Strand 2 Chapter 12 Managing risk (1.5 weeks)

Learning Outcomes

12.1 Outline the challenges and risks associated with enterprise and entrepreneurship.

12.2 Outline the importance of assessing and managing risks in business.

12.3 Analyse a range of risk management strategies that can be used to respond to the challenges and risks in business.

Chapter Overview and Introduction

From the Specification (Pg 19 of NCCA Doc):

"The importance of managing risk is considered in addition to the need for ethical and sustainability considerations and the potential of harnessing the power of digital."

Chapter starts on page 216

Hook for the chapter – newspaper article here

Additional video links:
Video 1:
https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://www.youtube.com/watch%3Fv%3DuBXvjyeDIdI&ved=2ahUKEwjBmNTIl42PAxWfYEEAHb9kGz0Q3aoNegQIDRAJ&usg=AOvVaw2ZkQ7O8Ir43k4RSYlKyS6X
Video 2:
https://www.facebook.com/watch/?v=733582332868423

1. What financial pressures are Irish restaurants facing right now?
Irish restaurants are dealing with **rising inflation**, **higher food and energy costs**, and a **VAT increase from 9% to 13.5%**. These reduce profit margins and increase the cost of doing business.
Textbook Link: Economic risk – Rising input costs are outside of the business's control and can severely affect cash flow.

2. Why are some restaurant owners angry with the government?
Owners feel **let down by the lack of substantial financial support**, especially after the VAT hike. Many expected relief in the national budget but only received minimal assistance like the €4,000 energy grant.
Textbook Link: Compliance and economic risks – External policy decisions can impact business viability.

3. What risks are these businesses facing?
Restaurants face **closure, negative cash flow, penalties for late VAT payments**, and **reputational risks** if standards drop due to cost-cutting.
Textbook Link: Operational, financial, and reputational risks; these stem from internal limitations and external pressures.

4. How is consumer behaviour contributing to the crisis?
Fewer people are eating out due to the **cost of living crisis** and **more people working from home**, which means reduced footfall, especially in urban centres.

Textbook Link: Market risk – Changes in consumer trends affect demand and revenue.

5. What is the cultural impact of so many restaurants closing?

Restaurants are central to **Irish culture and tourism**. Their loss reduces the vibrancy of towns and cities, affecting local identity and making areas less attractive for tourists. Reduced spin-off effect for towns/villages from reduced tourism/footfall.

6. What examples show how some restaurants are reacting?

Some held protests, others tried to adapt by offering simplified menus or reducing overheads, while a few, like Assassination Custard, closed due to stress and operational pressure.
Textbook Link: Risk response – Strategies like avoidance (closing), prevention (cutting costs).
Role of interest groups could be linked in with lobbying/protestign to show how businesses try to manage risks, influence government.

Primer Questions

Q1: What challenges do you think someone opening their own make-up studio would face?
Prompt: Think about starting costs, finding clients, location, and competition.
Sample Responses:

- Finding a suitable location with high footfall but affordable rent.
- Building a loyal customer base in a competitive market (marketing costs and time)
- Managing start-up costs for equipment, products, and décor (start-up fixed costs)
- Hiring qualified, reliable staff if the studio expands (recruiting, salary costs..)

Q2: What types of risks do they face? (Hint: financial, economic, market, operational)
Prompt: Link each risk type to a real challenge a make-up studio might face.
Sample Responses:

- **Financial risk**: Taking out a loan to start and not earning enough to repay it.
- **Economic risk**: Fewer bookings during a cost-of-living crisis, recession occurring, increase in VAT
- **Market risk**: A new beauty salon opening nearby offering lower prices, change in trends away from services offered
- **Operational risk**: Booking system errors or staff calling in sick during peak periods, customers not getting treatments they were booked for…

Q3: What insurance could they take out to reduce the risk of facing large payouts?
Prompt: Focus on accidents, employee issues, and protecting assets.
Sample Responses:

- **Public liability insurance**: Covers if a client slips or gets an allergic reaction.
- **Employer liability insurance**: If an employee is injured at work using the equipment e.g. a burn, cut
- **Buildings and contents insurance**: Covers damage to premises or stolen equipment.
- **Professional indemnity insurance**: Protects against claims of poor service or bad results.

