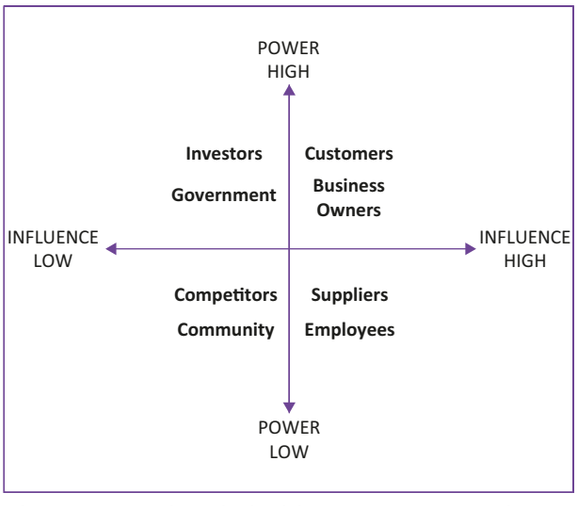
Leaving Certificate Business SEC Sample Paper 2
Higher Level Solutions

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

(a) (Any **one**)

- **Increased labour costs:** with the rise in the national minimum wage from 1 January 2025, The Local Table will face higher wage bills, especially for entry-level or lower-paid staff such as kitchen assistants, waiters and cleaners. As the restaurant already operates with low profitability (net profit falling below 1%), this will put additional pressure on their finances. If labour costs rise significantly and sales or efficiency do not increase to match, profit margins will shrink even further.
- **Need for pricing adjustments:** to cover higher staff wages, The Local Table may have to increase menu prices. However, this comes with the risk of losing price-sensitive customers, particularly in a competitive environment where customers have other dining options. Striking the right balance between maintaining customer loyalty and covering increased costs will be crucial.
- **Potential for staff reductions or efficiency changes:** faced with increased wage bills, the restaurant may consider reducing working hours, hiring fewer staff or investing in technology (e.g. self-ordering systems) to reduce dependence on labour. However, this could negatively affect service quality, especially as the business is already experiencing high staff turnover and inconsistency.

(b) **(i)**



Any relevant visual stakeholder mapping, such as power-interest grid, layered circle, Venn diagrams, etc. with reference to influence/power.

(ii) (Any **two**)

- **Lack of expertise in plant-based cooking:** introducing plant-based meals may require new culinary skills, especially if the current team is not experienced with these ingredients or preparation methods. They could provide staff with training workshops or collaborate with a plant-based chef during the development phase to ensure high-quality offerings.
- **Supplier uncertainty and ingredient availability:** the restaurant already faces supply chain issues due to its focus on local sourcing. Finding reliable local suppliers for plant-based ingredients may be difficult. They should build relationships with multiple local

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producers or expand their sourcing radius slightly to include reputable suppliers who can provide consistent supply.

- **Customer resistance or low demand:** some regular customers may not be interested in plant-based options or may view the change as a shift away from traditional menu items. They can introduce plant-based meals gradually as special features or trial items. Then, they can use customer feedback to refine offerings and promote them alongside popular dishes to encourage trial without alienating existing customers.
- **Increased costs and financial risk:** developing and marketing new menu items involves costs such as ingredient sourcing, staff training and promotional materials, which is risky given their declining profit margins. They should start with a small, manageable number of new dishes to test the market response, then monitor sales and cost-effectiveness closely before expanding further.
- **Operational pressure across multiple outlets:** with three outlets and stretched capacity, ensuring consistency in new product preparation and quality could be a challenge. They could create standardised recipes and preparation guidelines and assign a trained staff member in each outlet to oversee the rollout. Regular checks can maintain standards across locations.

(c) (Any **four**)

- **Use of locally sourced ingredients:** the restaurant's core philosophy centres on using ingredients sourced from local producers. This reduces food miles, lowers carbon emissions from transport and supports the local economy. It aligns with environmental and social sustainability goals by promoting seasonal eating and reducing reliance on imported goods.
- **Installation of solar panels:** John and Mark have invested in solar energy systems to reduce electricity costs and reliance on non-renewable energy. They aim to produce surplus electricity to sell back to the grid. This is a significant environmental initiative that cuts greenhouse gas emissions and moves the business towards energy self-sufficiency.
- **Reduction of waste through digital menus:** the shift from printed menus to a daily updated digital menu app reduces paper use and printing waste. It also helps prevent food waste by only listing items that can be made with available ingredients. This promotes environmental efficiency and flexibility, allowing them to match supply with demand more accurately.
- **Consideration of plant-based menu options:** the potential addition of plant-based dishes supports environmental sustainability, as plant-based diets typically have a lower carbon and water footprint compared to meat-based diets. This move could reduce the restaurant's environmental impact while also catering to an emerging market trend.
- **Seasonal menus to reduce environmental impact:** by aligning their menu with seasonal ingredient availability, The Local Table avoids importing out-of-season produce, which often involves higher carbon footprints due to transport and storage. Seasonal menus are environmentally responsible and cost-efficient, reducing waste and improving freshness.
- Other relevant examples.

(d) **Driving forces (for closing two outlets)**

- **Reduced operational pressure:** managing three outlets has stretched John and Mark's capacity, leading to staff turnover and inconsistent service. Closing two locations would reduce their workload and allow them to focus on quality and consistency in one location.
- **Improved profitability control:** with rising costs and profitability below 1%, closing loss-making outlets could cut overheads like rent, utilities and staff wages, making the business more financially sustainable.

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- **Focus on core strengths:** the original outlet has proven successful and profitable. Returning to it allows the brothers to reconnect with their USP of local, quality food and strong customer service without the strain of scaling.
- **Better staff management:** reducing the business scale may allow Mark to better manage human capital. It's easier to recruit, train and retain a smaller team at one site than across three locations.
- Other relevant driving forces.

Restraining forces (against closing two outlets)

- **Loss of market presence and customer base:** closing two locations may result in loss of brand recognition and customer reach in those towns, potentially affecting reputation and future expansion plans.
- **Wasted investment:** money spent on expanding and fitting out the additional restaurants (including the long-term loan and solar panel installations) might be unrecoverable, resulting in sunk costs.
- **Impact on staff:** employees at the two closing outlets could lose their jobs, possibly damaging staff morale and the business's reputation as an employer.
- **Perceived business failure:** public perception might interpret the closures as a failure, which could affect customer trust and investor confidence, even at the remaining outlet.
- Other relevant restraining forces.

