

People In Business – Higher Level

Explain the relationship between producers and interest groups in business. (15m)(LCHL 1999)

Marks: Role of producers 5 marks; role of interest groups 5 marks; the relationship between them 5 marks.

A SAMPLE ANSWER:

- **Producers** make/supply goods or services, thereby satisfying wants/needs. The reward they expect is profit, which they earn by charging prices, which more than cover their costs.
- **Interest groups** are groups of people who seek to influence decision-making authorities such as Government or EU in a way that suits their particular concerns, e.g. Consumers Association of Ireland, Greenpeace.
- **Relationship:** Pressure from interest groups may force producers to do things which raise their costs (e.g. changing production methods, to reduce pollution). On the other hand a producer responding favourably to an interest group is likely to benefit from better public relations.