

Unit 1: People in Business

Entrepreneur:

- Those setting up new businesses are called entrepreneurs
- They must take the initiative(identify a gap in the market) to set up a new good or service and bring together the factors of production land, labour and capital to set up a business.
- Entrepreneurs take the risks involved when setting up a business
- The reward is profit

**e.g. John Pemberton a pharmacist
invented the famous soft drink
Coca Cola (1886)**

Investors:

**-An investor is a person who gives
the finance (capital) required for a
business in exchange for a return
in that business. This is called
equity finance. E.g. A common
way of investing money is to buy
shares. The investor becomes a**

shareholder and shares in its profits by receiving a dividend.

-The investor can lend money to the entrepreneur but his must be paid back. This is called debt equity. E.g. Bank of Ireland loaned Brody Sweeney £21,000 to open the first O' Briens sandwich bar.

Employer:

-Eventually, entrepreneurs will need to hire staff to help run the business, therefore they become employers.

-An entrepreneur may not have the skills needed to run the business and therefore he/she will need to hire managers and experts e.g. a restaurant owner may need to hire a manager and a chef .

- Employers have to bear many costs

(a) wages and the cost of preparing this weekly

(b) PRSI- employees and employers contribute to this but the employers contribution is greater

(c) Insurance premiums

**(d) Workplace facilities e.g.
canteen, parking, toilets.**

Employee:

- An employee is a person who works for an employer in return for a wage

- An employee carries out the essential tasks to make the business a success

- Those employed in management positions will be paid more than other workers due to their responsibilities.

- **Employees may need motivation and ongoing training e.g. giving a reward at the end of the month for performance**
- **Many employees join trade unions**

Consumer:

- **This is a person who purchases goods and services at a given agreed price as set out in the market**
- **A consumer aims to satisfy their needs and wants purchasing**

necessity goods and luxury goods

- **When a consumer purchases a good or service then they enter a contract. The receipt is proof of this purchase.**

Producer:

- **Producers are successful entrepreneurs who supply the market with finished and partly finished goods**
- **A producer can also be described as a supplier because he/she supplies goods to**

consumers and also raw materials to other firms

- When a supplier agrees to provide raw materials for the production process, he/she enters a contract with the producer.**

Service Providers:

-This is where firms supply services to businesses.

- These services include , Market research agencies, financial institutions, Accountants, Solicitors, Insurance companies,

Employer and employee associations like IBEC and Advertising agencies.

Interest Groups:

- An interest group is an organisation representing a particular body of people who have a common interest**
- Interest groups promote and protect members interests**
- Trade Unions are interest groups representing workers e.g. SIPTU, ASTI**

The Dynamic Relationship

- This means that the relationship in business is always changing. A

person may be an employee in the morning, a consumer at lunchtime and an investor by evening.

- All of the stakeholders are needed in business and are interconnected. The entrepreneur needs the investor for capital and the investor needs the entrepreneur for the ideas, the employer needs the employee to do work and the employee needs the employer in order to earn a wage.

- These relationships are ever changing.