Leaving Certificate Business SEC Sample Paper 1 Higher Level Solutions

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

(a) (Any **one**)

- **Job creation:** ProjectOne employs 64 people in Kildare, providing income and employment opportunities within the local area.
- **Spending power:** employees earning wages spend locally on goods and services, supporting local businesses and generating additional economic activity.
- **Community engagement:** volunteering with Junior Achievement Ireland helps to upskill and inspire local students, investing in the future workforce.
- **Support for start-ups and SMEs:** by offering services to local start-ups and entrepreneurs, ProjectOne stimulates innovation and business growth in the region.
- **Use of local services:** operating locally means ProjectOne can use local suppliers and service providers (e.g. office maintenance, catering), supporting other small businesses.

(b) (Any **three**)

- **Coordination difficulties:** a four-day week and blended working may lead to communication delays or project slowdowns due to a reduced overlap in working hours.
- **Team cohesion:** remote work may impact the sense of teamwork or connection among staff, particularly for new hires or cross-functional teams.
- **Dependence on technology:** remote and blended working models rely heavily on tech infrastructure, and any system failures can disrupt productivity.
- **Onboarding new employees:** new staff on the GlowInc project may find it harder to integrate or receive mentoring in a partially remote setup.

(c) (Any **three**)

- **Employee loyalty:** ProjectOne fosters a culture where employees feel valued and appreciated, leading to high levels of loyalty. This reduces staff turnover and recruitment costs, while also ensuring continuity in projects. Loyal employees are more invested in the company's success and are more likely to go above and beyond in their roles.
- **Internal promotions:** promoting from within motivates staff to perform well and remain with the business, as they see real opportunities for progression. This creates a motivated workforce with a strong knowledge of the company and its operations, which contributes to increased efficiency and a stronger leadership pipeline.
- **Flexible working environment:** by offering a four-day working week and blended working arrangements, ProjectOne has created a supportive and modern workplace. These benefits improve employees' work–life balance, reduces burnout and leads to happier workers who are more engaged and productive. This flexibility also attracts skilled talent in a competitive job market.
- **Encouragement of creativity and innovation:** ProjectOne's culture values innovation and gives employees the freedom to be creative. This has led to the development of cutting-edge products and solutions for clients like GlowInc. Empowering employees in this way results in fresh ideas and a stronger competitive advantage.

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- **Positive employer reputation:** a strong organisational culture that prioritises wellbeing, development and community engagement enhances the company's image. This reputation attracts talented employees and high-quality clients, helping the company grow and succeed in the design and engineering sector.
- **Social and community engagement:** involvement in initiatives like Junior Achievement Ireland demonstrates a culture of giving back and social responsibility. This improves employee morale and pride in the workplace, and also builds strong links with the local community and future talent pools.

(d)

1. **Clarity:** in this phase, ProjectOne must gain a deep understanding of GlowInc's needs and the challenges of creating an organic, sustainable nail polish. This involves researching customer preferences, analysing trends in the beauty industry and understanding environmental standards. The team should also clarify the problem: how to create a high-quality, eco-friendly nail polish that stands out in a saturated market.
2. **Ideate:** the ProjectOne team brainstorms a wide range of creative solutions, including innovative formulas, sustainable ingredients and eco-friendly packaging. By involving a diverse team — including new hires — they can explore bold and original ideas. This phase encourages thinking outside the box before narrowing down to the most promising concepts.
3. **Develop:** in this stage, ProjectOne creates prototypes of the nail polish using selected ideas from the ideation phase. Through small-scale testing and feedback, the team refines the formula and design. This iterative process helps them improve the product based on practical trials and user responses, ensuring it aligns with GlowInc's sustainability goals.
4. **Implement:** ProjectOne prepares the final product for market launch. This involves finalising production processes, ensuring quality control, sourcing sustainable materials and planning distribution. The company works with GlowInc to ensure the product is ready to go on shelves, supported by marketing strategies that highlight its innovative and eco-friendly nature.

