**BBSI011: Week 2 Stakeholders**

**Tutorial A worksheet**

# Activity 1: Concept check: Stakeholders

1. Who are stakeholders?

A **stakeholder** is an individual or group that has a legitimate interest in a company, organisation, or business. The Stanford Research Institute defines stakeholders as “those groups without whose support the organisation would cease to exist." Stakeholders can affect or be affected by the actions (or inactions) of a business, and they can exist both within and outside of a business.

1. What is the positive and negative effect of social impact on stakeholders?

### Positive Effects on Stakeholders

### Community Development: Initiatives can lead to improved infrastructure, education, and health services in local communities, enhancing the quality of life.

### Economic Growth: Job creation and skill development can boost the local economy, providing stakeholders with better employment opportunities and income sources.

### Environmental Sustainability: Efforts to reduce carbon footprints, manage waste, and conserve natural resources can lead to a healthier environment for all stakeholders.

### Innovation and Collaboration: Social impact projects often require innovative solutions and partnerships, fostering a culture of collaboration and creativity among stakeholders.

Increased Stakeholder Engagement: Positive social impacts can improve relationships with stakeholders, leading to increased loyalty, trust, and engagement with the organization.

### Negative Effects on Stakeholders

### Displacement and Gentrification: Development projects can lead to displacement of local communities and gentrification, adversely affecting the original residents' housing and living conditions.

### Environmental Degradation: Business operations without proper sustainability measures can lead to environmental damage, affecting the health and well-being of local communities and ecosystems.

### Economic Disparity: If economic benefits are not equitably distributed, it can lead to increased inequality, where only a small portion of stakeholders benefit.

### Cultural Erosion: Some projects, particularly in vulnerable or indigenous communities, can lead to a loss of cultural heritage and identity.

Dependency: In some cases, community initiatives can lead to dependency on external support, undermining local resilience and self-sufficiency.

1. List three benefits of a business employing social impacts for its stakeholders.
2. Enhanced Brand Reputation and Loyalty: Businesses that actively engage in social impact initiatives often enjoy an enhanced reputation among consumers, investors, and the broader community. This positive perception can lead to increased brand loyalty, as stakeholders are more likely to support companies that they perceive as socially responsible and ethically minded. Customers, in particular, may prefer to buy from companies that contribute positively to societal and environmental issues, leading to increased sales and customer retention.
3. Attracting and Retaining Talent: A strong commitment to social impact can make a company more attractive to potential employees who want their work to have a positive effect on the world. This can be especially important in attracting millennials and Gen Z workers, who often prioritize purpose and impact in their career choices. By offering a work environment that aligns with their values, businesses can attract top talent, reduce turnover rates, and increase employee satisfaction and productivity.

Operational Efficiency and Innovation: Implementing social impact initiatives, particularly those focused on environmental sustainability, can lead to operational efficiencies and cost savings. For example, reducing waste, conserving energy, and optimizing supply chains not only benefit the environment but can also reduce operational costs. Furthermore, the focus on sustainable and ethical practices can drive innovation, as companies are encouraged to develop new products, services, and processes that align with social impact goals. This can open up new markets and opportunities for growth, keeping the business competitive in an increasingly socially conscious market landscape.

**Activity 2: Stakeholder Engagement**

Watch the video [IKEA Circular Economy](https://www.youtube.com/watch?v=O4EB2nerEUE" \t "_blank) and answer the questions below.

1. What is stakeholder engagement?
2. Who are IKEA's Internal and External Stakeholders?
3. What role do IKEA's stakeholders play in shaping their commitment to the Circular Economy?
4. If IKEA ignored their stakeholders’ concerns, what might be the consequences?

I watched the video, and here are the answers to your questions:

1. Stakeholder engagement in this context refers to how IKEA involves various groups who have an interest in or are affected by the company's operations and policies, especially concerning its commitment to the circular economy. This process ensures these stakeholders can contribute to and influence IKEA's sustainability strategies.

2. IKEA's Internal and External Stakeholders:

Internal: Employees, management, and shareholders.

External: Customers, suppliers, local communities, NGOs focused on sustainability, and governmental bodies.

