Chapter 1 – People in Business

Stakeholders in Business and their Roles:

Entrepreneur.
Takes the **initiative** (spots a gap in the market) and **risks** (financial and personal) Highly motivated to achieve goals.
Brings the resources of **labour**, **money** and **Raw materials** together in a unit called a **firm** with the objective of making a **profit**

Producers/Suppliers.
Producers refer to the maker or manufacturer of a good who combines resources to transform raw materials into finished products for consumers. e.g. Kellogg's provide breakfast cereals.
Suppliers refer to those who supply the materials needed by others to produce their goods e.g. Agricultural Co-Ops supply grain & corn to Kellogg's for making cereals

Investors.
Prepared to put money into a business venture in order to get a return.
Hope to get a good return but take a risk.
Common way to invest is by buying shares .Return from shares is called a **dividen**d.

Service Providers
People or organisations that provide services to the public or businesses.
Provide a vital range of services for new and existing businesses.
Examples : Accountants, Market research firms, solicitors, banks etc

Employers
An employer is a person who hires another person to work in return for pay.
Reward them with reasonable wages and safe working conditions etc.
Costs for them – Wages, business insurance, PRSI, PAYE, Facilities (canteen etc).
Employers need to be good motivators, and have the skills to run the business.

Employees
An employee is a person contracted to do a particular job in return for a wage/ salary.
Need to be motivated and treated well – fair wage and good working conditions help here.
Have rights and join trade unions to protect themselves.

Hugely important that employer and employee relate well to each other(good industrial relations) to ensure a business runs well and reaches its goals.

Consumer
Purchases goods and services from a seller for their own use.
Household Consumers purchase ordinary goods e.g. bread and butter and durables such as kettles and other electrical appliances.
Businesses consumers purchase items such as machines, equipment, computers, stationary & raw materials.
Consumer needs must be met i.e. they must receive high quality goods at affordable prices or else sales will decline.

Interest Groups
An interest group is an organisation representing a particular body of people who have a common interest.
Try to influence the political and decision making process for their members.
- For example

1. ***The Irish Farmers association*** represent the **interests of Irish farmers** and lobby the government for better treatment.
2. ***IBEC (Irish Business and Employers Confederation):*** Its main objective is to provide one voice which advises and **represents employers** on industrial relations matters. It negotiates on behalf of its members with the Government and the ICTU on industrial relations matters such as wage agreements. It also advises its members where relevant e.g. on new EU legislation.
3. ***ICTU (Irish congress of trade unions)*** which lobbies the government on **behalf of workers**, represents workers on national bodies and gives out information.

Co-operative and Competitive relationships

- **A cooperative relationship** is where the parties in business work together for their mutual benefit – common objectives.
    - **Example 1: Entrepreneur/Investor:** An entrepreneur has a suitable idea and attracts investors to put money into the idea. The entrepreneur makes a tidy profit and the investor makes a good return on their investment – Both are happy.

- **A competitive relationship** is where the parties do not work together, each have different objectives.
    - **Example 1: Entrepreneur/Investor:** A competitive relationship will arise if an investor refuses to advance the funds required to establish a new business or the entrepreneur, having received finance is not living up to the commitments entered into and is defaulting on repayments.

Cooperation is good because:

- Less time wasted; work done more quickly and efficiently
- Promotes good industrial relations.
- Businesses cooperating obtain better prices and services.

Results of competition

- Retailers provide better goods and services at more competitive prices.
- Rivalry and conflict among employees.
- Closure of inefficient firms – loss of jobs etc.

Definition Contract Law

A contract is a legally binding agreement (enforceable by law) made between parties who have the ability to enter into a contract when buying or selling goods and services.

Examples of contracts:

- Football - professional contract
- Sponsorship – contracts with sportstars e.g. Lionel Messi & Adidas
- Buying a house – mortgage contract
- Life Insurance – insurance contract/policy
- Buying everyday goods/services - supermarket shopping etc.

Elements of the Law of Contract:

1. **Offer:**

- **2 people involved** – Offerer (person making the offer) and offeree (person receiving).

2. **Acceptance:**
- When an offeree accepts an offer with all its conditions orally, in writing or by action, it becomes binding on both parties.
- ***An invitation to treat*** is an invitation to a person to make an offer which can be accepted of rejected e.g. a coat in a shop window constitutes this.

If an offer is accepted an AGREEMENT arises!

3. **Consideration**
- Something of value is exchanged... usually money!

4 **Intention to contract**
- Arrangement to meet a Friend for Dinner V's a Bidder at an Auction .....

5. **Legal Purpose**
- For a contract to be valid it must have a legal purpose

6. **Legality of Form(format).**
- A contract must be drawn up in the correct legal form. This is relevant to the written contracts that are more complex e.g. insurance policy, mortgage etc.

7. **Capacity to contract**
- A contract will not be valid unless the parties to it have the legal capacity to bind themselves to it.
- Who has NOT GOT capacity to contract:
- **Infants:** Those Under 18 cannot enter a contract except for the supply of necessities e.g food/clothes etc...
- **Person under the influence of alcohol** has no capacity to contract.
- **Person of unsound mind.**
- **A bankrupt person**

8. **Consent to Contract**
- Both parties to the contract must agree to its
- No pressure

Terms in a contract:

- **Expressed:** written or spoken when undertaking a contract – all parties bound by them.
- **Implied Terms –** neither written nor spoken but inferred in a person's behaviour – checkout operator infers agreement by passing a good over a bar code reader.

Conditions and Warranties

- Terms of a contract are either **conditions** or **warranties**.
- **Condition is fundamental** and if broken may deem the contract null and void
- If a warranty is broken the contract is not ended but there may be a claim for damages.
- **Example:** An opera singer which fails to turn up for the show itself is in breach of a condition whereas not attending rehearsals is only in breach of warranty.
- Any breach of contract is bad for business relationships.

Termination of a contract

1. **Performance:** When a good or service is bought and paid for e.g. a construction company complete a contract to build a road – then it is terminated.

2. **Agreement:** The parties to the contract agree to end the contract e.g. divorce, employee/employer – work a months notice etc.
3. **Frustration:** If an unforeseen event occurs that makes the performance of a contract impossible the contract is terminated e.g. a party to a contract dies – Michael Jackson & O2 Concerts in London.
4. **Breach:** If one party to a contract has failed to perform their obligations or breaks a condition e.g Adrian Mutu drug-taking at Chelsea & was sacked – contract cancelled.

   Remedies for Breach of contract
   - **Damages:** financial compensation
   - **Specific Performance:** A court order instructing the party to perform their obligations as originally agreed
   - **Rescind/Abandon the contract:** The contract is cancelled and each of the parties is put back into the position they were in before the contract was made.