(e) **(i)**

- **Competitive rivalry:** the beauty and nail polish industry is highly competitive, with many established brands and new entrants offering similar products. GlowInc must work hard to differentiate its product, using sustainability and innovation to stand out in a saturated market and maintain its market share.
- **Threat of new entrants:** entry barriers in the cosmetics industry can be low due to online retail platforms and contract manufacturing. However, developing a strong brand, building sustainable supply chains and securing retail shelf space can still pose challenges to new companies. GlowInc must continue innovating to stay ahead of potential newcomers.
- **Bargaining power of suppliers:** sourcing unique and sustainable ingredients may limit supplier options, increasing their bargaining power. Suppliers may charge higher prices or have longer lead times, which can affect GlowInc's cost and production schedule. Building strong, ethical supplier relationships is key.
- **Bargaining power of buyers:** modern consumers are well-informed and have many options, giving them strong bargaining power. If GlowInc's product is not competitively priced, attractive and truly sustainable, customers may switch to rivals. Offering clear benefits and ethical branding helps retain buyer loyalty.
- **Threat of substitute products:** there are many alternatives to traditional nail polish, such as gel nails, press-ons and nail wraps. Additionally, other beauty products compete for consumers' attention and spending. GlowInc must highlight the uniqueness and sustainability of its nail polish to reduce the risk of substitution.

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(ii) **Sustainability and innovation:** GlowInc's main competitive advantage lies in its commitment to creating a unique, organic and eco-friendly nail polish.

In a crowded market, this focus on sustainability and originality differentiates the product from mainstream, chemical-based alternatives. It appeals to environmentally conscious consumers and positions the brand as forward-thinking and ethical. GlowInc should adopt a differentiation strategy by promoting its product's unique features, such as natural ingredients, eco-friendly packaging and cruelty-free production. This will allow the business to justify a premium price and attract a niche target market that values sustainable beauty products. Tactics could include clear branding and packaging that emphasises environmental benefits, collaborations with influencers or beauty bloggers who promote green living, and launching the product in eco-conscious retail outlets and online platforms.

Question 2 **(70 marks)**

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

- **Creativity:** Gráinne shows strong creativity by blending Irish flavours with high-quality chocolate, developing a unique and premium artisanal product that stands out in the market.
- **Risk-taking:** starting an artisanal chocolate business and competing in a niche luxury market demonstrates her willingness to take calculated business risks.
- **Vision:** Gráinne has a clear vision for producing world-class chocolates with an Irish identity and global appeal, helping guide the brand's direction and strategy.
- **Commitment:** her dedication to handmade production and ethical sourcing reflects a strong commitment to quality and values, which builds brand loyalty.
- **Innovation:** Grá Chocolates continuously experiments with flavour combinations and design, pushing the boundaries of traditional chocolate-making.
- **Leadership:** as the founder, Gráinne inspires her team, sets high standards and represents the brand with passion, helping drive business success.

(ii)

- **Consistency in quality:** working closely with trusted suppliers ensures that Grá Chocolates maintains its premium quality and unique taste, which is key to brand reputation.
- **Reliability of supply:** strong supplier relationships reduce the risk of delays or shortages, ensuring consistent production and timely delivery of products.
- **Cost management:** a positive, long-term partnership with suppliers can lead to better pricing, flexibility or payment terms, supporting financial stability.
- **Ethical sourcing:** using ethically sourced ingredients aligns with the brand's values and appeals to socially conscious consumers, boosting customer trust.
- **Innovation collaboration:** good supplier relationships may lead to collaborative innovation, where new ingredients or techniques can be tested to improve or diversify products.

(b) **(i)** Crowdfunding is a method of raising money for a business or project by collecting small amounts of money from a large number of people, typically through an online platform like Kickstarter. Supporters may receive rewards or early access to products, or simply support the idea because they believe in it.

(ii) **Subscription model** (any **two**)

- **Recurring revenue:** customers make regular payments (monthly, yearly) to access the product or service, providing the business with a predictable and steady income stream.
- **Customer retention focus:** businesses aim to build long-term relationships with customers by continuously offering value, encouraging them to stay subscribed and reducing cancellations.
- **Value over time:** subscribers expect continuous access to new or updated content/ services (e.g. new shows on Netflix), meaning the business must keep delivering value regularly.
- **Automated billing systems:** payment is usually collected automatically via direct debit or card, making transactions efficient and reducing missed payments.
- **Scalability:** once the system is in place, it's easy to scale up and serve more subscribers with relatively low additional cost per user.
- **Customer data insights:** businesses collect data on user behaviour and preferences, which helps tailor services, personalise experiences and improve retention.

