**WHAT IS A BUSINESS**

Business is an organisation that produces a good and/or service and supplys them to customers. A business can be

1. Commercial – provides goods and service to make a profit for the owner
2. Non Commercial – also known as not-for-profit. They generate revenue from fundraising donations or grants (Concern, GAA)

**WHO ARE THE STAKEHOLDERS INVOLVED IN BUSINESS**

Stakeholders are the different groups of people who are directly affected by how the business is run. The following are the stakeholders in a business

1. Entrepreneurs 2. Investors
2. Employers 4. Employees
3. Managers 6. Producers
4. Suppliers 8. Service Providers
5. Customers 10. Society
6. Government
7. *Entrepreneurs*

These are the people who see a gap in the market and take the initiative to turn an idea into a business. They see an opportunity to make a profit but also take the financial risk that the business might fail

1. *Investors*

Often entrepreneurs will not have enough money to start a business. Investors are the people who provide a business with the finance it needs. This capital can come from

1. Owners capital – Is money invested by people or companies in return they become part owners of the business. It is also know as equity capital
2. Loan Capital – Is finance provided by banks or other lenders. It has to be repaid with interest and within a certain time frame
3. Grants – These are usually provided by state agencies (Enterprise Ireland). This money does not have to be paid back as long as certain conditions are met
4. *Employers*

As soon as entrepreneurs recruit people to work in a business they become employers

|  |  |
| --- | --- |
| **Right** | **Responsibilities** |
| 1 | Recruiting employee when they need them | 1 | Providing a written contract of employment |
| 2 | Directing employee to perform the work required | 2 | Paying wages as agreed in the contract of employment |
| 3 | Dismissing employees fairly (Unfair dismissal act 1977-2007) | 3 | Providing a safe work environment |

1. *Employees*

Employees are recruited by business to assist in the business in return for a wage

|  |  |
| --- | --- |
| **Rights** | **Responsibilities** |
| 1 | Receive a written contract of employment | 1 | Following instructions (as long as they are reasonable and legal) |
| 2 | Being paid the agreed wage | 2 | Doing a fir day’s work for a fair day’s pay |
| 3 | Working in a safe and healthy workplace | 3 | Being honest and loyal in their work |
| 4 | Freedom to join a trade union | 4 |  |

1. *Managers*

Managers are the people who are responsible for the running of the business and achieving its goals. They must

1. Plan organise and control all aspects of the business (People, Finance) (Also know are Management activities)
2. Have leadership, Motivation and Communications Skills (Management Skills)
3. *Producers*

Producers are the business that make products to sell to customers. They transform raw materials into finished products

1. *Suppliers*

Suppliers are the business that supply the raw material needed to by the producer

1. *Service Providers*

These are the business that supply the services that are needed by the business

- Electricity - Insurance

- Banks - Waste management

1. *Consumers*

Customers These are people who purchases goods from a business for their own use

and/or for resale

Consumers These are people who buy goods and services for their own use only

1. *Society*

This refers to the local community where the business in located and to wider society both naturally and globally. They want business to behave in a socially responsible manner and not to damage the environment of welfare of others

1. *Government*

Changes in Government laws and taxes can affect businesses (Budget). The government wants business to

- Provide Jobs - Pay their taxes

- Obey the Law

**WHAT ARE INTEREST GROUPS**

Interest groups are organisations representing people (or stakeholders) who share a common goal or interest. They are also known as pressure groups as they try to influence the decision of others by

* + Lobbying
	+ Negotiations
	+ Boycotts

**DEF** Lobbying refers to a deliberate effort by interest groups to influence decision – makers by promoting a particular point of view

**BUSINESS INTEREST GROUPS AND TRADE ASSOCIATIONS**

1. Business interest groups

These organisations represent the interest of business and included the following

1. *IBEC (Irish Business and Employers Confederation)*
2. They represent the large and medium size business. 2. It tries to influence trade unions Irish government and the EU. 3. It provides advice
3. *Small Firms Association*

 The speak for and advice small business and they are a part of IBEC

1. *Irish small & Medium Enterprise (ISME)*
2. Speaks and advices for small and medium size enterprises. 2. They are independent of IBEC
3. *Chamber of commerce*

They aim to protect and promote business located in an area (Dublin City Chamber of Commerce)

