

CHAPTER 18 – OWNERSHIP STRUCTURES

PAST CATEGORIES OF INDUSTRY QUESTIONS

<p>2019 - NAME THE THREE CATEGORIES OF INDUSTRY AND GIVE ONE EXAMPLE OF AN OCCUPATION IN EACH:</p> <p>(i) Primary Example: Farmer (ii) Secondary Example: Builder/Factory production worker (iii) Tertiary Example: Banker</p>	<p>2017 - DISCUSS THE CHALLENGES FACING BUSINESSES IN THE TERTIARY (SERVICES) SECTOR IN IRELAND.</p> <ol style="list-style-type: none"> 1. Access to technology - Poor access to broadband, Poor use of websites 2. Commercial Rates - placed small retailers under pressure as they compete with larger retailers. 3. Brexit/uncertainty - The uncertainty negative impact on the exporting 4. Rents - The increase in the cost of rents will cause employees to lodge claims for higher wages. 5. Wage demands - wage demands in the transport sector such as Dublin Bus and Luas have led to knock on claims in the services sector. 	<p>2015 - WRITE TRUE OR FALSE AFTER EACH OF THESE SENTENCES.</p> <p>Factors of production refer to the resources required for the generation of goods and services (TRUE) The secondary sector refers to the construction and manufacturing industries (TRUE) Service industries manufacture physical products for sale to consumers (FALSE) Industries such as agriculture, fishing and forestry are based on a country's natural resources (TRUE) Indigenous firms are foreign owned firms located in Ireland (FALSE)</p>
<p>2013 - DISCUSS TRENDS AFFECTING BUSINESSES IN THE SERVICES SECTOR PROVIDE EXAMPLES</p> <ol style="list-style-type: none"> 1. Taxes - household charge, property tax - fall in the disposable income 2. Big multiples versus small retail outlets and the difficulty in competing. 3. Growth in discount retailers e.g. Aldi, Lidl, TKMaxx. 4. Deregulation in some industries e.g. taxi industry. 5. The Gathering 2013 and its impact on services (Hotels, travel etc). 6. decrease in footfall due to the restrictive parking regimes in operation. 7. VAT increases lead to more expensive goods and services. 	<p>2012 - DEFINE THE TERM PRIMARY SECTOR (i) The primary sector (extractive) is a category of industry based on the natural resources of a country such as agriculture, forestry, fishing, mining, energy.</p>	<p>2012 - OUTLINE TWO TRENDS AFFECTING THIS SECTOS IN IRELAND (ii)</p> <ol style="list-style-type: none"> 1. As a result of overfishing the EU has introduced fish quotas i 2.. Gas deposits may be mined using 'fracking' a 3.. Developments in the area of wind energy and solar power. 4. Continued growth in organic food production. 5. Restriction on turf cutting due to EU environmental directive
<p>2009 - DEFINE THE 'SECONDARY SECTOR (i). The secondary sector includes Manufacturing, Agribusiness and Construction businesses - that manufacture products from the materials produced by the primary sector (Agriculture, Forestry, Fishing and Mining). Takes raw materials, processes raw materials and produces finished good</p> <p>Example: Kerry Group - Food Products.</p>	<p>2009 - OUTLINE TWO CURRENT TRENDS AFFECTING THIS SECTOR IN IRELAND (ii)</p> <p>(i) Decline in employment in Secondary Sector - downsizing and closures have resulted in an increase in unemployment, particularly in relation to Manufacturing and Construction (ii) Increased competition- challenge faced by Agribusiness Sector in food market from foreign retailers i.e... Lidl and Aldi (iii) Increased wage rates in Ireland over the past few years has resulted in loss of competitiveness - relocation of some manufacturing businesses to low cost economies</p>	<p>2007 - NAME A STATE-OWNED ENTERPRISE IN THE 'PRODUCTION' CATEGOR</p> <p>ESB</p> <p>TWO REASONS FOR STATE INVOLVEMENT Essential service · Economic Infrastructure/development.</p> <p>Remember to Explain these points</p>
<p>2006 - DISCUSS THE IMPORTANCE OF THE CATEGORIES OF INDUSTRY TO THE CURRENT IRISH ECONOMY.</p> <p>Primary (Extractive): Agriculture, forestry, fishing, mining. Secondary (Manufacturing/Construction): Electronics, food processing, chemicals, pharmaceuticals, building, development of the physical infrastructure, roads, bridges, tunnels, etc. Tertiary (Service industry): Public Utilities, e.g. electricity, gas, etc. Transport, communications, distribution, financial, tourism, entertainment, etc.</p> <p>Importance to current Irish economy required</p>	<p>2003 - EXPLAIN THE TERM SERVICE INDUSTRY</p> <p>Tertiary industries are the service industries and businesses providing a service of one kind or another to the other industries, i.e. to the extractive or manufacturing industries or to the public. They may not actually produce or make a product but they provide an important service by bridging the gap between producers and the final consumer.</p>	<p>2002 - NAME AND GIVE AND EXAMPLE OF EACH TYPE OF INDUSTRY</p> <p>Primary. Extractive. Supply or obtain food and raw materials. Agriculture, forestry, fishing, mining, building and construction. Food processing, Electronics, chemical and pharmaceutical, Building materials, development of the physical infrastructure , roads, bridges etc. Tertiary. Service industries. Public Utilities eg. Electricity, Gas, Water etc. Transport, Communications, Distribution, Financial, Catering,</p>