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Advertising model (any **two**)

- **Free access for users:** the product or service (such as a website, app or video platform) is typically free to use, which helps attract a large user base.
- **Revenue from advertisers:** instead of charging users, the business earns income by displaying ads from third-party companies, who pay to promote their products to the audience.
- **Large user base is essential:** to attract advertisers, the business must have many regular users or high web traffic. The more views on ads, the more valuable the platform becomes.
- **Targeted advertising:** businesses often use data analytics to target ads to specific users based on their interests, location or behaviour, making ads more effective for advertisers.
- **Third-party dependence:** revenue depends heavily on external advertisers, which can be risky if demand drops or if ad regulations change.
- **Content is key:** the platform must offer engaging content (videos, news, games, etc.) to keep users returning, ensuring advertisers continue to see value in the space.

(c) (Any **three**)

- **Legal and regulatory requirements:** before entering the US market, Grá Chocolates must familiarise itself with US food safety laws, which are regulated by agencies such as the Food and Drug Administration (FDA). This includes ensuring the chocolate products meet the FDA's food labelling requirements, such as ingredient lists, nutritional facts and allergen warnings.
- **Tax and tariffs:** the company must be aware of import regulations to avoid delays or fines at customs. These regulations may involve duties, tariffs or special certifications. This can increase their costs and impact on their potential profits. They may need to increase the selling price to account for this.
- **Cultural differences and consumer preferences:** understanding cultural differences and consumer preferences is crucial when expanding into a new market. The USA has a wide variety of tastes, and certain flavours or ingredients that are popular in Ireland might not resonate with American consumers. Grá Chocolates should conduct thorough market research to assess consumer preferences in different regions of the USA. Additionally, there might be dietary preferences, such as an increased demand for vegan, gluten-free or low-sugar options, which Grá Chocolates could incorporate into their product line.
- **Distribution and logistics:** the company must evaluate how it will handle the transportation of its products from Ireland to the USA. As Grá Chocolates produces high-quality, handmade confections, international shipping must be handled with care to ensure freshness. Temperature-controlled shipping may be necessary to maintain the quality of the chocolates, especially since the USA is a large country with varying climates. Grá Chocolates will need to partner with reliable distributors and retailers in the USA who can help store and deliver the products to various markets.
- **Competition in the US market:** the US chocolate market is highly competitive, with both well-established brands and emerging artisanal chocolate companies. Grá Chocolates must research its competitors, understand their strengths and weaknesses, and find a unique selling point (USP) to differentiate itself. For example, many US chocolate brands focus on mass production, while Grá Chocolates offers handcrafted, premium products. Understanding the competition will help Grá Chocolates price its products competitively, develop marketing strategies and identify potential gaps in the market where it can stand out.

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- **Pricing strategy:** Grá Chocolates will need to determine the appropriate pricing for its products in the US market. This involves considering production costs, import duties, shipping costs and the consumer purchasing power in different regions. Additionally, the company will need to assess whether its premium pricing strategy will resonate with US consumers or if adjustments are necessary.
- **Marketing and branding:** Grá Chocolates will need to adapt its branding and marketing strategies to fit the US market. The company must consider how its Irish heritage, artisanal craftsmanship and premium quality can be effectively communicated to American consumers. Brand messaging may need to be adjusted to appeal to US consumers' preferences, which can vary significantly across regions.
- **Local partnerships and distribution channels:** expanding into the US market may require Grá Chocolates to partner with local distributors, retailers or even suppliers to ensure its products are readily available to consumers. Establishing relationships with USA-based stores, supermarkets or e-commerce platforms like Amazon can help build brand visibility and trust. Grá Chocolates may also consider partnering with gourmet shops, organic food stores or luxury retailers to place their products in high-end markets where customers appreciate premium, handmade chocolates.
- **Economic and political factors:** before expanding into the USA, Grá Chocolates should consider the economic stability and political environment. Economic factors, such as inflation rates, exchange rates and the overall economic health of the USA, can influence consumer spending habits and demand for premium products. Additionally, political factors such as tariffs or trade agreements may impact the cost of exporting goods to the USA. For example, changes in trade relations between Ireland and the USA could affect the import duties, which in turn could influence the pricing of Grá Chocolates in the market.