To make an informed choice, John and Mark should weigh which forces are stronger in their current situation and consider strategies to reduce the impact of the restraining forces.

(e) (Any **two**)

- **Job loss and increased unemployment:** when restaurants and cafés close, employees including chefs, servers, cleaners and managers may lose their jobs. This directly increases unemployment in the local area, especially in towns where the hospitality sector is a significant employer. The loss of income for these individuals can reduce spending in other local businesses, affecting the broader local economy.
- **Decline in local economic activity:** restaurants often support other local industries, such as food suppliers, delivery services, maintenance and farmers. When a restaurant shuts down, these connected businesses lose valuable customers, leading to a ripple effect that can weaken the entire local economic structure.
- **Reduced community interaction and social spaces:** restaurants and cafés serve as informal gathering spots for socialising, celebrations and community engagement. Their closure reduces opportunities for social connection, potentially increasing isolation, especially in smaller towns or rural areas where such venues are limited.
- **Impact on tourism and local identity:** a vibrant food scene often attracts tourists. The closure of multiple food venues can make a town less appealing to visitors and reduce its distinctiveness. This can impact tourism revenue and harm the town's image or attractiveness as a destination.
- **Reduced property demand and urban decline:** vacant restaurant units can lead to decreased demand for retail property in the area, potentially contributing to urban decline. Empty buildings can appear neglected, discourage foot traffic and create a negative visual impact on high streets or town centres.
- **Pressure on local government and supports:** an increase in business closures can place added pressure on local authorities and government services. There may be higher demand for unemployment benefits, business grants or community support programmes, all of which require public funding.

Question 2 **(70 marks)**

(a) **(i)** Visible exports minus visible imports is known as the Balance of **Trade**.

(ii) During primary research, using a select number of participants discussing a product or service is known as a **focus group**.

(iii) Costs that remain constant regardless of a business' output are known as **fixed** costs.

(iv) A model of production and consumption which extends the life cycle of products, reduces waste, and creates further value is known as the **circular economy**.

(v) The workers union representative in the workplace is known as the **shop steward**.

(b) (Any **two**)

- **Clear objectives and criteria:** the performance appraisal process must have clear, specific objectives and criteria that align with the business goals. This ensures that both the appraiser and the employee understand what is being evaluated and what the expectations are. Clear criteria provide a framework for measuring performance consistently and fairly, reducing ambiguity and potential conflicts.
- **Regular feedback and communication:** providing ongoing feedback throughout the year, not just during the formal appraisal meeting, allows employees to adjust their performance in real time. Regular communication ensures that appraisals are based on up-to-date information rather than just an end-of-year review. Continuous feedback helps employees understand their strengths and areas for improvement, leading to better development and engagement.
- **Involvement of employees in the process:** employees should be encouraged to self-assess before the appraisal. This allows them to reflect on their performance, goals and career aspirations, promoting a more collaborative and open conversation during the review. Self-assessment fosters a sense of ownership and self-awareness, leading to a more balanced and meaningful discussion.
- **Use of a structured system or rating scale:** a structured appraisal system or rating scale ensures consistency and fairness in the evaluation process. This system can include clear performance categories (e.g. excellent, satisfactory, needs improvement) to guide appraisers in providing objective feedback. Structured systems remove subjectivity, making appraisals more objective and transparent, which helps employees trust the process.
- **Training for appraisers:** managers or supervisors must be trained to conduct appraisals effectively. They should be able to give constructive feedback, set goals and avoid bias during the evaluation. Proper training ensures that appraisers are equipped to manage sensitive discussions, provide useful feedback and contribute to the employee's development.
- **Setting SMART goals:** during appraisals, managers should work with employees to set SMART goals. These goals should be aligned with both personal development and company objectives. SMART goals provide employees with clear targets and benchmarks, making it easier to measure future performance and track progress.
- **Confidentiality and objectivity:** the appraisal process should be conducted confidentially to encourage honesty and openness. Appraisers should avoid personal biases, ensuring that evaluations are based on job performance rather than personal relationships or irrelevant factors. A fair and confidential process ensures that employees feel respected and valued, contributing to a positive work environment.

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(c) (Any **three**)

- **Ability to repay the loan:** before borrowing money, a consumer must assess their ability to repay the loan, including the monthly repayments and interest. This involves looking at their income, current debt obligations and any other expenses. Borrowing without the ability to repay can lead to financial strain, missed payments and possible damage to their credit rating.
- **Interest rates and total loan cost:** the interest rate is a critical factor that determines how much a borrower will ultimately repay over the life of the loan. Consumers should compare the rates offered by different lenders and also consider any hidden fees, such as processing or early repayment charges. A higher interest rate can significantly increase the total amount paid back, making the loan more expensive. A lower rate helps reduce the financial burden and ensures that the cost of borrowing is manageable.
- **Loan term (duration):** the time over which the loan will be repaid impacts the monthly repayment amount. A longer term may result in smaller monthly repayments, but the consumer will end up paying more in interest over time. A longer loan term spreads the payments out, making them more affordable on a month-to-month basis, but it increases the total interest paid.
- **Purpose of the loan:** consumers should carefully consider the reason for borrowing money. Loans for productive purposes, such as funding education, buying a home or starting a business, can lead to long-term financial benefits, whereas loans for short-term consumption, like buying luxury goods, may lead to unnecessary debt. Borrowing for productive investments can increase future earning potential or asset value, making it a more rational financial decision.
- **Credit score and history:** a consumer's credit score and borrowing history significantly affect their ability to secure a loan and the terms they will be offered. Lenders use credit scores to assess the risk of lending money. A good credit score indicates a history of responsible borrowing and repaying, while a low score suggests a higher risk, leading to higher interest rates or loan rejection.
- **Repayment flexibility:** it's important for a consumer to consider whether the loan offers flexibility in terms of repayment. Some loans allow consumers to make extra payments or pay off the loan early without penalties, which can help reduce interest costs. Flexibility in repayments gives the borrower the ability to pay off the loan sooner or adjust their payments if their financial situation changes, potentially saving money in interest and reducing financial stress.
- **Lender reputation and terms:** before borrowing, a consumer should research the reputation of the lender, including customer reviews, financial stability and trustworthiness. It is also important to read the loan contract carefully to ensure all terms are transparent, especially regarding fees, penalties and conditions for defaulting on the loan.
- **Economic environment and interest rate trends:** a consumer should consider the overall economic environment, including prevailing interest rates and the potential for future rate changes. If interest rates are low, borrowing may be more affordable, but if rates are expected to rise, it could be more costly to take on debt.

