
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

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 part owners of the business. It is also know as equity capital
- b. Loan Capital - Is finance provided by banks or other lenders. It has to 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

- a) 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)
- b) 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 business that supply the services that are needed by the business

- Electricity
- Insurance
- Banks
- Waste management

9. 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

10. Society

This refers to the local community where the business is 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 or the 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. 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

Past Exam Questions
2021 Short Q 10
2014 Q1 B

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

- 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 on time 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"> Favourable public opinion Socially responsible brand name
Government	<ul style="list-style-type: none"> Tax and revenue Goods and service for society 	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

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 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 business 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 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.

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	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	Paying taxes

	Not following Laws	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

a) Talk

Talk and see is a solution can be reached

b) 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

a) 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 interest groups in business

2019 Short Question 9

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

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 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