(d) (Any **three**)

- **Inflation:** inflation refers to the general increase in prices over time. For businesses, rising inflation can lead to higher costs for ingredients, packaging and utilities. It may also reduce consumer purchasing power, making customers more price-sensitive and possibly less willing to buy premium products. However, moderate inflation may also encourage consumers to buy sooner before prices rise further, temporarily boosting sales.
- **Interest rates:** interest rates are set by the central bank and influence the cost of borrowing. If interest rates are high, it becomes more expensive for businesses to take out loans to fund expansion projects such as building a new factory. On the other hand, low interest rates reduce borrowing costs and can encourage investment, making it easier for the business to grow. They can also boost consumer spending, which benefits premium brands.
- **Employment/unemployment rates:** high employment rates often lead to greater consumer spending, as more people have disposable income to purchase luxury items. It also means a larger talent pool is available when hiring staff. Conversely, high unemployment can reduce demand for non-essential products and create challenges in maintaining profitability, especially for premium brands targeting niche markets.
- **Exchange rates:** exchange rates determine the value of one currency relative to another. For a business entering international markets (e.g. the USA), a strong euro makes exports more expensive and less competitive abroad. A weaker euro, however, makes Irish goods cheaper for foreign consumers, potentially boosting export sales. Fluctuating exchange rates can also affect the cost of imported ingredients influencing profit margins and pricing.

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- **Consumer confidence:** consumer confidence reflects how optimistic people feel about their financial situation and the economy. When confidence is high, consumers are more likely to spend on luxury and premium products. If confidence drops due to economic uncertainty or job insecurity, spending decreases, especially on non-essential or luxury goods.
- **Economic growth and development:** economic growth refers to an increase in a country's output and income, usually measured by GDP. A growing economy often leads to higher disposable income, better infrastructure and increased consumer spending, which can support business expansion. Development also includes improvements in transport, logistics and education, which benefit business operations.

Question 3 **(70 marks)**

(a)
1. Environmental
2. Social
3. Governance

(b)
(i) Interest groups engage in **lobbying** to influence policy development.
(ii) Selling off state-owned enterprises is known as **privatisation**.
(iii) A group of countries who remove trade barriers to promote economic cooperation is known as a **trading bloc**.
(iv) Balance of Trade equals **exports** minus **imports**.
(v) Interest rates in Ireland are set by the **European Central Bank (ECB)**.

(c) (Any **three**)
- **Payment history:** paying bills and loans on time is the most important factor. Missed or late payments can lower your credit rating significantly, while a strong history boosts it.
- **Amount of debt:** having high amounts of debt, especially near your credit limit, can negatively affect your credit score. Keeping balances low shows responsible money management.
- **Length of credit history:** the longer you've had credit (e.g. loans or credit cards), the better. A long and well-managed credit history can improve your credit rating.
- **Types of credit used:** using a variety of credit types – such as personal loans, credit cards and mortgages – can improve your score, as it shows you can manage different financial products.
- **Number of credit applications:** applying for a lot of credit in a short period can lower your credit rating. It may signal that you're under financial pressure.
- **Public records:** legal issues like bankruptcy or court judgments are recorded and can severely damage your credit rating for several years.

(d) (Any **three**)
- **Convenience and 24/7 access:** digital platforms enable consumers to browse and buy products any time of day from any location. This removes physical and time-related barriers to shopping. Consumers are more likely to shop frequently and impulsively, increasing online sales and encouraging a shift from traditional retail to e-commerce.
- **Targeted and personalised marketing:** businesses use cookies and data analytics to track consumer behaviour online. This allows them to display personalised ads based on search history, preferences and interests. Personalised marketing increases the relevance of advertisements, which leads to higher engagement and a greater chance of purchase.
- **Influence of online reviews:** websites and platforms allow users to leave feedback and ratings. Consumers often consult these reviews before making a purchase decision, especially for higher-value items. Peer opinions strongly influence trust and decision-making, making online reviews a powerful form of digital word-of-mouth.
- **Social media and influencer marketing:** platforms like Instagram, TikTok and YouTube showcase products through influencers and sponsored content. These endorsements are often seen as authentic and relatable. Consumers develop trust through perceived social proof and are influenced to buy based on the lifestyles and endorsements of people they admire.
- **Ease of comparison and information access:** online tools and websites allow consumers to compare prices, features and reviews quickly. Access to product information is instant and often more detailed than in-store. Consumers are more informed and strategic in their decision-making, often seeking the best value or most suitable product.

