



AN ROINN | DEPARTMENT OF
OIDEACHAIS | EDUCATION
AGUS EOLAÍOCHTA | AND SCIENCE

Scéimeanna Marcála

Scrúduithe Ardteistiméireachta, 2001

Gnó

Gnáthleibhéal

Marking Scheme

Leaving Certificate Examination, .2001

Business

Ordinary Level

ATGL

Leaving Certificate

Business

Ordinary Level

Marking Scheme 2001

(and draft support explanatory notes)

Marking Schemes Business Ordinary Level 2001**Section 1 Marking scheme Available marks 100**

Question	Scheme	Sub -totals	
1.	(i) 4 @ 1 mark each (ii) 4 @ 1 mark (iii) 2 @ 1 mark	4 4 2	10
2.	A. 2 @ 1 marks each B. 2 @ 1 marks each C. 2 @ 1 marks each D. 2 @ 1 marks each E. 1 @ 2 marks	2 2 2 2 2	10
3.	4, 3, 3		10
4.	2 @ 5 marks each	5 5	10
5.	5 @ 2 marks each		10
6.	2 @ 5 marks each	5 5	10
7.	List 4 @ 2 mark each Explanation 1 @ 2 marks	8 2	10
8.	2 @ 5 marks each	5 5	10
9.	5 @ 2 marks each		10
10.	2 @ 5 marks each	5 5	10
11.	Explanation 2 @ 4 marks Importance 1 @ 2 marks	8 2	10
12.	2 @ 5 marks each	5 5	10
13.	Explanation 1 @ 5marks Example 1 @ 5 marks	5 5	10
14.	1 @ 10 marks		10
15.	4 @ 2 marks 1 @ 2 marks (correct sequence)	8 2	10
Section 1	Available Marks		100

Section 2 Part 1 Marking schemes Total available marks 300

People in Business Question 1

1 (A)	2 @ 5 marks		10
1 (B)	Method 1 @ 5 marks each Reason 2 @ 5 marks each	5 10	15
1 (C)	Functions 2 @ 10 marks each		20
1 (D)	Define 2 @ 5 marks	5 5	10
1 (E)	Explanation (2 elements) 2 @ 5 marks 2 @ 5 marks	10 10	20
	Available marks		75

Domestic Environment Question 2

2 (A)	10 marks (Company/ Act 2 @ 5 marks)		10
2 (B)	3 sentences @ 5 marks each		15
2 (C)	Reasons 3 @ 5 marks each		15
2 (D)	Articles 1 @ 5 marks 1 @ 3 marks Memorandum 1 @ 5 marks 1 @ 2 marks <i>(Correct complete reversal of definitions 5, 3 marks)</i>	5 3 5 2	15
2 (E)	Role (two people) 2 @ 5 marks 2 @ 5 marks	10 10	20
	Available marks		75

Domestic / International Environment Question 3
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3 (A)	Benefits 2 @ 5 marks each		10
3 (B)	2 @ 5 marks each		10
3 (C)	Developments 3 @ 5 marks each		15
3 (D)	Explanation 2 @ 5 marks each	10	25
	Stakeholders 3 @ 5 marks each	15	
3 (E)	Opportunities 3 @ 5 marks		15
	Available marks		75

Section 2 Part 1	Maximum Available marks	One question	75
	Maximum Available marks	Two questions only	150

SECTION 2**Part 2**

Managing 1	Question 4
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4 (A)	5 marks {2,2,1}		5
4 (B)	Notice 5 @ 2 marks AGM, Name of club, Time, Date, Venue	10	25
	Agenda 5 @ 2 marks each (listed and applied to text supplied)	10	
	Signature secretary 1 @ 5 marks (- <i>Michael Smith</i>)	5	
	(agenda 5 @ 1 mark if not relevant to text supplied. Signature chairperson 1 @ 3 marks)		

4 (C)	Chairperson 2 duties @ 5 marks each	10	
	Secretary 2 duties @ 5 marks each	10	20
4 (D)	Purpose 1 @ 5 marks	5	
	Merits 2 @ 5 marks	10	15
4 (E)	Explanation 1 @ 10 marks (clear explanation) (2 @ 5 marks)		10
	Available marks		75

