A-LEVEL BUSINESS • EXERCISE SHEET

1.5 Stakeholders in a business

Name: ______________ Class: __________ Date: ____________ **Total: 29 marks**

KEY WORDS stakeholder 利益相关者 • external 外部 • internal 内部 • external stakeholders 外部利益相关者 • conflict 冲突

Objective

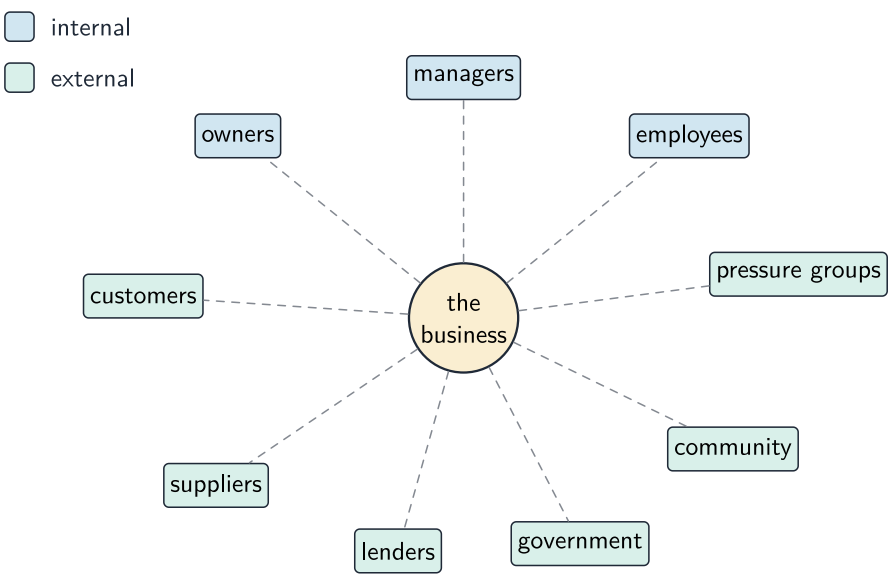
Build the skills to answer exam questions on **stakeholders 利益相关者** — who the **internal 内部** and **external 外部** stakeholders of a business are, what each one wants, and why their objectives **conflict 冲突**.

You must be able to:

- name internal and external stakeholders and their main objectives
- explain why stakeholder objectives conflict
- analyse and evaluate a decision from different stakeholders' points of view

1 Worked examples

Who the stakeholders are



Internal: owners, managers, employees. External: customers, suppliers, lenders, government, community, pressure groups

- **Internal:** owners (profit), managers (growth, bonuses), employees (pay, security).

- **External:** customers (quality, fair price), suppliers (paid on time), lenders (repayment), government (tax, law), community (jobs, low pollution).
- **Conflict:** owners want higher profit, but employees want higher pay — and higher pay lowers profit.

Answer shapes: an **Evaluate [12]** answer on a decision should view it from **more than one stakeholder**, weigh the gains and losses, then judge *in context*.

2 Practice

2.1 Define the term *stakeholder*. [2]

2.2 State two **internal** stakeholders of a business. [2]

2.3 State one objective of a **supplier** and one objective of the **local community**. [2]

3 Exam-style questions

3.1 Explain one reason why the objectives of two stakeholder groups might conflict. [3]

3.2 A factory plans to introduce night-shift working to raise output. Analyse the impact of this decision on **two** stakeholder groups. [8]

3.3 A business is deciding whether to close a loss-making factory and move production abroad. Evaluate this decision from the viewpoint of its stakeholders. [12]

Solutions

Business answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

2.1 any person or group with an interest in a business and how well it performs (2 for a clear definition; 1 for a partial idea).

2.2 any two of: owners/shareholders; managers; employees (1 + 1).

2.3 supplier — regular orders and to be paid on time; local community — jobs with little pollution or noise (1 + 1).

3.1 *[3]* **AO1** 1 — identify two groups whose aims clash. **AO2** up to 2 — develop the conflict, e.g. owners want a higher profit margin so they push for lower wages, but employees want higher pay, so the two aims cannot both be met fully (2 developed / 1 limited).

3.2 *[8]* For **each** of two stakeholder groups: **AO1** 1 + **AO2** 1 + **AO3** up to 2. Example chains — *employees*: night shifts → unsocial hours and tiredness → lower morale, but possible shift premium pay. *Owners*: higher output → more sales and profit, but higher wage and energy costs. Maximum 4 per group, 8 total.

3.3 *[12]* **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. **Gains:** owners cut losses and lower costs abroad; customers may keep lower prices. **Losses:** local employees lose jobs; the community loses income; suppliers lose orders; reputation may fall. Judgement: the decision can be right for the owners' survival, but the social cost is high — so it depends on the size of the loss, the alternatives, and how the firm manages the closure (e.g. retraining, notice).