PAST BUSINESS, GOVERNMENT AND ECONOMY QUESTIONS

**2016 – DISCUSS THE DIFFERENT WAYS IN WHICH THE IRISH GOVERNMENT AFFECTS THE LABOUR FORCE IN IRELAND.**

1. National minimum wage may protect workers on low pay,

2. They sets rates for PAYE/PRSI/USC may act as an incentive/

disincentive to work.

3. The government investment in 3 rd level education - SOLAS, for allows for up-skilling and helps the unemployed to re-enter the labour force.

4. Government Agencies such as Enterprise Ireland and LEO’s are tasked with the responsibility of helping business set up, ,

5. IDA Ireland, a state body, attracts multinational companies into Ireland through grant aid etc., and creates large employment around the country. The existence of regulation such as Employment law, Health & Safety law, Competition law etc. A better regulatory environment encourages the growth and expansion of business leading to increases in the labour force.

Product innovation is shared.

Part of a bigger organisation e.g. benefitting from a national/international presence.

**2018 - OUTLINE THE BENEFITS AND CHALLENGES OF INCREASING EMPLOYMENT FOR THE IRISH ECONOMY.**

Challenges

1. A skills shortage may exist as some skills are in high demand

2. Pressure may be put on housing stock resulting in a rise in rents

3. The lack of affordable accommodation reduce the

attractiveness of Ireland as a location for multinational companies.

4. Improvements in infrastructure take a long time to occur

5. High consumption spending leads to inflation competitiveness.

6. Immigration may increase as people come to Ireland seeking employment. This may result in cultural conflict. • In times where the increase in employment takes place in large cities, rural communities can fall into decline as residents leave the area to take employment in urban areas.

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**2018 - OUTLINE THE BENEFITS AND CHALLENGES OF INCREASING EMPLOYMENT FOR THE IRISH ECONOMY.**

Benefits

1. Increased income for employees will increase consumption spending•

2. Increased taxation revenue for the government

3. Increased confidence and local pride will mean more vibrant communities

4. May attract foreign direct investment

5. Political Stability/greater social cohesion.

6. Less emigration as more employment is available in Ireland/fall in “brain drain”.

 Every credit union is a ‘not-for-profit’ financial co-operative. Surplus income generated is returned to the members as a dividend to savers and interest-rebate to borrowers or it may be directed to improved or additional services for members.

 The credit union also works in co-operation with the local community.

 Credit Unions promote thrift and the use of members’ savings for the mutual benefit of all members.

**2014 – DISCUSS THE ROLE OF THE IDA IRELAND & ENTERPRISE IRELAND IN THE DEVELOPMENT OF THE IRISH ECONOMY.**

**INDUSTRIAL DEVELOPMENT AUTHORUTY**

1. Responsible for the attraction & development of FDI in Ireland. Companies such as Google, Microsoft

2. Provides information & statistics on key business sectors & locations w

3. Assists in setting up a business in Ireland and offers advice on property

4. Introduces potential investors to local industry in Ireland, government, service providers and research institutions.

5. Builds links between international businesses and third level education, .

**2014 – OUTLINE TWO BENEFITS OF LOCAL BUSINESS FOR A LOCAL COMMUNITY.**

1. Employment/jobs - direct employment in the community

2. Spin-off businesses-. such as transport, suppliers.

3. Increased disposable incomes - improved standard of living

4. Growth in local services - taxi services, banks, credit unions

4. Community spirit and quality of life.

5. Taxation:

6. Culture of enterprise: encourages more businesses to develop.

 The growth of e-business, a method of buying and selling goods and services over the internet, is changing the dynamic of the services sector. Retailers moving to on-line operations include Tesco and Next.

**2014 -** **EXPLAIN THE TERM ‘INTEREST RATE’.**

It is the **price** that has to be paid by the borrower for the use of the money/or the **reward** for money saved, expressed as a percentage. The **cost** of borrowed money expressed as a % of the amount borrowed/ or the **return** on money saved over a period of time expressed as a % of the amount borrowed.