(d) (Any **three**)

- **Increased cost of living:** globalisation often leads to greater competition and interconnectedness between markets, which can result in higher prices for goods and services. As businesses in Ireland rely on imports and global supply chains, fluctuations in international prices (e.g. for energy, food or raw materials) can drive up the cost of living.

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- **Vulnerability to economic shocks:** Ireland's reliance on international trade makes it vulnerable to economic disruptions in other countries. Economic crises or recessions in key global markets can lead to job losses, reduced wages and inflation, all of which negatively affect consumers' purchasing power and financial stability.
- **Job insecurity due to outsourcing and offshoring:** as companies in Ireland globalise, they may choose to outsource or offshore production to countries with lower labour costs. This can result in job losses or wage stagnation for local workers, particularly in manufacturing or certain service sectors.
- **Competition and reduced local product availability:** globalisation introduces foreign competition into the Irish market, which can make it difficult for local businesses to compete. Irish consumers may find that products manufactured locally or regionally are replaced by cheaper, imported alternatives, reducing the diversity of products and supporting less local economic activity.
- **Cultural homogenisation:** as globalisation spreads international brands and products, there is a risk of losing cultural diversity and unique local traditions. Irish consumers might see an increase in the availability of global brands (e.g. fast food chains, tech products), overshadowing local businesses and impacting Irish cultural identity.
- **Environmental impact:** Ireland's global supply chains mean that many goods are transported over long distances, contributing to carbon emissions and environmental degradation. The reliance on global products also means that consumers may be indirectly supporting unsustainable practices in other parts of the world, such as deforestation or over-exploitation of resources.

(e)

- **Increased efficiency and productivity:** digital technologies have significantly boosted efficiency and productivity in the modern workplace. Tools such as project management software, communication platforms (e.g. Microsoft Teams) and document sharing systems (e.g. Google Drive, Dropbox) allow employees to collaborate more effectively, share information instantly and manage tasks with ease. These technologies streamline processes, reduce time spent on administrative tasks and improve coordination, leading to faster decision-making and increased output.
- **Flexibility in work location:** digital technologies have enabled greater flexibility in terms of where and how employees work, such as blended or remote working. Tools such as cloud-based software, video conferencing and communication platforms make it easier for employees to work from home or any location, resulting in the rise of remote work and hybrid working models. This has contributed to a better work–life balance and the ability to attract talent from a broader geographical area, including for tech roles at companies like Bank of Ireland.
- **Enhanced communication and collaboration:** digital technologies have transformed the way employees communicate and collaborate. Instant messaging, video calls and collaborative platforms enable teams to work together in real time, no matter their physical location. Digital communication tools foster a more collaborative environment, where ideas are shared quickly and team members can resolve issues in real time, improving overall teamwork and problem-solving capabilities.
- **Automation of repetitive tasks:** automation through artificial intelligence (AI), machine learning and robotic process automation (RPA) has allowed businesses to automate repetitive and time-consuming tasks. For example, chatbots are used to handle customer enquiries, and AI-driven tools automate administrative processes like data entry and report generation. By automating routine tasks, employees can focus on more strategic, value-adding activities, thus enhancing job satisfaction and productivity.

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- **Data-driven decision-making:** digital technologies have enabled the collection and analysis of vast amounts of data, allowing businesses to make more informed, data-driven decisions. With tools like data analytics software, businesses can track customer behaviour, optimise operations and predict trends. The use of data analytics in decision-making has empowered organisations to better understand customer needs, improve product offerings and adjust strategies accordingly.
- **Skills and job evolution:** with the rise of digital technologies, the skills required in the workplace are evolving. There is an increasing demand for tech-related skills, such as data analysis, cybersecurity, software development and AI expertise. This has led to a greater emphasis on training and upskilling, both for current employees and new recruits.
- **Challenges of digital transformation**: digital transformation requires substantial investment in both technology and human resources. Employees may struggle to keep up with the pace of change, and the fear of job loss due to automation can create resistance to adopting new technologies, posing barriers to full digital integration.
- **Security and privacy concerns:** while digital tools offer efficiencies, the risks associated with the handling of sensitive data are significant. Organisations must invest in robust cybersecurity measures to protect their assets and maintain consumer trust. For companies like Bank of Ireland, ensuring secure digital platforms is essential for protecting both customer data and their reputation.
- Other suitable answers.

Overall evaluation
Digital technologies have revolutionised the modern workplace, offering numerous advantages, including enhanced efficiency, flexibility and data-driven decision-making. These technologies enable businesses to operate more effectively, providing new ways of collaborating, automating tasks and making informed decisions. However, the shift towards digitalisation also presents challenges, such as the need for continuous skills development, cybersecurity risks and potential job displacement due to automation. The overall impact of digital technologies on the workplace is largely positive, and as long as businesses address the challenges they should benefit from digital technologies.

Other relevant evaluation based on the points given.

