
Chapter 1

Unit 1

People in Business - People in business

Higher Level

Chapter Notes

WHAT IS A BUSINESS

A business is an organisation that produces a good and/or service and supplies 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	3. Employers
4. Employees	5. Managers	6. Producers
7. Suppliers	8. Service Providers	9. Customers
10. Society	11. Government	

1. 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.

2. 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

- a. Owners' capital - Is money invested by people or companies, in return they become partowners of the business. It is also known as equity capital.
- b. Loan Capital - Is finance provided by banks or other lenders. It must be repaid with interest and within a certain time frame.
- c. 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.

3. Employers

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

Right		Responsibilities	
1	To Recruit employees when they need them	1	Providing a written contract of employment
2	Give directions to employee on how to perform their tasks	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

4. 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 fair 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

5. Managers

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

- Plan, organise and control all aspects of the business (People, Finance) (Also know are Management activities) (Try to Remember **Paul O'Connell** is active on the rugby field)
- Have leadership, Motivation and Communications Skills (Management Skills) (Try to remember **Lowest Common Multiple** a skill in Maths)

6. Producers

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

7. Suppliers

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

8. Service Providers

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

- Electricity
- Insurance
- Banks
- Waste management

9. Consumers

Customers These are people who purchase 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.

10. Society

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

11. 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

Def are Organisations that represent the common viewpoint, objectives and goals of a particular group of stakeholders.

Past Exam Questions

2021 Short Q 10
2014 Q1 B

Interest groups are known as pressure groups or lobby groups. Interest groups seek to influence decision makers by lobbying, media campaigns, public protests, boycotts and possible legal action.

For Example, IBEC lobbied the government to not increase the national minimum wage whereas ICTU would lobby the government to increase the national minimum wage.

The role of a 'Interest Groups' in business.

1. Represent - An interest group is an organisation which represents the common viewpoint, objectives and goals of particular group/stakeholders e.g. IBEC, ICTU, IFA, SIMI and ISME
2. Influence decision makers - interest groups seek to influence decisions and policy affecting its members, through various actions including negotiation, lobbying, information campaigns, public protests, boycotting and possibly legal action.
3. promoting a particular point of view - Lobbying is the deliberate effort to influence the decision-making process by with government or with other Organisations. Interest groups may or may not succeed in achieving their desired objectives.

BUSINESS INTEREST GROUPS AND TRADE ASSOCIATIONS

1. Business interest groups

These Organisations represent the interest of business and included the following -

- *IBEC (Irish Business and Employers Confederation)*
 1. Represents employers on industrial relations matters.
 2. Negotiates with government and ICTU on wage agreements.
 3. Advises members on the effects of new EU legislation etc.
- *Small Firms Association*

The speak for and advice small business and they are a part of IBEC
- *Irish small & Medium Enterprise (ISME)*
 1. Speaks and advises small and medium size enterprises.
 2. They are independent of IBEC
- *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 -

- a. SIMI Society of the Irish Motor Industry (Garage and car dealers)
- b. Food and Drink Industry Ireland (FDII) (Food and drinks manufacture in Ireland)
- c. RGDTA - Represent the interests of independent grocery retailers.
- d. 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

- a. Trade Unions that represent employees (ICTU)
- b. National Consumer Agency represent consumers (CCPC)
- c. Consumers Association of Ireland represent consumers (CAI)
- d. Environment and specialist interest groups represent society (EPA)

WHAT RELATIONSHIPS EXIST BETWEEN THE DIFFERENT STAKEHOLDERS

The table below will help to identify and compare a cooperative and competitive relationship.

Stakeholder	Needs	Offers in return
Entrepreneurs	<ul style="list-style-type: none"> • Profit • Finance and Support • Skilled Workers 	<ul style="list-style-type: none"> • Goods and Services • Employment and wages • Taxes
Investors	<ul style="list-style-type: none"> • Return on investment! • Possible share in ownership 	<ul style="list-style-type: none"> • Finance
Employers	<ul style="list-style-type: none"> • Honesty • Reliability • Motivation 	<ul style="list-style-type: none"> • Pay and conditions. • Training • Promotion opportunities
Employees	<ul style="list-style-type: none"> • Good pay and conditions • Secure employment • Opportunities for promotion 	<ul style="list-style-type: none"> • Skills and qualifications • Hard work and motivation • Honesty and reliability
Producers	<ul style="list-style-type: none"> • Reliable suppliers • Loyal Customers • Profitable Business 	<ul style="list-style-type: none"> • Right quality • Right Prices
Suppliers	<ul style="list-style-type: none"> • Reliable customers who pay ontime • Profitable business 	<ul style="list-style-type: none"> • Products and services

Customers	<ul style="list-style-type: none"> • Quality goods and services • Fair and affordable prices 	<ul style="list-style-type: none"> • Payment for goods/services • Loyalty and repeated business
Society	<ul style="list-style-type: none"> • Local Jobs • No damage to the environment 	<ul style="list-style-type: none"> • Favorable public opinion • Socially responsible brand name
Government	<ul style="list-style-type: none"> • Tax and revenue • Goods and service for society 	<ul style="list-style-type: none"> • Tax incentives / Grants • Infrastructure and services

RELATIONSHIPS

Co-operative Relationship

Def A co-operative relationship exists where both parties **work together to achieve a common goal**. It is a **win-win relationship of mutual benefit**, where both sides gain and are better off afterwards than they were before.