Q4: Can you think of ways, other than taking out insurance, that a business could use to reduce risk?
Prompt: Think about planning, training, and customer care.
Sample Responses:

- Train staff thoroughly in hygiene and treatment procedures.
- Use patch tests to prevent allergic reactions.
- Keep digital backups of bookings and payments.
- Offer flexible services (e.g. mobile make-up) to adapt to market changes.
- Regularly review costs and customer feedback to make improvements.

Useful business examples, stories, links, videos, resources…

Digital hub links (available on the teacher hub):

PowerPoint

Class exams with solutions

Worksheet for the Introduction Hook

Kahoot / online quizzes for formative assessment

Suggested solutions to workbook

Suggested solutions to sample paper questions

Key information for the chapter:

Strand 2 Chapter 12	Managing risk	1.5 weeks							
Learning Intention	Learning Outcome	Page	Time - mins	HL Qs	OL Qs	HL P1 Qs	HL P2 Qs	OL P1 Qs	OL P2 Qs
the nature of risk within entrepreneurship and the importance of risk management in business.	12.1 Outline the challenges and risks associated with enterprise and entrepreneurship.	217-220	60	Q1, Q2	Q1, Q2		HL2 Q1 (b) (ii)	OL1 Q5 (e)	
the nature of risk within entrepreneurship and the importance of risk management in business.	12.2 Outline the importance of assessing and managing risks in business.	221-223	40	Q3	Q3		HL2 Q3 (a)		
a range of risk management strategies including avoidance, spread, prevention and the importance of choosing suitable insurance products.	12.3 Analyse a range of risk management strategies that can be used to respond to the challenges and risks in business.	224-226	80	Q4, Q5, Q6	Q4, Q5	HL1 Q3 (e)			OL2 Q1 (f)
		Total Time:	180	Hours:	3.0				

S2 Ch 12 Managing risk (L.O. 12.1)

Textbook Pages: 217-220
Activity Book: HL Q1, Q2 | OL Q1, Q2
Time Allocation: 1 hour

Learning Outcome	12.1 Outline the challenges and risks associated with enterprise and entrepreneurship.
Students Learn About	The nature of risk within entrepreneurship and the importance of risk management in business.
Sample Paper Q	**HL2 Q1 (b)** (ii) Discuss two challenges John and Mark may face when introducing new products, and explain how they can address these challenges **OL1 Q5 (e)** (e) Outline two challenges, apart from inflation, facing entrepreneurs in Ireland.
Create other potential Qs	

Specification Language Decoded

Outline: Give the main points; restrict to essential points of information

R&R activity

Pg 218 Grá Chocolates	Q1 – potential answers: **Staffing**: Recruiting skilled staff to handle both production and visitor experiences may be difficult. **Quality Control**: Maintaining premium product standards at higher volumes could be challenging. **Seasonal Demand**: Sales may fluctuate heavily outside peak gifting seasons, risking surplus stock or cash flow issues. Q2 – potential answers: Grá Chocolates presents a strong Irish identity, craftsmanship, and personal founder story, which builds trust. The premium, artisanal product appeals to customers seeking authenticity. The crowdfunding offered people a way to be part of a growing local success story. Q3 – potential answers: A compelling brand narrative builds emotional engagement and trust, increasing the likelihood of funding. Grá Chocolates used visuals, storytelling, and a clear vision to attract supporters. People were more likely to contribute because they felt connected to the founder's journey and values.
Pg 220	Q1 – could be used to intro cover economic indicators in strand one. Inflation – fell to 3.4% Feb 2024 but still high / increased costs for business to deal with Interest rates – higher cost of borrowing (The main refinancing operations interest rate increased from 2.5% in December 2022 to its current rate of 4.5% in January 2024.) GDP – declined vs 2022 (less consumer spending) (GDP in 2023 declined by 3.2% compared to 2022) Unemployment down 4.9% to 4.2% - may cause wage pressure, labour shortages for businesses.

	Consumer sentiment - in February the index decreased by 4 points to 70.2. Q2 Student research.