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- **Digital payment and checkout simplicity:** secure and diverse digital payment options (e.g. PayPal, Google Pay) streamline the checkout process. Features like saved card details or one-click purchases reduce friction. The easier it is to pay, the more likely consumers are to complete purchases, reducing cart abandonment and increasing sales.
- **Engagement through email and push notifications:** brands use email campaigns and app alerts to remind customers of promotions, restocks or abandoned carts. These prompts keep the brand top of mind. Ongoing digital communication reinforces brand presence and encourages return visits and repeat purchases.
- **Immersive technology like AR and VR:** some websites allow customers to try products virtually, such as previewing furniture in their home or trying on makeup with augmented reality. This reduces uncertainty and builds confidence in buying decisions, which is especially useful for products traditionally tested in person.

(e) (Any **four**)

- **Risk avoidance:** risk avoidance involves eliminating or avoiding situations that could lead to potential risks. It focuses on steering clear of actions or decisions that could expose the business to significant harm. It completely eliminates exposure to certain risks and reduces the potential for major losses or disruptions. But it may limit business opportunities and growth and can result in missed market potential or profitable ventures. *Example:* a business might choose not to expand into a high-risk market with political instability, rather than trying to mitigate the risks through other means.
- **Risk prevention:** risk prevention involves taking proactive steps to reduce the likelihood of a risk occurring. This approach aims to stop risks from materialising through precautionary actions, processes or policies. It reduces the probability of risk occurrence and can result in improved operational efficiency and safety. It can incur upfront costs for safety systems or preventive measures and may not fully prevent all risks, particularly those that are outside of the business's control. *Example:* a manufacturing business may implement strict safety standards and regular employee training to prevent workplace accidents.
- **Risk spread:** risk spread, or diversification, involves spreading risk across multiple areas, products or markets to reduce the impact of any single risk event on the business. It reduces the impact of downturns in one product or market by balancing with others and protects the business from sector-specific risks or local economic downturns. However, it can be resource-intensive, requiring time, effort and capital to implement. *Example:* a business might diversify its product line or expand into different geographical markets to avoid being overly reliant on a single product or region. This may also dilute focus, causing the business to lose expertise in core areas.
- **Importance of suitable insurance:** insurance is a key risk management tool that allows businesses to transfer certain risks to an external party, typically in exchange for a premium. Insurance protects businesses from financial losses due to specific risks, such as property damage, liability or employee injuries. It provides financial protection against catastrophic risks, can help a business recover quickly after a loss or disaster and reduces the financial burden of unexpected events or accidents. However, it can be expensive, particularly for businesses operating in high-risk areas and may not cover all types of risks, leaving some vulnerabilities. *Example:* a retail business may invest in property insurance to cover damages caused by fire or flooding, or liability insurance to protect against legal claims from customers.