Managing 1 and 2**Question 5**

5 (A)	Line Graph 5 @ 2 marks each Title 2 marks X axis labelled 2 marks Y axis labelled 2 marks Correct line 2 marks Clarity of graph 2 marks Comment 1 @ 5 marks <i>(Up to 5 @ 1 marks if line graph is drafted but not applied to data supplied.) (Up to 2 marks for comment relevant to candidates graph)</i>	10 5	15
5 (B)	Bar Graph 5 @ 2 marks each Title 2 marks X axis labelled 2 marks Y axis labelled 2 marks Correct bar 2 marks Clarity of graph 2 marks Comment 1 @ 5 marks <i>(Up to 5 @ 1 marks if bar graph is drafted but not applied to data supplied) (Up to 2 marks for comment relevant to candidates graph)</i>	10 5	15
5 (C)	Household 1 effect @ 10 marks Business 1 effects @ 10 marks	10 10	20
5 (D)	Purpose 2 @ 5 marks each		10
5 (E)	Sources 2 @ 5 marks each Explanation 1 @ 5 marks	10 5	15

	Available marks		75
Business in action Question 6			
6 (A)	1 @ 5 marks {2,2,1}		5
6 (B)	Desk research Explanation 1 @ 5 marks Example 1 @ 5 marks Field research Explanation 1 @ 5 marks Example 1 @ 5 marks		20
6 (C)	3 @ 5 marks each		15
6 (D)	Product life Cycle diagram Title 2 marks X axis labelled 2 marks Y axis labelled 2 marks Correct line 2 marks Clarity of graph 2 marks Stages 5 @ 2 marks each	10 10	20
6 (E)	3 @ 5 marks each		15
	Available marks		75

Managing / Business in Action Question 7

7 (A)	5 @ 2 marks each ROI (3 @ 2 marks) P&L (2 @ 2 marks)	6 4	10
7 (B)	Working capital ratio Formula 2 @ 2 marks 2001 Figures 2 @ 3 marks 2001 Answer 1 @ 2 marks 2000 Figures 2 @ 3 marks 2000 Answer 1 @ 2 marks <i>(If correct answer in figures given with no workings 2 @ 5 marks i.e. maximum 10 marks)</i>	4 6 2 6 2	20
7 (C)	Acid Test ratio		

	Formula 2 @ 2 marks	4	
	2001 Figures 2 @ 3 marks	6	
	2001 Answer 1 @ 2 marks	2	
	2000 Figures 2 @ 3 marks	6	
	2000 Answer 1 @ 2 marks	2	20
	<i>(If correct answer in figures given with no workings 2 @ 5 marks i.e. maximum 10 marks)</i>		
7 (D)	Financial report Structure of report 2 @ 2 marks each (To, From, Date) using data supplied.	4	
	Body of the report Profitability 1 @ 8 marks each Liquidity 1 @ 8 marks each	8	
		8	20
7 (E)	Debtor 1 @ 3 marks Creditor 1 @ 2 marks	3	
		2	5
	Available marks		75

Enterprise / Managing	Question 8
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8 (A)	2 @ 5 marks each <i>(complete reversal of definitions 5)</i>		10
8 (B)	2 @ 5 marks each		10
8 (C)	3 @ 5 marks each		15
8 (D)	Entrepreneur 1 @ 10 marks <i>(Must include words 'business') (If word business is omitted 1 @ 5 marks)</i>	10	
	Characteristics 2 @ 5 marks	10	20
8 (E)	Types 2 @ 5 marks	10	
	Explanation 1 @ 10 marks <i>(clear explanation required for 10. 1 @ 5 marks if explanation not adequate)</i>	10	20
	Available marks		75
Section 2	Maximum available marks	2 quests.	150

	Maximum available marks	3 quests.	225
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5. Explanatory Support Notes

All explanatory support notes enclosed are not exhaustive or definitive. They are not model answers.

It is important to realise that in some cases there will be other correct responses acceptable. Further appropriate points of information and description presented by candidates will be examined and rewarded on their merits by the examiners.

SECTION 1: (100 marks) Answer 10 questions. Each question carries 10 marks.