Question 3 **(70 marks)**

(a) (Any **two**)

- **Protecting financial stability:** managing risks helps a business protect its financial resources and ensure stability. Uncontrolled risks can lead to unexpected financial losses, such as damage to assets, decreased revenue or increased costs. By identifying and mitigating risks, businesses can avoid or reduce the impact of financial setbacks.
- **Safeguarding reputation and brand value:** a business's reputation is one of its most valuable assets. Poor risk management, particularly around customer service, product quality or security breaches, can result in a loss of trust and damage to the brand. Protecting the company's image builds long-term customer loyalty and brand strength, which are crucial for sustained success.
- **Ensuring legal and regulatory compliance:** businesses must comply with various laws and regulations, and failure to do so can lead to legal consequences, including fines, penalties and lawsuits. By managing risks associated with compliance, businesses reduce the likelihood of legal issues and safeguard against costly fines or litigation, protecting both their finances and reputation.
- **Enhancing operational efficiency:** identifying and managing risks allows businesses to streamline operations and eliminate inefficiencies. Risks like poor supply chain management, equipment breakdowns or staffing issues can hinder productivity and increase operational costs. By anticipating and addressing these risks, businesses can improve their processes, ensure smoother operations and reduce downtime, leading to higher efficiency and lower costs.
- **Supporting strategic decision-making:** effective risk management allows businesses to make informed, data-driven decisions. Businesses with a strong risk management strategy are better equipped to make strategic decisions that drive growth and profitability, as they can anticipate challenges and prepare for them in advance.
- **Protecting employees and stakeholders:** managing risks related to health and safety, workplace accidents or financial mismanagement is vital for protecting employees, customers, investors and other stakeholders. By managing risks related to health, safety and financial stability, businesses can create a safer workplace and protect the interests of their employees, customers and investors, leading to a more productive and engaged workforce.
- **Ensuring business continuity:** risk management helps businesses prepare for and respond to potential disruptions, such as natural disasters, cyberattacks or market crashes. Having contingency plans in place allows businesses to continue operations even when facing crises.
- **Increasing competitiveness and innovation:** effective risk management encourages businesses to take calculated risks that drive innovation and market expansion. Businesses that manage risks well are more confident in pursuing new ideas, expanding into new markets or launching new products. This fosters innovation, giving businesses a competitive edge in their industry.
- **Facilitating sustainable growth:** as businesses grow, they face new risks, such as market expansion, increased competition and managing larger teams. Proper risk management ensures that growth is sustainable and that potential setbacks are accounted for and addressed.

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(b) (Any **two**)

- **Clearly communicate the reasons for change:** companies can address resistance by clearly communicating the reasons behind the decision. Transparent communication helps employees understand the company's strategic goals and the rationale for change, making them more likely to support the decision, even if they initially resist it.
- **Involve employees in the decision-making process:** involving employees in the change process can help reduce resistance. This can be done through surveys, focus groups or discussions with key stakeholders to gather input on the transition. When employees feel included in decision-making, they are more likely to feel ownership and commitment to the changes, reducing feelings of alienation or resentment.
- **Provide flexibility and compromises:** rather than enforcing an all-or-nothing approach, companies can explore other solutions that allow employees some flexibility. Offering flexibility shows employees that the company values their needs and is willing to adapt, which can help mitigate resistance and increase acceptance of the change.
- **Address concerns and provide support:** companies can provide support by offering solutions. By addressing the specific concerns employees have, companies can reduce the fear or anxiety associated with the return to the office, making the transition smoother.
- **Lead by example:** leaders within the company can play a crucial role in overcoming resistance by leading the way. Employees are more likely to embrace the change if they see that leadership is fully committed to the new policies, as it demonstrates confidence in the decision.
- **Offer incentives and recognition:** companies can introduce incentives, such as bonuses, extra paid leave or other benefits for employees who comply. Incentives and recognition can make employees feel appreciated and valued during the transition, which can reduce resistance and increase engagement with the company's goals. Recognition programmes that highlight employees who adapt well to the change can also motivate others.
- **Provide training and development:** offering training or development opportunities to help employees adjust can smooth the transition. Providing training helps employees feel more prepared and competent in their roles, which can alleviate uncertainty about or resistance to the change.
- **Create a supportive culture:** building a company culture that emphasises flexibility, empathy and support can help employees feel more at ease with change. Companies should focus on fostering an open dialogue and listening to employee feedback regularly. A supportive culture helps employees feel that their concerns are taken seriously, and it makes them more likely to embrace change when they know the company is willing to adjust based on feedback.
- **Monitor progress and make adjustments:** after the change has been implemented, it is important to continuously monitor how employees are adjusting. Regular feedback sessions, surveys or town hall meetings can provide insights into employee sentiment. Continuous monitoring ensures that the transition is effective and that any issues are addressed promptly, preventing long-term resistance and improving employee satisfaction.

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

- **Issuer and regulation:** Central Bank Digital Currencies (CBDCs) are issued and regulated by a central authority, typically a country's central bank or a monetary authority. They are considered legal tender, just like traditional currencies (e.g. the euro or US dollar). Crypto assets, such as Bitcoin, are decentralised digital assets that are not issued or controlled by any central authority or government. They operate on blockchain technology and are typically governed by algorithms and consensus mechanisms within decentralised networks.

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- **Centralisation versus decentralisation:** CBDCs are centralised and controlled by the central bank of a country, meaning they are subject to governmental monetary policies, regulations and oversight. Crypto assets are decentralised by design. They operate on blockchain technology, which means they are not under the control of any single entity. Instead, they rely on distributed networks of nodes or participants to verify transactions.
- **Stability and volatility:** since CBDCs are backed by a central bank, they are typically stable and have the same value as the currency they represent. For example, one CBDC unit is usually equal to one unit of the country's official currency (e.g. one digital euro equals one euro). Crypto assets are highly volatile and their values can fluctuate significantly due to factors such as market demand, investor sentiment, speculation and regulatory news. This makes them more unpredictable than CBDCs.
- **Legal tender status:** CBDCs are legal tender, meaning they must be accepted as a form of payment for goods and services within the country issuing them. They are legally recognised and can be used for transactions in the same way as physical cash. Crypto assets are not considered legal tender in most jurisdictions. While they can be used for payments in certain businesses or countries, they are not legally required to be accepted as payment, and their use is not universally regulated.
- **Purpose and use:** the primary purpose of CBDCs is to digitise the traditional currency system, enabling faster, more efficient and more secure payments within a national or international context. They also aim to support the monetary policy of the central bank and provide a stable digital alternative to cash. Crypto assets, particularly those like Bitcoin, were originally designed as an alternative to traditional banking and fiat currencies. They are primarily used for investment, speculation, and as a store of value or means of transferring money across borders without the need for intermediaries like banks.
- **Privacy and transparency:** the CBDCs are generally designed with government oversight, which may lead to less privacy for users compared to crypto assets. Central banks may have access to transaction data to monitor and prevent illicit activities such as money laundering and fraud. While crypto assets transactions on most blockchain networks are pseudonymous and can offer some level of privacy, they are also transparent on the blockchain. Anyone can view the transaction history of crypto assets, although the identities of users behind wallet addresses are typically unknown unless tied to an identifiable entity.
- **Transaction speed and fees:** CBDCs are designed to enable faster transactions with potentially lower fees compared to traditional banking systems. The central bank controls the infrastructure, allowing for optimisation of speed and cost for domestic and cross-border payments. Transaction speed and fees for crypto assets can vary significantly depending on the cryptocurrency and its blockchain.

