

1.5 Business objectives and stakeholder objectives

Name: _____ Class: _____ Date: _____

Total: 20 marks

KEY WORDS stakeholder

- objectives
- conflict
- pollution
- customer service

Objective

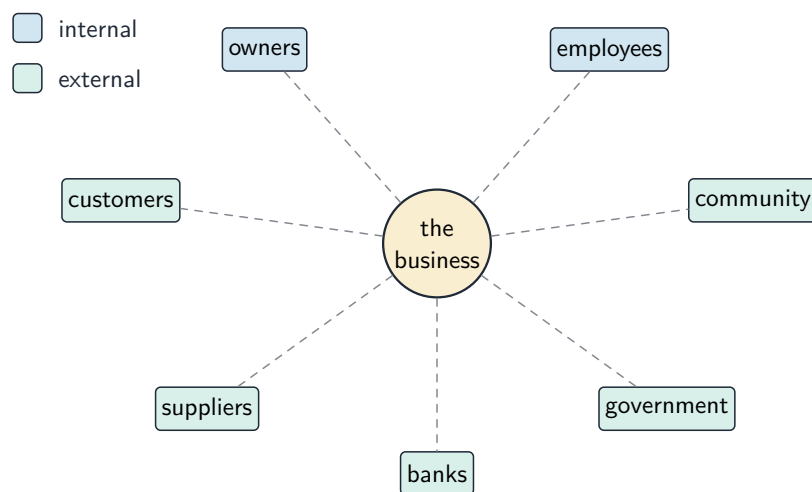
Build the skills to answer exam questions on **business objectives and stakeholder objectives** – common **objectives**, the aims of a **social enterprise**, **stakeholders**, and why their objectives **conflict**.

You must be able to:

- state common business objectives
- identify a business's stakeholders and what each wants
- explain why stakeholder objectives conflict

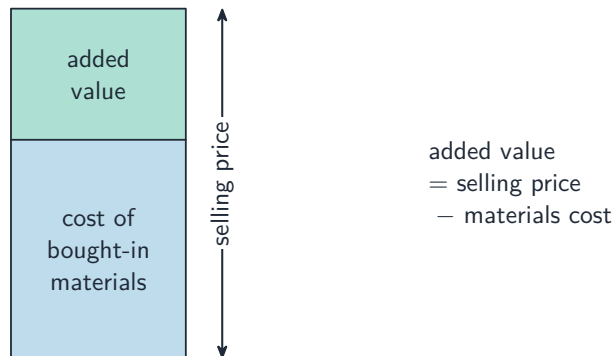
1 Key knowledge and worked examples

■ Stakeholders and conflict



Each group wants something different, so objectives can clash

- **Objectives:** survival, profit, growth, **market share**, customer service, social objectives.



Profit – earned by adding value – is the objective most owners pursue

- **Stakeholders** : owners (profit), employees (pay, security), customers (quality, low price), suppliers (paid on time), government (tax, law), community (jobs, no pollution).
- **Conflict** : owners want higher profit, but employees want higher pay – and higher pay lowers profit.

Answer shapes: K + App + An + Ev (a justified judgement, for “do you think” questions).

2 Practice

2.1 Define the term *stakeholder*. [2]

2.2 Identify two objectives a business might have. [2]

2.3 State one objective of (a) employees and (b) the local community. [2]

3 Exam-style questions

3.1 Identify two stakeholders of a business. [2]

3.2 Explain two reasons why the objectives of different stakeholders might conflict. [6]

3.3 A business plans to replace some workers with machines to cut costs. Do you think this is a good decision? Justify your answer, using the views of its stakeholders. [6]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

Each answer shows the steps, then the **result**.

2.1

- a **stakeholder** is any person or group **affected by** a business or with an **interest** in it (K)

2.2

- any **two** of: survival / profit / growth / market share / customer service / social objectives (K, K)

2.3

(a)

- employees: **fair pay** / safe work / secure jobs (K)

(b)

- community: **jobs** / no pollution or noise (K)

3.1

- any **two** of: owners / employees / customers / suppliers / government / community / banks (K, K)

3.2

- for **each** of two reasons: K + An, max 3 each
- e.g. **owners vs employees**: owners want lower wages for profit; employees want higher pay
- e.g. **owners vs community**: cutting costs may raise pollution

3.3

- **for**: machines cut costs → owners gain profit, customers may get lower prices
- **against**: workers lose jobs; high set-up cost
- **judgement (Ev)**: helps owners and customers, harms employees and the community – it depends on the saving and how workers are treated