



Coimisiún na Scrúduithe Stáit  
State Examinations Commission

Leaving Certificate Examination 2020

Business

Section 1 and Answerbook

Higher Level

3 hours

400 marks

Examination Number

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Day and Month of Birth

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For example, 3rd February  
is entered as 0302

Centre Stamp

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This section is compulsory. Answer eight questions. Each question carries 10 marks.

1. **Column 1** is a list of business terms.  
**Column 2** is a list of possible explanations for these terms.  
*(One explanation does not refer to any of these terms.)*

Column 1: Terms	Column 2: Explanations
1 Premium Pricing	A Below cost selling to encourage consumers to visit the retailer.
2 Penetration Pricing	B Charging different prices to different segments of the market for the same product or service.
3 Loss Leader	C In order to recover development costs a business charges a high price when a product is launched.
4 Price Skimming	D Pricing products based on a consumer's budget.
5 Price Discrimination	E High prices are charged to consumers to create an impression of exclusivity/superior quality.
	F A business charges a lower price than its competitors to gain a greater share of the market quickly.

Match the two lists by placing the letter of the correct explanation under the relevant number below.

1	2	3	4	5

2. In the context of business, what do the following letters stand for?

Write each answer in the space provided.

CEO	
CRO	
LEO	
IDA	
CCPC	

3. Eight of the top ten aviation leasing companies in the world are based in Ireland. The aviation industry is part of the tertiary sector.



(a) Explain the term **tertiary sector**.


(b) Outline **two** trends in the tertiary sector in Ireland.

(i)
(ii)

4. Circle the **correct option** in the case of **each** of the following statements.

(i) The profit from the sale of an asset is subject to **capital acquisitions tax / capital gains tax**.

(ii) The Universal Social Charge (USC) is an example of a **progressive / regressive** tax.

(iii) Tax credits **increase / reduce** the amount of PAYE paid by an employee.

(iv) Value Added Tax (VAT) is an example of a **direct tax / an indirect tax**.

(v) A holiday voucher worth €3,000 given as a benefit-in-kind **is / is not** treated as taxable income.

5. The General Data Protection Regulation (GDPR) came into effect across the EU on 25 May 2018.



(i) In relation to EU legislation, explain the term **Regulation**.


(ii) Identify **one** other method of implementing EU legislation.

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(iii) Name the **EU institution** responsible for proposing EU legislation.

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6. (i) Explain the term **indigenous firm**.





(ii) Outline **one** challenge facing indigenous firms.


7. Write **True** or **False** after **each** of the following statements.

	Statement	True or False
1.	Electronic Data Interchange (EDI) involves a business exchanging its customer's data with other businesses.	
2.	Just in Time (JIT) Production allows manufacturing businesses to reduce costs by keeping stock of raw materials to a minimum.	
3.	Lead Time is the amount of time it takes a supplier to fulfil an order.	
4.	Economies of scale increase costs when a business buys large quantities of raw materials in bulk at a discount.	
5.	Optimum stock level is the ideal amount of stock a business should have at any given time.	

8. Distinguish between **fair dismissal** and **constructive dismissal**.


9. (i) Study the table below and fill in **an appropriate stage** of the **Product Life Cycle** for **each** product.

Apple iPod Touch Release date Sept 2007	New Apple Watch series 5 Release date Sept 2019	Apple iPhone 7 Release date Sept 2016
		
Stage in Product Life Cycle: _____	Stage in Product Life Cycle: _____	Stage in Product Life Cycle: _____

- (ii) Outline **two** methods a business could use to extend a product's life cycle.

1.
2.

10. Henry Winters insured his home for €200,000 with Allianz.  
The market value of the house is €250,000.  
A chimney fire caused €36,000 worth of damage.

- (i) Calculate the amount of compensation Henry will receive from Allianz.  
Show your workings.

<b>Workings:</b>	<b>Compensation:</b>
	€ _____

- (ii) Explain why Henry receives this amount of compensation.


This is a compulsory 80-mark question based on Units 2, 3 and 4.

