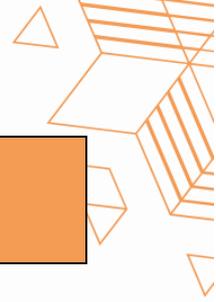




# Chapter 1 Key stakeholders in business





1.1 Outline the key internal and external stakeholders in a business and demonstrate their importance in the business environment.

## HL Paper 1 Q2 (a) (ii)



### Question 2

(70 marks)

Grá Chocolates was founded in Galway by Gráinne Mullins. Handmade in small batches, the exquisite artisan confections blend the finest raw ingredients with native Irish flavours.

- (ii) Grá Chocolates start with the finest ingredients in the world: ethically sourced Valrhona Chocolate, Casa Luker cocoa butter and the world's best dairy produce – Irish cream and butter.

Outline the importance of Grainne's relationship with her suppliers.






## OL Paper 2 Q1 (a)

### Question 1

### The Business World

(90 marks)

PJ Maher, an electrical contractor, employs six qualified electricians. He has recently expanded his business model. He saw an opportunity to source his own electrical materials for a better price and to also act as a wholesaler to other electricians around the area. This additional business complements his existing electrical contracting business.

PJ has built a state-of-the-art showroom and warehouse on his premises with an impressive display of light fittings and other materials. He is happy for electricians to bring potential customers to the showroom so that they can view the range of products.



PJ has a strong credit-rating, and after much thought, decided to fund this expansion using a combination of retained earnings and a long-term loan. He created a Business Plan that not only helped him secure loan approval but also enabled him to identify potential business challenges. He later used this plan to apply for the Feasibility Study Grant from his Local Enterprise Office but was disappointed to learn that his business did not meet the criteria. However, this setback did not deter him.

PJ decided to lease a van for deliveries. One of his employees, Wojciech, had recently requested to reduce his physical workload and working hours for health reasons. After considering this request, PJ proposed that Wojciech take on the role of driving the van and handling morning deliveries. Wojciech was satisfied with the suggestion and is happy in his new position.

PJ is pleased that the business is currently doing well and reaching all targets on schedule.

(a) List **three** stakeholders that may be impacted by the recent growth of PJ's business.

1
2
3



## 1.4 Conduct stakeholder mapping and explain the importance of prioritising different stakeholder interests.

**Question 1 is compulsory. Answer all parts.**

**Question 1**

**The Business World**

**(90 marks)**

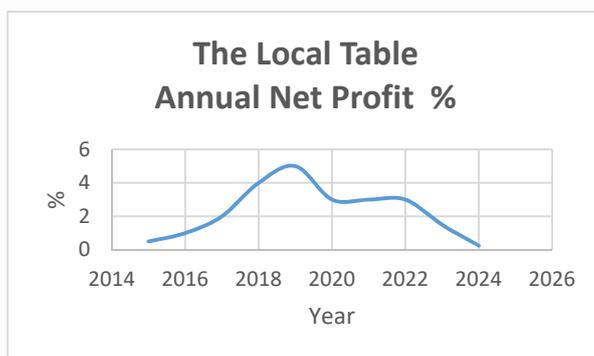
### **The Local Table Restaurant**

The Local Table, an Irish restaurant, was founded in 2015 by two brothers, John and Mark Lee. The business is built around a unique selling point (USP) of using locally sourced ingredients, reflecting their commitment to quality and sustainability. However, this approach has introduced challenges, including supply chain issues, which mean not all menu items are available year-round. To adapt to this, The Local Table has embraced digital innovation by replacing printed menus with a daily updated menu application, allowing them to update offerings in real-time based on ingredient availability.

The Local Table began as a single outlet, funded through John and Mark's personal savings. The venture quickly gained traction, attracting large volumes of customers and earning a profit. Motivated by this, the duo expanded their business by opening two additional outlets in nearby towns, financing the expansion with a long-term loan. They installed solar panels aiming to reduce energy costs and eventually generate surplus electricity to sell back to the grid.

The Local Table operates without a dedicated marketing team, with John handling marketing and personally managing social media updates when time permits. It primarily relies on word of mouth and has not actively sought customers reviews. Competition has intensified, making it difficult to retain a loyal customer base. Despite its growth, it has faced mounting challenges. Mark is struggling with managing human capital. Overseeing three outlets has also stretched their operational capacity, leading to increased staff turnover and inconsistencies in both service and product quality.

