Unit 1 People in Business

Stakeholder – the different groups of people who are directly affected by how a business is run.

1. **Entrepreneurs** → people who see a gap in the market and take a risk, using their initiative to turn their idea into a business in the hope of making a profit.

2. **Investors** → those who provide a business with the finance it needs.
   - *Owner's/ Equity capital* = the money invested by the people or companies. In return they become part owners of the business and are entitled to a share in future profits.
   - *Loan capital* = finance provided by banks or other lenders to be repaid with interest in a period of time.
   - *Grants* = provided by state agencies, a gift of money not to be paid back provided certain conditions are met.

3. **Employers & Employees** →
   - *Employers* are those who recruit staff to work for them. They have the right to recruit when necessary, direct employees and dismiss employees fairly. They must provide a written contract of employment, pay wages as agreed, provide safe working conditions and comply with all employment laws.

   - *Employees* are those recruited by a business to assist in return for a wage. They have the right to a contract, fair wages, safe/healthy working conditions and freedom to join a trade union. They must follow instructions, do fair work for pay and be honest/loyal in their work.

4. **Managers** → the people responsible for running the business and achieving its goals. They must plan, organise and control the business. They must have leadership, motivational and communication skills.

5. **Producers** → the businesses that make the products to sell to consumers

6. **Suppliers** → the businesses that supply the raw materials needed by the producer. (*Service providers* → businesses that supply services needed e.g. insurance, banking, transport)

7. **Customers** → people who purchase goods from a business for their own use or for resale to others.
   - **Consumers** are a type of customer that buys goods and services purely for their own use.

8. **Society** → the local/national/international community in which the business is situated.

9. **Government** → local/national authorities that set the rules and regulations by which businesses must operate. They want businesses to provide jobs, pay taxes and obey the law.

Interest groups → organisations representing people (or stakeholders) who share a common interest/goal AKA *pressure groups* – they try to influence decision makers through **lobbying** (deliberate effort to influence decision makers by promoting particular view points), negotiations, boycotts or legal actions.

Business Interest Groups → represent the interests of businesses

- **IBEC** (Irish Business and Employers Confederation) – represents large/medium sized businesses in Ireland. Attempts to influence TUs, the Irish gov, the EU and society.
- **ISME** (Irish Small & Medium Enterprises) – speaks for & advises all small/medium sized enterprises.
- **Chambers of commerce** – aim to protect and promote businesses located in their area.

Trade Associations → business interest groups that represent businesses involved in similar types of activities.

- **SIMI** (Society of Irish Motor Industry) – garages and car dealers
- **FDII** (Food and Drink Industry Ireland) – food and drink manufacturers
- **RGDATA** represents independent grocery retailers
- **IAHS** (Irish Association of Health Stores)

Other Stakeholder Interest Groups

- **Trade Unions** → organisations that represent the interests of employees in a business on issues concerning pay or conditions of employment e.g. SIPTU, ASTI, TUI – The ICTU reps all TUs.
- **National Consumer Agency** → ensures consumers are aware of their rights and that legislation protecting consumers is obeyed
- **Consumers Association of Ireland** → reps and lobbies on behalf of consumer interests.
- Environmental and specialist groups

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The different types of relationships between stakeholders are:

1. Co-operative

A co-operative relationship is one where joint action or effort is required to enable stakeholders to work and operate together so that everybody will benefit. It is a win-win relationship.

2. Competitive

A competitive relationship means the parties are on different sides or have different objectives. They are both trying to out do each other. This is a win lose situation.

3. Dependent

A dependent relationship means both parties need each other in order to be successful. They cannot achieve their goals on their own. They rely on the other people to give them what they want.

4. Dynamic

A dynamic relationship between both parties is constantly changing. Sometimes it is competitive and sometimes it is co-operative.

Examples of Relationships

1. Producers and Interest Groups - Co-operative

A producer is the maker or manufacturer of the good and combines resources to transform raw materials into finished products. He/she aims to satisfy the needs and wants of the consumer
e.g. Irish farmers produce food products

Interest groups are the representative organisations outside the political system which put pressure on other bodies to achieve their aim. This pressure can take the form of letters, petitions, strikes etc. Interest groups attempt to influence policy decisions.

The relationship between producers and interest groups is co-operative when both parties have a common objective e.g. If local hardware store sponsors a music festival in the town, ‘ The Community Together group’ would be satisfied that this would help tourism in the town. However, if this hardware store charged unfair prices to its consumers, then parties would be in opposition to each other.

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2. Entrepreneurs and Investors - Co-operative and Competitive and Dependent
The entrepreneur seeks out opportunities and is willing to take risks e.g. Sir James Dyson.
The Investor supplies the finance for the project after examining a business plan. The investor expects an adequate return. If an investor lends the money this is called debt equity, if an investment is through buying shares, the investor receives a dividend.

The entrepreneur is the 'ideas person' and the investor is the ' money person' The relationship is co-operative if the entrepreneur's idea is favoured and an investor is prepared to advance funds. Both parties benefit, when returns are made. The relationship is competitive if the investor refuses to advance funds for the project.

3. Employer and Employee - Co-operative and Competitive
The employer hires employees to produce goods and services in return for a wage or salary. He/She organises all aspects of the business and hires specific people for specific tasks.
e.g. Baxter provides employment for the Mayo region in Castlebar, Co. Mayo.

The employee provides labour in return for a wage or salary. The employee is affected by union membership, tax rates and the state of the economy.
e.g. A bank clerk provides financial services to consumers and earns a fee on behalf of their employer.

Industrial relations refers to the communication and co-operation process between the employer and employees usually over pay and working conditions. If communication is clear and employers have good interpersonal skills, relationships will be co-operative. If there is a high level of absenteeism and mistrust then relationships will be competitive.