(b)

Example	Primary	Secondary
A student looks through census data, studying past research articles or using government statistics.		✓
A business conducts a survey to find out what customers think about their new product/service.	✓	
A manager uses existing data and analysis from social media platforms and other online sources to gain insights.		✓

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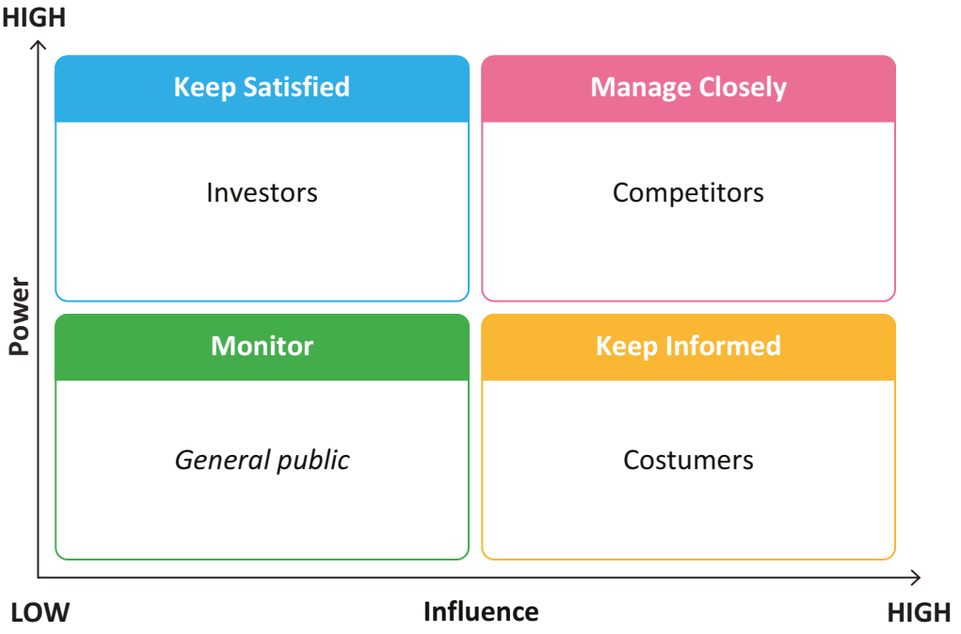
(c) **(i)**



(ii) (Any **two**)

- **Balanced decision-making:** by understanding stakeholder priorities, businesses can make decisions that consider the needs of those who matter most to the success of the organisation (e.g. a customer-focused approach might be prioritised when making decisions about product development or pricing).
- **Sustaining relationships:** prioritising stakeholders such as employees, customers and suppliers helps maintain positive, long-term relationships. For instance, ensuring employees' wellbeing can lead to higher retention rates, while listening to customers' feedback can improve product offerings and customer loyalty.
- **Strategic growth:** focusing on the stakeholders that can provide the most value, such as investors or key customers, can help businesses achieve strategic growth. By prioritising these stakeholders' needs, a business can secure investment, enhance its reputation and expand into new markets.
- **Enhanced reputation:** when a business demonstrates it is addressing the interests of its stakeholders, especially those that have significant influence, it fosters trust and a positive public image.
- **Risk management:** not addressing the interests of influential stakeholders, like regulators or large customers, can result in financial penalties, legal consequences or loss of business. Prioritising these interests can help a company avoid significant risks and potential crises.
- **Long-term sustainability:** prioritising the interests of different stakeholders, including those of the wider community or the environment, helps businesses contribute to sustainable development and operate in a socially responsible manner. This can have long-term benefits, including customer trust and loyalty.

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(d) (i) Market research

- **Online surveys and polls:** instead of only using face-to-face surveys, Míle Fáilte can now gather feedback using tools like Google Forms or Instagram polls, reaching a wider audience more quickly.
- **Social media insights:** platforms like Instagram and TikTok provide analytics on followers' age, location and engagement, helping the business understand its customer base better.
- **Website analytics:** if Míle Fáilte has a website, tools like Google Analytics can show which products attract the most interest and how customers move through its online store.
- **Customer interaction:** by reading comments and messages on social media, the business can pick up on customer preferences, opinions and trends in real time.

Marketing

- **Low-cost promotion:** social media platforms such as Instagram, TikTok and Facebook allow the brothers to promote their brand to a wide audience without the high cost of traditional advertising.
- **Influencer and peer marketing:** the brothers can work with local athletes or influencers to wear and promote their products online, which builds trust and awareness.
- **Targeted advertising:** they can run paid ads targeted to specific groups — such as sports fans aged 15–25 in Ireland — making their promotion more effective.
- **Content marketing:** through regular posts, videos and behind-the-scenes content, they can keep customers engaged and build a strong brand personality.
- **Direct communication:** social media allows the business to engage directly with followers, answer questions and create a loyal community around the brand.

