

## Read the text carefully and answer the following questions

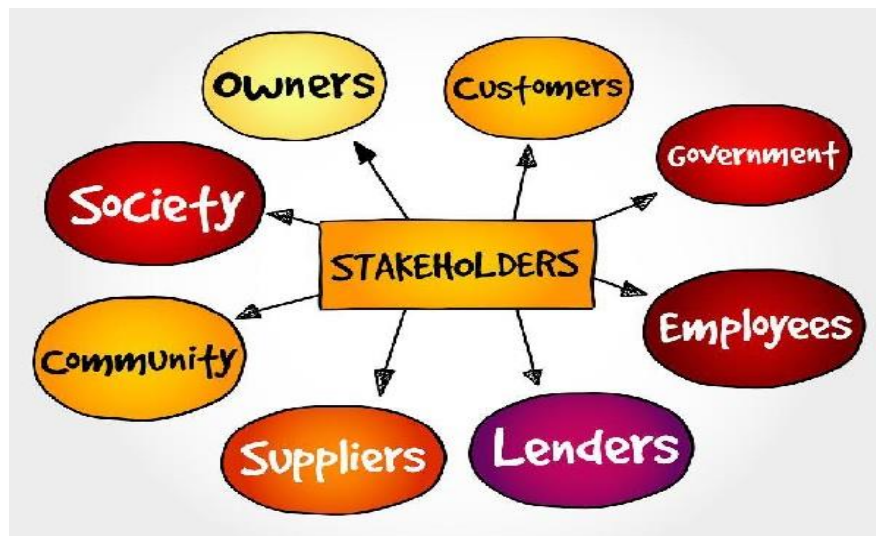
### Stakeholders

Any individual or groups/group of individuals who believe and have an interest in an organization's ability to deliver intended results and affect or are affected by its outcomes are called stakeholders. Stakeholders play an integral part in the development and ultimate success of an organization.

An organization is usually accountable to a broad range of stakeholders, including shareholders, who are an integral part of an organization's strategy execution. This is the main reason managers must consider stakeholders' interests, needs, and preferences. A stakeholder is anybody who can affect or is affected by an organization, strategy or project. They can be internal or external and they can be at senior or junior levels.

#### Types of Stakeholders

Stakeholders are people who have the power to impact an organization or a project in some way.



Stakeholders can be of two types –

- Primary or Internal stakeholders
- External stakeholders

#### Primary or Internal Stakeholders

These are groups or individuals who are directly engaged in economic transactions within the business, such as employees, owners, investors, suppliers, creditors, etc.

For example, employees contribute their skill/expertise and wish to earn high wages and retain their jobs. Owners exercise control over the business with a view to maximizing the profit of the business.

### **Secondary or External Stakeholders**

These are groups or individuals who need not necessarily be engaged in transaction with the business but are affected in some way from the decisions of the business, such as customers, suppliers, creditors, community, trade unions, and the government.

For example, the trade unions are interested in the organization's well-being so that the workers are well paid and treated fairly. Customers want the business to produce quality products at reasonable prices.

### **Questions**

1/ According to the text define stakeholders using your own words.

2/What is the role of stakeholders?

3/ Why the managers must consider stakeholders' interests, needs, and preferences?

4/What is the difference between internal and external stakeholder?

5/-Summarize the text in your own words?

**By teachers**

**AICHA HICHER and WASSILA BOULEBBINA**