Write your answer in the Answerbook containing Section 1

### Medway Devices

James Kennedy established Medway Devices in 2014. Having previously worked as a product engineer for US giant Medline, James left to pursue his ambition of running his own business. He saw an opportunity to develop implants for the hip replacement sector. James was aware how difficult it would be to compete with major global companies. He believed in his ability and his product. James convinced several other investors to join him.



Medway Devices currently employs 320 people in its plant. In 2019 James appointed Maria Gill as the Managing Director. The workforce is divided into a product organisational structure, based on the various types of implants produced. All product teams have managers appointed to lead each unit. The management team feels frustrated with Maria's approach to decision making because Maria takes full control of all decisions. She regularly gives instructions to management, without taking any valuable feedback. Her main method of staff communication is via e-mail. Staff find it difficult to approach Maria about issues. As a result, some employees have left to pursue opportunities in other medical companies. On noticing this, Maria has decided to ensure that more staff social activities are arranged, together with extra funding for the staff social club.

James saw the potential to move into the Asian market, and researched opportunities to open a new manufacturing plant in Singapore. The Human Resources (HR) department of Medway Devices looked at the need for staff for the new plant. While many of the staff from the Irish plant will be relocated, the HR department predicts they will need to recruit 120 staff within the next six months. The department advertised on recruitment websites in a wide range of countries to attract the best candidates for every position. The job advertisements highlighted the excellent salaries offered by the business. Interviews were conducted via Skype to facilitate international applicants. The HR team ensured all selection panels had a gender balance. The quarterly staff appraisals at the Irish plant have been postponed. This is largely due to the HR department planning an induction programme for new staff and organising training for existing staff who will be relocating to Singapore. The HR team have also been asked by Maria for suggestions on how to retain their top employees.

- (A) Discuss James Kennedy's entrepreneurial characteristics/skills with reference to the text. (20)
- (B) (i) Evaluate the management skills displayed by Maria Gill in Medway Devices.  
(ii) Outline **one** implication for the business of the management style displayed by Maria. (30)
- (C) Discuss the functions of the Human Resources department at Medway Devices. (30)

Write your answers in the Answerbook containing **Section 1**

Answer **Four** questions from **Section 3** as follows:

**One** question from **Part 1**

**Two** questions from **Part 2**

and **One** other question from either **Part 1** or **Part 2**.

**All questions carry 60 marks.**

### Part 1 People in Business / Business Environment

#### Question 1

#### People in Business

Read the information supplied and answer the questions which follow.



In November 2019, Aldi celebrated 20 years of operating in Ireland. Today the supermarket store has over 200 Irish businesses making products for it. The company's website states: *'We're committed to sourcing the very best produce from the very best local suppliers.'*

[www.aldi.ie](http://www.aldi.ie)

- (A) (i) Illustrate how a co-operative relationship between Aldi and its suppliers could arise.  
(ii) Describe a competitive relationship between Aldi and its rival supermarkets.  
(iii) Outline how consumers benefit from the existence of competition between rival businesses. (20)
- (B) Explain a consumer's legal rights under the terms of the Sale of Goods and Supply of Services Act 1980, with reference to any **three** of the following: (20)
1. Services
  2. Guarantees
  3. Signs limiting consumer rights
  4. Merchantable Quality.
- (C) Discuss the services provided by the Workplace Relations Commission (WRC). (20)

**Question 2****Domestic Environment**

Read the information supplied and answer the questions which follow.

*Intel Ireland won 'The Green Manufacturer Award' at the 2019 Green Awards.  
John Sisk and Son won 'The Green Business of the Year Award' at the 2020 Green Awards.*

- (A) (i) Discuss **three** characteristics of an environmentally responsible business.  
(ii) Outline **one** impact on a business of meeting its environmental responsibilities. (20)
- (B) Illustrate the reasons why multinational companies (MNCs) locate in Ireland. (20)
- (C) Outline how the Irish government could use its expenditure policies to support businesses in Ireland. Use examples to illustrate your answer. (20)

**Question 3****International Environment**

Read the information supplied and answer the questions which follow.