**2013 - OUTLINE THE ROLE OF THE IRISH GOVERNMENT IN**

**ENCOURAGING AND IN REGULATING BUSINESS IN IRELAND**

regulating business:

1. To protect the environment. It established the EPA (Environmental Protection Agency)

2. To protect the consumer. The Sale of Goods and Supply of Services act 1980 & Consumer protection Act 2007

3. To protect the employees in the workplace with legislation on unfair dismissal, equality and industrial relations.

4. to protect the general public against misuse of information in manual or electronic format through the Data Protection Act of 2018

**2013 - OUTLINE THE ROLE OF THE IRISH GOVERNMENT IN ENCOURAGING AND IN REGULATING BUSINESS IN IRELAND.**

Encouraging business:

1. Through decreases in taxation business activity is encouraged.

2. Through increases in State expenditure business activity is encouraged. increase capital expenditure on infrastructure,

3. Through a state agencies that give business advice, training and guidance, mentoring services and grant aid to facilitate growth and expansion. Examples include: Enterprise Ireland

4. Through government planning. Forward planning reduces uncertainty for business. National wage agreements

**2014 – DISCUSS THE ROLE OF THE IDA IRELAND & ENTERPRISE IRELAND IN THE DEVELOPMENT OF THE IRISH ECONOMY.**

ENTERPRISE IRELAND

1. responsibility for developing Indigenous Irish industry with an export focus.

2. Provided supports for both companies and researchers in Higher Education Institutes to develop new technologies

3. Provides funding and supports for companies - from entrepreneurs with business propositions for a high potential start-up to large companies 4. 4. 4. Provides international offices that can assist in the growth of exports by providing marketing services/connections

**2012 – OUTLINE HOW THE GOVERNMENT’S POLICY OF INCREASED TAXATION & DECREASED PUBLIC EXPENDITURE IS IMPACTING ON BUSINESS.**

**INCREASED TAXTION (Positive)**

1. Increased Taxation Value Added Tax (VAT): The 23% VAT rate applies to a wide range of goods and services.

2. Household charge: The new €100

3. Motor tax: Motor tax has risen by an average of about 7.5 per cent from the beginning of 2012.

4. Excise Duties: Tobacco products tax.

5. Banking: Rate of Dirt has increased from 27 per cent to 37 per cent in 2018

**2012 – OUTLINE HOW THE GOVERNMENT’S POLICY OF INCREASED TAXATION & DECREASED PUBLIC EXPENDITURE IS IMPACTING ON BUSINESS.**

**TAX INCREASES** (negative)

1. Lead to more expensive goods and services for the consumer which in turn causes demand to fall, thereby affecting business.

2. Taxes such as the household charge lead to a fall in the disposable income of consumers.

3. Increases in excises duties on tobacco products have led to an increase in tobacco smuggling.

**2012 – OUTLINE HOW THE GOVERNMENT’S POLICY OF INCREASED TAXATION & DECREASED PUBLIC EXPENDITURE IS IMPACTING ON BUSINESS.**

**DECREASE IN PUBLIC SPENDING (Positive)**

1. Social Welfare Savings

2. Healthcare Savings

3. Education Savings

4. Capital Expenditure. The capital budget for 2012 has been cut

Among the major projects which have been cancelled are:

♣ Metro North and Metro West ♣ The underground Dart

Remember this was during the recession

PAST BUSINESS< GOVERNMENTAND ECONOMY QUESTIONS

**2012 – OUTLINE HOW THE GOVERNMENT’S POLICY OF INCREASED TAXATION & DECREASED PUBLIC EXPENDITURE IS IMPACTING ON BUSINESS.**

**THE PUBLIC EXPENDITURE** (negative)

1. Cuts in current expenditure have meant lower wages for workers, lower social welfare payments for the unemployed, higher unemployment