Question 4 **(70 marks)**

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

- **Access to the European market:** Ireland's membership in the European Union provides businesses with access to the entire European market, making it an attractive location for companies like Dexcom that want to sell their products across Europe without facing trade barriers. Once it operates out of an EU member state, Dexcom can easily distribute its medical devices throughout the EU without tariffs, benefiting from a single market that allows free movement of goods, services and capital.
- **Favourable tax environment:** Ireland has one of the lowest corporate tax rates in Europe, at 12.5%, which is highly attractive to multinational companies. Dexcom can significantly reduce its overall tax burden, increasing profitability and making Ireland a cost-effective location for its operations.
- **Skilled workforce**: Ireland has a highly educated and skilled workforce, particularly in areas such as engineering, technology and life sciences. The country's strong focus on education and its reputation as a hub for innovation attracts talented professionals. Dexcom can benefit from access to skilled engineers, technicians and regulatory experts, which is essential in the highly specialised medical device industry.
- **Proximity to global supply chains:** Ireland's strategic location as a gateway between the USA and Europe makes it an ideal location for companies that need to manage global supply chains efficiently. It also has strong transport links, including airports, ports and rail systems. Dexcom can manage logistics and distribution across Europe, the USA and even Asia more effectively by having a base in Ireland, ensuring timely delivery of medical devices.
- **Government support for foreign investment:** the Irish government offers various incentives for foreign businesses, including grants, low tax rates and support from state agencies like IDA Ireland, which actively seeks to attract foreign direct investment (FDI). Dexcom can take advantage of government schemes that support the establishment and expansion of foreign businesses, reducing costs and accelerating growth in Ireland.
- **Innovation, and research and development (R&D) incentives:** Ireland is known for its thriving life sciences sector and offers attractive tax credits for companies investing in R&D, encouraging innovation and the development of new technologies. Dexcom can benefit from R&D tax credits, supporting the innovation and improvement of its medical devices, a critical factor in the competitive medical technology market.
- **Strong healthcare and regulatory framework:** Ireland is home to a well-established healthcare and regulatory system, which aligns with the high standards required for medical device manufacturing. This includes compliance with EU regulations, making it easier for companies like Dexcom to meet the necessary certifications and standards for product approval. Dexcom can ensure its medical devices meet the stringent European regulations for healthcare products, making it easier to distribute and sell throughout the EU market.
- **Reputation in sciences:** Ireland is a recognised global hub for life sciences, particularly in the medical devices, biotechnology and pharmaceutical sectors. The presence of other global medical companies provides a robust ecosystem for innovation and collaboration. Dexcom can leverage Ireland's established life sciences network to collaborate with other businesses, universities and research institutions, enhancing its innovation capacity and business development.

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- **Quality of life:** Ireland offers a high quality of life, with a good work–life balance, attractive cities and an English-speaking environment. This makes it an appealing destination for international talent. By offering an attractive location for employees to live and work, Dexcom can retain top talent from both Ireland and internationally.

(ii)

	Statement	True	False
1	A STEEPLE analysis may be used to assess the impact of internal factors on a business		✓
2	Variable costs include employee wages, insurance and electricity	✓	
3	Conciliation is a process of conflict resolution where an independent third party issues a recommendation	✓	
4	Induction Training is also known as 'onboarding'	✓	
5	Strategic Planning sets out a firm's long-term objectives	✓	

(b) (Any **two**)

Opportunities of FDI for Ireland

- **Job creation:** FDI brings new companies into Ireland, creating direct and indirect employment across various sectors, especially tech, pharma and manufacturing.
- **Technology transfer:** foreign companies often introduce advanced technologies and practices, boosting innovation and skills in the local workforce.
- **Economic growth:** FDI contributes heavily to Ireland's GDP, generating tax revenue and boosting consumer spending, with multinationals accounting for a large share of exports.
- **Skill development and knowledge transfer:** FDI brings international expertise and advanced technologies, offering training and upskilling for Irish employees, raising workforce standards.
- **Increased innovation:** investment in R&D by foreign firms helps strengthen Ireland's position as a global hub for innovation, especially in medical technology and software.
- **Global business links:** Ireland becomes better connected to international markets, improving trade links and positioning the country as a gateway to the EU for global businesses.

(Any **two**)

Challenges of FDI for Ireland

- **Reliance on foreign companies:** the economy becomes vulnerable if major firms reduce operations or move due to global market changes, tax policy shifts or automation.
- **Profit repatriation:** many foreign-owned firms send a large portion of their profits back to parent countries, which reduces the long-term benefit to the Irish economy.
- **Infrastructure and housing pressure:** the rapid growth of FDI can strain public services and infrastructure, especially in urban centres, contributing to traffic congestion and housing shortages.
- **International tax scrutiny:** Ireland's corporate tax regime, while attractive to investors, has faced criticism from the EU and the OECD, putting pressure on the country to adjust its policies.
- **Regional disparities:** FDI is often concentrated in cities like Dublin, Cork and Galway, leading to less investment and job creation in rural or underdeveloped areas.