3. The stakeholders play a crucial role in shaping IKEA's commitment to the Circular Economy by providing feedback, setting expectations, and collaborating on sustainability initiatives. This collective input helps IKEA innovate and improve its products, services, and processes to be more eco-friendly and resource-efficient.

4. If IKEA ignored their stakeholders' concerns, the consequences might include damage to its brand reputation, loss of customer loyalty, potential legal and regulatory challenges, and missed opportunities for innovation and market leadership in sustainability, which could ultimately affect its profitability and market position.

**Activity 3: Stakeholder Analysis and Trends**

Let’s consider Starbucks and the political, economic, social and environmental trends most concerning their Stakeholders.

Your tutor will form you into groups. You will need to conduct some research online to help you complete the task below. Groups will be randomly selected to present their answer/s to the questions below.

1. Make a list of Starbucks’s Internal and External Stakeholders.

Internal Stakeholders: Employees (including baristas and partners), management, and investors.

External Stakeholders: Customers, suppliers (including coffee farmers and supply firms), governments, communities, and the environment.

1. What political, economic, social and environmental issues would most likely impact Starbuck’s Internal and External Stakeholders. Use the table below to set out your answers.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Political | Economic | Social | Environment |
| Internal Stakeholder | Bureaucratic red tape can hinder expansion and operational efficiency, directly affecting employees and management. | Economic conditions like rising labor costs in coffee supplier countries can increase operational costs, affecting profitability for investors. | Growing coffee culture and health consciousness trends can influence product offerings and employee training programs. | Adoption of sustainable processes can improve operational efficiency and employee morale, as they work for an environmentally conscious company. |
| External Stakeholder | Political integration or disintegration affects market access, influencing supplier and customer dynamics. | Economic growth in developing countries offers expansion opportunities, but may also lead to increased costs for sourcing materials. | Social initiatives, like empowering women and girls in coffee-producing regions, enhance brand reputation and customer loyalty. | Starbucks’ commitment to sustainability, like responsible sourcing and supporting biodiversity, directly impacts communities and the overall environment. |
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**Tutorial B worksheet**

**Activity 1: Stakeholder analysis - Starbucks**

**Background:** Scenario: Starbucks is taking steps to reduce the waste from its disposable cups.  They want to eliminate all single-use plastics in stores and move to reusable options.

**Task:** Starbucks would like to consult with their Stakeholders to see what the key concerns might be, how they might be involved in the project and what positive and negative influence they might have.

1. Complete the table below in relation to Starbucks's Stakeholders.
2. Each group will then present their findings on one of the Stakeholder groups to the class.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Stakeholders** | 1. How would this stakeholder be involved in the project? [High, Moderate or Low Involvement] | 2. What positive influence could this stakeholder have on the project? | 3. What negative influence can they have on the success of the project? | 4. What might be this stakeholder's key concerns? |
| **Internal stakeholders:**  1. Employee's | High | Employees can be ambassadors of change, educating customers on the benefits of reusable cups and promoting the new initiative. | Resistance to change if not adequately trained or if they perceive the initiative as increasing their workload. | Need for training, changes in workflow, and the impact on their interaction with customers. |
| 2. Owners of Starbucks stores | High | Store owners can lead by example, investing in the necessary infrastructure for reusable cups and encouraging their adoption among customers. | Hesitance or refusal to invest in the required changes due to perceived high costs or disruption to business. | Costs of implementation, potential disruption to business operations, and return on investment. |
| **External stakeholders**  1. Customers | Moderate to High | By embracing the initiative, customers can significantly reduce waste, and their positive feedback can encourage wider adoption. | Resistance to change, particularly if reusable options are inconvenient or perceived as less hygienic. | Convenience, hygiene, and potential costs associated with purchasing reusable cups. |
| 2. Suppliers | Moderate | Suppliers can innovate to provide sustainable and cost-effective solutions for Starbucks's reusable cup initiative. | If unable or unwilling to meet the sustainability and cost requirements, suppliers could hinder the project's progress. | The demand for new materials or products, changes in supply chain logistics, and sustainability standards. |