2. Under-investment in infrastructure can undermine economic growth and competitiveness.

3. The Government embargo on recruitment in the Public Service has reduced opportunities for employment.

**2004 – ANALYSE THE ROLE OF THE IRISH GOVERNMENT IN CREATING A SUITABLE CLIMATE FOR BUSINESS**

1. Business organisations are controlled by legislation

2. To set out regulations to be observed by everyone in society

3. Government uses taxation to transfer wealth in the community

4. Government policies restrict the excesses of business behaviour help to stabilise the economy.

5. Fiscal policies - personal taxes are increased they buys less & saves less 6. Reduction of specific taxes can help businesses that are struggling

7. Current expenditure by government departments on goods and services for schools, hospitals, offices, security, etc. e.g. payments for catering, electricity, transport, cleaning, telecommunications, post and insurance. Government capital expenditure on fixed assets, e.g. contracts for buildings, schools, hospitals, roads, etc. affect the construction, engineering, tourism and transport sectors.

**2005 – DESCRIBE THE SERVICES PROVIDED BY ONE COMMUNITY DEVELOPMENT ORGANISATION YOU KNOW.**

1. Leader

2. Local Enterprise Boards

3. SOALS

4. Community Partnerships,

They provice services such as:

Grants, Training of personnel

Mentoring service, Business Planning,

Marketing, Product Development,

General Information and advice on how to set up and develop a business idea.

**2007 -** **NAME THREE EXAMPLES OF COMMUNITY DEVELOPMENT ORGANISATIONS AND DESCRIBE THE SERVICES PROVIDED BY ONE OF THEM.**

LEADER

Local Enterprise Boards

Area Partnership Companies. Services provided by one (describe):

Local Enterprise Boards services include: information and advice on how to go about setting up or expanding a micro/small business venture, grants (capital, employment, feasibility), training and mentor programmes.

**2009 – EXPLAIN THE TERM ‘COMMUNITY DEVELOPMENT’.**

A voluntary or professional effort to support and develop the social and economic activity of a local community for the benefit of the community e.g. Leader Programmes, local partnership programmes, Local club/society

**DESCRIBE TWO BENEFITS OF COMMUNITY DEVELOPMENT.**

(i) Creates employment and thereby increases spending in the local economy (ii) Spin off jobs e.g. transport, education

(iii) Promotes an enterprise culture/encourages new ideas/new businesses

(iv) Empowers local community and generates a sense of pride

(v) Creates confidence/community spirit in the community/growth and prosperity in local area.

**2010 – DISCUSS THE DIFFERENT WAYS IN WHICH THE IRISH GOVERNMENT AFFECTS THE LABOUR FORCE IN IRELAND.**

1. As an Employer: The government is the single largest employer, employing 250,000 public servant workers (Civil Service, State Bodies).

2. Taxation policies/Fiscal Policies: low rates of income tax will result in consumers having more disposable income

3. VAT & Corporation tax: corporation tax remaining at 12.5%, more foreign companies may locate/remain in Ireland and offer employment.

4. Infrastructure: Government investment in infrastructure (building of new motorways, schools, increases in the number of workers employed

**2011 - OUTLINE TWO WAYS THE GOVERNMENT COULD ENCOURAGE BUSINESS ACTIVITY IN IRELAND.**

1. A low corporation tax rate of 12.5% encourages FDI

2. Improved infrastructure such as roads, airports, ports, telecommunications and broadband allow business to operate efficiently

3. More Education and Training provided by State agencies such as SOLAS can ensure a steady supply of skilled workers

4. Better regulatory environment encourages the growth and expansion of business.

5. Grant aid for business start-up and expansion e.g. LEO

**BUSINESS, GOVERNMENT & THE ECONOMY**

**KEYWORDS**

**Economy -** This refers to all the producers, distributors and consumers of goods and

services in the country​. It is based on wealth​

**Economic Growth -** This refers to any increase in the financial value of all the goods and

services produced from a countries resources​**.** It is an indicator of Economic activity​