(ii) **Impact on consumers** (any **one**)

- **Faster and cheaper transactions:** digital currencies allow consumers to make payments in real time, reducing reliance on intermediaries like banks and payment processors. This can make both domestic and international transactions quicker and more cost-efficient.

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- **Enhanced financial inclusion:** digital currencies can provide greater access to financial services. This could include individuals in developing regions who may not have access to traditional banking infrastructure but can participate in the digital economy.
- **Increased security and reduced fraud:** the use of blockchain technology in digital currencies ensures that transactions are secure and tamper-proof. This can greatly reduce the risk of fraud, identity theft and chargebacks associated with traditional payment systems.
- **Privacy concerns and regulation:** while digital currencies offer some level of privacy, there could be concerns about surveillance, especially with Central Bank Digital Currencies (CBDCs), which may allow governments to track individual spending. This could affect consumer privacy and raise concerns about personal data security.
- **Impact on cash usage:** as digital currencies become more prevalent, traditional forms of payment like cash may become less common. This could make transactions more convenient for tech-savvy consumers but could also present difficulties for those without access to digital infrastructure or who are more comfortable with cash.
- **Global trade and currency exchange:** digital currencies could facilitate easier and cheaper cross-border transactions for consumers, eliminating the need for currency exchange and international fees. This could make international purchasing more accessible and efficient for individuals.

Impact on businesses (any **one**)

- **Faster and cheaper transactions:** businesses can benefit from quicker payment processing, which would lead to improved cash flow and reduced transaction fees. The ability to perform real-time international transactions also reduces the need for intermediaries, lowering costs and delays.
- **Enhanced security and reduced fraud:** blockchain technology ensures that business transactions are secure and transparent, reducing the risk of fraud and financial crimes. Additionally, the tamper-proof nature of digital currencies can prevent chargebacks and disputes, leading to more reliable transactions.
- **Increased financial inclusion:** businesses can tap into a broader customer base, including those who are unbanked or underbanked. Digital currencies could allow businesses to reach new markets, especially in developing regions where traditional banking infrastructure is lacking.
- **Privacy concerns and regulation:** businesses must adapt to the increased regulatory scrutiny that comes with digital currencies. While blockchain provides security and transparency, businesses may face new obligations regarding anti-money laundering, tax compliance and other regulatory requirements related to digital assets.
- **Disruption of traditional financial systems:** digital currencies could disrupt traditional financial service providers, such as banks and payment processors. Businesses in the financial sector might need to innovate and adapt to stay competitive, which could result in either opportunities or challenges, depending on their ability to adjust to the new system.
- **Impact on cash usage:** for businesses that rely on cash transactions, the shift to digital currencies may require an adjustment period. Although this transition may ultimately reduce the costs associated with handling cash, businesses must ensure they have the infrastructure to accept digital payments, especially for customers who are less familiar with digital currencies.

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- **Global trade and currency exchange:** digital currencies could simplify cross-border transactions by eliminating the need for foreign exchange services. This would streamline global trade, reduce transaction costs and enhance the efficiency of international business operations.

(d) (Any **two** categories)

Revenue generation

- **Subscription service:** revenue is generated by charging customers a recurring fee (monthly, yearly, etc.) for access to a product or service. This model ensures predictable, steady income as long as customers remain subscribed. It focuses on customer loyalty and retention for sustained revenue growth.
- **Marketplace:** revenue is typically generated through transaction fees or commissions on sales made between buyers and sellers on the platform. Marketplaces may also charge listing fees for sellers or provide premium services for enhanced visibility. Revenue can fluctuate based on the volume of transactions rather than regular, predictable income.
- **Crowdfunding:** crowdfunding generates revenue by securing funds from a large group of people in exchange for early access to products, equity or rewards. The revenue is typically short-term, generated from a specific campaign and dependent on meeting funding goals within a set period. There's no guarantee of future revenue unless the business continues to launch new campaigns.
- **Advertising:** revenue generation for advertising-based models primarily comes from selling ad space to third-party companies. Businesses with large user bases generate income by displaying ads or through affiliate marketing. Revenue varies depending on user traffic and engagement, as well as the type of ads being sold.

Consumer access and cost

- **Subscription service:** consumer access is based on paying a recurring fee, often offered at tiered pricing for different levels of service or content. The cost is predictable, but can be seen as a barrier for some consumers who may prefer one-time purchases or free access. Subscriptions often offer free trials or limited access to attract users initially.
- **Marketplace:** consumer access is typically free, with businesses or individuals using the platform to buy and sell goods or services. The cost for consumers is the price of the product or service they purchase, plus potential service or transaction fees. There is flexibility for consumers to pay only for what they need, but they may face variable costs based on the marketplace dynamics.
- **Crowdfunding:** consumers access crowdfunding campaigns to support businesses or products by contributing funds. The cost is entirely dependent on how much a consumer is willing to pledge to a campaign, and the return might be a product or reward in exchange for their backing. It's a one-time payment, and consumers only get access to the product or service once the project meets its goal.
- **Advertising:** consumers typically access the service or platform for free, with costs hidden in the form of advertising. While the service itself is free to use, users are exposed to ads that generate revenue for the business. The consumer's experience might be interrupted or influenced by the ads displayed.

