Unit 6: Domestic Environment

- 1. **An industry** refers to all businesses involved in a similar type of production e.g.dairy, brewing industry
- 2. The **primary** sector contains the extractive industries
- 3. The **manufacturing** industry converts raw materials into finished goods. This sector includes both the **manufacturing** and **construction industries**
- 4. **Indigenous companies** are Irish owned and locally based.
- 5. **Transnational Corporations** are firms which produce and market goods in more than one country. They have a global perspective and see the world as one giant market. E.g. Nestle, Nokia, Coca- Cola
- 6. **Agribusines**s refers to those industries that use agricultural produce such as beef and milk as their raw material
- 7. The **construction industry** involves the building of the country's infrastructure: roads, bridges, schools, hospitals, factories, offices, shops and housing
- 8. **Service industries** do not manufacture physical products but provide services to other businesses and individuals OR the service industry consists of firms who provide services to other firms and to the public.
- 9. A **sole trader** is a business owned and controlled by a single person. The sole trader receives all the profits and bears all the risks of losses. Examples include farmers, publicans and service firms (newsagents, painters etc.)
- 10. A **partnership** is when between 2 and 20 people form a business together in order to make a profit.
- 11. A **Private Limited Company (Ltd)** is formed when between one and fifty people establish a separate legal entity for the purpose of carrying on business.

12. Memorandum of Association (external)

This is a document for the public, setting out details such as the <u>name</u> of the company, its purpose and the number of shares held by each founder

shareholder. It includes a statement that the company has <u>limited liability</u> and the <u>signatures</u> of founding members

13. Articles of Association (internal)

This is a document for shareholders setting out the internal rules of the company.

- 14. **Form A1** is a declaration of compliance with the provisions of the Companies Acts (1963-1990)
- 15. **Certificate of Incorporation.** This is the <u>birth certificate</u> of the limited company, which may then begin trading. The company is now a separate corporate body in the eyes of the law. It can enter into contracts, sue and be sued.
- 16. A **Public Limited Company (PLC)** is formed when seven or more shareholders establish a separate legal entity for the purpose of carrying on business. Shares in a PLC are quoted on the stock exchange.
- 17. A **business alliance** is a relationship (agreement) formed between two business enterprises to promote the business interests of both.
- 18. **Franchising** means the renting of a complete business idea, including name, logo and products to someone else
- 19. **Transnational Corporations** are firms which produce and market goods in more than one country. They have a global perspective and see the world as one giant market.
- 20. A **co-operative** is a business owned and run by a group of people, each of whom a financial interest in its success and an equal say in how it's managed.
- 21. **State-Owned Enterprises** are organisations or companies set up by the government.
- 22. **Privatisation** is the transfer of ownership of a company from the state (public sector) to the private sector.
- 23. **Indigenous companies** are Irish owned and locally based.

- 24. **Community development** means reviving and developing local areas and communities by
 - encouraging local community initiatives and
 - the development of locally owned and run <u>businesses</u>
- 25. **Leader Plus.** This is an EU initiative for promoting <u>rural development</u>
- 26. **County Enterprise Boards (CEB's).** These bodies give <u>advice</u> and provide grants for small enterprises in their county
- 27. **Area Partnership Companies (APC's)**. These companies encourage job creation and enterprise in special <u>disadvantaged urban areas</u>.
- 28. **FÁS schemes.** FÁS is the state's training and employment agency. It's <u>Community Enterprise Scheme</u> helps local groups to set up enterprises in their local areas
- 29. An economy is a system in any country that uses the four factors of production <u>-land</u>, <u>labour</u>, <u>capital</u> and <u>enterprise</u> to produce goods and services demanded by consumers

 OR
 - An economy can be defined as a <u>legal</u>, <u>political</u> and <u>social</u> framework within which business is conducted
- 30. **Land** is anything provided by nature e.g. land, minerals, water, timber etc. The economic return on land is **rent**.
- 31. **Labour** is the human element in the production process. The economic return on labour is **wages**
- 32. **Capital** are those things provided by man (man-made) e.g. machinery, equipment etc. The economic return on capital is **interest**
- 33. **Enterprise** is the human initiative needed for the production of wealth. They combine the other factors and take the risk of producing a new product or service. The economic return for a successful entrepreneur is **profit.**
- 34. A centrally Planned Economy (or a Controlled Economy) This is when the government makes the choice regarding what is to be produced and for whom made by the government e.g. China

- 35. A Free Enterprise Economy (Market Economy) This is when <u>producers and consumers</u> make the choice regarding what is to be produced and for whom. e.g. USA
- 36. **A Mixed Economy** This is an economy with elements of both a centrally planned and free enterprise. Both consumers and government decide on the way a country's resources are to be used e.g. Ireland
- 37. The **key economic variables** are indicators of an economy's health and are used as a way of tracking trends.
- 38. **Unemployment** refers to the number of people who are available and looking for work and cannot find a job
- 39. **Interest rates** are the cost of borrowing money.
- 40. **Inflation is** the annual percentage rise in prices from one year to the next. It's measured by the Consumer Price Index (CPI)
- 41. **A Tax is** a compulsory contribution of money to the government
- 42. **The exchange rate is** price at which one currency can be exchanged for another.
- 43. **Grants** refer to the non-repayable money that is given directly to businesses by government or the EU to promote enterprise and expansion
- 44. **Economic Growth** refers to the increase in the amount of goods and services produced by an economy from one year to the next
- 45. **Fiscal Policy** is the government's policy dealing with revenue (income) and expenditure e.g. an increase in VAT reduces sales
- 46. **Monetary Policy** is the government's policy dealing with controlling the amount of money in circulation for spending e.g. an increase in interest rates reduces borrowings. The European Central Bank (ECB) now controls this.
- 47. **Ethics** is defined as the study of right and wrong i.e. morality

- 48. **Ethical Responsibilities/Ethical Business Practice** are the responsibilities a business has to ensure it conducts itself in a <u>fair, legal</u> and <u>honest</u> manner in all dealings with stakeholders.
- 49. **Social Responsibilities** are our responsibilities to those people we come into contact with.
- 50. **Business Social Responsibilities** are the responsibilities a business has to its various stakeholders i.e. employees, environment, government, investors and local community.
- 51. **Code of Ethics** is a formal statement showing the kinds of behaviour expected from a business in its dealings with employees, customers and the community in which it operates.
- 52. **Whistle blowers** are staff whose ethical concerns are ignored within the business and who have the courage to report the wrongdoing to the authorities or the press.
- 53. **The environment** refers to the physical resources that surround us i.e. the world in which we live
- 54. **Private Costs** are the costs incurred by a firm when producing a good, such as raw materials, wages, advertising etc.
- 55. **Social Costs** are the costs to society as a result of a firms activities e.g. pollution, illness, traffic congestion etc.
- 56. **An Environmental Audit** is an independent study of the impact of the business on the environment. It looks at the 3 P's of environmental protection
 - product is safe and healthy
 - production processes are clean, safe and quiet packaging is capable of being recycled