Know	Understand	Be able to do
• Key challenges in setting up or growing a business: finance, production, ownership, staffing, marketing, location • Different types of business risk: personal, operational, economic, market, compliance, technological, ethical	• That risk is a natural part of entrepreneurship and must be anticipated • How different internal and external factors affect business risk exposure • That risk impacts not only finance but also reputation, sustainability, and decision-making	• Clearly outline specific enterprise risks and challenges with relevant examples • Link risk types to real-world business scenarios (e.g. a café facing economic downturn) • Talk about current risks/challenges relevant to Irish businesses

Opportunities to differentiate for this Learning Outcome

Support Strategies	Extension Opportunities
Use a guided case study (e.g. Grá Chocolates) with highlighted sections showing where risks and challenges occur (funding, staffing, seasonality). Provide sentence starters to help students frame their responses: "One challenge this business faces is ___. This is because ___. They could respond by ___."	Have students analyse a recent business failure (e.g. Assassination Custard mentioned in the starter article) and identify which risk types contributed to this and try to identify anything the owners could have tried to do to prevent it or how they could adopt their marketing mix/business model to adjust.

S2 Ch 12 Managing risk (L.O. 12.2)

Textbook Pages: 221-223
Activity Book: HL Q3 | OL Q3
Time Allocation: 40 minutes

Learning Outcome	12.2 Outline the importance of assessing and managing risks in business.
Students Learn About	the nature of risk within entrepreneurship and the importance of risk management in business.
Sample Paper Q	**HL2 Q3 (a)** Explain two reasons why it is important for a business to manage risks.
Create other potential Qs	

Specification Language Decoded

Outline: Give the main points; restrict to essential points of information

Know	Understand	Be able to do
• Risk management definition • Steps to assess risk (identify, assess, action, review)	• How assessing risks before they occur prepares a business for them	• Explain the importance of assessing and managing risks a business faces

Opportunities to differentiate for this Learning Outcome

Support Strategies	Extension Opportunities
Give stages out of order to get students to re-arrange to better understand how a business could assess risk	Challenge students to create a mini "risk log" for a fictional business (e.g. gym, online store, hair salon). They must identify three realistic risks, explain how to assess each, propose a response strategy, and decide how/when to review it. This links directly to business planning skills.

S2 Ch 12 Managing risk (L.O. 12.3)

Textbook Pages: 224-226
Activity Book: HL Q4, Q5, Q6 | OL Q4, Q5
Time Allocation: 1 hour and 20 minutes

Learning Outcome	12.3 Analyse a range of risk management strategies that can be used to respond to the challenges and risks in business.
Students Learn About	a range of risk management strategies including **avoidance, spread, prevention** and the importance of choosing suitable **insurance** products.
Sample Paper Q	**HL1 Q3 (e)** Discuss four risk management strategies that can be used by businesses to respond to potential risk. **OL2 Q1 (f)** Outline three suitable types of insurance that PJ should consider to protect his business from potential risks.
Create other potential Qs	

Specification Language Decoded

Analyse: Study or examine something in detail, break down in order to bring out the essential elements or structure; identify parts and relationships, and to interpret information to reach conclusions

R&R activity

Pg 224	Q1 - **Avoidance**: Refused unethical suppliers, even if it meant delays **Spread**: Expanded into new products, sales channels, and influencer marketing **Prevention**: Staff training and website security updates **Insurance**: Covers stock, public liability, store closure, and cyber risks Q2 – Student answer Q3 - Poor risk management could lead to product recalls, data breaches, staff injuries, or damage to brand trust… Q4 – Student research
Pg 226	**Q1. Public Liability Insurance** – Covers Sarah if a customer is injured on her premises (slip on wet floor). Prevents costly legal payouts. **Business Interruption or Contents Insurance** – Covers damage to fridge/stock and loss of income due to equipment failure or accidents. Ensures cash flow continues. **Motor Insurance** – Required by law for her van delivering cakes. Covers accidents, damage, or injury involving the vehicle. **Employer liability** – covers her for injured workers in the workplace (staff hired). Q2. **Suggested Example (Construction Business):** • **Employer Liability Insurance** – Covers workers injured on site. Legal requirement and vital for worker protection. • **Public Liability Insurance** – Covers injuries to the public if they enter or pass by a site. Prevents major claims. • **Motor Insurance** – Required by law for her van delivering cakes. Covers accidents, damage, or injury involving the vehicle.