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Scalability and growth

- **Subscription service:** subscription models offer high scalability, as businesses can grow their user base through global access to digital platforms. The key to growth lies in acquiring new subscribers while maintaining existing ones. A subscription model's success grows with the ability to expand offerings, enhance customer satisfaction and leverage economies of scale.
- **Marketplace:** marketplaces can also scale quickly due to the network effect. As more buyers and sellers join, the platform becomes more valuable for everyone. The more transactions occur, the more commission-based revenue can be generated. However, a marketplace requires ongoing efforts to ensure both supply and demand are balanced, which can be challenging during growth phases.
- **Crowdfunding:** crowdfunding can be a good way to kickstart a business, but it does not offer the same scalability as subscription or marketplace models. Once a campaign is completed, further growth is contingent upon launching new projects and successfully engaging a backer community. Crowdfunding can be used to finance initial growth but typically doesn't offer long-term scalability unless paired with other revenue models.
- **Advertising:** advertising-based models are highly scalable, especially if the platform can attract a large user base. The revenue grows as traffic increases because advertisers pay based on user interactions or impressions. The challenge is that advertising revenue depends on maintaining a high level of user engagement, which can become difficult to scale without constantly refreshing content or improving user experience.

User engagement and retention

- **Subscription service**: a key focus of the subscription model is user engagement and retention, as customers are paying for access over time. Successful subscription services often focus on building long-term relationships by delivering consistent value and content updates. Retention strategies include offering personalised experiences, loyalty programmes or exclusive content that keeps subscribers coming back.
- **Marketplace:** user engagement in marketplaces is driven by the ease of buying and selling goods. While engagement can be high due to the transactional nature of the platform, retention is not as guaranteed, as customers may only return when they need to buy something specific. To improve retention, marketplaces need to provide quality customer service, diverse product offerings and incentives for repeat business.
- **Crowdfunding:** engagement in crowdfunding is typically one-off for individual campaigns, though successful projects can build long-term relationships with backers. Retention is driven by trust in the creator and the product, with the promise of early access or unique rewards. Crowdfunding engagement is often limited to specific projects, meaning it's more challenging to keep backers involved once a campaign is over.
- **Advertising:** user engagement in advertising-based models is influenced by the platform's ability to deliver relevant content and maintain user interest. Retention is critical, as advertisers rely on continuous user interactions for sustained revenue. Platforms must continuously provide compelling content, user-friendly experiences and personalised ad targeting to keep users engaged and maintain high levels of traffic.

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(e)

- **Access to information:** digital technology has significantly increased the amount of information available to consumers. Through online reviews, social media, websites and comparison tools, consumers can access detailed information about products, services and companies instantly. This increase in information availability has led to more informed and empowered consumers, but not all online information is accurate, and consumers may be influenced by misleading reviews or biased opinions. Consumers also face information overload, which can make decision-making more difficult.
- **Online shopping and convenience:** the rise of e-commerce platforms has transformed how consumers shop. Online shopping offers convenience, accessibility and the ability to shop anytime, anywhere. With the advent of mobile shopping, consumers can now make purchases on-the-go. Despite the growth of online shopping, some consumers still may prefer in-store experiences for tactile engagement with products. Furthermore, challenges like delayed shipping and lack of personalised service can detract from the convenience of online shopping.
- **Personalisation of marketing:** digital technologies allow businesses to track consumer preferences and behaviour, enabling them to deliver personalised marketing messages and product recommendations. This personalisation increases the relevance of advertisements and promotions, potentially leading to higher conversion rates. While personalisation increases relevance, it can also lead to privacy concerns. Consumers may feel uneasy about businesses tracking their behaviour, potentially leading to distrust if not handled properly.
- **Social influence and social media**: social media platforms have become powerful tools for influencing consumer behaviour. Consumers are more likely to trust recommendations from peers and influencers over traditional advertising, which has shifted the dynamics of marketing. The effectiveness of social media influence can be limited to younger, tech-savvy demographics. Additionally, consumers may become sceptical of influencer promotions if they perceive them as insincere or paid-for endorsements.
- **Consumer empowerment:** digital technology has empowered consumers by providing them with tools to compare prices, read reviews and participate in online forums or communities. While consumers are more empowered, they may also face overwhelming choices, leading to decision fatigue. Additionally, not all reviews are trustworthy, and some consumers may rely on misinformation or false claims.

Overall evaluation

Digital technology has had a profound impact on consumer behaviour, making consumers more informed, empowered and engaged with brands. The ability to access vast amounts of information, shop conveniently online and engage with personalised marketing strategies has drastically changed purchasing decisions. However, these benefits are not without challenges. Consumers face information overload, privacy concerns and trust issues with online influencers or reviews. Moreover, while e-commerce has made shopping more convenient, it has not entirely replaced the in-store experience for all consumers. Overall, digital technology has created a more dynamic and complex consumer landscape, which businesses must navigate carefully to maximise engagement and trust.

Question 4 **(70 marks)**

(a) (Any **three**)

- Civil status
- Family status
- Sexual orientation
- Religion or belief
- Age
- Disability
- Race or ethnic origin
- Membership of the Traveller community

(b) **(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**)

- USMCA (United States–Mexico–Canada Agreement)
- ASEAN (Association of Southeast Asian Nations)
- CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership)
- AfCFTA (African Continental Free Trade Area)

(c) (Any **three**)

- **Increases efficiency and productivity:** clear communication ensures that tasks, expectations and deadlines are understood, reducing mistakes and delays. Employees spend less time seeking clarification and more time completing their work, improving overall output.
- **Enhances employee motivation and morale:** open and transparent communication helps employees feel valued and included, boosting morale. Motivated staff are more likely to stay loyal, work harder and contribute positively to the workplace culture.
- **Supports better decision-making:** sharing accurate and timely information enables managers and teams to make informed decisions. This reduces risk and increases the quality of outcomes, especially in competitive or high-pressure environments.
- **Strengthens teamwork and collaboration:** effective communication fosters trust and understanding between team members. This can lead to smoother coordination on group tasks, stronger working relationships and greater innovation.
- **Helps in managing change:** during periods of change, clear communication reduces uncertainty. This helps employees understand the reasons behind changes and how they will be affected, increasing acceptance and cooperation.
- **Improves customer service:** staff who communicate well are better equipped to understand and meet customer needs. This leads to higher customer satisfaction and loyalty, which benefits the organisation's reputation and sales.
- **Ensures legal and regulatory compliance:** communication ensures employees are aware of company policies, safety procedures and legal obligations. This can reduce the risk of legal issues, fines or reputational damage due to non-compliance.

