

The expert



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Top tips for studying business

You cannot learn business simply by reading it. The average person remembers only 10 per cent of what they read. As you read your notes or book, jot down some summary points on a piece of paper. Make your own summary of the chapter in your own words. Learn this summary.

Revise it the following night, then a week later, then a month later. Revising does not mean continuously reading your notes. When revising them for the second time, try to jot down all that you can remember about the topic before you read them. Then look at your notes and only read the things you forgot. Don't waste time constantly reading stuff you know.

Constantly test yourself – get someone to examine you on the topic. For example, when you finish human resources management (HRM), get your mum/dad/brother/sister to ask you to list the functions of the HR manager, then to explain the functions. The average person remembers 90 per cent of what he/she has taught someone. After you finish studying a topic, look through the exam papers and try every short question on it, then every applied business question (ABQ) on it, then every long question on it.

If at any stage you are finding it hard to study business, try some practical exercises – try working out some insurance, taxation or balance of trade/payments calculations. Try drawing a breakeven chart. Practise some accounting ratios. Write a business letter, a memo, a report. Draft a bar chart, an organisation structure, a span of control. Draw the product life cycle. Try the easier short-answer questions from your exam papers, such as "What do these letters stand for?" and "Match the following terms to the correct definitions".

Try an interactive quiz on business from www.skool.ie. With all of these you can check immediately to see if you are right (solutions to exam papers are available on www.examination.ie) and you will know that you have learned something. This is a very constructive way to use your time.



Showing you mean business

Get to grips with international trade and give yourself a head start in the business exam

INTERNATIONAL TRADE

International trade is commerce between countries. It involves exporting and importing.

International trade is very important to the Irish economy. Ireland is an open economy. This means that we buy and sell in huge amounts with the rest of the world. Irish exports account for the vast majority of Ireland's entire national income. Our biggest customers include the UK, the US and Continental Europe. Our biggest exports are pharmaceuticals, chemicals and computers.

Significance of international trade to the Irish economy

◆ The Irish market consists of only four million people. By engaging in international trade, Irish businesses can sell their products to billions of customers all over the world. This leads to increased sales and profits. Waterford Crystal exports its glassware all over the world, for this reason.

◆ Making more products for export benefits Irish businesses through economies of scale. This means that the more they make, the cheaper it becomes to make each product (for example, the more materials they buy, the bigger the discount they get). This makes Irish products cheaper to make. Thus international trade increases Ireland's competitiveness in the global marketplace.

◆ When Irish businesses sell goods abroad, they receive foreign currency. When we sell goods to the US, companies from there pay us in dollars. This foreign currency is important because with it, we can pay for the foreign products we need to import. Irish businesses can buy foreign materials that don't exist in Ireland, and use them to make finished goods to sell.

◆ Increased sales from international trade mean that businesses need to hire more employees to make the products to meet the international demand. Thus international trade leads to job creation in Ireland. This decrease in unemployment gives the government more money to invest in infrastructure and other important improvements, such as health and education.

◆ Irish businesses face a lot of competition from foreign firms. This forces them to keep their costs and prices low so that they can compete. Dunnes Stores keeps its prices low to compete with Lidl and Aldi. Thus international trade makes Irish businesses more competitive.

2001 Higher Level Section 3 Q3 (c)

Question: Analyse the significance or otherwise of international trade for Ireland. 20 marks

Answer: For 20 marks, you need to write any four of the points discussed earlier.

Ireland's challenges in international trade

Irish businesses face a number of difficulties when export-

ing to foreign customers. These include:

◆ Foreign languages: although English is the international language of business, many foreign customers obviously prefer to deal in their own language. This poses a number of communication problems for Irish exporters. They will have to make their websites available in many different languages. The name of the product may have to be changed. Contracts and other documents will have to be translated. This costs time and money.

◆ Distribution problems: Ireland is an island. This makes transporting goods more difficult and more expensive for Irish businesses. Goods can only be exported from Ireland by ship and plane. The problem with this is that the business is at the mercy of shipping and airline companies' timetables and the weather. Almost every other business in the EU can simply load up their lorry at the factory and drive it straight to the destination anywhere in the EU at any time, day or night.

◆ Exchange rate changes: if the euro increases in value, the price of Irish products in non-euro countries increases. Therefore foreign customers will buy less of them. This leads to lower sales and profits for Irish exporters. If the euro decreases in value, the price of foreign materials imported into Ireland increases. This increases costs for Irish businesses that have to import materials from non-euro countries.

◆ Competition from low-wage economies: the rate of pay in Ireland is considered to be quite high. To cover this expense, Irish manufacturers must charge a relatively high price for their products. Other countries have much lower wages and therefore their products are always cheaper than Ireland's. It is almost impossible for Irish manufacturers to compete against these low-wage economies when it comes to simple, low-technology products.

◆ Payment problems: Irish firms may have difficulties getting paid for the goods they export. If a foreign customer does not pay, there may be little that the Irish business can do to recoup its money. Different countries have different legal systems and the rules for recovering money from a customer may be harder to enforce abroad than here in Ireland.

2003 Higher Level Applied Business Question – Part (c)

Question: Cli-He is a new brand name in the children's toys and games business. The name is also that of a new business venture that Clodagh has recently established. An engineering graduate with a flair for design, she has, to her credit, won two innovation awards for product development in recent years. Clodagh sees a bright future for a business with original ideas in the growing children's leisure business.

The challenges of setting up a new business venture, however, are very significant, especially where to find the necessary resources and expertise.