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CATEGORIES OF INDUSTRY

FACTORS OF PRODUCTION

Land - This refers to the natural resources that give us the raw material and energy needed for all business activities. It includes Land, Seas, Water lakes (Gas, Oil, Iron, animals, Timber). There are two types of resources given from land - Renewable energy (It carefully manages can last for ever) and Non Renewable energy (Limited in supply, need to be use sparingly) (Rent)

Labour - This is the human work and effort needed for a business to operate. The availability of labour is limited by the number of fit and healthy people willing and available to work as employees (Wage)

Capital - This is anything man made that is used in the running of a business. It included equipment, buildings, vehicles. It also includes money needed to pay for things such as staff, heating marketing. It is also in limited supply (Interest)

Enterprise - This is the human creativity and initiative that is required to pull the three other factors of production together and start a business to provide goods and services. For Example Richard Branson. This is also in limited supply (Profit)

IMPORTANT ISSUES & TRENDS IN IRISH AGRICULTURE

- 1. Overproduction** - Membership of the EU meant that farmers were given a minimum price for their output - farm output levels exceeded what was expected resulting in the EU having to buy up massive quantities of surplus beef, milk, This out of control situation forced the EU to introduce a annual quota system for all farmers. This effectively put a limit on the amount of farm output farmers could produce.
- 2. Diversification** - For farmers to generate a worthwhile income in the agricultural industry diversification into other farm activities seemed a pro active way forward. Examples of this -Open farms, Farmhouse holidays, Organic farming Forestry
- 3. Consumer confidence** - The issue quality and safety of our foods has been undermined in this country. Health scares such as mad cow disease in beef, "salmonella" in eggs, Foot and mouth" disease on farmyard animals in 2001 - This led to a European wide epidemic where disease could be passed from animal-humans alike. It had a drastic affect on the agriculture industry leading many farms being wiped out. Pesticide on fruit and vegetables.

OTHER TREND AND CHALLENGES

- 1. Declining EU payments** - The EU traditionally provided support to Irish farmers through CAP. However this policy has now changed with farmers receiving one payment no matter how much output they produce
- 2. Small farm sizes** - Due to less money being received from the EU many small farmers are now selling out, Resulting in fewer but larger farmers who can avail of economics of scale
- 3. Climate change**

FISHING

1. The fishing industry been a major growth area for the years but this has come under pressure from other EU members fisherman fishing off the coast of Ireland. The can be attributed to the decline in the need for red meat amongst consumers.
2. Also fishing stocks have been greatly reduced for Irish fishermen due to other vessels (Spanish fishermen) ability to enter in our waters.
3. This presents a serious threat to the livelihood of coastal communities that are dependent on fishing as source of income. Example: Killybegs, Burton port, Kinsale

FORESTRY

1. This is a small-scale industry & has very little forest cover. Coillte offers grants to farmers to switch their land over to that of forest
2. COILLTE have been given the job to develop Ireland as a major wood exporting nation.