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(c)

- **Wider reach and access to talent:** digital platforms such as LinkedIn, Indeed and company websites allow businesses to advertise vacancies globally, increasing the chance of attracting qualified candidates from diverse backgrounds.
- **Efficiency and cost savings:** online application systems, automated CV screening tools and applicant tracking systems (ATS) streamline the recruitment process, saving time and reducing administrative costs.
- **Data-driven decision-making:** recruitment software can analyse candidate data (e.g. qualifications, experience, test scores) to help hiring managers make more objective, evidence-based decisions.
- **Improved candidate experience:** technology allows candidates to apply easily, track their application progress and engage in virtual interviews, making the process more user-friendly and accessible.
- **Remote interviewing and assessments:** video conferencing tools like Zoom or Microsoft Teams enable remote interviews, reducing geographical barriers and allowing businesses to evaluate candidates in real time.
- **Overreliance on automation:** automated systems might filter out strong candidates due to rigid algorithms that overlook potential or soft skills not easily measurable by machines.
- **Digital divide and bias:** candidates without access to reliable internet or digital devices, particularly those in rural areas or disadvantaged communities, may be unfairly excluded.
- **Impersonal process:** relying heavily on digital tools may reduce human interaction, which can be important for assessing interpersonal and cultural fit during recruitment.

Overall evaluation

Digital technologies have significantly enhanced recruitment and selection, offering improved efficiency, wider access to talent and data-based decision-making. However, overdependence on automated systems and equity concerns can present challenges. Businesses must strike a balance between technology and human judgement to ensure a fair, inclusive and effective recruitment process.

(d) (Any **four**)

- **Healthier employees = higher energy levels:** wellness initiatives (e.g. gym memberships, healthy canteen options) can improve employees' physical health, increasing energy and reducing fatigue, which helps them stay motivated and productive at work.
- **Improved mental wellbeing = positive attitude:** programmes that support mental health (e.g. counselling services, stress management workshops) can help reduce anxiety and burnout, improving overall job satisfaction and encouraging a more engaged, motivated workforce.
- **Increased sense of value and appreciation:** when companies invest in wellness, employees often feel appreciated and valued, which boosts morale and loyalty. This emotional connection can lead to stronger motivation to perform well and stay with the company.
- **Better work–life balance:** initiatives such as flexible working hours, hybrid working and four-day weeks support a better balance between personal and professional life, leading to less stress and greater long-term motivation.
- **Enhanced performance and productivity:** motivated employees who feel supported by wellness programmes are more likely to be focused and driven, leading to improved performance and a greater willingness to take initiative or innovate.

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- **Personal development opportunities:** corporate wellness can include mindfulness, nutrition or personal development workshops. Employees who feel they are growing personally are often more motivated in their roles professionally.
- **Consideration of different motivations:** not all employees are motivated by the same wellness initiatives. To be fully effective, businesses must tailor offerings to a wide variety of employee needs and include them in wellness planning.

Question 5 **(70 marks)**

(a) **(i)** The gig economy refers to a labour market where short-term, flexible and freelance jobs are common, rather than permanent full-time employment. Workers in the gig economy are often self-employed or work on a contract or task-by-task basis (e.g. Uber, Deliveroo).

(ii) (Any **three**)

- **Lack of job security:** gig workers often have no long-term contracts, meaning income can be unpredictable and there's no guarantee of consistent work.
- **No employment benefits:** workers typically don't receive benefits such as paid sick leave, holiday pay or pensions, making financial planning more difficult.
- **Limited legal protection:** gig workers may not be classed as employees, so they may lack legal protections under employment law (e.g. unfair dismissal or minimum wage rights).
- **Uncertain income and expenses:** workers must manage their own taxes and may face high costs for tools, transport or insurance without reimbursement from the platform or client.
- **Isolation and lack of support:** freelancers often work alone, with no team or employer support, which can lead to social isolation and limited professional development.

(b) (Any **three**)

- **Truthful advertising:** ethical marketing avoids misleading or exaggerated claims about a product. Consumers expect honesty, and false advertising can damage brand trust and result in legal penalties.
- **Respect for consumer privacy:** businesses must handle personal data responsibly, especially in digital marketing. Ethical strategies ensure compliance with laws like GDPR and build consumer confidence.
- **Environmental responsibility:** ethical marketing considers the environmental impact of both the product and the promotional methods (e.g. packaging, digital versus print). Highlighting sustainable practices can attract environmentally conscious consumers.
- **Avoiding exploitation:** marketing should not exploit vulnerable groups (e.g. children, the elderly). Ethical campaigns are designed with sensitivity and fairness in mind.
- **Cultural sensitivity:** marketing messages should respect different cultures, values and social norms. Offensive or insensitive content can lead to backlash and loss of market share.
- **Transparency in pricing and terms:** ethical marketing involves clear pricing, terms and conditions. This transparency builds long-term customer loyalty and avoids complaints or legal disputes.
- **Promoting positive social values:** businesses can align marketing with social causes or community initiatives, reinforcing their ethical stance and creating deeper connections with consumers.

