Lesson 1:
Stakeholders in business

Learning Intentions

1:1 Outline the key internal and external stakeholders in a business and demonstrate their importance in the business environment.

1:2 Demonstrate how stakeholders interact and identify potential conflict between stakeholders.

1:3 Suggest appropriate ways of avoiding and resolving conflict between stakeholders.

1:4 Conduct stakeholder mapping and explain the importance of prioritising different stakeholder interests.

Stakeholders: Internal vs External

- A stakeholder is anybody who has a vested interest in the activities of a company or is impacted by the actions of the company.

Internal

- Directly involved in the running of the business.
  1. Managers
  2. Employees
  3. Investors
  4. Entrepreneurs

External

- Not directly involved in the running of the business but are impacted by the company's activities.
  1. Consumers
  2. Suppliers
  3. The Government
  4. Interest Groups
  5. The Local Community

Internal business stakeholders

1. Managers

Role in the business

- Organise resources to achieve business objectives.
- Ensure the alignment between short, medium and long term objectives

- Co-ordinates daily operations
- Motivating staff

Needs and wants

- Career development (usually promotion)
- Decision making capabilities
- Recognition

Examples

- Manager would require a motivated staff with right skillset (human resources), the correct equipment and machinery (physical resources), and sufficient cashflow (financial resources) in their attempt to achieve company goals.

2. Employees

Role in the business

- Supply labour and skills to ensure the business is able to carry out daily tasks and be productive.

Needs and wants

- Stable income
- Pay rises over time
- Better working conditions (work-life balance)

Examples

- Employees may request that the employer adopts a blended approach to work by facilitating opportunities to work remotely and in the workplace on a weekly basis.

3. The Entrepreneur

Role in the business

- They identify gaps in the markets, secure the funding necessary and accept a personal and financial risk to set up a business in the hopes of making a profit.

Needs and wants

- Profitability
- Autonomy over business decisions
- Recognition

Examples

- The Collison brother from Limerick founded Stripe, the company that facilitates online card payments for many global businesses.
- Jeff Bezos founded Amazon
- Elon Musk founded Tesla

4. Investors

Role in the business

- Provide capital/funding for the business in return for an ownership stake in the company (equity) in the hopes of making a profit.

Needs and wants

- In the beginning investors may be happier to accept lower dividend payments and higher risk but as the business establishes itself, investors may want higher dividend payments and less risk.

Examples

- Investors from the TV series often offer to provide a certain amount of funding in exchange for a certain amount of equity e.g. €250,000 for 20% stake in the company.

External business stakeholders

1. Consumers

Role in the business

- Purchase goods and services from the business and provide feedback on potential improvements and the user experience. Drive revenue and promote the company also.

Needs and wants

- High quality products
- Value for money
- Transparency in the production process
- Effective customer service

Examples

- Customers who purchase products from Patagonia usually accept the higher than average prices due to the value they place on the company's commitment to sustainability and ethics.

2. Local community

Role in the business

- Impact the business reputation on a local, national and sometimes international level by providing feedback on company activities and processes within the area.

Needs and wants

- Access to goods and services
- Job creation
- Sustainable and ethical business decisions

Examples

- Community members may want companies located in rural areas especially to contribute to the local economy by purchasing materials from local businesses or creating jobs for locals.

3. 3)Suppliers

Role in the business

- Provide the business with raw materials to enable them to create products and provide services.
- Needs and wants
- Timely payment
- Long term contracts
- Exclusivity

Examples

- Aldi and Lidl sourcing fruit, veg , poultry and beef from Irish farmers around the country.

4. The Government

Role in the business

- Regulates business activities, provide financial support and other services to help companies during the start-up/development phases.

Needs and wants

- Legal compliance
- Accurate tax liability declarations
- Corporate Social Responsibility initiatives
- Job creation
- Balance of Payments boost (sales to foreign markets)

Examples

- Enterprise Ireland providing grants to start ups, Local Enterprise Offices providing mentoring services etc.

5. Interest Groups

Role in the business

- Represent common viewpoints/objectives of a particular group of stakeholders. “Lobby” businesses and decision-makers when their actions/decisions go against the aims of that group.

Needs and wants

- To make decision-makers aware of preferred outcomes of situations

Examples

- The Small Firms Association (SFA) lobbying the government in 2024 to support businesses with increasing costs.

Co-operative vs Competitive Relationships

Co-operative

- Where both parties derive a benefit from the relationship
- Win-win scenario
- Work towards the achievement of common goals

Competitive

- When only one party involved derives a benefit from the relationship
- Win-lose scenario
- Both parties are working towards the achievement of different objectives

Co-operative Relationships

1. Employer and employee

- Employers invest in staff training and employees upskill, giving them a greater chance at promotion, career development and increased pay.

2. Investor and manager

- Investors private sufficient amount of funding and managers use this funding to acquire resources in an attempt to achieve business objectives

3. Supplier and manager

- Suppliers provide quality raw materials in a timely fashion and the company pays for these raw materials on time.

4. Producer and producer

- Producers share resources working towards a common goal e.g. increased customer footfall during a promotion

Competitive Relationships

1. Employer and employee

- Employers may wish to reduce the wage bill in order to reduce costs whereas employees may seek a pay rise to earn more disposable income.

2. Investor and manager

- Investors may seek an increase in dividend payments whereas managers may be looking to reinvest profits in the business e.g. to help with expansion

3. Supplier and manager

- Suppliers may want quicker payments or shorter credit periods whereas managers may wish to spread payments over longer credit periods to allow for cashflow management.

4. Producer and producer Improvements by one producer in terms of quality, service or price may mean that the other producer loses out on those potential benefits.

