



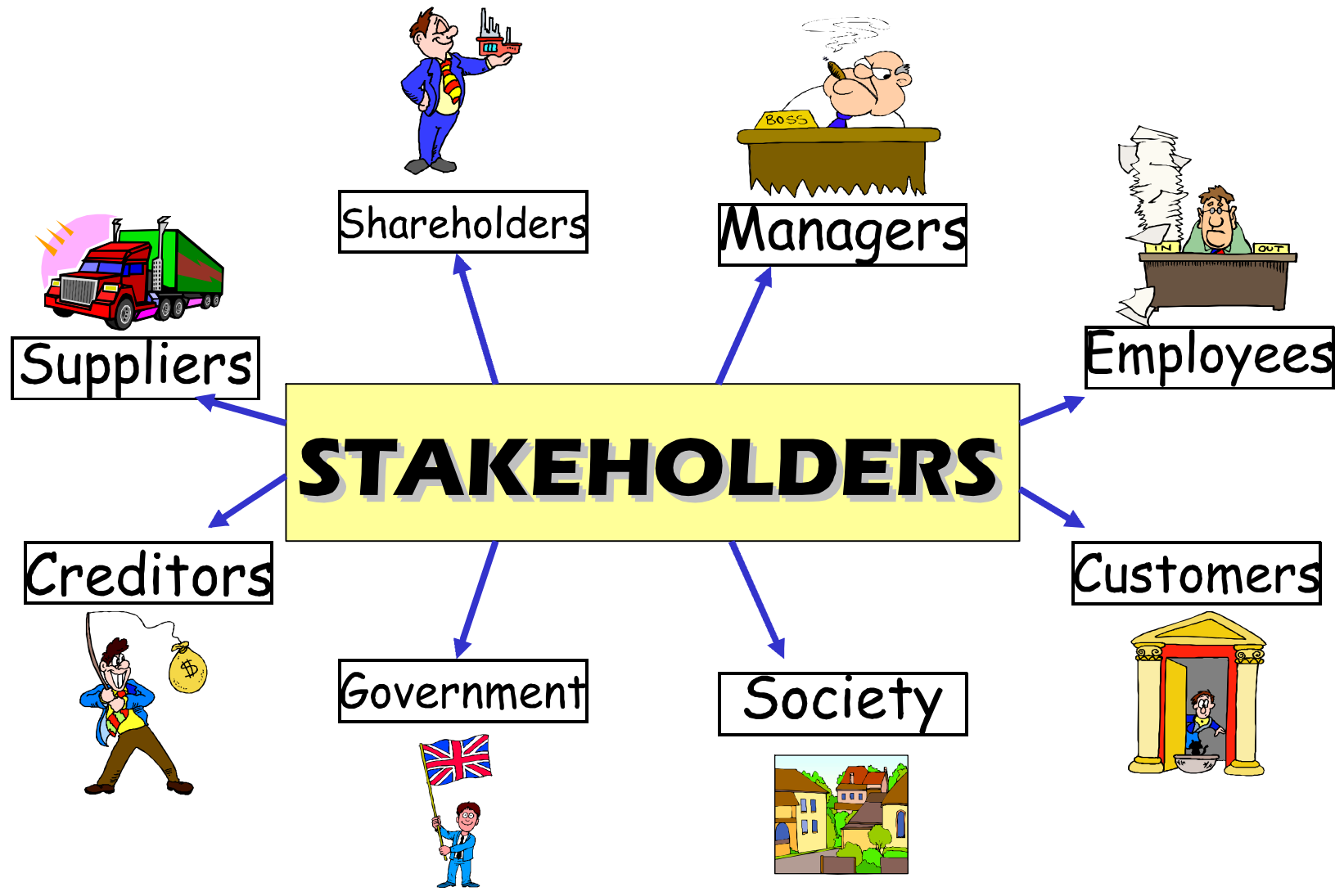
The People Affected By A Business

- Businesses cannot exist in isolation; they rely upon, and are affected by many different groups of people
- Collectively, these groups of people are known as **STAKEHOLDERS**
- This is because they effectively have a stake in the success of the business.





Who Are The Stakeholders?





The Shareholder Concept

- Traditionally business have been most concerned about satisfying shareholders
- They are the owners of the business!
- This has become known as the **shareholder concept**
- This often led firms to maximise **shareholder value** - i.e. the share price.



Why Consider Other Stakeholders?

- Many firms now use the **stakeholder approach** because it:
 - increases motivation and loyalty
 - means they are less likely to be targeted by a pressure group
 - means they are more likely to get good publicity
- The problem with using the stakeholder approach is that it is impossible to please everyone
- As such, difficult and unpopular decisions have to be made