What is a Stakeholder?

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1. What is the main topic of the video?

○ a.) Types of businesses

○ b.) Stakeholders in a business

○ c.) Business profits

2. How can stakeholders be categorized?

○ a.) Internal and external

○ b.) Large and small

○ c.) Local and international

3. Who is considered an internal stakeholder?

○ a.) Customers

○ b.) Employees

○ c.) Suppliers

4. What do shareholders want from a business?

○ a.) Job security

○ b.) Maximum profit

○ c.) Good quality products

5. What is one objective of employees?

○ a.) High profits

○ b.) Good levels of pay

○ c.) Lower prices

6. How might a wage increase affect shareholders?

○ a.) It would increase profits

○ b.) It would reduce profits

○ c.) It would have no effect

7. What could happen to customers if wages increase?

○ a.) Prices may increase

○ b.) Quality will improve

○ c.) They will receive more products

8. What do pressure groups want from businesses?

○ a.) More profits

○ b.) To influence business decisions

○ c.) Lower prices

9. What is a potential conflict between employees and shareholders?

○ a.) Employees want higher wages, shareholders want lower costs

○ b.) Employees want more products, shareholders want fewer products

○ c.) Employees want to work more hours, shareholders want to pay less

10. What is one way to resolve conflicts between stakeholders?

○ a.) Ignore the issues

○ b.) Raise wages gradually

○ c.) Cut all costs immediately

Transcript

what is a stakeholder this video is going to
look into the typical stakeholders of a business how the business can impact these stakeholders
and why these stakeholders may come into conflict with one another over certain business decisions what is a stakeholder a stakeholder is
anyone that has an interest in a business stakeholders can have an impact on a business or be impacted by the business these people can be individuals groups of people or other organizations before we go into the types of stakeholders it's important
to know that these stakeholders can be split into two different types internal and external
stakeholders internal stakeholders are people whose interest in a company comes through a direct
relationship from within the business such as shareholders these are internal as they are part
owners of the business due to them holding shares in the business it's important to distinguish the
difference between a stakeholder and a shareholder a shareholder has shares in the business which
means they own part of the business however because they own a part of the business they
are also a stakeholder as they have an interest in the business being successful as it will
result in them receiving a share of the profits employees are internal stakeholders as they
carry out the day-to-day activities the business requires these tasks are usually delegated by the
managers managers are also internal stakeholders as they work directly for the business and are in
charge of implementing the vision of the owners in contrast to internal stakeholders external
stakeholders are those who do not directly work for the company but are affected in some way
by the actions and outcomes of the business examples of these are customers they

buy the
products or service offered by the business and therefore have an interest in the business's
long-term success suppliers these are external to the business as they are an organization
in themselves or responsible for providing the business with products or services the local
community is anyone located nearby to the business they have an interest in how the business
operates in their local community pressure groups have a shared goal and try
to influence the decision made by a business in pursuit of this goal and finally government
this can be both local or central government and they want businesses to provide employment
and pay taxes now we know the different stakeholder groups let's look at what each
stakeholder wants in terms of their objectives stakeholder objectives stakeholders have their
own objectives and expectations of a business these objectives will vary by stakeholder
and here are some of the common objectives for the different stakeholder groups shareholders
want maximum profit a long-term growth managers want a good salary and opportunities for further
career progression employees want good levels of pay job satisfaction and job security and may also
have an interest in career progression just like managers customers want a good quality and range
of products at reasonable prices suppliers want to receive payments on time and regular orders the
local community so people living within the area may be looking for work which local business can
provide to them pressure groups want to increase awareness of their cause and influence the
business to make decisions that further their goal i.e animal rights groups may pressure cosmetic
companies to stop testing on animals government governments want businesses to