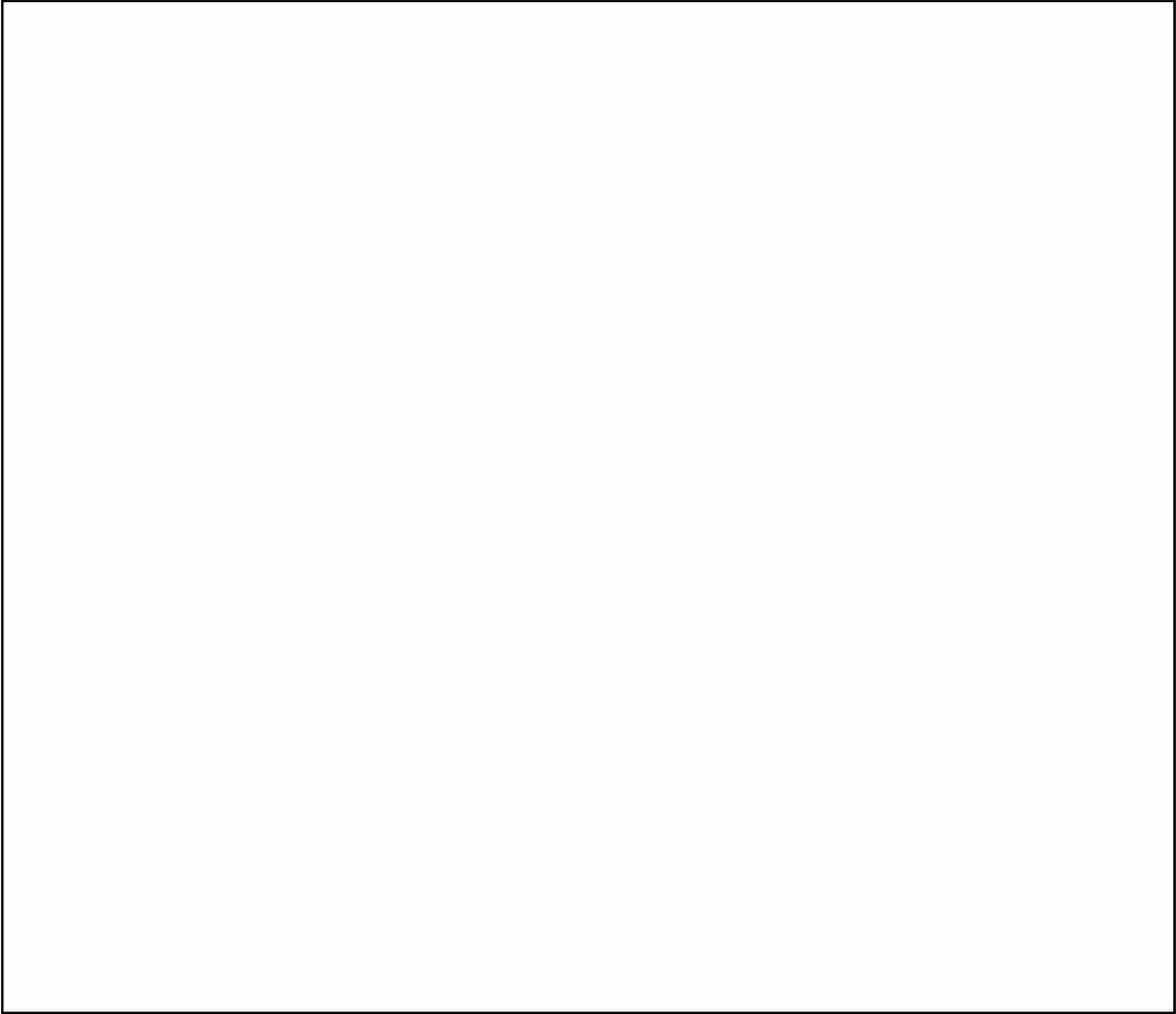
Economic pressures have added to their difficulties. Rising costs across various aspects of the business, coupled with changes in the minimum wage, have impacted profitability.