MINING

This consists of extracting from the earth, examples include metals, peat, coal, oil (kinsale in Cork), and gas where possible.

Note: - January 2009 - TARA MINES in County Meath are having on going talks on the possibility of downsizing their particular branch due to the on going economic crisis

KEYWORDS

Land - This refers to the natural resources that give us the raw material and energy needed for all business activities. It includes Land, Seas, Water lakes) (Rent)

Labour - This is the human work & effort needed for a business to operate. labour is limited by the number of fit/healthy people willing/ available to work as employees (Wages)

Capital - This is anything man made that is used in the running of a business. It included equipment, buildings, vehicles. It also includes money needed to pay for things such as staff, heating marketing. It is also in limited supply (Interest)

Enterprise - This is the human creativity and initiative that is required to pull the three other factors of production together and start a business to provide goods and services. (Profit)

Primary Sector - The primary sector of the economy includes any industry involved in the extraction and production of raw materials, such as farming, forestry, fishing and mining

Secondary sector - this is the manufacturing and assembly process. It involves converting raw materials into finished products - making plastics from oil. It also involves assembling

Tertiary Sector - this refers to the commercial services that support the production and distribution process, eg insurance, transport, advertising, financial services

Agribusiness - This refers to manufacturing firms that use agricultural products such as dairy products, meat, vegetables and cereals as their main source of raw material.

Indigenous Firms - is an Irish/native business that has been established. and is owned/managed by Irish people/residents.

AGRIBUSINESS

This refers to manufacturing firms that use agricultural products such as dairy products, meat, vegetables and cereals as their main source of raw material. This sector exports up to 50%-60% of its produce. 1/3 of the top 100 Irish businesses are from the agribusiness Background - EXAMPLES: Kerry Group, GLANBIA PLC

IMPORTANT ISSUES & TRENDS IN AGRIBUSINESS

Retailing developments - selling products to large supermarkets (Dunnes Stores, Tesco
Research & Development - (R & D) amongst agri firms have now become a must for these businesses to maintain their market share. RIVAL firms are investing time and money in R & D so agribusinesses must match this attitude to remain competitive.

Mergers / Takeovers / PLC's - for agribusinesses to compete on a global stage with large international business mergers/takeovers and co-ops converting into PLC's. Example: Kerry Group

Consumer Pressure - health scares & food hygiene expectations amongst consumers have led to agri businesses to focus in producing more natural and healthier food products.

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CATEGORIES INDUSTRY

SECONDARY SECTOR - CONSTRUCTION

This involves the building of houses factories offices and infrastructures - road, tunnels & bridges

IMPORTANCE OF THE CONSTRUCTION INDUSTRY TO THE IRISH ECONOMY

1. Use of Irish resources - sand, gravel & wood which reduces imports and keeps the money in the Irish economy
2. Employment

TRENDS/CHALLENGES FACING IRISH CONSTRUCTION

1. Economic fluctuations - when the economy is doing well so too does construction
2. Less Employment - but when the economy is doing poorly employment can drop

TERTIARY - TOURISM

1. Prior to the global meltdown TOURISM was seen as the worlds fastest growing industry. Ireland is seen as a country of natural unspoilt beauty, as a result it has opened many employment opportunities in the development of hotels and catering facilities. Tourists (Especially Americans) are willing to spend vast amounts of money here.
2. Seaside towns in the likes of *Galway, Westport, Clifden, and Killarney* are seen as major tourism hotspots.