Past Exam Questions

2023 Q1 A
2021 Q4 B
2020 Q1 A
2019 Short Q 9
2017 Q1 A
2015 Q1 A

For Example: Two rival car manufacturers share the cost of developing a manufacturing plant. or
Several milk producers work together to create a campaign to encourage consumers to increase their dairy intake/drink more milk.

The Benefits to consumer of competitive Relationship's business

1. Reduced Prices

The consumer benefits from this relationship as the business reduces their prices in order to attract consumers. Established businesses might be forced to lower their prices in order to compete.

This is of financial benefit to the consumer.

2. Sales Promotions/Special offers

Competing businesses regularly offer gimmicks such as 3 for 2, loyalty card points. Some businesses such as Supervalu, Dunnes Stores and Tesco regular offer special sales promotions in order to incentivise consumers. This provides value to the consumer.

3. Improved quality of goods or quality of service

A competitive relationship between businesses can lead to a rival business attempting to maximise the quality of the goods and service they provide. Consumers are offered a wider range of products and are provided with a better service. e.g. Supermarkets offering home delivery.

Competitive Relationship

Def between rival businesses refers to both businesses pursuing a **mutually exclusive or different** goal in an effort to achieve particular objectives at the expense of the other. It is known as a **win-lose relationship**.

Past Exam Questions

2021 Q4 B
2020 Q1 A
2019 Short Q 9
2017 Q1 A
2015 Q1 A

For Example: Car manufacturers such as Volkswagen and Renault compete via; • Quality of goods. • Price of goods. • Customer Service. • Choice of goods and services

Examples of relationship (Past Exam Questions)

Stakeholder	Competitive	Co-operative
Employee	<ul style="list-style-type: none"> Keeps wage low 	<ul style="list-style-type: none"> Receive fair wages
Investors	<ul style="list-style-type: none"> Misleading information 	<ul style="list-style-type: none"> Honest information Good rate of return
Customers	<ul style="list-style-type: none"> Low quality goods Misleading advertising 	<ul style="list-style-type: none"> Relationship is based on reliability quality and value
Suppliers	<ul style="list-style-type: none"> Getting a low price for supplies 	<ul style="list-style-type: none"> Receive a fair price and conditions
Government	<ul style="list-style-type: none"> Not paying taxes Not following Laws 	<ul style="list-style-type: none"> Paying taxes Complying with laws
Society	<ul style="list-style-type: none"> Needs may be cut 	<ul style="list-style-type: none"> 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 interests of different stakeholders in a business disagrees. It results in one party wanting something which conflicts with what the other party is offering. For example, employees wanting higher wages but employers not wanting to increase wages.

Past Exam Questions

2017 Q1 A

2015 Q1 A

How can conflict in a business be resolved?

If conflict does arise it can be 1. Ignore or 2. Bullying a solution. Ongoing conflict can damage thereputation of a company. A conflict can be resolved in 2 way -

1. Non-legislative method
2. Legislative Method

1. Non- Legislative Method

1. Meeting and talking
2. Negotiation
3. Conciliation
4. Mediation
5. Arbitration

See Chapter 3 - resolving conflict in the workplace.

2. Legislative Method

1. Industrial Relations Act 1990
2. Workplace Relations Commission
3. The Labour Court
4. Unfair Dismissals Act 1977 - 2015
5. Employment Equality Acts 1998 - 201

Chapter 1

People in business

Higher Level

Past Exam questions (For this chapter)

SHORT QUESTIONS**2021 - Short Question 10**

Illustrate using example the role of interest groups in business.

2019 Short Question 9

Illustrate your understanding of a co-operative relationship between an entrepreneur and an investor

LONG QUESTIONS**2023- Question 1**

(A) Describe one example of a co-operative relationship and one example of a competitive relationship that could arise between the following stakeholders

- (i) Employer and Employee
- (ii) investors and the manager of a business

2021 - Question 1

(B) Describe a co-operative relationship and competitive relationship between two producers in the same line of business. Use appropriate examples to support your answer.

20 marks

2020 - Question 1

Read the information supplied and answer the questions which follow.

In November 2019, Aldi celebrated 20 years of operating in Ireland. Today the supermarket store has over 200 Irish businesses making products for it. The company's website states: 'We're committed to sourcing the very best produce from the very best local suppliers.' www.aldi.ie

- (A)
- (i) Illustrate how a cooperative relationship between Aldi and its suppliers could arise.
 - (ii) Describe a competitive relationship between Aldi and its rival supermarkets.
 - (iii) Outline how consumers benefit from the existence of competition between rival businesses.

20 marks

2017 - Question 1

- (A)
- (i) Explain the term co-operative relationship between stakeholders in a business.
 - (ii) Describe one example of a co-operative relationship which could arise between each of the following pairs of stakeholders:

- Employer and employee
- Investor and manager of a business
- Producer and consumer.

20 marks

2015 - Question 1

- (A) Describe one example of a co-operative relationship and one example of a source of conflict that could arise between the following stakeholders:

- (i) Investor and Entrepreneur
- (ii) Supplier and Purchasing Manager. 20 ma

