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Chapter 2

Forms of business, business regulation and governance

2.1 Distinguish between public, private, and not for profit enterprises and analyse the contribution of each of these types of enterprise both locally and nationally.

HL Paper 1 Q1 (a)

Driving Creativity and Sustainability

ProjectOne, a cutting-edge design and innovation engineering firm based in Kildare, is making waves in the world of product design and research and development. Catering to a diverse clientele that includes start-ups and multinational corporations across the consumer, healthcare, and professional sectors, ProjectOne has built an enviable reputation as an independent agency with international acclaim.

According to management, the company's success is rooted in the dedication and talent of its employees. ProjectOne has fostered a workplace culture where team members feel valued and appreciated, resulting in strong employee loyalty and internal promotions. With a dynamic workforce of 64 employees, ProjectOne champions a modern and balanced working environment. The company has implemented a four-day working week. Employees enjoy blended working arrangements, alternating between on-site and remote work.

"Our team's creativity and hard work are the cornerstone of our growing client base and project successes," says a ProjectOne spokesperson. "We're thrilled to see the positive impact of our

working arrangements on both employee satisfaction and productivity."

The company's commitment to community engagement is also noteworthy. Several team members volunteer with Junior Achievement Ireland, to deliver high-impact programmes to students. These initiatives introduce young people to working life through hands-on experiences, showcasing the innovative and inspiring nature of ProjectOne's work.

Tackling Sustainability with GlowInc

One of ProjectOne's clients, GlowInc, a beauty product manufacturer, has partnered with the firm to develop an innovative, organic nail polish. With the nail polish industry becoming increasingly saturated, GlowInc predicts a growing demand for sustainable alternatives and has tasked ProjectOne with bringing their vision to life.

To meet the challenge, ProjectOne has assembled a forward-thinking team that includes recently hired staff eager to gain hands-on experience with this pioneering project. The firm has also invested in state-of-the-art equipment to support the development of the new

product, with plans to launch it on shelves by next year.

Adopting an iterative approach, the team will create and refine a prototype through small-scale testing to perfect the formula. A key hurdle in the project will be sourcing unique, sustainable materials, but ProjectOne remains committed to delivering a high-quality, innovative product that aligns with GlowInc's standards for sustainability and originality.

This ambitious collaboration underscores ProjectOne's ability to combine innovation with environmental responsibility, further cementing its position as a leader in the design and engineering sector. "Our partnership with GlowInc exemplifies the kind of creative and impactful projects that define ProjectOne," says the spokesperson. "We're excited to help shape the future of sustainable beauty products."



(a) Outline **one** way ProjectOne contributes to the local economy.

HL Paper 1 Q1 (a) Solution

ProjectOne contributes to the local economy by providing specialist design and innovation services to businesses.

It supports start-ups, SMEs, and multinationals in sectors like consumer goods, healthcare, and professional services. By helping these firms develop new products, ProjectOne boosts local business activity and strengthens the overall enterprise environment in its community.

ProjectOne contributes to the local economy through community volunteering initiatives.

Several employees volunteer with Junior Achievement Ireland, delivering programmes in local schools. This builds skills and inspires young people, strengthening the future workforce and supporting long-term economic development in the community.

ProjectOne contributes to the local economy by creating high-quality employment.

It employs 64 staff in Naas, providing secure jobs and income for local households. This boosts spending power in the community and generates further economic activity for local shops and services.

Question 1 is compulsory. Answer all parts.

Question 1

The Business World

(90 marks)

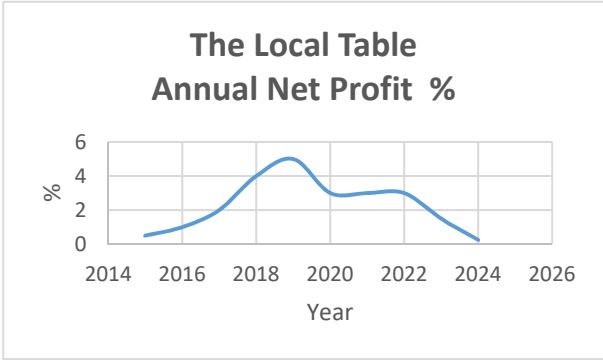
The Local Table Restaurant

The Local Table, an Irish restaurant, was founded in 2015 by two brothers, John and Mark Lee. The business is built around a unique selling point (USP) of using locally sourced ingredients, reflecting their commitment to quality and sustainability. However, this approach has introduced challenges, including supply chain issues, which mean not all menu items are available year-round. To adapt to this, The Local Table has embraced digital innovation by replacing printed menus with a daily updated menu application, allowing them to update offerings in real-time based on ingredient availability.