	• **Goods in Transit Insurance** – Covers materials/equipment lost or damaged in delivery. Keeps projects on schedule.

Know	Understand	Be able to do
• The four main risk management strategies: **avoidance, spread, prevention, insurance** • Types of business insurance: public liability, employer liability, product liability, buildings & contents, cyber, fidelity guarantee, business interruption, professional indemnity, motor, key person, goods in transit	• That each strategy serves a different purpose and suits different risk types • Why businesses must balance cost, coverage, and control when choosing strategies, as well as cost/benefit of reducing risks	• Analyse how and why a business might apply each of the four risk strategies • Recommend appropriate insurance products for different business types and scenarios • Justify strategy and insurance choices using business examples or case studies

Opportunities to differentiate for this Learning Outcome

Support Strategies	Extension Opportunities
Students match **three cards** together: 1. **Strategy name** (e.g. Prevention) 2. **Business example** (e.g. Staff receive first-aid training in a gym) 3. **Explanation** (e.g. Reduces the chance of injury and legal claims) Students collaborate to correctly group the cards into 4 matching trios. Once matched, they write or present their reasoning: *"We matched these because..."*	Ask students to select a real business and complete a full "Risk Strategy Portfolio": 1. Identify 3 risks 2. Propose a suitable strategy for each

Links to cross-cutting themes:

Entrepreneurial Thinking:	Entrepreneurs must make decisions under uncertainty, weighing risks against opportunities / overcome challenges/risks to start up/expand. Assessing and managing risks builds resilience and adaptability, key traits for enterprise success.
Ethics and Sustainability:	Avoidance of unethical suppliers (e.g. fair labour, sustainability standards) shows how ethical choices reduce reputational risk. Long-term sustainability depends on managing risks responsibly rather than chasing short-term gains.
Digital Transformation:	Cybersecurity is now a central part of risk prevention, with businesses facing growing threats from cyberattacks.
Business and Financial Literacy:	Understanding insurance and financial exposure is essential for risk management. Weighing the cost of prevention versus potential losses develops strong financial decision-making skills.

Assessments

Formative	Summative	AAC (Investigative Study)
• Kahoots, flashcards, retrieval practise with whiteboards/word dumps	End-of-chapter test Exam-style question workpacks Starter activities on activity book questions	Investigate a local enterprise (café, gym, online business) and identify three risks they face. Analyse how the business currently manages these risks and propose one additional strategy. Present findings in a short written report, infographic, or short video pitch.

What examples/resources have we used before that we can adapt for this chapter?

E.g. Think-Pair-Share, Roleplays, Debates, Inquiry tasks, Digital tools

Think-Pair-Share	
Roleplays / Simulations	One student plays a business owner, another plays an insurer; negotiate suitable cover.
Inquiry Tasks	
Debates	Insurance is the most important risk management strategy for a modern business.
Digital Tools	Use Mentimeter/Padlet to gather class examples of risks businesses face today.

Teacher and Department Review

1. Teaching and Learning Effectiveness	2. Differentiation and Inclusion
Did students engage with real-world case studies (Grá, Pace Athletic, insolvency reports)? Were they able to apply strategies beyond textbook definitions?	Were scaffolded supports (sentence starters, flowcharts) effective for all learners? Did extension tasks (risk portfolios, industry analysis) challenge higher achievers?
3. Resource Use and Gaps	**4. Connections and Continuity**
Are there any other videos/case studies that could be used in any area that wasn't covered?	Links to economic indicators around economic risk an entrepreneur faces. Starter worksheet links to business closures – can bring in adapting business model (ch8) and adjusting marketing mix (ch9).

How this chapter can link to the key competencies at Senior Cycle

Thinking and solving problems	Weighing different strategies and choosing appropriate responses.
Being creative	Designing innovative ways to reduce risk (e.g. digital solutions, new models).
Communicating	Justifying strategy choices in debates, presentations, or roleplays.
Working with others	Group tasks (risk portfolio, match-up activities) encourage collaboration.
Participating in society	Understanding how businesses adapt to consumer and regulatory expectations.
Cultivating wellbeing	Recognising stress factors in entrepreneurship and importance of planning to reduce the risk/stress faced.
Managing learning and self	Students take ownership in inquiry tasks and investigative activities within the R&R sections.