Notes: Stakeholders

1. What Are Stakeholders?

Stakeholders are **individuals or groups** who have an **interest in**, or are **affected by**, the activities of a business.

Examples of Stakeholders:

- Owners / Shareholders
- Managers
- Employees
- Customers
- Suppliers
- Government
- Local community
- Banks / lenders
- Pressure groups

2. Internal vs External Stakeholders

Internal Stakeholders

These are inside the business.

- **Owners / Shareholders**
- **Managers**
- **Employees**

External Stakeholders

These are outside the business but affected by it.

- **Customers**
- **Suppliers**

- **Government**
- **Banks / Lenders**
- **Local Community**
- **Pressure Groups**

3. Stakeholder Objectives (What Each Group Wants)

1. Owners / Shareholders

- Profit
- Growth
- Higher share value
- Survival of the business

2. Managers

- Job security
- Higher salary
- Good performance of business
- Promotion

3. Employees

- Good wages
- Job security
- Safe working conditions
- Training & opportunities

4. Customers

- Good quality products
- Low prices
- Good customer service

- Safe and reliable goods

5. Suppliers

- Regular and large orders
- Prompt payment
- Long-term contracts

6. Government

- Taxes
- Employment opportunities
- Business obeying laws
- Safety and environmental standards

7. Local Community

- Jobs for local people
- No pollution or noise
- Support for local development
- Responsible behaviour

8. Banks / Lenders

- Interest payments
- Loan repayment on time
- Financial stability

9. Pressure Groups

- Ethical behaviour
- Environmental protection
- Fair treatment of workers

4. Conflicts Between Stakeholders

Different stakeholders have **different aims**, which may clash.

Examples:

- **Owners vs Employees:**
  Owners want lower costs → may reduce wages.
  Employees want higher wages.
- **Customers vs Owners:**
  Customers want low prices.
  Owners want high profit (may increase prices).
- **Government vs Business:**
  Government wants businesses to follow strict safety laws.
  Business wants lower costs (may resist regulations).
- **Community vs Business:**
  Community wants less pollution.
  Business may want cheaper waste disposal.

This is an important exam point.

5. Why Stakeholder Conflict Happens

- Limited resources (money, time, labour)
- Different priorities
- Short-term vs long-term goals
- Profit vs responsibility issues
- Ethical vs financial decisions

6. How Businesses Respond to Stakeholders

Businesses must balance stakeholder interests.

Methods include:

- Communication and meetings
- Negotiation (e.g., wage agreements)
- Compromise (adjusting prices/wages)
- Corporate Social Responsibility (CSR)
- Environment-friendly practices

- Community engagement

How they respond depends on:

- Power of stakeholder (e.g., government has high influence)
- Importance of stakeholder (customers are crucial)

7. Why Stakeholders Are Important

Stakeholders matter because they:

- Influence business decisions
- Affect the business reputation
- Can help or harm the business
- Provide resources (employees, suppliers, money)
- Are necessary for survival

Understanding stakeholders helps businesses make better, ethical, and long-term decisions.

Summary

Stakeholders

People/groups affected by or interested in a business.

Internal Stakeholders

Owners, managers, employees.

External Stakeholders

Customers, suppliers, government, community, banks, pressure groups.

Stakeholder Objectives

Profit → Owners
Job security → Employees
Low prices and high quality → Customers
Taxes & laws → Government
Ethical actions → Community & pressure groups

Conflicts

Due to different aims, e.g.:

- Owners vs employees
- Customers vs owners
- Community vs business

Importance

They influence decisions and business success.