1.	<p>What do the following letters stand for?</p> <p>(i). <u>P.R.S.I.</u> : <i>Pay Related Social Insurance</i></p> <p>(ii). <u>I.B.E.C.</u> : <i>Irish Business and Employers Confederation</i></p> <p>(iii). <u>E.D.I.</u> : <i>Electronic Data Interchange</i></p>													
2.	<p>Study the graph and answer the questions below.</p> <p>(A) Name point A. <i>Break Even Point</i></p> <p>(B) What is the line marked B. <i>Total revenue line</i></p> <p>(C) What is the line marked C. <i>Variable Cost Line</i></p> <p>(D) What is the line marked D <i>Fixed cost line</i></p> <p>(E) List one reason why this chart is important to a business. <i>To find out if the business is making a profit or loss</i></p>													
3.	<p>List <u>three</u> types of production options available to a business. <i>Job, batch, mass (flow, process)</i></p>													
4.	<p>Outline <u>two</u> reasons for expansion of a business. <i>To increase sales</i> <i>To protect raw materials</i></p>													
5.	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">1.</td> <td style="text-align: center;">2.</td> <td style="text-align: center;">3.</td> <td style="text-align: center;">4.</td> <td style="text-align: center;">5.</td> <td style="text-align: center;">6.</td> </tr> <tr> <td style="text-align: center;">B</td> <td style="text-align: center;">G</td> <td style="text-align: center;">D</td> <td style="text-align: center;">A</td> <td style="text-align: center;">F</td> <td style="text-align: center;">C</td> </tr> </table>	1.	2.	3.	4.	5.	6.	B	G	D	A	F	C	
1.	2.	3.	4.	5.	6.									
B	G	D	A	F	C									
6.	<p>Explain the term 'Privatisation' of a company. <i>This is the process of returning companies who are run by the state to the private sector as a plc.</i> <i>e.g. Telecom Eireann into Eircom plc</i></p>													
7.	<p>List the 4 Ps of the Marketing Mix and explain any one of them. <i>Product, price, promotion, place</i></p> <p><i>Product – this is the good or service that is purchased by consumers</i></p>													
8.	<p>Describe <u>two</u> functions of the Data Protection Act 1988 <i>The Act requires that any firm storing information on <u>computer</u> about people must be accurate.</i></p>													

	<i>People can access their information stored on computers and have errors corrected.</i>															
9	<p><i>Write TRUE or FALSE after each of these sentences:</i></p> <table border="1"> <thead> <tr> <th>Sentence</th> <th>True or False</th> </tr> </thead> <tbody> <tr> <td>1. The Primary sector of the economy deals with manufacturing and construction.</td> <td><i>False</i></td> </tr> <tr> <td>2. The Secondary sector of the economy deals with raw materials.</td> <td><i>False</i></td> </tr> <tr> <td>3. The Tertiary sector provides a variety of services to the economy.</td> <td><i>True</i></td> </tr> <tr> <td>4. Agribusiness processes the output of the Primary sector.</td> <td><i>True</i></td> </tr> <tr> <td>5. The Extractive industries include agriculture, forestry, fishing and mining</td> <td><i>True</i></td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>	Sentence	True or False	1. The Primary sector of the economy deals with manufacturing and construction.	<i>False</i>	2. The Secondary sector of the economy deals with raw materials.	<i>False</i>	3. The Tertiary sector provides a variety of services to the economy.	<i>True</i>	4. Agribusiness processes the output of the Primary sector.	<i>True</i>	5. The Extractive industries include agriculture, forestry, fishing and mining	<i>True</i>			
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10.	<p>Outline <u>two</u> benefits of a Sole Trader as a type of business organisation. <i>The sole trader keeps all the profits</i> <i>He/she owns and runs the business</i></p>															
11.	<p>Explain what the Debt / Equity Ratio is, and, why it is important to a business. <i>The debt equity ratio is debt divided by equity</i> <i>Debt is debentures and preference shares (fixed interest loans)</i> <i>Equity is the ordinary share capital (plus retained earnings)</i></p> <p><i>Importance</i> <i>The debt equity ratio is important to a business because it shows how a business is able to pay interest on its borrowings before it can pay dividends to its ordinary shareholders.</i></p>															
12.	<p>Define global marketing. Global marketing means marketing a product the same way to all the countries in the world. E.g Coca Cola being marketed by the similar TV advertisements in different countries throughout thr world.</p>															
13.	<p>Explain what is meant by a trading bloc and illustrate your answer with an example. <i>A trading bloc is a group of countries who agree to have free trade between themselves.</i> <i>There are no barriers between the countries in the bloc but barriers exist for any countries importing into the bloc.</i></p> <p><i>European Union</i></p>															
14.	<p><i>Please tick the box of the correct answer.</i> (d) Net profit divided by sales multiplied by 100 <input checked="" type="checkbox"/></p>															
15.	<p>What are the four stages successful teams go through. <i>1. Forming 2. Storming 3. Norming, and 4. Performing,</i></p>															