Faced with these challenges, John and Mark are considering their next steps to secure The Local Table's future. Among their potential strategies is the introduction of new plant-based menu options, aimed at diversifying their offerings and attracting a broader customer base. Their concerns reflect wider industry struggles, as the Restaurant Association of Ireland has expressed concerns about the viability of the industry under current economic pressures. The closure of 856 Irish restaurants and cafés in 2024, underscores the difficult road ahead. As The Local Table navigates these turbulent times, its ability to adapt and innovate will be critical in determining its future.

## Sample Papers - Workpack

- (b) John and Mark are considering adding new plant-based menu options.
  - (i) Conduct stakeholder mapping to identify and prioritise four stakeholders affected by this decision.



## 1.1 Outline the key internal and external stakeholders in a business and demonstrate their importance in the business environment.

### HL Paper 1 Q2 (a) (ii)



#### Question 2

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Grá Chocolates was founded in Galway by Gráinne Mullins. Handmade in small batches, the exquisite artisan confections blend the finest raw ingredients with native Irish flavours.

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Outline the importance of Grainne's relationship with her suppliers.

### SOLUTION – suggested to give two points developed based on answer space (8 lines)

**Offer quality materials/stock:** Suppliers are important because they enable the business to meet customer demand on time and maintain product quality. A reliable supplier helps avoid delays and lost sales.

For Gráinne, working with an ethical, local supplier who provides “the world’s best dairy” supports her values and allows her to offer a high-quality, sustainable product that appeals to her target customers.

**Build trust and dependability:**

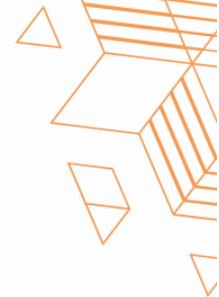
Suppliers play a key role in building operational consistency through timely delivery and honest communication. Trust reduces uncertainty and strengthens long-term partnerships.

For Gráinne, having dependable suppliers helps her plan stock confidently and ensures her business can keep promises to customers about freshness and availability.

**Provide credit to support cash flow:**

Suppliers sometimes offer credit terms, allowing businesses to access stock without upfront payment. This helps manage cash flow and keep operations running smoothly.

For Gráinne, access to credit from a trusted supplier could help her buy high-quality dairy without needing immediate cash, easing pressure during slower sales periods.



## OL Paper 2 Q1 (a)

### Question 1

### The Business World

(90 marks)

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(a) List **three** stakeholders that may be impacted by the recent growth of PJ's business.

## SOLUTION

**Employees** – May get extra overtime / higher wages / chance for promotion

**Suppliers** – Increased orders for the wholesale business from PJ

**Investors** – Increased profits if the expansion goes well

**Consumers** – Improved services / greater range of choice / better shop to help make informed decisions.



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**Question 1 is compulsory. Answer all parts.**

**Question 1**

**The Business World**

**(90 marks)**

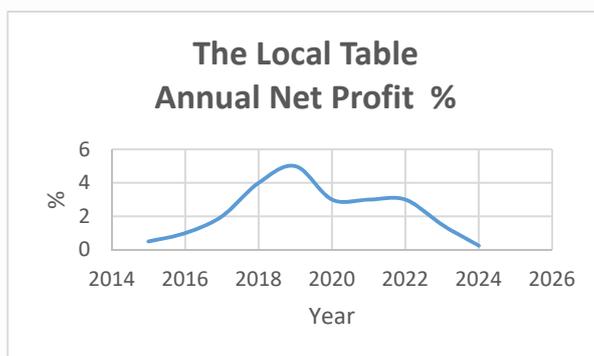
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# Sample Papers - Workpack

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## SOLUTION

### Investors (Monitor Closely)

**Power - HIGH** → They provide essential funding and can influence major business decisions.

**Interest - HIGH** → Their interest is high because their return depends on the business's financial performance.

### Employees (Keep Informed)

**Power - LOW** → They typically don't have the power to reverse a corporate decision to close a branch.

**Interest - HIGH** → Their jobs are directly affected, so their interest is very high.

### Consumers (Keep Informed)

**Power - LOW** → If there are lots of consumers, then they have little power to alter internal business decisions.

**Interest - HIGH** → They care about buying from a local, ethical business, so their interest is high.

### Local Community → Power: Low, Interest: Low

**Interest - LOW** → They may support or notice changes to the business, but they are not deeply affected by them.

**Power - LOW** → They lack influence over its decisions.