(ii) (Any **two**)

- **Product development:** the business can create new products or improve existing ones to meet changing customer needs or enter new markets. For example, expanding from just t-shirts to include sports shorts or hoodies.
- **Market expansion:** a business may choose to enter new geographic markets, such as moving from a local customer base to national or international sales, either through physical stores or online platforms.
- **Digital transformation:** using tools like e-commerce websites, social media marketing and online payment systems helps the business improve customer reach and streamline operations.
- **Adapting the marketing mix:** changing aspects like pricing, promotion or packaging can help a business better appeal to different target markets or respond to external changes such as economic shifts.
- **Strategic partnerships:** collaborating with other businesses (e.g. retailers or influencers) can provide access to new customers and boost credibility.
- **Hiring and training staff:** expanding businesses may need more staff or upskilled workers to manage growth and meet increased demand.
- **Investment in technology or equipment:** purchasing new machinery, upgrading software or automating processes can improve efficiency and allow the business to scale up operations.
- **Customer feedback and innovation:** listening to customers and using their feedback to innovate helps the business stay relevant and competitive, and better meet customer needs.

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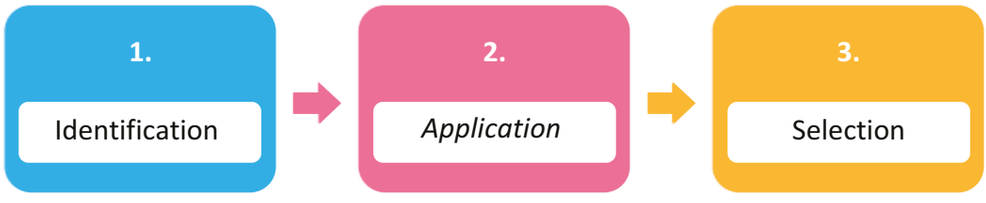
(e) **(i)** **Internal**

- **Business objectives:** plans for growth, new product launches or entering new markets may require more staff or different skills.
- **Budget constraints:** the amount of money available for staffing influences how many people can be hired or trained.
- **Current workforce skills:** workforce planning depends on the skills, qualifications and experience of current employees, and whether any skill gaps exist.
- **Staff turnover:** high turnover, retirements or employee dissatisfaction may require planning to replace or retain key staff.

External

- **Technology and automation:** new technology may reduce the need for certain roles or increase the demand for specialised digital or technical skills.
- **Labour market trends:** the availability of skilled workers, wage levels and employment rates in the local or national market can affect recruitment strategies.
- **Legal and regulatory changes:** changes to employment law, such as working time directives or minimum wage increases, influence how businesses plan and manage staff.
- **Customer demand and market conditions:** fluctuations in customer needs or seasonal demand can impact how many staff are required and when.

(ii)



(iii) (Any **one**)

- **Equal opportunities:** the business should treat all applicants fairly, regardless of gender, age, race or background, to ensure a diverse and inclusive workplace.
- **Transparent job descriptions:** providing honest and clear information about roles, responsibilities, pay and working conditions ensures fairness and avoids misleading candidates.
- **Fair interview process:** using structured interviews with consistent questions for all applicants ensures each candidate is assessed equally, based on merit.
- **Data protection:** the business should respect applicants' privacy by securely handling and storing the personal information gathered during the recruitment process.
- **Promoting local employment:** the business could make efforts to hire from within the local community, supporting local development and reducing travel emissions.

(f) (Any **three**)

- **Job creation:** a business provides employment opportunities, reducing unemployment and supporting local communities. The creation of jobs in various sectors, such as sales, manufacturing and marketing, helps individuals earn wages and support their families.
- **Paying taxes:** businesses contribute to government revenue through taxes such as VAT, corporation tax, income tax and employer PRSI. These taxes are essential for funding public services, infrastructure, healthcare and education.
- **Supporting local suppliers:** businesses often source raw materials, services or products from other Irish companies, stimulating local industries and helping to grow the domestic supply chain.

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- **Encouraging innovation and entrepreneurship:** by introducing new products or services, businesses contribute to innovation in the economy. Additionally, they may inspire others to start their own businesses, which fosters a culture of entrepreneurship in Ireland.
- **Export revenue:** if a business expands its operations internationally, it brings in foreign revenue through exports. This helps improve Ireland's trade balance and strengthens its global economic presence.
- **Spending and investment:** businesses often invest in new technology, infrastructure and machinery, which stimulates the economy by creating demand for goods and services. Additionally, businesses that spend locally contribute to the growth of other sectors.
- **Community investment:** many businesses contribute to their communities through charitable donations or sponsorships. This fosters a positive image of business and supports community development.