Draft explanatory support notes

Section 2

Part 1

1 (A)	Unfair Dismissals Act 1977 –1993	
1 (B)	Method: Discuss /negotiate with Shop Steward (Convenor) to see if correct procedures were followed Reasons: <ul style="list-style-type: none"> • Redundancy, • Employees conduct (<i>Illegal act</i>) 	
1 (C)	<ul style="list-style-type: none"> • To represent the interests of its members (employees). • If a conflict arose the Trade Union would represent you with the employer. • To protect its members and their jobs. • The trade union would negotiate to keep all their members their jobs in the event threatened layoffs. <p><i>(To negotiate with the employer on behalf of its member. If a member is dismissed then the trade union would represent him/her in negotiations with the employer.)</i></p>	
1 (D)	A contract is a legally binding agreement which can be enforced by the law. (<i>example</i>)	
1(E)	<p>1) Offer :</p> <p>An offer can be made orally, in writing or by conduct. E.g. Taking goods to a supermarket checkout is an offer to buy them</p> <p>2.) Acceptance:</p> <p>An acceptance can be made orally, in writing or by conduct. E.g. When the checkout assistant accepts the money from the customer the offer is accepted (by conduct).</p>	

Domestic Environment

Question 2

2 (A)	Companies Act 1963 -1999	
2 (B)	A private limited company is <u>owned by shareholders</u> . Shareholders contribute <u>capital</u> to the business. The profits are distributed to the shareholders in the form of <u>dividends</u> .	
2 (C)	To have limited liability (only lose what they invest) To be able to raise finance by issuing shares There is continuity of existence (<i>company does not close if a shareholder dies</i>)	
2 (D)	Articles of association governs the legal <u>internal</u> relationship (rules, constitution) between the company and its members. It contains the regulations for the running of a company and the rights and duties of its members.	
2 (D) contd	Memorandum of Association is a legal document which must be filed with the Registrar of companies before a company can be incorporated.	

	It governs the <u>external</u> relationship between the company and third parties.	
2 (E)	<p>A Shareholder is an individual (or institution) who invest (contribute) funds to a company in return for shares. He/she receives dividends if the company makes a profit.</p> <p>A Director is an official of a company elected by the shareholders at the company's AGM. He/she is given certain responsibilities in the running of the company.</p> <p><i>(Auditors are accountants who are appointed to check the accuracy of the company accounts. They present an annual report to the shareholders on whether the accounts present a true and fair view of the company.)</i></p> <p><i>A Company Secretary is an officer of a company with responsibility for maintaining the companies Share register. The company secretary notifies shareholders of the AGM.)</i></p>	

Domestic / International Environment Question 3.

3 (A)	<p>State owned enterprises provide employment for large numbers of people. E.g. IDA</p> <p>State owned enterprises provide essential services including non profitable services. <i>(e.g. Bus, electricity). (They encourage industrial development)</i></p>	
3 (B)	<p>Government departments provide grants and incentives for businesses setting up in Ireland.</p> <p>The Government finances infrastructural development.</p> <p><i>Government policies on taxation can improve profitability of business.</i></p>	
3 (C)	<p>Developments in the internet mean that firms can communicate between countries instantly.</p> <p>Developments in technology mean that tasks on a production line can be done by machines and fewer people may be needed. This reduces a firm's costs when trading.</p> <p>Firms can have access to large amounts of data in foreign markets.</p>	
3 (D)	<p>Collective bargaining is where negotiations take place between employers and employees (unions).</p> <p>The bargaining is usually to determine rates of pay.</p> <p>A collective bargain is when both sides agree.</p> <p>Stakeholders : Employers / managers, Employees, Trade Unions <i>(Government (IBEC, ICTU)</i></p>	
3 (E)	<p>One currency will eliminate exchange risks within the countries that have joined the euro.</p> <p>Exports to European countries will be cheaper as bank foreign currency transaction costs will be reduced.</p>	