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(d) **(i)**

- **Autocratic leadership:** in an autocratic style, the leader makes decisions independently, with little input from employees. This style can lead to fast decision-making, especially in crisis or high-pressure situations where quick innovation is needed. However, limited input from staff can reduce creativity and discourage initiative. Autocratic leadership may foster innovation when strong direction and control are needed (e.g. during early stages of product development), but it generally limits broad-based innovation.
- **Laissez-faire leadership:** this hands-off approach gives employees the freedom to make decisions and work independently. It encourages creativity and individual experimentation, as employees feel empowered to explore new ideas without constant oversight. It is best suited to highly skilled or research-driven teams, but may result in a lack of coordination or direction if not monitored.
- **Democratic leadership:** democratic leaders involve team members in decision-making, encouraging open discussion and collaboration. This creates an inclusive environment where diverse ideas are valued. It also leads to shared ownership of innovations, which boosts motivation and commitment. This style is most effective in generating continuous, team-based innovation.
- Other relevant leadership styles accepted.

(ii) (Any **three**)

- **Focus and purpose:** leadership focuses on inspiring and guiding people towards a vision or long-term goal. Leaders aim to influence and motivate employees to embrace change and innovation. Management concentrates on organising, planning and coordinating daily activities to achieve the organisation's short-term objectives efficiently.
- **Approach to change:** leaders are often change agents, encouraging creativity and challenging the status quo. They support innovation and forward-thinking. Managers typically work within established systems and processes, aiming to maintain order, consistency and stability.
- **People versus processes:** leadership is concerned with people and relationships. Leaders build trust, develop teams and align people with the organisation's vision. Management focuses more on systems, procedures and performance. Managers ensure policies are followed and tasks are completed correctly.
- **Decision-making style:** leadership uses a more strategic and visionary approach. Leaders consider long-term impacts and are willing to take calculated risks. Management tends to make tactical and data-driven decisions. Managers follow set plans and prefer certainty and control.
- **Influence and power:** leadership gains influence through inspiration, charisma and vision. Leadership is often informal and based on personal qualities. Management exercises power through formal authority given by the organisation's structure and role.
- **Outcome measurement:** leadership success is measured by employee engagement, innovation and long-term progress toward the business's vision. Management success is evaluated by efficiency, productivity and the achievement of set targets.

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(e) (Any **three**)

- **Financial grants and funding:** the government, through agencies like Enterprise Ireland or IDA Ireland, can offer financial support to innovative companies like spectrum.life. Grants help fund research and development (R&D), hiring new staff, exporting and scaling operations, especially in global markets.
- **Tax incentives and reliefs:** the Irish government offers tax incentives such as the R&D Corporation Tax Credit, which allows companies to claim tax relief on qualifying R&D activities. This reduces the cost of developing new health technologies and digital platforms, making innovation more affordable.
- **Infrastructure and office space support:** government-funded tech parks, digital hubs and innovation centres can provide office space and infrastructure at reduced costs. This can help support expansion without high overheads and encourages collaboration with other tech- or health-related businesses.
- **Talent development and training supports:** through programmes like Skillnet Ireland and Springboard+, the government funds training and upskilling of employees. This can help companies like spectrum.life attract and develop skilled talent in areas such as healthcare, technology and cybersecurity.
- **Export and international expansion assistance:** Enterprise Ireland supports businesses in exporting and accessing international markets through advice, networking and grants. This could enable spectrum.life to expand globally, particularly in regulated health tech markets, where government credibility is beneficial.
- **Supportive regulation and policy environment:** by creating health tech-friendly policies and streamlined regulatory processes, the government can reduce red tape. This encourages innovation while ensuring compliance with data protection and healthcare standards.
- **Government contracts and public sector opportunities**: the state can engage Irish firms like spectrum.life through public procurement for healthcare and wellbeing services in the public sector. This could provide stable revenue opportunities and boosts the company's profile and credibility within the health-tech industry.

Question 5 **(70 marks)**

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

- **Nature and purpose of the message:** the content of the message will influence the best communication method. For example, a formal report may be better suited to written communication, while urgent or sensitive matters might require face-to-face or video calls. This ensures clarity, appropriateness and professionalism in delivering the message.
- **Urgency and speed:** if a message is time-sensitive, faster communication methods (such as phone calls, instant messaging or emails) are more suitable. This helps avoid delays, particularly in decision-making or emergency situations.
- **Audience and relationship:** the communication method should match the audience's preferences, familiarity and level of authority – for example, formal emails for clients or senior management and informal chats for close team members. This can help strengthen professional relationships and ensures the message is well received.
- **Need for record or proof:** written communication (e.g. emails, reports) is preferable when a permanent record is needed for legal, contractual or reference purposes. This protects the business in cases of dispute or confusion and supports accountability.
- **Complexity of the message:** complex or detailed messages often require face-to-face meetings, video calls or presentations to allow for discussion, clarification and feedback. This helps improves understanding and reduces miscommunication.
- **Cost and resources:** some methods (e.g. in-person meetings or printed materials) can be more expensive and time-consuming than others (e.g. email or messaging apps). Efficient use of resources helps reduce unnecessary spending.
- **Confidentiality and security:** sensitive or confidential information should be shared via secure and appropriate channels to protect privacy and comply with regulations like GDPR. This maintains trust and avoids legal issues or data breaches.
- **Geographical location:** for communicating with remote teams or international clients, digital tools such as Zoom, Microsoft Teams or email may be more practical. This can ensure communication is inclusive and accessible regardless of location.

(ii) (Any **two**)

- **Open and transparent culture:** encouraging a workplace environment where employees feel safe to share ideas and concerns can lead to better collaboration, increased trust and fewer misunderstandings.
- **Communication skills training:** providing training in areas such as writing, active listening and giving presentations can help employees communicate more clearly and professionally.
- **Feedback mechanisms:** regularly gathering and giving feedback through surveys or meetings allows for ongoing improvement and ensures communication flows both ways.
- **Clear communication channels:** establishing defined communication structures helps staff know where to go for different types of information, reducing confusion and delays.
- **Regular team meetings:** frequent team check-ins or briefings help ensure alignment, build team cohesion and allow quick resolution of issues.
- **Clarity and consistency in messaging:** Using clear, simple language and ensuring consistency across communications prevents misunderstandings and reinforces key messages.