2. Trade Associations

Are business interest groups that represent business involved in similar types of business

Examples included

1. SIMI Society of the Irish Motor Industry (Garage and car dealers)
2. Food and Drink Industry Ireland (FDII) (Food and drinks manufacture in Ireland)
3. RGDTA – Represent the interests of independent grocery retailers
4. Irish Association of Health Stores (IAHS) (Represent the interest of food Shops)

**OTHER STAKEHOLDERS INTEREST GROUPS**

There are also other interest groups that represent other stakeholders in the business like

1. Trade Unions that represent employees (ICTU)
2. National Consumer Agency represent consumers (CCPC)
3. Consumers Association of Ireland represent consumers
4. Environment and specialist interest groups represent society

**WHAT RELATIONSHIPS EXIST BETWEEN THE DIFFERENT STAKEHOLDERS**

Stakeholders relationships are based on different needs. They can be both competitive and co-operative. Their relationship can by dynamic and can change over time

**WHAT RELATIONSHIPS EXIST BETWEEN THE DIFFERENT STAKEHOLDERS**

|  |  |  |
| --- | --- | --- |
|  **Stakeholder** | **Needs** | **Offers in return** |
| Entrepreneurs | * Profit
* Finance and Support
* Skilled Workers
 | * Goods and Services
* Employment and wages
* Taxes
 |
| Investors | * Return on investment
* Possible share in ownership
 | * Finance
 |
| Employers | * Honesty
* Reliability
* Motivation
 | * Pay and conditions
* Training
* Promotion opportunities
 |
| Employees | * Good pay and conditions
* Secure employment
* Opportunities for promotion
 | * Skills and qualifications
* Hard work and motivation
* Honesty and reliability
 |
| Producers | * Reliable suppliers
* Loyal Customers
* Profitable Business
 | * Right quality
* Right Prices
 |
| Suppliers | * Reliable customers who pay on time
* Profitable business
 | * Products and services
 |
| Customers | * Quality goods and services
* Fair and affordable prices
 | * Payment for goods/services
* Loyalty and repeated business
 |
| Society | * Local Jobs
* No damage to the environment
 | * Favourable public opinion
* Socially responsible brand name
 |
| Government | * Tax and revenue
* Goods and service for society
 | Tax incentivesGrantsInfrastructure and services |

1. *Competitive Relationship*

This type of relationship between stakeholders is on of win/lose. Only one party will win form the relationship. Therefore stakeholder must compete to gain commercial advantage over the other. This type of approach is suitable when dealing with rival firms

1. *Co-operative Relationship*

This type of relationship between stakeholders is on of win/win. Both parties will win form the relationship. A business with a co-operative attitude will seek opportunities to work in partnerships and not against the stakeholder

1. *Dynamic Relationship*

This is a relationship that can change over time. As the business grows the roles of the stakeholder can change

Examples of relationship

|  |  |  |
| --- | --- | --- |
|  **Stakeholder** | **Competitive**  | **Co-operative** |
| Employee | Keeps wage low | Receive fair wages |
| Investors | Misleading information | Honest informationGood rate of return |
| Customers | Low quality goodsMisleading advertising | Relationship is bases on reliability quality and value |
| Suppliers | Getting a low price for supplies | Receive a fair price and conditions |
| Government | Not paying taxesNot following Laws | Paying taxesComplying with laws |
| Society | Needs may be ignored or cut | Support and goodwill of the local community will lead to the success of the business |

**How can conflict in a business be resolved**

Conflict occurs when the interest of different stakeholders in a business disagree. It results in one party wanting something which conflicts with what the other party is offering E.g employees wanting higher wages but employers not wanting to increase wages

*How can conflict in a business be resolved*

If conflict does arise it can be 1. Ignore or 2. Bully a solution. Ongoing conflict can damage the reputation of a company. A conflict can be resolved in 2 way

* 1. Non-legislative method
	2. Legislative Method

1. Non- Legislative Method

1. Talk

Talk and see is a solution can be reached

1. Negotiations

If a solution can not be reached negotiation may have to take place. This is getting all sides to explain their position understand their difficulties and try to meet half way where both parties are happy

2. Legislative Method

1. Seek help

Taken and adjusted form Business Express