	More tourists from Europe as holidays will be cheaper. (Inflation and interest rates are similar in member states, this will lead to stable prices.)	
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Draft explanatory support notes**Section 2****Part 2****Managing 1 Question 4**

4 (A)	Annual General Meeting	
4 (B)	<p>Notice</p> <p>The Annual General Meeting of the Greenfields Athletics Club will take place on the 30th June 2001 in Greenfields Community Centre at 8.00pm.</p> <p>Agenda</p> <ol style="list-style-type: none"> 1. Minutes from the last meeting 2. Matters arising from the minutes 3. Correspondence 4. Election of new officers 5. July Track Event 6. Sponsorship 7. AOB <p>Signed : <i>Michael Smith</i> Secretary</p>	
4 (C)	<p>Chairperson: Ensure that the meeting AGM is run in an efficient manner. Ensure all agenda items are discussed</p> <p>Secretary: To send out notices and agendas Record the minutes</p>	
4 (D)	<p>Purpose: The purpose of a meeting is to provide members with information and give them a chance to give their opinions and take votes on important issues.</p> <p>Merits: It allows people to communicate orally (speaking at the meeting)) and in writing (correspondence / minutes). It allows face to face discussions of members</p>	
4 (E)	<p>Terms of reference: The terms of reference outlines what precisely a report is about. These are agreed before the report is written</p>	

Managing 1 and 2**Question 5**

5 (A)		
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	<div data-bbox="400 215 1321 741" data-label="Figure"> <p style="text-align: center;">Price per litre in Ireland from January to May 2000</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Price per litre (Pence)</th> </tr> </thead> <tbody> <tr> <td>January</td> <td>52</td> </tr> <tr> <td>February</td> <td>58</td> </tr> <tr> <td>March</td> <td>64</td> </tr> <tr> <td>April</td> <td>66</td> </tr> <tr> <td>May</td> <td>75</td> </tr> </tbody> </table> </div> <p data-bbox="352 752 1222 786">Comment: The price of petrol increased each month from January to May</p>	Month	Price per litre (Pence)	January	52	February	58	March	64	April	66	May	75	
Month	Price per litre (Pence)													
January	52													
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<p>5 (B)</p>	<div data-bbox="445 833 1294 1296" data-label="Figure"> <p style="text-align: center;">Comparison of petrol prices in five countries</p> <table border="1"> <thead> <tr> <th>Country</th> <th>Price per litre (Pence)</th> </tr> </thead> <tbody> <tr> <td>Ireland</td> <td>75</td> </tr> <tr> <td>U.K.</td> <td>84</td> </tr> <tr> <td>France</td> <td>69</td> </tr> <tr> <td>Greece</td> <td>52</td> </tr> <tr> <td>USA</td> <td>27</td> </tr> </tbody> </table> </div> <p data-bbox="352 1346 1267 1379">Comment: The price of petrol in the UK is the highest and lowest in the USA.</p>	Country	Price per litre (Pence)	Ireland	75	U.K.	84	France	69	Greece	52	USA	27	
Country	Price per litre (Pence)													
Ireland	75													
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France	69													
Greece	52													
USA	27													
<p>5 (C)</p>	<p data-bbox="352 1384 1362 1451">Household: If own a car cash flow is affected (goes down) as expenditure goes up Transport costs are dearer (<i>Taxi/ buses</i>) (<i>Heating costs</i>)</p> <p data-bbox="352 1487 1214 1554">Business: Cash flow is affected as expenditure goes up Transport costs increase reducing profits (<i>Heating costs</i>)</p>													
<p>5 (D)</p>	<p data-bbox="352 1592 1353 1659">A cash flow forecast helps the household to plan (income/ expenditure) for the future It helps estimate when the money is coming in.</p>													
<p>5 (E)</p>	<p data-bbox="352 1910 1410 2042">Bank overdraft Term loan A bank overdraft is a form of credit. When the bank gives permission to a current account holder to withdraw up more money than is actually in the account up to an agreed amount</p>													

	and interest is charged on the amount outstanding.	
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Business in action Question 6.

