

# Relationships in Business

( You must be aware of all business relationships and how relationships are co-operative and competitive).

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

e.g Elverys sports working with a local gym ( both promoting each other) for mutual benefit of sales on Elverys gear and equipment and an increase in the gym membership.

**A competitive relationship** means the parties are on different sides or have different objectives. Firms compete on the basis of price, quality and labour.

e.g. Nokia decrease the price of their phones to undercut other companies therefore increasing their market share.

Relationships between:

## **1. Producers and Interest Groups-**

**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.

## **2. Entrepreneurs and Investors-**

The entrepreneur seeks out opportunities and is willing to take risks e.g. Padraic O Ceidigh of Aer Arann identified the need for domestic flights in Ireland

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 entrepreneurs 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-**

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.

(be able to examine all the relationships from the business stakeholders)