(g) **(i)** (Any **one**)

- **Right to fair pay:** employees are entitled to receive at least the national minimum wage for their work. The rate depends on the employee's age and experience, and employers must comply with minimum wage laws.
- **Right to equal treatment:** employees are protected from discrimination based on gender, age, race, religion, disability, sexual orientation and other protected characteristics. This includes equal pay for equal work and equal opportunities for promotion and development.
- **Right to paid leave:** employees are entitled to annual leave, public holidays, sick leave, and maternity, paternity and parental leave, as per legal requirements.
- **Right to a written contract:** employers must provide a written statement of terms and conditions of employment to employees. This should include information about job role, pay, working hours and other essential employment conditions.
- **Right to health and safety:** employees are entitled to a safe and healthy working environment. Employers are required to ensure the safety of their workers and provide necessary protective measures, especially in hazardous industries.
- **Right to join a trade union:** employees have the right to join a trade union and to participate in union activities. Trade unions play a key role in negotiating better wages, benefits and working conditions.
- **Right to protection from unfair dismissal:** employees cannot be dismissed unfairly. Employees with at least one year of continuous service are protected from unfair dismissal. Valid reasons for dismissal must be provided, and the dismissal process must follow legal procedures.
- **Right to rest breaks and working hours:** employees are entitled to breaks during their working hours. For example, after working more than 4.5 hours, an employee is entitled to a 15-minute break, and after 6 hours, they are entitled to a 30-minute break.
- **Right to redundancy:** employees who are made redundant after working for a business for at least 2 years are entitled to a statutory redundancy payment, which is calculated based on their length of service and weekly earnings.
- **Right to work–life balance:** recent changes in employment law have focused on improving work–life balance, ensuring that employees are not overworked and have the flexibility to manage personal and family commitments.

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(ii)

Statement	True	False
ESG stands for environmental, social and greenwashing.		✓
A STEEPLE analysis may be used to assess the impact of external factors on a business.		✓
Porter's model includes five forces that support deeper understanding of the competitive forces within business.	✓	
Business ideas can be influenced by market trends and costumer needs.	✓	

Question 2 **(70 marks)**

(a) **(i)** A European **regulation** is a binding legislative act that must be applied in its entirety across all EU member states.

(ii) A European **directive** sets out a goal that all EU countries must achieve, but it is up to each country to decide how to implement it.

(iii) A European **opinion** is not legally binding but provides guidance or expresses an institution's view.

(b) Governance in an organisation refers to the system of rules, practices and processes by which a business or organisation is directed and controlled. It involves establishing the framework for making decisions, overseeing the management and ensuring accountability to stakeholders, such as shareholders, employees, customers and the wider community. It typically involves the roles of the board of directors, senior management and various committees to ensure strategic goals are met while maintaining transparency and accountability.

(c) **(i)** **Locally**

- **Community support:** not-for-profit organisations often provide services that directly benefit the local community, such as food banks, youth services or mental-health support, improving the quality of life for individuals who may be underserved by the private sector.
- **Volunteer opportunities:** these organisations create opportunities for local individuals to volunteer, fostering a sense of community and civic responsibility while also addressing the needs of those less fortunate.
- **Local employment:** many not-for-profit organisations employ staff from the local community, providing job opportunities and supporting local economies.

Nationally

- **Social impact:** nationally, not-for-profit enterprises play a crucial role in addressing broad societal issues like poverty, homelessness, education and healthcare, often filling gaps that the government or private sector may not fully address.
- **Economic contribution:** while not-for-profit organisations don't generate profits for owners, they contribute to the economy by providing employment, supporting suppliers and generating economic activity through services and initiatives.
- **Advocacy and awareness:** many not-for-profits in Ireland work on raising awareness of key social issues, advocating for policy changes or reform on national issues like environmental sustainability or social justice.

(ii) (Any **two**)

- **Preference for sustainable products:** driven by environmental concerns, consumers increasingly choose eco-friendly products made from sustainable materials, such as organic food or recycled fabrics.
- **Ethical sourcing and fair trade:** consumers prefer products sourced ethically, ensuring fair wages and safe working conditions, such as Fairtrade-certified goods.
- **Transparency and corporate social responsibility:** consumers support businesses that are transparent about their sourcing and production methods and are committed to social causes or environmental sustainability.
- **Conscious consumption:** many consumers adopt a minimalist approach, buying only what they need and opting for long-lasting products to reduce waste and overconsumption.

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- **Influence of social media and awareness campaigns:** social media raises awareness of ethical and environmental issues, leading consumers to support brands that align with their values.
- **Support for local and small businesses:** consumers prefer local businesses or those with a positive social impact, as they are seen as more transparent and community-focused.
- **Greenwashing awareness:** consumers are cautious of companies that falsely claim to be environmentally friendly and tend to research brands to ensure authenticity.