The Local Table began as a single outlet, funded through John and Mark’s personal savings. The venture quickly gained traction, attracting large volumes of customers and earning a profit. Motivated by this, the duo expanded their business by opening two additional outlets in nearby towns, financing the expansion with a long-term loan. They installed solar panels aiming to reduce energy costs and eventually generate surplus electricity to sell back to the grid.

The Local Table operates without a dedicated marketing team, with John handling marketing and personally managing social media updates when time permits. It primarily relies on word of mouth and has not actively sought customers reviews. Competition has intensified, making it difficult to retain a loyal customer base. Despite its growth, it has faced mounting challenges. Mark is struggling with managing human capital. Overseeing three outlets has also stretched their operational capacity, leading to increased staff turnover and inconsistencies in both service and product quality.

Economic pressures have added to their difficulties. Rising costs across various aspects of the business, coupled with changes in the minimum wage, have impacted profitability.



Faced with these challenges, John and Mark are considering their next steps to secure The Local Table’s future. Among their potential strategies is the introduction of new plant-based menu options, aimed at diversifying their offerings and attracting a broader customer base. Their concerns reflect wider industry struggles, as the Restaurant Association of Ireland has expressed concerns about the viability of the industry under current economic pressures. The closure of 856 Irish restaurants and cafés in 2024, underscores the difficult road ahead. As The Local Table navigates these turbulent times, its ability to adapt and innovate will be critical in determining its future.

(e) In 2024, 856 restaurants and cafés closed in Ireland.

Analyse **two** implications to local areas of restaurants and cafés closing down.

1
2

HL Paper2 Q1 (e) Solution

Loss of local employment/income/ reduced spin-off effect

When restaurants and cafés close, local people that work there lose their jobs and income. This reduces household spending in the community and has a knock-on effect on other businesses, such as suppliers and nearby shops.

If The Local Table were to close one of its outlets, dozens of staff would be affected, and its local suppliers who provide fresh ingredients would lose a reliable buyer. While some employees might find work elsewhere, the immediate impact is negative for the local economy with less spending and increased unemployment.

Decline in community vibrancy

Restaurants and cafés often act as community hubs. When they close, there are fewer social spaces for people to meet, reducing footfall in town centres and affecting the atmosphere of the area.

The Local Table built its brand around using locally sourced produce and promoting sustainability, giving the community a place that reflected local identity. If it shut down, the area would lose not only a popular meeting spot but also a business that strengthened community culture. This makes towns less attractive and harms social cohesion.

OL Paper 1 Q5 (g)

(g) Social finance organisation Clann Credo has provided over €215m in loans to not-for-profit organisations such as voluntary groups, sports clubs and social enterprises.

(i) Indicate by means of a tick (✓) in the correct box, the type of business (public, private, or not-for-profit) that best describes each of the enterprises listed below.

	Public	Private	Not-for-profit
			
			
			

(ii) Describe **two** contributions not-for-profit enterprises make to the Irish economy.

1
2

OL Paper 1 Q5 (g) Solution

- (g) Social finance organisation Clann Credo has provided over €215m in loans to not-for-profit organisations such as voluntary groups, sports clubs and social enterprises.
- (ii) Indicate by means of a tick (✓) in the correct box, the type of business (public, private, or not-for-profit) that best describes each of the enterprises listed below.

	Public	Private	Not-for-profit
 RYANAIR		✓	
 Iarnród Éireann Irish Rail	✓		
 Barnardos			✓

(ii) Job creation and volunteering opportunities

Not-for-profit enterprises provide paid jobs as well as valuable volunteer opportunities. This increases participation in the economy and helps people build skills and confidence.

Community groups and charities employ staff locally while also engaging volunteers, which supports both economic activity and social wellbeing.

Promoting social inclusion and services

They provide essential services that might not otherwise be offered by private businesses, such as youth programmes, disability supports, or cultural initiatives. This strengthens communities, reduces inequality, and helps people to take part in society.

Organisations like the GAA promote sport and culture across Ireland, supporting both local identity and the wider economy through events and tourism.

2.2 Outline how business ownership differs between different types of organisations and how ownership can change over time.

OL Paper 1 Q1 (a) (i)

EverGlow Organics Ltd Poised for Global Expansion

Irish Skincare Success Story Eyes Europe and Asia

EverGlow Organics Ltd is a successful Irish company specialising in organic skincare for men and women. The business has grown steadily in Ireland and now plans to expand into Europe and Asia. The company is motivated by a growing demand for organic products and the potential to save money through economies of scale.

Adapting to New Markets

While their products have been well-received in Ireland, the company's management team is mindful of differences in culture, language, traditions, and income levels in the new markets. The business may need to adjust elements of its marketing mix to appeal to international consumers. The company recognises that conducting market research will be crucial before entering these markets. They will need to receive direct feedback from potential consumers and analyse existing data on market trends in each country.