(c) **(i)** **Any suitable EU regulation**

- General Data Protection Regulation (GDPR)
- REACH Regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals)
- Digital Markets Act (DMA)
- Digital Services Act (DSA)
- CLP Regulation (Classification, Labelling and Packaging)
- EU Regulation on Food Information to Consumers
- EU Regulation on the Common Agricultural Policy (CAP)
- Market Surveillance and Compliance Regulation

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Digital Services Act
Ireland implemented the EU's Digital Services Act (DSA) through the Digital Services Act 2024, which came into effect on 17 February 2024. The legislation designates Coimisiún na Meán as the Digital Services Coordinator responsible for regulating digital platforms, while the Competition and Consumer Protection Commission (CCPC) oversees online marketplaces. Ireland plays a key enforcement role due to the presence of major tech firms' EU headquarters. The Act grants authorities powers to investigate, fine and block non-compliant services. Additionally, Appeals Centre Europe was established in Dublin to resolve disputes between users and platforms like TikTok and Facebook regarding content moderation.

(ii) **Positive impacts of DSA for stakeholders** (any **two**)

- **Consumers and internet users:** greater protection from illegal and harmful content (e.g. hate speech, terrorist content, disinformation). There is more transparency about how algorithms and content moderation work and stronger rights to appeal content decisions (e.g. via Appeals Centre Europe in Dublin). There is improved safety online, especially for children and vulnerable users.
- **Businesses:** level playing field. Large online platforms must act fairly, giving smaller businesses better visibility. There are clearer rules, which makes it easier for Irish-based digital service providers to operate across the EU with uniform regulations. Consumers may be more willing to engage with online services due to greater transparency.
- **Irish government:** enhances Ireland's international reputation as a digital regulator and key player in EU enforcement. Boosts regulatory capacity with new enforcement roles for Coimisiún na Meán and CCPC. Creates employment in digital regulation and compliance roles (e.g. within regulatory bodies or tech firms).

Negative impacts of DSA for stakeholders

- **Businesses:** there is an increased compliance burden; they must report regularly, manage risk assessments and improve content moderation. This leads to higher costs, as they need to hire legal, moderation and tech staff to comply with the DSA. Public naming of non-compliance or data breaches could harm brand image.
- **Irish government:** it is a resource strain, as the oversight of global tech firms is complex and expensive. There is pressure from the EU and the public with high expectations to take action, especially during crises (e.g. terrorist content or disinformation). May face lawsuits from companies challenging enforcement decisions.

(d) (Any **four**)

- **Small online platforms:** although DSA is proportionate, some small businesses may still struggle to meet new transparency and reporting obligations.
- **Fear of the unknown:** employees often worry about what the change will mean for them personally, such as their job role, security or responsibilities. This uncertainty can lead to anxiety and hesitation.
- **Lack of trust in leadership:** when employees don't trust those leading the change, they may assume negative intentions or doubt the likelihood of success, leading to resistance and disengagement.
- **Poor communication:** if the reasons for the change aren't clearly explained, or if employees are left in the dark, confusion and misinformation can quickly cause resistance to build.

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- **Previous negative experiences:** past failed change efforts can create cynicism, with employees believing that 'this won't work either' and feeling weary of constant disruption.
- **Loss of control:** change can make people feel that they've lost influence over their work or environment, which can cause emotional resistance and reduced motivation.
- **Disruption of habits or comfort zones:** employees become used to familiar routines, and change often forces them to learn new systems or ways of working, which can be frustrating or stressful.
- **Fear of increased workload or inadequacy:** some employees fear that the change will bring more work or highlight gaps in their skills, making them feel exposed or under pressure.
- **Cultural resistance:** in organisations with a strong existing culture, people may resist change that threatens long-standing values, traditions or ways of operating.