(d) **(i)** (Any **two**)

- **Purchasing durable products:** consumers can choose to buy high-quality, long-lasting products that are designed to be reused or repaired, reducing waste and supporting the idea of longevity over disposability.
- **Recycling:** by recycling materials such as paper, plastic and metal, consumers help ensure that these materials can be reprocessed and used again in new products, reducing the need for raw materials.
- **Upcycling:** consumers can repurpose or creatively modify old products to extend their life, reducing waste and minimising the need for new resources.
- **Supporting sustainable brands:** consumers can support businesses that adopt circular economy principles, such as those that offer take-back schemes, use recycled materials or design products for easy disassembly and reuse.
- **Participating in product repair:** rather than discarding broken items, consumers can opt to repair products like electronics, clothing or furniture, reducing the amount of waste that ends up in landfills.
- **Engaging in product sharing:** consumers can participate in sharing or renting products, such as tools, clothing or vehicles, rather than owning them outright. This reduces overproduction and promotes the efficient use of resources.
- **Buying second-hand goods:** purchasing second-hand items from charity shops, online marketplaces or local resale groups keeps products in circulation longer and reduces demand for new goods.
- **Composting:** consumers can compost organic waste like food scraps and garden waste, turning it into nutrient-rich material that can be used for growing plants, reducing waste sent to landfill.
- **Minimising single-use items:** avoiding disposable, single-use products, such as plastic bottles or packaging, and opting for reusable alternatives helps cut down on waste and promotes a circular approach to consumption.

(ii) (Any **one**)

- Single-Use Plastics Directive
- Consumer Rights Directive
- EU Common Charger Directive
- The EU Directive on Adequate Minimum Wages
- Working Time Directive
- Unfair Commercial Practices Directive
- E-Commerce Directive
- Equal Treatment Directive
- Energy Efficiency Directive
- Corporate Sustainability Reporting Directive

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Single-Use Plastics Directive

- Ireland has implemented and followed the EU's Single-Use Plastics Directive since 2021.
- This includes a ban on the sale of specific single-use plastic items, e.g. cotton bud sticks and cutlery.
- From January 2023, producers of plastic packaging are required to cover the costs of litter clean-up for certain single-use plastic items.
- From 2024, single-use plastic beverage containers up to 3 litres must have tethered caps, and from 1 January 2025, these containers must contain at least 25% recycled content, increasing to 30% by 2030.
- In 2024, Ireland's Deposit Return Scheme (DRS) officially launched, aiming to encourage recycling and reduce littering of single-use beverage containers.
- The government and environmental agencies have launched public awareness campaigns to educate consumers and businesses about the new regulations and the importance of reducing single-use plastic consumption.

Any relevant EU Directive and explanation of how it has been implemented.

(e)

Impact of EU legislation	1	2	3	4
Stakeholders	A	D	B	C

(f) **(i)** A trading bloc is a group of countries that agree to reduce or eliminate trade barriers, such as tariffs and quotas, between themselves, while often maintaining individual trade policies with non-member countries. These countries work together to encourage free trade and economic cooperation among members.

(ii) (Any **one**)

- European Union (EU)
- Mercosur (South American trading bloc)
- United States–Mexico–Canada Agreement (USMCA)
- Association of Southeast Asian Nations (ASEAN)
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
- African Continental Free Trade Area (AfCFTA)

Question 3 **(70 marks)**

(a) **(i)**

Statement	Ethical	Sustainability
Using cloud computing to support remote teams increases energy consumption in data centres.		✓
Monitoring employees' online activity during remote work raises concerns about privacy and trust.	✓	
Companies that use more video conferencing reduce their carbon footprint from business travel.		✓
Some employees feel isolated and unsupported while working remotely, leading to poor mental health.	✓	
Remote work reduces daily commuting, leading to lower carbon emissions.		✓
Reducing the need for office space can cut down on energy use and waste.		✓
Not providing equal access to remote work opportunities can lead to discrimination against certain employees.	✓	

(ii) (Any **one**)

- **Automation of processes:** tasks such as payroll, inventory management and customer service can be automated using digital tools, reducing labour costs and increasing efficiency.
- **E-commerce platforms:** businesses can now sell products and services online, reaching a global audience and operating outside traditional retail hours.
- **Data analytics:** digital tools allow businesses to gather and analyse customer and market data to make more informed decisions and personalise customer experiences.
- **Digital marketing:** social media, email campaigns and search engine optimisation (SEO) have transformed how businesses promote their products and engage with customers.
- **Supply chain management:** real-time tracking and digital systems improve inventory control, logistics and coordination with suppliers.
- **Cybersecurity measures:** as businesses become more digital, investment in cybersecurity has become critical to protect data and maintain customer trust.
- **Innovation and product development**: technology enables faster prototyping and digital modelling, and the use of customer feedback to develop better products more quickly.

(b) **(i)** A business model is an element within the business plan that outlines how a company will operate, create, deliver and capture value in economic, social and cultural contexts.