create more jobs
in order to raise more money from taxes and save money on benefit payments as you can see each
stakeholder has their own set of expectations for a business and depending on how the business
acts this will affect stakeholders in different ways effects of business activity on stakeholders
each of these stakeholders is affected differently by what direction the business takes
and which stakeholders they prioritize let's look at an example at mcdonald's which has
been pretty popular over recent years there's no doubt mcdonald's is a huge success in the business
world this has led to employees rightly or wrongly arguing due to mcdonald's success they are
entitled to a higher hourly wage this has been known as a fight for 15 as they believe this
wage should be 15 pounds an hour due to this mcdonald's needs to decide which stakeholders
they want to prioritize as a wage increase will not only impact the employees but will directly
impact all stakeholders possibly in the following ways shareholders the effects of a wage increase
on shareholders would most likely be negative the wage increase would mean a large increase in
costs for mcdonald's and would see wages rise to almost double this would result in a reduction
in profits and a possible reduction in share price and dividend payments to shareholders managers
will potentially see their salaries increase to ensure they are incentivized to still
take on their additional responsibilities if this did not happen it will be demotivating
as an employee with less responsibility would receive an equal or even a higher wage
than managers employees this will be a positive for the employees as they will see their wages
rise to 15 pounds an hour which will mean they are better off financially it may push mcdonald's
towards a more automated system as we've seen with the touchscreen ordering

system as staffing
may need to be reduced to keep costs down customers could see an increase in prices or a reduction in quality as mcdonald's would try to recover some losses from suppliers
therefore reducing quality or by raising prices suppliers may see mcdonald's try to negotiate
a better price for its product or even find new suppliers that are willing to lower their prices
people in the local area may now be financially better off this means they will be able to spend
money in the local area and in turn could boost the local economy pressure groups that lobbied
for the wage increase will be satisfied and this will reduce the pressure on the business from such
activists the government will now be earning more money annually as people repaying more income
tax or potentially decreasing their reliance on financial support from the government stakeholder
impact ultimately their decision will come down to which stakeholder mcdonald's deems to have
the greatest impact on the future growth of the business as the action stakeholders take can also
have an impact on the business in the same way in which the actions of the business can impact
the stakeholder what impact can the stakeholders have on a business shareholders have a significant
impact as they fund the business if they dislike what they see they could sell shares which
could see billions wiped off the company's value managers make decisions at a lower level but can
still impact the culture and effectiveness of a businesses day-to-day operations employees
have relatively low influence on a business at an individual level however collectively they can refuse to work and take strike action customers can stop using a product or service and
are responsible for spreading either a positive or negative message about a business

through word
of mouth in person or on social media suppliers could refuse to provide a business with the
goods it needs to operate local communities and pressure groups can oppose business
operations and try to stop certain acts happening that the local community and these pressure groups
don't agree with finally the government can pass laws that must be followed and these can have
a massive impact financially and on the way the business operates with all groups having different
objectives and a different level of impact this means that when issues arise such as a wage
increase to 15 pounds then this puts stakeholders in conflict with one another as each one wants
a different outcome from the issue stakeholder conflicts conflicts between stakeholders will
occur and it's something a business must navigate sensitively let's use the mcdonald's wage rise
to look at where conflict may occur on this issue employee versus shareholders employees want 15
pound an hour in order for them to become more financially stable on the other hand shareholders
want to make as much money from their investment in the business as possible and ideally want
to pay as little as possible to employees as this will maximize profits the two stakeholders
have totally conflicting interest in the business and both objectives cannot be met at
the same time if mcdonald's decides to pay the 15 pounds immediately then this will
increase operating costs and reduce profits impacting shareholders negatively on the other
hand if mcdonald's pay their employees too low in order to give shareholders maximum profits then
this could mean employees not wanting to work for mcdonald's and taking strike action again
mcdonald's needs to try and strike a balance between profits and employee wages

which will
satisfy both the shareholder and the employees another conflict over the issue may be between
employees and customers these may be in conflict due to the employee wanting higher wages
but the customer wanting no price increases these wants are conflicting as higher wages could
result in mcdonald's raising their prices to cover the increased wage bill if the business
handles both of these conflicts well then this will usually result in a compromise being
made that each stakeholder can live with such as raising the weight of ten pound for the commitment
being made to increase to fifteen pounds over a five year period this may make employees
feel they've been heard and shareholders would have time to see how these changes would
impact profits and prices for the consumer we appreciate you watching this video to
the end and if you've made it to the end don't forget to click the thumbs up button and
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