

STAKEHOLDERS

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Defination

Stakeholder are those individuals, group, or party that has some interest in a company and can either affect or be affected by the business. Stakeholders may include customers, employees, investors, and various other groups of people. Different stakeholders have different interests, and companies often face trade-offs in trying to please all of them.

Type of Stakeholders

Stakeholders can be direct or indirect to an organization.

- **Direct stakeholders** are people whose interest in a company comes through a direct relationship, such as employment, ownership, or investment.
- **Indirect stakeholders** are those who do not directly work with a company but are affected somehow by the actions and outcomes of the business or affects the business by their activities.Public groups,Media,Government are some examples of Indirect Stakeholder.

Understanding Direct Stakeholders

- **Customers** : They are the most important direct stakeholder as they are the ones who will purchase their product.If they don't like the product they will not buy it leading to the less sell for the product and eventually leading to the loss for the company.
- **Employees** : Employees are the basic entity of any business , companies major performance depend on how their employees perform. If they coordinate well with each other then they will perform good resulting in good performance of the company.

Understanding Indirect Stakeholders

- **Public Groups** : Lets say an industry emits more than the allowed amount of carbon dioxide then the people of that neighbourhood will be affected with their health and they will have to suffer the deeds of the industry.
- **Media** : They are an important indirect stakeholder as they can create a lot of hype for a new startup which will lead to huge publicity while media can criticise it badly leading to the downfall of the company.



Importance

Stakeholders are important for a number of reasons. For direct stakeholders like the developers, employees, investor etc, by their combined effort they have made the product. They will work every day to increase the performance of the company.Indirect stakeholders on the other hand can affect the business indirectly. For instance, customers can change their buying habits, suppliers can change their manufacturing and distribution practices, and governments can modify laws and regulations. Also they provide feedback during the entire product development , which can positively influence the product and company's success.In turn company can earn continued and new stakeholder loyalty. Ultimately, managing relationships with direct and indirect stakeholders is an important key to the business's long-term success.

Problems with stakeholder

A common problem that arises for companies with numerous stakeholders is that , different stakeholder will have different interests and they may not align. In fact, the interests may be in direct conflict. For example, the primary goal of a corporation, from the perspective of its shareholders, is to maximize profits and enhance shareholder value. Since labor costs are unavoidable for most companies, a company may seek to keep these costs under tight control. This is likely to upset another group of stakeholders, its employees.Also there are other general problems for example if we take customer as our stakeholder then they can sometime mis-lead their real needs, like they want something else and translate something else.The most efficient companies successfully manage the interests and expectations of all their stakeholders.

Summary Using Example

Lets take an user case of an OTT platform like amazon prime , netfix etc .We all enjoy watching a variety of movies or web series on these platforms, now let's see some of the stakeholders of this scenario :

- **Subscribers** : Subscribers are one of the most important direct stakeholders of an OTT platform which are affecting the performance of the system by interacting with the software through touch sense. They create a user-id through which they sign up and then take the required subscription, which is the major source of income for that platform.
- **Developers and Programmers** : The next important direct stakeholder is the Developers and programmers of that platform who has designed and wrote the code of that platform by understanding the need of the users.
- **Employees maintaining Platform**: There will be some employees who will take care of the platform once it is completely made. They will fix the bugs based on user feedback to ensure the platform is smoothly running. They are also direct stakeholders.
- **Finance Team**: They are the direct stakeholders who would give the salary to all the employees and manage the accounts of the company.
- **Payment Processing Service Provider**: For Subscription, the users have to pay some amount to the service provider through online transactions(or some apps like PayTM, etc.). They are also direct stakeholders.
- **Internet Service Providers**: They are the indirect stakeholders which provide us internet which is needed for watching the content online.
- **Writer,Director,Artists**: They are important indirect stakeholders who will get featured or can say they will act/write/direct in the film to be streamed.If someone's favorite actor/writer/director will be in the movie they can take the subscription specifically to watch their movie.
- **Media**: They are an important indirect stakeholder as they can hype the movie or criticize it badly decreasing the no. of viewers.
- **Publicity Team**: Indirect stakeholder who will manage the publicity of the movie like going to different popular shows or posting about it on social media, etc.
- **Critics**: They are also important indirect stakeholders as their review matters a lot for a general audience.
- **Electricity Provider**: If we use a Wi-fi router for the internet and if there will be no electricity then we will not be able to watch the movie if it is not downloaded. Or say your device gets uncharged then also we will not be able to watch it. They will be an indirect stakeholder.