(ii) (Any **one** example from each heading)

Marketplace model

- Airbnb
- Uber
- DoneDeal
- Etsy
- Ebay

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Subscription model
- Netflix
- Spotify
- Microsoft 365
- Patreon

Crowdfunding model
- Kickstarter
- GoFundMe
- Indiegogo
- Seedrs

Advertising-supported model
- Google
- Facebook
- YouTube
- TikTok

(c) **(i)** (Any **one**)
- Central Bank of Ireland (CBI)
- Corporate Enforcement Authority (CEA)
- Companies Registration Office (CRO)
- Coimisiún na Meán
- Competition and Consumer Protection Commission (CCPC)
- Financial Services and Pensions Ombudsman (FSPO)
- Commission for Regulation of Utilities (CRU)
- Data Protection Commission (DPC)
- Workplace Relations Commission (WRC)
- Health and Safety Authority (HSA)
- National Standards Authority of Ireland (NSAI)
- Department of Agriculture, Food and the Marine (DAFM)
- Sea-Fisheries Protection Authority (SFPA)
- Gambling Regulatory Authority of Ireland (GRAI)
- Intellectual Property Office of Ireland (IPOI)

(ii) Regulation in business exists to ensure that companies operate fairly, ethically and safely. It protects consumers by setting standards for quality and safety, ensures employees are treated fairly with proper wages and working conditions, and helps maintain a level playing field through competition laws. Regulations also safeguard the environment by limiting harmful business practices and promote financial stability by preventing fraud and managing risks. Regulation builds trust in the business environment and helps ensure long-term sustainability and accountability.

(iii) (Any **two**)
- **Increased risk of fraud and scams:** without proper oversight, financial institutions may engage in unethical or illegal practices, putting consumers at risk.
- **Loss of consumer confidence:** people may lose trust in financial systems and hesitate to invest or save if they feel their money isn't protected.
- **Financial instability:** without regulation, institutions may take excessive risks, potentially leading to bank collapses or wider economic crises.

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- **Unfair practices:** consumers might face hidden fees, unclear terms or exploitative lending without rules to ensure fairness.
- **Damage to a country's reputation:** weak regulation can reduce international trust and make it harder for a country to attract foreign investment.
- **Widening inequality:** poor regulation may allow financial firms to prioritise profits at the expense of vulnerable consumers, increasing inequality.

(d) **(i)** **Internal** (any **one**)

- **Change in leadership:** a new manager or owner may bring different strategies or goals, influencing the direction of the business.
- **Introduction of new technology:** implementing new systems or equipment can improve efficiency but may require staff training or role changes.
- **Change in organisational structure:** a business may restructure teams or departments to reduce costs or respond to performance issues.
- **New business strategy:** a shift in goals, such as targeting a new market or launching a new product line, can change how the business operates.

External (any **one**)

- **Shifts in consumer preferences:** changes in customer tastes or trends may require businesses to adapt their products or services.
- **Economic conditions:** inflation, interest rates or recessions can affect demand, pricing and costs.
- **Legal and regulatory changes:** new laws or compliance requirements may force businesses to adjust operations or policies.
- **Technological advancements in the industry:** developments outside the business can create pressure to keep up with advancements or risk becoming outdated.
- **Increased competition:** new competitors or changes in market share may require businesses to innovate or lower prices.

(ii) (Any **two**)

- **Improved efficiency and productivity:** technology, such as automation and digital tools, streamline processes, enabling businesses to increase output without significantly raising costs, which is key to scaling operations.
- **Access to global markets:** e-commerce platforms and digital marketing allow businesses to reach international customers, expanding their customer base beyond local markets.
- **Data-driven decision-making:** analytics and big data tools help businesses make informed decisions about product development, marketing strategies and customer preferences, supporting smarter expansion plans.
- **Cost reduction:** cloud computing and digital solutions reduce infrastructure and operational costs, making it easier for businesses to grow without substantial capital investment.
- **Enhanced customer engagement:** social media, customer relationship management (CRM) systems and email marketing allow businesses to communicate directly with customers, building loyalty and driving growth.
- **Innovation in products and services:** technology such as digital design tools and 3D printing enables businesses to create new products or improve existing ones, driving innovation and expansion.
- **Supply chain optimisation:** technologies like the Internet of Things (IoT) and blockchain improve inventory management, reduce waste and enhance logistics, ensuring businesses can scale efficiently.

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(e) (Any **three**)

- **Increased flexibility:** digital tools enable remote and hybrid working, giving employees greater flexibility in where and when they work, improving work–life balance and boosting job satisfaction.
- **Enhanced communication:** digital platforms like instant messaging, video conferencing and collaboration software enable seamless communication among employees, teams and clients, no matter the location.
- **Automation of routine tasks:** software and AI automate repetitive tasks like data entry, scheduling and customer service, allowing employees to focus on more strategic, value-adding activities.
- **Improved collaboration:** cloud-based platforms and project management tools allow teams to collaborate in real-time, share documents and track progress, increasing productivity and teamwork.
- **Skill development:** digital technology provides access to online learning platforms, enabling employees to acquire new skills and stay updated with industry trends, enhancing their performance and career growth.
- **Data-driven decision-making:** advanced analytics and business intelligence tools help businesses gather and analyse data on employee performance, customer behaviour and market trends, leading to better informed decisions.
- **Health and safety improvements:** wearable technology and monitoring systems can track employee health and safety, alerting management to potential risks and ensuring a safer working environment.
- **Job creation and transformation:** digital technology has created new roles in areas like cybersecurity, data analysis and IT support, while also transforming existing jobs and requiring new skills.