**Economic Boom**- This occurs when the level of economic activity increases very quickly.

During a boom spending and demand for goods and services (holidays) is high as well

as demand for employees to work in a business producing these goods and services​. For Ex

**Economic Recession**- This occurs when economic growth ceases or goes into reverse​. The

economy start to shrink​. It occurs​ here is a fall in sales, Rise in unemployment​ or

Competition is increases (Companies have to find new opportunities to grow)​

**Depression** - This Is a serve and prolonged period of economic decline​. Demand for goods

and services fall significantly. Unemployment rises sharply​ ack of consumer and

business confidence​

**Inflation** **-** This is the rise in the average price of goods in the economy​ over a p

**Deflation** - This is a decrease in the average price of goods in the economy. It occurs when

there is a shortage of money in the economy

**Interest Rates** - This is the of the loan that the bank will charge to the borrower for

having the loan. It is expresses as an APR (annual Percentage Rate) and it is one-way banks

makes a profit

**Exchange Rates**- These are prices of one currency expressed in term of another

currency. Exchange rate are fluctuating up and down in value on the international currency

markets​.

**Community Development** - This refers to local people coming together to identify problems

in their area and then developing and implementing a plan to solve the problems themselves​

supporting small economic and enterprise development

**County Enterprise Boards**- These are state agencies responsible for

assisting entrepreneurs who want to start up a small business in their own city or county

(<10 employees)​

**Pobal** - This is a state agency who is responsible for distributing national and EU finance​.

This finance is used for supporting projects that assist community development​. Their

focus is on funding initiatives that will improve local quality of life​. It provides funding to

run local area partnership development companies​

**Area Partnership Companies** - They encourage and support local enterprise and quality of

life in local enterprise​ - Ballymun Partnership, Community childcare facilities​

**LEADER Programmes** - This is an EU funded programme designed to encourage and assist

rural communities to develop enterprise suitable to thier own local area​

**Effects Of Interest Rates On A Business**

|  |  |
| --- | --- |
| **Sales** | **High Interest Rates** - Fewer customer take out  Loans/buy on HP. The cost of interest is high  so repayments are high-fall in sale​s  **Low interest Rates** - Encourages bus. & consumer  to buy & borrow, increase demand for goods &  services. The cost of loan/repayments are low. |
| **Costs** | **High Interest Rates** - Borrowing is more  Expensive. Pushes business cost up and profit  down​  **Low Interest Rates** - Cheaper for firms to  borrow finance for expansion and for consumer to  buy goods and services​ |
| **Business Confidence** | **High Interest Rates** - Business confidence is  eroded. High Interest rate encourages Investor  to put their money in a deposit account. Business  start up s or expansion may be postponed​  **Low interest rates** - Make it more attractive  to invest in new business ​ |

**ECONOMIC VARIABLES**

The following are the economic variable that you need to know

1. Unemployment

2. Inflation

3. Interest Rate

4. Taxation

5. Exchange Rates

6. Government Grants and Support

7. Level of economic activity

**EFFECTS OF UNEMPLOYMENT ON A BUSINESS**

|  |  |
| --- | --- |
| **Sales** | **Unemployment is high -** sales are low (People  have less money for g/s).This reduce the demand  **Unemployment is low** - more people will have income  and the level of demand in the country will be high​ |
| **Costs** | **Unemployment is high** - Wages increase fall,  Easier to employ staff. lead to higher  Government taxes to pay for social welfare​  ​**Unemployment is Low** - Demand for labour can  push up wages .It can also lead to greater  immigration into a country​ |
| **Business Confidence** | **Unemployment is high** -This can lead to a decrease  In investment but an increase in government  Spending (Social behaviour) thus a rise in taxes​  **Unemployment is low** - Reduces pressure on  Government finances and increased confidence ​ |