Funding and Financial Considerations

EverGlow Organics Ltd is considering various financing options, such as applying for a long term loan or seeking investors. In addition to the financial risk, the company is concerned about changing exchange rates and established businesses in the new countries.

Investing in People and Technology

To support its growth, the business will hire freelance content creators to promote its products to new audiences. The company also plans to invest in new technology to handle increased demand and ensure effective communication. Recently, the team conducted a force field analysis to examine the driving and restraining forces related to the expansion.

- (a) (i) Indicate the ownership structure under which EverGlow Organics Ltd operates by putting a tick (✓) in the correct box.

Private Limited Company

☐

Sole Trader

☐

OL Paper 1 Q2 (a)

Question 2

(70 marks)

(a)



Amazon, founded by Jeff Bezos in 1994, is one of the world's largest online retailers. Its shares are listed publicly on the stock market.

- (i) Choose the correct words from the list provided to complete the sentence below. (two words do not apply)

Private

Public

Unlimited

Limited

Amazon operates as a _____ listed company whose owners have _____ liability.

- (ii) Indicate whether each of the following statements is true or false, by putting a tick (✓) in the correct box.

Statement	True	False
The owners of a company are known as shareholders.		
Privatisation is the transfer of a business from the government to the private sector.		
A cooperative is owned and controlled by the government.		

OL Paper 1 Q1 (a) (i) Solution

- (a) (i) Indicate the ownership structure under which EverGlow Organics Ltd operates by putting a tick (✓) in the correct box.

Private Limited Company

☒

Sole Trader

☐

OL Paper 1 Q2 (a) Solution

Question 2

(70 marks)

(a)

amazon

Amazon, founded by Jeff Bezos in 1994, is one of the world's largest online retailers. Its shares are listed publicly on the stock market.

- (i) Choose the correct words from the list provided to complete the sentence below. (two words do not apply)

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liability.

- (ii) Indicate whether each of the following statements is true or false, by putting a tick (✓) in the correct box.

Statement	True	False
The owners of a company are known as shareholders.	✓	
Privatisation is the transfer of a business from the government to the private sector.	✓	
A cooperative is owned and controlled by the government.		✓

OL Paper 1 Q4 (c)

- (c) The owner of the Lakeview Inn is currently operating as a sole trader but is considering changing to a private limited company.

Outline **two** reasons for changing from sole trader to a private limited company.

1
2

OL Paper 1 Q4 (c) Solution

1. Limited liability

In a private limited company, the owners' personal assets are protected if the business fails. This reduces personal financial risk compared to a sole trader, where the owner is fully liable for debts (they have unlimited liability).

2. Access to additional finance

A private limited company can raise capital by selling shares to up to 149 family, friends, or investors. This makes it easier to fund expansion than as a sole trader, who is limited to their own personal savings or ability to access loans.

3. Shared ownership and expertise

Forming a company allows more than one shareholder to be involved in ownership and decision-making. This spreads responsibility, brings in new skills, and can reduce the workload that rests solely on a sole trader.

4. Continuity of existence

A company continues to exist even if an owner leaves, retires, or dies. This provides long-term security and stability, unlike a sole trader business which can end when the owner dies.

2.5 Outline the three factors considered in an ESG report.

HL Paper 1 Q3 (a)

In 2024, new ESG reporting rules were signed into Irish Law.

(a) Identify the **three** elements of an ESG report.

1
2
3

OL Paper 1 Q3 (a)

(a) 99% of the top 500 companies in Europe participated in some form of ESG reporting.



(i) What do the letters ESG stand for? (Write your answer in the space below)

E	S	G

(ii) Below is a list of topics often included in an ESG report.

Indicate the area of the ESG report to which each topic relates below by putting a tick (✓) in the correct box. (One topic is completed for you.)

	E	S	G
Employee Wellbeing		✓	
Pollution Prevention			
Community Involvement			
Structure of the Board of Directors			

HL Paper 1 Q3 (a) Solution

1. Environmental Factors
2. Social Factors
3. Governance Factors

OL Paper 1 Q3 (a) Solution

- (a) 99% of the top 500 companies in Europe participated in some form of ESG reporting.



- (i) What do the letters ESG stand for? (Write your answer in the space below)

E	S	G
Environmental	Social	Governance

- (ii) Below is a list of topics often included in an ESG report.

Indicate the area of the ESG report to which each topic relates below by putting a tick (✓) in the correct box. (One topic is completed for you.)

	E	S	G
Employee Wellbeing		✓	
Pollution Prevention	✓		
Community Involvement		✓	
Structure of the Board of Directors			✓