Question 4 **(70 marks)**

(a) **(i)** April

(ii) January, February

(iii) New machine

(iv) (Any **two**)

- **Explore financing options:** instead of paying the full €25,000 upfront for the new machine, the manager could consider financing options, such as business loans or leasing the machinery. This would spread the cost over time, easing the pressure on cash flow and avoiding a large one-off payment that causes a deficit.
- **Delay large investments:** the manager could plan large capital investments in stages, purchasing machinery gradually or when sales revenue is higher. This staggered approach allows the business to maintain a more balanced cash position and avoid sudden financial strain.
- **Shop around for better deals:** before making large purchases, the manager should compare prices from multiple suppliers. This could lead to savings or better payment terms, helping to reduce the immediate financial impact.
- **Consider buying second-hand equipment:** purchasing quality second-hand machinery can significantly lower costs while still meeting production needs. This is especially useful for smaller businesses trying to expand without overextending financially.
- **Delay purchases and save in advance:** rather than making immediate large investments, the manager could plan ahead and gradually save the necessary funds. This avoids taking on debt or creating a deficit and encourages more disciplined financial planning.
- **Negotiate with suppliers:** if buying new is necessary, the manager could try to negotiate extended payment terms or discounts. Spreading out payments over several months could help maintain positive cash flow.

(b) **Benefits** (any **two**)

- **Increased production capacity:** new machinery would allow the company to produce more goods, which can help meet higher demand and improve efficiency.
- **Improved technology and efficiency:** modern machines may reduce production time, lower labour costs and improve product quality, giving the company a competitive advantage.
- **Long-term growth:** investing now could position the company for sustainable long-term growth and profitability.
- **Expansion into new markets (international and product-based):** higher output can enable the company to enter new geographic markets outside of Ireland or diversify into new product ranges.
- **Economies of scale:** larger production runs can reduce the cost per unit, making products more competitively priced.
- **Innovation and competitive advantage:** investing in modern machinery can support innovation, helping the company stay ahead of competitors.
- **Potential for increased revenue and profitability:** more efficient production and access to new markets can boost overall income.

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Costs (any **two**)

- **High initial investment:** purchasing new machinery is expensive (e.g. €25,000 for one machine), and further investment could significantly impact cash flow.
- **Maintenance and operating costs:** new machines often come with ongoing costs for maintenance, repairs and energy usage.
- **Risk of market failure:** expanding into international markets carries risk – there may be cultural, legal or demand-related challenges.
- **Opportunity cost:** money used to invest in machines might be better used elsewhere, such as marketing or product development.
- **Training and upskilling staff:** employees will need training to operate the new machinery, which costs time and money.
- **Worker resistance and industrial relations issues:** some employees may fear job losses due to automation, leading to dissatisfaction or disputes.
- **Building expansion or modification:** the company may need to expand or renovate its premises to accommodate the new machines, adding further cost and possible disruption.
- **Risk of overcapacity:** if demand does not rise as expected, the company may be left with idle machinery and wasted investment.

(c) **(i)** (Any **two**)

- **Prevents losses:** by identifying and assessing potential risks, businesses can put strategies in place to mitigate those risks, helping prevent financial losses or damage to assets.
- **Ensures business continuity:** risk management helps businesses prepare for unforeseen events (e.g. natural disasters, economic downturns) and ensures they can continue to operate despite challenges.
- **Improves decision-making:** by evaluating risks, businesses can make more informed decisions, weigh potential rewards against risks and choose actions that align with long-term goals.
- **Enhances reputation:** managing risks effectively helps protect a company's reputation by reducing the likelihood of crises that can harm its public image or customer trust.
- **Ensures compliance with regulations:** businesses must adhere to laws and regulations. Proper risk management ensures compliance and avoids legal issues or penalties.
- **Optimises resources:** risk assessment helps businesses allocate resources efficiently, ensuring that investments are made in areas that have the best potential for return with manageable risk.
- **Fosters growth:** by identifying and addressing risks early, businesses can safely pursue new opportunities and expand, knowing they have risk-mitigation strategies in place.