**EFFECTS OF EXCHANGE RATES ON A BUSINESS**

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| --- | --- |
| **Sales** | **Increase in the Euro** - Exports become expensive,  the seller will want to be paid in euros which will  become more expensive for foreign customer to  buy (Sale will Decrease) ​  **Decrease in the Euro** - Irish goods become more affordable and exports will rise​ |
| **Costs** | **Increase in euro** - Price of imported goods  will become cheaper. Reduce business costs  and boost profits​  **Decrease in euro**  - Imports from outside the EU zone will become more expensive​ |
| **Business Confidence** | A stable and predictable exchange rate makes business planning easier and boost business confidence​ |

**EFFECTS OF INFLATION ON A BUSINESS**

|  |  |
| --- | --- |
| **Sales** | **High Inflation** - Customers are more price sensitive & look for the best price - result in a fall of sale​.  **Low Inflation** - Consumer are less price sensitive, ​so  they don’t look around and buy as the need |
| **Costs** | **High Inflation** -goods are increasing employees  look for cost of living wage increase. This increase  business costs​  **Low Inflation** - Prices and demand for wage increase  are low. Business costs Low​ results in a profit |
| **Business Confidence** | **High Inflation** - Increase uncertainty and erodes business confidence​  **Low inflation** - Business confidence is increase planning is easier for business, workers and  the consumer​ |

**BENEFITS AND NEGATIVE OF LOACLA BUSINESS**

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| --- | --- |
|  |  |
| **BENEFITS OF EFFECTS OF LOCAL BUSINESS** | **NEGATIVE EFFECTS OF LAOCL BUSINESS** |
|  |  |
| 1. **Promote Social Cohesion** - Communities that have high economic activity are less likely to experience social decay​. | 1. **Local Economic Shocks** - occur when large business close down​. result in increased unemployment |
| 2. **Enhance quality of life** - Enterprise and economic activity can result in improved services and higher quality for local community​. | 2. **Social & environmental Irresponsible business** - Business cut their costs and increase profits ignoring environmental |
| 3. **Sponsorships** - Of local sporting can be provide by successful local business |  |

**HOW DOES A BUSINESS IMPACT ON THE LOACAL AND NATIONAL ECONOMY**

**1. Job Creation** - create new jobs mean less unemployment​

**2. Boost Tax Revenue** - they spend less on social welfare. This allows more money to be spend on infrastructure and public services get more tax in the form of PAYE and PRSI

**3. Develop local self-reliance** - Communities with strong local business are less exposed to risk such as sudden closures of a large employer (Intel)

**4. Wealth Creation** - create wealth for entrepreneurs (Profits) and employees (Wages).​.

**5. Competition** - can lead to lower prices for customers

**OWNERSHIP STRUCTURES**

**HOW LOCAL BUSINESS CAN DEVLOP ITSELF**

**1. Enterprising People -** Local people need to get together​. The group show be a representative of views of as many local interests as possible and the local government​

**2. An organisation -** An Organisation with a clear management structure ensures ​ - 1. Good planning (SMART), 2. ​Organisation​ (Correct type of

structure) and 3. Control​**.** A management committee could decide to set up a formal business structure (Co-op)​

**3. A Plan -** A community development plan should set out the problems and needs of the community and identify suitable solution​. There should be a SWOT analysis​ and the plan should be SMART​

**4. Finance -** This can be raised by​ 1. Fundraising​, 2. Donations​, 3. Credit union loans​, 4. Grants​, 5. Local authorities​, 6.Local Enterprise Boards​ and 7. Pobal​

**FACTORS THAT INFLUENCE A BUSINES SLOCATING IN AN AREA**

**1. Operational/production considerations​** - Close to suppliers, raw materials and services such as banks. There also has to be good local utilities for example water internet and waste management. ​Some business need to think of a Suitable local climate

**2. HR Consideration​** -Are there suitable employees in the area to work in the business. Are there Good transport links and housing​ to supply the business with employees?