IMPORTANCE OF THE SERVICE SECTOR

1. Employment - Labour intensive, largest sector of the economy for employment
2. Tourism - Attract people holiday for other counties and spending money here
3. Exports - Increase the invisible exports which have an impact on our BOP and BOT
4. Loyalty - Tourist who holiday here usually come back again (Americinas)
5. Attract TNC

TRENDS AND CHALLENGES FACING THE SERVICE SECTOR

1. Globalisation - for future development of the Irish services sector Irish companies must enter the international markets. This is already done by those firms in telecommunications and financial services.
2. ICT is changing how services are provided (e-commerce)

FOREGIN DIRECT INVESTMENT

Competition between countries to attract foreign investment is increasing. IDA Ireland is facing stiff competition from foreign nations who can offer bigger grants (Germany) or have low wage employees (e.g. Eastern Europe, Asia)

1. Single European Market SEM - Since the emergence of Ireland in the EU trading block it has been easier for Irish firms to trade freely on the continent. To compete with these larger TNC's Irish firms have opted to form alliances, mergers and takeovers to survive in the market place.
2. Niche Marketing - Businesses that identify niche marketing in the global economy where factors such as quality of design, image, innovation are of more importance than price. Example: BAILEYS CREAM LIQUOR
3. Environmental issues - There is a definite need for IRISH businesses to develop environmentally friendly activities. This will help to promote the business name and keep the Ireland's *green* reputation on the global stage.

Transnational Firms in Ireland

These are firms that produce and market goods and services in more than one country. They are also known as multinationals. For example Facebook and Google

1. They do not have strong ties to any country
2. They will locate in any country that is profitable to do so
3. FDI -Investment refers to TNC setting up facilities in Ireland to produce goods and services for export
4. To promote economic activity Ireland tries to attract FDI to Ireland

SECONDARY SECTOR - MANUFACTURING

This converts the raw material into finish goods (Computers, furniture). Most manufacturing in Ireland is - Food and drink production (Kerry Group), Chemicals and Pharmaceuticals (TNC), Other manufacturing (Indigenous)

IMPORTANCE OF THE MANUFACTURING INDUSTRY TO THE IRISH ECONOMY

1. Employment - Direct jobs (Staff) and indirect jobs (Suppliers of raw materials)
2. Exports - Bring money into the country

TRENDS/CHALLENGES FACING IRISH MANUFACTURING

1. Employment - More output being produced by fewer people
2. High labour and other costs - made Irish firms less competitive compare to countries with lower costs
3. Relocation - TNC not being loyal to the country and relocation due cheaper resource in other countries

INDIGENOUS FIRMS

In more recent years emphasis has been placed on encouraging the start-up of indigenous firms. Indigenous firms are "Irish owned and locally based". This is being promoted because the Irish government felt this country was overly dependent on foreign firms locating here.

THE BENEFITS OF INDIGENOUS FIRMS:

1. They are more likely to remain loyal to this country, this will protect levels of employment
2. They may inspire other local based entrepreneurs to develop similar businesses
3. Indigenous firms tend to be labour intensive, this will create good employment opportunities for the Irish public.

TRENDS/CHALLENGES FACING INDIGENOUS FIRMS

1. Decline in traditional manufacturing
2. Emergence of indigenous Irish high tech firms (Stripe)
3. EU market - Larger market to sell to
4. Niche marketing

IMPORTANCE OF TNC

1. Exports - 90% of Ireland Exports are from Non Irish TNCs. Exporting bring money into Ireland
2. TNC provide employment - they employ directly (High skilled jobs) and also indirectly
3. Local Business benefit
4. Contribute a lot of Taxes
5. Make up for weakness of indigenous firms - , computer hardware and software and dominated by high tech TNC
6. Raise Labour Skills levels
7. To promote economic activity Ireland tries to attract FDI to Ireland

WHY TNC LOCATE IN IRELAND

1. Low rate of corporation tax
2. Free access to the EU Markets
3. Availability of Grants from IDA Ireland
4. Skilled labour force
5. Low level of Strikes

TRENDS AND CHALLENGES OF TNCs

1. Labour and other costs - Ireland has become more expensive and less profitable
2. Global competition for FDI - other countries are starting to offer lower corporation tax to attract TNC
3. Poor infrastructure - roads, rail, public transport
4. Energy supply risks - Ireland depends a lot on imported energy (gas and oil)
5. Highly Skilled Labour - TNC to set up exporting companies in Ireland
6. Investment in R&D
7. Local economic shocks - If TNC closes its plant it can have a negative effect to the local area