(ii) (Any **two**)

- **Wider reach and access to talent:** digital platforms like LinkedIn, job boards and company websites allow businesses to reach a global pool of candidates, broadening the search for talent beyond local or regional limits.
- **Streamlined application process:** online application systems and automated job portals make it easier for candidates to apply, while also allowing recruiters to sift through resumes quickly and filter out unqualified applicants.
- **Data-driven decision-making:** recruitment tools use algorithms and data analytics to assess candidates' qualifications, experience and fit, improving the accuracy and efficiency of hiring decisions.
- **Video interviewing:** tools like Zoom facilitate remote interviews, allowing employers to connect with candidates from anywhere, saving time and reducing the costs associated with in-person interviews.

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- **Artificial intelligence (AI) screening:** AI-powered systems can scan resumes, evaluate candidates' skills and rank applicants based on predefined criteria, speeding up the initial selection process.
- **Employer branding:** social media platforms and company websites allow businesses to promote their culture, values and workplace environment, helping attract candidates who align with the company's ethos.
- **Reduced bias:** digital recruitment systems, when properly designed, can help reduce human bias by focusing on a candidate's qualifications, skills and experience rather than their personal characteristics.
- **Enhanced candidate experience:** automation in recruitment processes, such as automated interview scheduling or personalised communication, improves the candidate experience, keeping them informed and engaged throughout the selection process.

(d) **(i)** **Conciliation** involves a neutral third party helping two parties in conflict to communicate and reach a mutual agreement, but does not have the authority to make a binding decision.

(ii) A **contingency** plan is a strategic document that outlines how a business will respond to potential emergencies, disruptions, or unexpected events that could negatively impact its operations.

(iii) To enhance financial sustainability, businesses must regularly assess and adapt both their **marketing** mix and/or business model.

(iv) In the process of **arbitration**, a neutral third party listens to both sides and then makes a final decision that is legally binding for all parties involved.

(e) Leadership focuses on inspiring, motivating and guiding employees towards a shared vision, encouraging innovation and change, whereas management concentrates on planning, organising and controlling resources to ensure that day-to-day operations are efficient and goals are met.

(f) (Any **two**)

- **Consumer expectations:** consumers are increasingly prioritising ethical and sustainable practices, expecting businesses to adopt eco-friendly products, transparent sourcing and the fair treatment of workers, which influences marketing strategies to emphasise these values.
- **Brand image and reputation:** companies that align their marketing strategies with ethical and sustainability goals can enhance their brand reputation, attracting environmentally conscious consumers and differentiating themselves in competitive markets.
- **Product development and promotion:** marketing strategies now often focus on promoting sustainable products, such as using recyclable packaging, highlighting fair trade practices and advertising eco-friendly features, to appeal to ethical consumers.
- **Corporate social responsibility (CSR):** businesses are incorporating CSR into their marketing by communicating their commitment to social and environmental causes, helping to build trust and loyalty among consumers.
- **Regulations and compliance:** ethical marketing strategies have become essential as companies comply with stricter regulations on sustainability, prompting businesses to market their products in a way that meets legal and ethical standards.

Question 5 **(70 marks)**

(a) **(i)**

Business Model Canvas

Key Partners	Key Activities	Value Propositions	Customer Relations	Customers
Chocolate suppliers	Running café and retail stores	Premium chocolates	Loyalty programmes	Local shoppers
	Key Resources		**Channels**	
	Skilled chocolatiers and baristas		Retail locations	
Costs			**Revenues**	
Employee wages			Chocolate sales	

(ii)

- **Value proposition:** a business model outlines how a company delivers value to its customers, helping enterprises identify what makes their product or service unique and why customers should choose them.
- **Revenue generation:** it helps determine how the business will generate income, whether through sales, subscriptions or other revenue streams, ensuring the financial sustainability of the enterprise.
- **Operational efficiency:** a well-structured business model identifies key activities, resources and partnerships necessary for effective operations, ensuring smooth and cost-efficient processes.
- **Customer segmentation:** it helps define target customer groups, allowing businesses to tailor their marketing, products and services to meet the specific needs and preferences of their market.
- **Adaptability:** business models are flexible and can evolve with changing market conditions, customer needs and technological advancements, allowing enterprises to stay competitive and grow sustainably.
- **Risk management:** a strong business model includes risk assessment, helping the business to anticipate challenges and devise strategies to mitigate potential risks, ensuring long-term success.

(b) **(i)** (Any **three**)

- **Encouraging creativity:** businesses can promote innovation by fostering a culture of creativity, where employees are encouraged to share new ideas and experiment without fear of failure, which can lead to innovative solutions and products.

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- **Providing resources and training:** offering training, tools and resources that enhance employees' skills and knowledge encourages intrapreneurial thinking and enables them to develop new ideas within the organisation.
- **Supporting risk-taking:** by creating an environment where calculated risk-taking is supported, businesses can inspire intrapreneurs to develop and implement new ideas, fostering a culture of innovation.
- **Rewarding innovation:** incentivising employees' innovative ideas through rewards, recognition or promotions can drive creativity and motivate others to think entrepreneurially within the organisation.
- **Collaborative environment:** encouraging cross-departmental collaboration and open communication allows employees from different areas of expertise to share diverse perspectives, leading to more innovative solutions and ideas.
- **Providing autonomy:** allowing employees to take ownership of projects and make decisions empowers them to think creatively and implement new ideas, fostering a sense of intrapreneurship within the company.
- **Leadership support:** having strong leadership that actively supports innovation and intrapreneurial thinking ensures that employees feel valued, and that their contributions towards new ideas are taken seriously.