6 (A)	Unique Selling Point	
6 (B)	<p>Desk research is when you research information about a market from data available within the business or from other external published sources. E.g. Central Statistics Office where you would get information about people. BND would use this to find out about who might buy DVDs.</p> <p>Field research is when you make contact with people in the target market by using questionnaires or other methods. Eg. Interview with consumers to gather information about customers. BND would use this to find out about who might buy DVDs.</p>	
6 (C)	<p>Advertising on a local / national radio / newspaper Advertise the product on Television Promote in a music magazine (website / on the internet)</p>	
6 (D)	<p>Product Life Cycle</p> <p>The graph illustrates the Product Life Cycle with Sales on the vertical axis and Time on the horizontal axis. The curve starts at the origin, rises through the Introduction and Growth stages, reaches its peak in the Maturity stage, and then gradually declines through the Saturation and Decline stages. Vertical lines mark the boundaries between these five stages.</p>	
6 (E)	<p>It makes potential consumers aware of new products It informs the consumers of new products To persuade consumers to buy the product</p>	

Managing 2 / Business in action Question 7

7 (A)	Return on investment, Profit and Loss account	
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7 (B)	<p>Working Capital ratio = Current Assets / Current liabilities</p> <table style="margin-left: 40px;"> <tr> <td>2001</td> <td>80000 / 160000</td> <td>=</td> <td>0.5 : 1</td> </tr> <tr> <td>2000</td> <td>120000 / 80000</td> <td>=</td> <td>1.5: 1</td> </tr> </table>	2001	80000 / 160000	=	0.5 : 1	2000	120000 / 80000	=	1.5: 1	
2001	80000 / 160000	=	0.5 : 1							
2000	120000 / 80000	=	1.5: 1							
7 (C)	<p>Acid test ratio = Current Assets – Closing stock / Current liabilities</p> <table style="margin-left: 40px;"> <tr> <td>2001</td> <td>80000- 40000 / 160000</td> <td>=</td> <td>0.25: 1</td> </tr> <tr> <td>2000</td> <td>120000 – 20000 /80000</td> <td>=</td> <td>1.25: 1</td> </tr> </table>	2001	80000- 40000 / 160000	=	0.25: 1	2000	120000 – 20000 /80000	=	1.25: 1	
2001	80000- 40000 / 160000	=	0.25: 1							
2000	120000 – 20000 /80000	=	1.25: 1							
7 (D)	<p>Financial Report To: Ms Jane Coughlan managing Director From: Mr. Gerard O'Mahony Date: 13th June 2001 Body of the Report 1. Profitability 2001 The firm is in a profitable position in 2001 with the Net profit percentage equal to 15% and the ROI of 25% 2. Liquidity position of the firm. 2000 and 2001 The liquidity position of Allied electronics has disimproved. The working capital ratio has fallen from 1.5:1 in 2000 to 0.5 : 1 in 2001 The acid test ratio has fallen from 1.25:1 in 2000 to 0.25 : 1 in 2001.</p>									
7 (E)	<p>A debtor is a person or firm who owes the business money. They are a current asset. A creditor is a person or firm to whom the business owes money. They are a current liability.</p>									

Enterprise / Managing Question 8.
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8 (A)	<p>Gross pay is money earned by an employee before tax (PAYE) and social insurance is deducted. Net Pay is money earned by an employee after tax (PAYE) and social insurance is deducted.</p>	
8 (B)	<p>He could improve the employees working conditions. He could do this by reducing working hours in a week or increase the time for holidays. <i>Provide a company car .</i></p>	
8 (C)	<p>A profit sharing scheme is where firms share part of their profits with employees. This means that if the company makes a profit employees will get a share in addition to their wages. The more successful the company is in making profits the more the employees can earn.</p>	
8 (D)	<p>An entrepreneur is a person who undertakes the risk of setting up and running a new business.</p>	

	<p>Characteristics</p> <p>An entrepreneur being innovative / creative in seeking out a new business opportunity.</p> <p>An entrepreneur being motivated / decisive and flexible when setting up a business.</p>	
8 (E)	<p>Democratic, Autocratic</p> <p>A democratic leader discusses issues with their staff before making a decision.</p>	