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- **Leading by example:** when managers and leaders demonstrate good communication practices, it sets a positive tone and encourages staff to do the same.
- **Effective use of technology:** using platforms like Slack, Teams or internal intranets helps employees stay connected, especially in remote or hybrid work settings.

(b) Benefits of the acquisition

- **Market expansion:** acquiring Kellanova allows Mars to diversify into the snacks and breakfast food sectors, significantly broadening its current portfolio in confectionery and pet care.
- **Increased global market share**: the takeover would position Mars as the second-largest global food leader after Nestlé, enhancing brand influence and competitive advantage.
- **Revenue growth potential**: Kellanova is already profitable, with a reported operating profit of $1.873 billion in 2024, which can contribute immediately to Mars's financial performance.
- **Synergies and economies of scale**: Mars could achieve cost savings through shared distribution, procurement and marketing, improving efficiency and reducing overall costs.
- **Access to strong brands**: Kellanova already owns well-known brands, providing Mars with instant access to established customer bases and brand loyalty.
- **Product innovation opportunities**: combining Mars's and Kellanova's R&D capabilities could lead to the development of new, innovative food products.

Costs and potential risks of the acquisition

- **High purchase premium:** Mars is offering $83.50 per share, which is 33% above the market price, leading to a high initial outlay and potential overvaluation risk.
- **Regulatory scrutiny:** the deal may face regulatory investigation, especially over competition concerns, which could delay or prevent the merger.
- **Integration challenges**: merging two large organisations comes with risks, such as cultural clashes, systems misalignment and possible loss of key personnel.
- **Debt or financial pressure**: funding a $36 billion acquisition could require Mars to take on significant debt or use up financial reserves, affecting future flexibility.
- **Brand dilution risk**: diversifying too far from Mars's traditional sectors (confectionery and pet care) might lead to a loss of focus or confusion among consumers and investors.

(c) (i) Inflation is the rate at which the general level of prices for goods and services rises over a period of time, leading to a decrease in the purchasing power of money. Inflation is commonly measured by indices such as the Consumer Price Index (CPI) in Ireland or the Harmonised Index of Consumer Prices (HICP) in the EU. These track the average change in prices paid by consumers for a standard basket of goods and services over time.

(ii) (Any **four**)

- **Choose products with minimal packaging:** opting for food items with little or recyclable packaging reduces waste and supports sustainable production. This helps lower environmental impact and encourages producers to adopt circular practices.
- **Buy local and seasonal food:** purchasing locally produced and seasonal food supports local economies, reduces transport emissions and minimises spoilage and waste – key principles in a circular economy.
- **Compost food waste:** instead of throwing food scraps in the bin, consumers can compost organic waste, returning nutrients to the soil and reducing landfill use, which aligns with closing the resource loop.

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- **Use reusable containers and bags:** bringing reusable bags, jars and containers when shopping cuts down on single-use plastic waste and supports a system of repeated use and reduced resource extraction.
- **Support brands using recycled or reused materials:** choosing products from companies that use recycled packaging or surplus ingredients (e.g. 'wonky veg' or food surplus initiatives) supports circular supply chains.
- **Plan meals to reduce food waste**: by carefully planning meals, checking expiry dates and using leftovers, consumers can reduce how much food they throw away, contributing to resource efficiency.
- **Participate in food-sharing or donation schemes:** engaging in community fridges, food donation apps or surplus-sharing groups helps keep edible food in use rather than letting it go to waste.

(d) **(i)**

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

Single-use plastics directive: the European Union's Single-Use Plastics Directive aims to reduce the environmental impact of certain plastic products, particularly those commonly found on beaches and in marine environments. Ireland has transposed this directive into national law, implementing several measures to address plastic pollution.
Any relevant EU Directive and explanation.

(ii)

- **Compliance costs for businesses:** many Irish businesses, particularly in food service, retail and manufacturing, have had to invest in alternative materials (e.g. compostables, paper-based packaging) to replace banned single-use plastics. This has increased production and procurement costs, especially for SMEs with limited buying power. However, larger businesses have absorbed the cost more effectively due to economies of scale.
- **Disruption to supply chains:** the ban on certain plastic items (e.g. straws, cutlery, containers) has led to supply chain changes, requiring new suppliers and materials. Some sectors, such as event catering and hospitality, experienced initial delays and limited availability of sustainable alternatives, causing short-term disruption to operations.
- **Opportunities for innovation and branding:** businesses that proactively adapted to the directive have found opportunities for innovation, such as developing new eco-friendly product lines. This shift also enhances brand reputation, especially among environmentally conscious consumers. Irish companies that invested early in sustainable packaging gained a competitive edge.
- **Impact on packaging sector:** packaging manufacturers in Ireland have had to restructure operations, retool machinery and sometimes discontinue product lines. While this has led to short-term losses, it has also accelerated investment in sustainable packaging solutions, fostering long-term resilience and environmental alignment.

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- **Regulatory uncertainty and administrative burden:** the pace of implementation and evolving compliance requirements have caused uncertainty for businesses, especially SMEs. Understanding and adapting to these changes has added administrative workload, requiring extra resources for legal and environmental compliance.
- **Extended producer responsibility (EPR) costs:** businesses are now required to finance the collection, disposal and clean-up of single-use plastic products under EPR rules. This has added ongoing compliance and financial burdens for producers, importers and retailers.

Overall evaluation

The EU Single-Use Plastics Directive has had mixed effects on business activity in Ireland. While it has led to short-term costs, disruptions and adaptation challenges, particularly for small businesses and traditional manufacturers, it has also stimulated innovation, improved environmental branding and aligned businesses with growing consumer expectations around sustainability. Overall, the evidence supports the judgement that, despite limitations and transitional difficulties, the directive provides long-term benefits for progressive businesses and aligns Ireland with a circular economy model. However, the full positive impact will only be realised if businesses receive sufficient support during the adjustment phase.