(ii) (Any **one**)
- Authoritarian (autocratic)
- Participative (democratic)
- Delegative (laissez-faire)

(iii) **Authoritarian (autocratic)**
- **Organisational culture:** this leadership style fosters a top-down, controlled culture where decisions are made by leaders without much input from employees. It can create a clear structure but may limit employee initiative and creativity.
- **Organisational innovation:** innovation may be stifled, as employees have limited autonomy and may feel less encouraged to contribute new ideas because the focus is on following directives rather than on collaboration.

Participative (democratic)
- **Organisational culture:** this leadership style encourages open communication and collaboration, fostering a culture of trust and inclusiveness, where employees feel valued and heard. This culture typically supports shared responsibility and mutual respect.
- **Organisational innovation:** promotes innovation by involving employees in decision-making processes, encouraging diverse perspectives and collective brainstorming, which can lead to creative solutions and continuous improvement.

Delegative (laissez-faire)
- **Organisational culture:** this leadership style creates a culture of independence and self-motivation, where employees have significant freedom to make decisions and manage their own work. However, it can lead to a lack of direction or cohesion if not properly managed.
- **Organisational innovation:** innovation is highly encouraged, as employees are given the freedom to experiment and explore new ideas without micromanagement. This can foster a highly creative environment but may also risk lack of focus or accountability if not balanced with guidance.

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(c) **(i)** Higher work satisfaction, 58%
Improved relationships with colleagues, 58%

(ii) (Any **two**)

- **Clear channels of communication:** establishing defined channels of communication (e.g. emails, meetings, messaging platforms) ensures that information flows efficiently and reaches the right people at the right time.
- **Active listening:** encouraging managers and employees to practise active listening helps ensure that everyone feels heard and understood, improving trust and reducing misunderstandings.
- **Regular updates and meetings:** holding frequent team meetings and providing updates keeps everyone informed about changes, progress and goals, fostering a culture of transparency.
- **Use of technology:** adopting communication tools like project management software, instant messaging apps and video conferencing can make it easier for teams, especially remote ones, to stay connected.
- **Feedback mechanisms:** implementing regular feedback opportunities, such as surveys or suggestion boxes, allows employees to voice their opinions and concerns, helping management to respond and adapt.
- **Training and development:** offering training sessions on effective communication skills can empower employees and leaders to convey their messages clearly and professionally.
- **Open-door policy:** encouraging an open-door policy makes managers more approachable, allowing employees to raise issues or ask questions freely, enhancing openness and reducing barriers.

(d) **(i)** (Any **three**)

- **Fear of the unknown:** employees may resist change because they are uncertain about what the future holds and worry about how it will affect their jobs or routines.
- **Loss of job security:** changes like restructuring or introducing new technology can make employees fear redundancy or a reduction in their role.
- **Comfort with current ways:** people often prefer familiar routines and may resist changes that disrupt established processes or habits.
- **Lack of trust in management:** if employees do not trust the leadership team, they may doubt the reasons behind the change and resist participating.
- **Poor communication:** if changes are not clearly explained, employees may misunderstand the purpose or benefits, leading to fear and opposition.
- **Fear of incompetence:** staff might worry they will not have the skills or knowledge needed to succeed in a new system, leading to resistance.
- **Increased workload:** change often brings additional tasks or responsibilities, at least temporarily, which can cause resentment or fatigue among employees.
- **Previous negative experiences:** if employees have had bad experiences with change in the past, they may be more likely to resist future initiatives.

(ii)

- **Effective communication:** clearly explaining the reasons for change, the benefits of the change, and how it will be implemented can reduce uncertainty and fear among employees.
- **Employee involvement:** involving employees in the planning and decision-making process helps them feel valued and gives them a sense of control over the change.

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- **Training and support:** providing training sessions and ongoing support ensures that employees feel confident and capable of adapting to new systems or processes.
- **Leadership support:** strong, visible leadership that actively supports the change process can reassure employees and show commitment from the top.
- **Addressing concerns:** listening to employees' worries and responding to them respectfully can help build trust and reduce opposition.
- **Incentives and rewards:** offering incentives or recognising efforts to adapt can motivate employees to embrace change more positively.
- **Gradual implementation:** introducing changes in stages rather than all at once can make the transition smoother and less overwhelming.
- **Building trust:** maintaining honesty and transparency throughout the process helps build a culture of trust, making employees more likely to support the change.