

# Learning outcome will see students being able to :

A.C. .1.2- Describe the extent to which an organisation meets the objective of different stakeholders-

# Stakeholders And Their Role In Business Organisations

- \* Businesses must be aware of the various groups that they interact with for the successful running of the business.

## Role of Owners

- \* They must provide the resources that are required for the business to operate efficiently. These include the employment of workers, identifying suitable premise and procuring machinery, equipment and raw materials. They must make timely decisions to ensure that the business remains profitable. They must motivate employees to perform well.

# Stakeholders And Their Role In Business Organisations

## \* **Employees**

They are employed to carry out assigned tasks to achieve the company's objectives. Employees must work efficiently to accomplish tasks assigned. Accomplishing tasks may require teamwork and therefore employees must have good interpersonal skills. Employees must adhere to the rules and relations of the company.

# Stakeholders And Their Role In Business Organisations

## Customers

- \* They are the supporters of businesses in the economy. They purchase goods and services to satisfy their needs and wants.

Role of Customers- They assist businesses in indentifying the goods and services to be produced based on their demands. They also help business to identify changing trends in the market and so prepare business operators for future demands.

# Stakeholders And Their Role In Business Organisations

**Society**-Businesses must be aware of the society as a whole, how its activities affect it and not only those who are customers.

## Role of Society

The production process may cause air pollution and discharge of harmful waste into rivers and seas. The society keeps businesses in check by making them aware of their impact on society. They write letters to the company and the media and speak on talk shows.

# Stakeholders And Their Role In Business Organisations

## Government

- \* “They are the managers of the economy within which the business operates.

Role of Government -Regulate business activities to protect consumers. Government agencies ensure product standards as well as that various legislations are adhered to ensure the protection of consumers’ rights”.

Wizznotes.com (2011)

# Stakeholders And Their Role In Business Organisations

- \* Board Of Directors- “A group of individuals that are elected as, or elected to act as, representatives of the stockholders to establish corporate management related policies and to make decisions on major company issues. Every public company must have a board of directors. Some private and nonprofit companies have a board of directors as well.” Investopedia.com (2016)

# How do Governments affect business organisations ?

- \* “Governments establish many rules and regulations that guide businesses. Businesses will normally change the way they operate when government changes these rules and regulations. Government economic policy and market regulations have an influence on the competitiveness and profitability of businesses. Business owners must comply with regulations established by federal, state and local governments”. [Smallbusiness.chron.com](http://Smallbusiness.chron.com) (2016)



# Impact of government on business organisation

- \* The government can implement a policy that changes the social behavior in the business environment. For example, the government can levy taxes and pass laws.
- \* **Tax and band on** – Cigarettes hoped to reduces usage along the band on smoking in public spaces.
- \* **Tax on phone calls**, - while this move is intended to raise more money for the government it has the potential to reduce the profitability of the “business” as consumers my decide to purchase less talk time as its now more expensive.
- \* **Removal of band**- recently the Chinese government lifted the band of 1 child per family this means that with new /increases in births , production and demand of certain products relating to newborns and pregnant women will increase.

# How Business Strategies shape Responsibilities and performance

- \* “How you define your business strategy will determine the direction of your business and what it will look like in the future. By defining your business strategy clearly, you can develop your business or growth plan to achieve your business and personal goals. your business strategy sets priorities for the company and management team and helps you attract and retain the talented workers you need. Although each department in your company may focus on different priorities to accomplish specific tasks, these priorities should not conflict with the overall strategic direction of the company”. Entrepreneurship.org (2015)

# Objectives of For Profit Organisations

- \* Efficiency
- \* Profits
- \* Return on Capital Employed
- \* Customer Satisfaction and Loyalty
- \* Market Share
- \* Growth
- \* Sales

(will provide definition for each)

# Objectives of Non- Profit Organisations

- \* Service
- \* Membership
- \* Donations
- \* Sponsorship
- \* Improved Standard of living
- \* Improved access of social benefits and welfare programs

# Key Terms

- \* Return on capital Employed( ROCE)
- \* Profit
- \* Objectives
- \* Stakeholders
- \* Membership
- \* Donations
- \* Social benefits

# Reference

## \* ONLINE RESOURCES

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- \* Smallbusiness.chron.com (2016)- How does Government Policies affect Business Organisations-{online} Available at  
<http://smallbusiness.chron.com/>- accesses January 8,2016
- Wizznotes.com (2011)- Stakeholders And Their Role In Business  
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## LIBRARY RESOURCES

Business Studies For You 2nd edition - David Needham and Robert Dransfield (Nelson Thornes) Pages 59-89