**Chapter 1**

**Unit 1**

**People in Business – People in business**

**Chapter Notes & past Exam Question**

**Question 1**

**(2022 – 2011)**

**WHAT IS A BUSINESS**

Business is an organisation that produces a good and/or service and supply’s 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

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

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| --- | --- | --- | --- |
| **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 |

1. *Employees*

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

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| --- | --- | --- | --- |
| **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 |

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) (Try to Remember **P**aul **O**’**C**onnell is active on the rugby field)
2. Have leadership, Motivation and Communications Skills (Management Skills) (Try to remember **L**owest **C**ommon **M**ultiple a skill in maths)
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 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

**Past Exam Questions**

2021 Short Q 10

2014 Q1 B

**WHAT ARE INTEREST GROUPS**

**Interest groups**

**Def** are organisations that represent the common viewpoint, objectives and goals of a particular

group of stakeholders. 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

**Lobbying**

**Def** refers to a deliberate effort by interest groups to influence decision makers by promoting a

particular point of view. Through negotiation or boycotts

For Example, IBEC lobbied the government to not increase the national minimum wage where as 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 group seeks 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 advices for 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

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 (CAI)
4. 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

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| --- | --- | --- |
| **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 incentives  Grants  Infrastructure and services |

**RELATIONSHIPS**

**Past Exam Questions**

2021 Q4 B

2020 Q1 A

2019 Short Q 9

2017 Q1 A

2015 Q1 A

**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.

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 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.

1. Sales Promotions/Special offers

Competing businesses regularly offer gimmicks such as 3 for2, loyalty card points. Some business such as SuperValu, Dunnes Stores and Tesco regular offer special sales promotions in order to incentivise consumers. This provides value to the consumer.

1. Improved quality of goods or quality of service

A competitive relationship between business can leads 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.

**Past Exam Questions**

2021 Q4 B

2020 Q1 A

2019 Short Q 9

2017 Q1 A

2015 Q1 A

**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**.

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)

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| --- | --- | --- |
| **Stakeholder** | **Competitive** | **Co-operative** |
| Employee | Keeps wage low | Receive fair wages |
| Investors | Misleading information | Honest information  Good rate of return |
| Customers | Low quality goods  Misleading 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 taxes  Not following Laws | Paying taxes  Complying with laws |
| Society | Needs may be ignored or cut | Support and goodwill of the local community will lead to the success of the business |

**Past Exam Questions**

2017 Q1 A

2015 Q1 A

**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

**Chapter 1**

**Unit 1 – People in business**

**People in Business**

**Past Exam Question (Higher)**

**(for People in business)**

**Question 1**

**(2022 – 2011)**

**2021 – Short Question 10**

Illustrate using example the role of interet groups in busines

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**2019 Short Question 9**

Illustrae your understnadin of a co-operative relationship between an enterprenure and an investor

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**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:

1. Investor and Entrepreneur
2. Supplier and Purchasing Manager. 20 marks

**2014 – Question 1**

(B) Describe the role of any two ‘Interest Groups’ in business. 15 marks

**2011 – Question 1**

(A) Outline, using examples, the relationship that can exist between ‘Investors’ and

‘Entrepreneurs’ in business. 15 marks