**3. Financial consideration** - Cost of land and premises​ is it better to rent or buy. Are there of local grants available to help set up the business. What re the tax implications ​?

**4. Environmental and social consideration​** - Is the area clean and healthy natural environment especially for organic business​. Little crime and vandalism​ easier to attract business so they are not worried about being robbed. Supportive local community​ who will buy the product or service

**5. Marketing Consideration** - Close to customers​. Close to good transport and infrastructure links​

**ORGANISATION THAT ASSIST WITH COMMUNITY DEVELOPMENT**

|  |  |  |  |
| --- | --- | --- | --- |
| **LOCAL ENTERPRISE BOARDS** | **POBAL** | **AREA PARTNERSHIPS COMPANIES** | **LEADER PROGRAMES** |
| These are state agencies responsible for assisting entrepreneurs who want to start up a small business in their own city or county | This is a state agency who is responsible for distributing national and EU finance​. This finance is used for supporting projects that assist community development​. | They encourage and support local enterprise and quality of life in local enterprise​. F0r example | This is an EU funded programme designed to encourage and assist rural communities to develop enterprise suitable to their own local area​ |
| **1. Conducting local resource audit** – identifying local assets and resources that can be developed​  **2. Giving Grants** – these are used for Marketresearch,  Business plans​,,Purchasing equipment​, employment​  **3. Providing training courses** – in finance, HRM  Marketing​  **4. Provide a mentoring service** – Business mentor are experienced businesspeople who are available to provide guidance to entrepreneurs while trying to get their business established​ | 1. Their focus is on funding initiatives that will improve local quality of life​.  2. It provides funding to run local area partnership development companies​ | For example Ballymun Partnership, Community  childcare facilities​ | Their aim is to ​  1. Improve competitiveness of agriculture​  2. Improve the environment ​  3. Encourage diversification​ |

**CHANNELL C**

Producer Agent Consumer

Agents are business that are contracted to sell goods on behalf of a producer in a particular area. In return the agents earn a commission. This is not a common channel of distribution

Foer example, Avon cosmetics

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| --- | --- |
| **Benefits** | **Drawbacks** |
| Larger profit margins (no wholesaler/retailer) | Good selling agents can be hard to find |
|  | Difficult to reach a mass market |

**CHANNELL A**

Producer Wholesaler Retailer Consumer

A Wholesaler is a business that buys in very large quantities from producer and sells in smaller qualities to retailers. This is known are break buying. It is used for distributing goods to small independent retailers who stock a variety of goods

For example, corner shop

|  |  |
| --- | --- |
| **Benefits** | **Drawbacks** |
| Distribution is simplified (Break buying) | End product may be more expensive |
| Costs are reduced |  |
| Market is very large |  |

**CHANNELL B**

Producer Retailer Consumer

Retailers are outlets at the end of the chain of distribution that sell the goods and services to the consumer. Large retail stores such as Dunnes, Aldi, Lidl by pass wholesaler and buy directly from manufactures at a discount. Goods can then be sold more cheaply

For Example – Spar

|  |  |
| --- | --- |
| **Benefits** | **Drawbacks** |
| Distribution is simplified (Break buying) | Producer profit can be reduced due to discounts been given for bulk buying |
| Costs are reduced |  |
| A mass market can be reached by producers |  |

**CHOOSING A DISTRIBUTION CHANNEL**

Producer want to make as much profit as possible by reaching as many target consumers as possible. They need to consider

1. Target market – Will the channel all the goods reach the target market

2. Product image – will the channel affect the brand image (Chanel – no supermarkets)

3. How easy will it be to transport –

4. Cost – The more stage in the channel the more expensive it will be for the consumer

5. Impact on cash flow – Small retailer may pay cash while large retailer may want 60 days credit

6. Special conditions – agreement before distributing a manufacture good – not been allow to supply good to rivals retailers