Conflict - avoidance and resolution

Avoiding Conflict

1. Regular communication
2. Corporate Social Responsibility (CSR)
3. Stakeholder Involvement

Resolving Conflict

1. Meet & discuss
2. Mediation
3. Negotiation
4. Conciliation

Avoiding conflict with stakeholders

1. **Regular communication**
    - The more open and honest managers are with stakeholders may prevent problems from getting worse or becoming an issue at all.

2. **Corporate Social Responsibility**
    - Taking ethics into account in the pursuit of profit e.g. refusing to exploit consumers via higher prices during a cost of living crisis.

3. **Stakeholder involvement**
    - Provide stakeholders with a forum to influence company decision-making e.g. invite opinions from the local community on the development of a new site

Resolving conflict with stakeholders

1. **Meet & discuss**
    - Real time meetings and discussions provide a forum for issues to be aired and questions to be answered in a timely fashion e.g. a supplier and manager meeting to discuss late payments and revise payment schedules.

2. **Negotiation**
    - Both parties meet and agree on a mutual compromise which is satisfactory to both sides e.g. employees looking for a pay rise of 10% but agree on 5% with manager who is concerned about rising costs.

3. **Mediation**
    - Both parties discuss the issue in the presence of a independent third party who tries to facilitate open communication between the parties as much as possible.

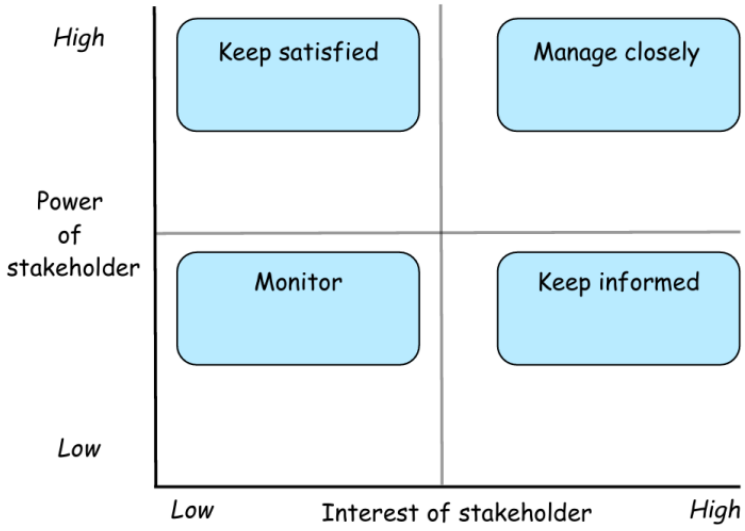
4. **Conciliation**
    - An independent third party listens to both parties and may propose a solution. They encourage both parties to come to a mutually acceptable solution.

Resolving conflict with stakeholders

5. **Arbitration**
    - An independent third party makes a recommendation to both parties having heard their problems respectively. Both parties can agree in advance whether this recommendation will be binding or not.

Stakeholder mapping

- Demonstrates the relationship and interdependencies of business stakeholders by analysing their levels of interest and power within the organisation.



Importance of stakeholder mapping:

1. **Allocation of resources**
   - The business can allocate the majority of its time, staff, money etc towards satisfying the needs of the stakeholders with the highest amount of power and interest first.

2. **Enables effective conflict resolution**
   - Regular communication with stakeholders and opportunities for them to provide feedback reduces the likelihood of future conflicts.

Sample Question

FiorFuel is an Irish start-up founded by two friends, Maeve and Darragh, who wanted to create a superfood powder made entirely from Irish-grown ingredients. Their aim is to provide a daily health supplement rich in vitamins and minerals — a sustainable, locally sourced alternative to imported "super greens."

They work closely with Irish farmers who grow kale, spinach, barley grass, and beetroot, which are then dried and blended into powdered sachets. The business also partners with a local packaging supplier that produces recyclable pouches. At first, suppliers required up-front payment, but as trust developed and orders became more consistent, FiorFuel began receiving bulk deliveries on credit terms.



Digital technology plays a major role in how the company operates. FiorFuel uses cloud-based stock-control software to track ingredient deliveries and finished goods, and manages all sales through its e-commerce website. They promote the brand through targeted social-media campaigns on Instagram and TikTok, and use analytics tools to identify which ads drive the most sales. The founders also hold regular Zoom meetings with app developers in Australia, who help manage their online store and develop new subscription features for repeat customers.

through weekly brainstorming sessions. This culture of openness has helped generate new blends, such as a caffeine-free "morning boost" version. The business also invites health and fitness coaches to trial products and suggest improvements, ensuring continuous development of new ideas.

FiorFuel's business model centres on providing convenient, Irish-sourced nutrition for health-conscious customers. Daily activities include ingredient sourcing, production, packaging, and online marketing. They work on building trust, education, and transparency about sourcing and nutrition with the customer. Its main customer type are young professionals and fitness enthusiasts, though a growing number of customers in their 40s and 50s have shown interest in the health benefits of Irish-grown supplements. The main costs include raw materials, packaging, technology, digital advertising, and delivery logistics.

Innovation has been key to FiorFuel's growth. The founders encourage all staff to share product ideas and customer feedback

Ethics are a cornerstone of the business. FiorFuel commits to fair pricing for farmers, transparent labelling, and responsible health claims that avoid exaggeration. Their marketing focuses on real-world benefits, diversity, and inclusion, ensuring messages appeal to a wide audience without unrealistic expectations. They also promote workplace wellbeing and fair conditions for staff as part of their company values, sharing free Friday videos where staff are free to take time off if they need to.

Conduct stakeholder mapping to identify and prioritise stakeholders affected by this decision.

Learning Intentions

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