

## 1.4 Stakeholders

# The big picture

As you read in [Section 1.3.1 \(/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/vision-and-mission-statements-id-36847\)](/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/vision-and-mission-statements-id-36847), businesses are concerned with value creation. You saw that the issue of value is not only about *what* value is created, but also *for whom*. This raises some interesting questions:

- To what extent do businesses have a responsibility to distribute value to a wider range of stakeholders, rather than just delivering profits to shareholders?
- To what extent would distributing value more widely promote the longevity and resilience of the business?
- To what extent might stakeholders share long-term interests?

Historically, business leaders believed that the management of a company should simply concern itself with the profits generated for, and distributed to, the shareholders; they believed it was the responsibility of the government to think about the environmental or social costs.

These days, the thinking around profitability has shifted and more emphasis is now placed on meeting human needs within planetary boundaries. Leaders in the business world increasingly share the view that profitability should not come at the expense of the other stakeholders in the company, and a business can be both profitable and socially/environmentally sustainable at the same time. As mentioned in [Section 1.3.1 \(/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/vision-and-mission-statements-id-36847\)](/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/vision-and-mission-statements-id-36847), the book [Net Positive \(http://ig.ft.com/sites/business-book-award/books/2021/longlist/net-positive-by-paul-polman-and-andrew-winston\)](http://ig.ft.com/sites/business-book-award/books/2021/longlist/net-positive-by-paul-polman-and-andrew-winston), by ex-Unilever CEO Paul Polman and sustainable business expert Andrew Winston, discusses this approach.

This subtopic will focus on the role of stakeholders in a business. A stakeholder is any individual or group that affects, or is affected by, an organisation. Because stakeholders are interconnected, their interests may come into conflict and require negotiation and compromise. You may have experienced stakeholder conflicts yourself, such as:

- disagreements and compromises between coaches and athletes
- a conflict of interest between parents and their children

- a difference of opinion between teachers and school management

This subtopic explores stakeholders and their relationships, as well as areas of mutual interest and areas of conflict.



**Figure 1.** Stakeholders are interconnected and may experience conflict at times.

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