- (A) (i) Explain the terms **Balance of Trade** and **Balance of Payments**.  
(ii) Calculate the **Balance of Payments** figure from the above data. Show your workings.  
(iii) Illustrate what is meant by the term **tariff**. (20)
- (B) Discuss the benefits **and** challenges of European Union membership for Irish businesses. (25)
- (C) Information and Communication Technology (ICT) has affected international trade. Outline the developments in ICT that have made it easier for Irish businesses to trade internationally. (15)

## Part 2 Enterprise

### Question 4

### Enterprise/Managing

Read the information supplied and answer the questions which follow.



#### Good4U

Good4U is a family run health snacks business based in Sligo. In 2004 the business's original product was a sprouted seed. The Good4U goal was to become a market leader in the healthy snacks industry. The business now has over 40 products, including seed snacks and energy balls. Good4U recently launched a new salad topper range.

[www.good4u.com](http://www.good4u.com)

- (A) Outline the different types of planning that can contribute to a business being successful. Relate your answer to Good4U, making any appropriate assumptions. (20)
- (B) (i) Illustrate, by means of a diagram, a functional organisational structure for a manufacturing business such as Good4U.  
(ii) Outline the benefits of a functional organisational structure. (20)
- (C) (i) Explain, using an example, the term **intrapreneurship**.  
(ii) Illustrate **two** benefits of intrapreneurship for a business. (20)

### Question 5

### Business in Action

Read the information supplied and answer the questions which follow.

#### Apple takeover of Beats Electronics

In 2014, Apple confirmed an acquisition/takeover of headphone maker and music streaming service Beats Electronics for a reported fee of \$3 billion dollars. As part of its business expansion, Apple conducted market research.



- (A) (i) Explain what is meant by a **takeover**.  
(ii) Outline **two** advantages and **one** disadvantage of a takeover as a method of business expansion. (20)
- (B) Describe the reasons why a business conducts market research. (20)
- (C) Evaluate debt capital versus equity capital as methods of financing expansion for a business. (20)

Read the information supplied and answer the questions which follow.

### Gym Culture

Dan used a bank loan to finance the setting up of a gym near a local university in 2010. He wanted to offer a no-contract, pay-as-you-train option to students while also offering personal programmes. In 2018 he opened two new gyms. He hired five full-time staff and now offers classes aimed at men and women who are preparing for a special event like a wedding. He also offers buggy bootcamp classes for parents of new babies. Dan believes employee empowerment has been the key to his success.



- (A) (i) Illustrate with reference to Gym Culture what a **niche market** is.  
 (ii) Outline the factors Dan's bank would consider before granting a loan application. (20)
- (B) (i) Discuss the benefits of Employee Empowerment.  
 (ii) Outline **one** possible barrier to Employee Empowerment. (20)

A consumer watchdog is to carry out an investigation into the public liability insurance market as businesses raise concerns about rising insurance costs.

*The Irish Times, August 2019*

- (C) (i) Explain the term **public liability insurance**.  
 (ii) Outline **three** types of insurance, **other than public liability**, that a business might have. (20)

Read the information supplied and answer the questions which follow.

Amazon is the world's most valuable brand for the third consecutive year.

Google was in second place. Huawei made it into the top ten for the first time.

The Amazon logo consists of the word "amazon" in a lowercase, sans-serif font. A curved arrow underneath the letters starts under the 'a' and ends under the 'z', pointing from left to right.The Google logo is the word "Google" in its characteristic multi-colored, rounded sans-serif font.

[www.branddirectory.com](http://www.branddirectory.com)

- (A) Discuss the benefits for a business of having a strong brand image.  
Provide examples to support your answer. (20)
- (B) (i) Explain the term **marketing concept**.  
(ii) Evaluate the **Promotion** and **Place** elements of the Marketing Mix for a product or service of your choice. (25)
- (C) Discuss the advantages of a **public limited company** as a form of business ownership. (15)