

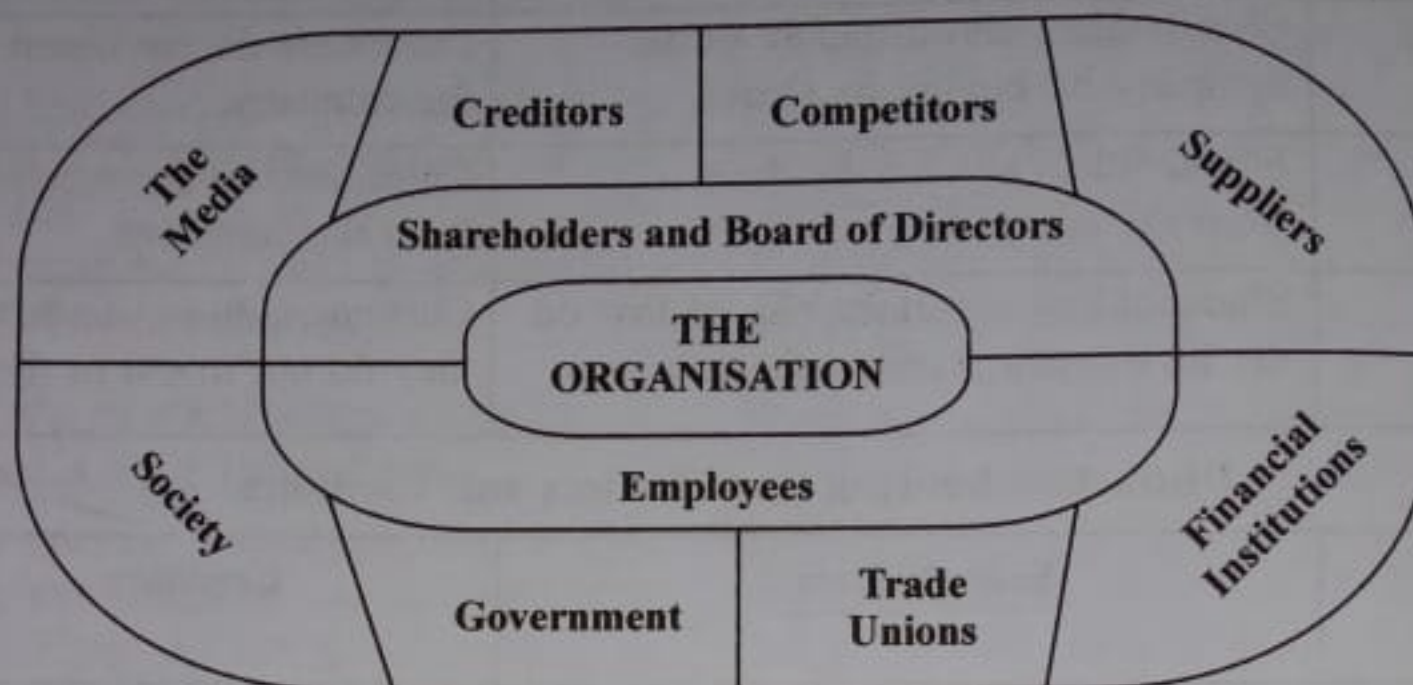
class - X

27/5/2020.

Sub: Commercial Studies

2. External stakeholders Stakeholders who are contributing to the business enterprise from outside the organisation are known as external stakeholders. They consist of creditors, suppliers, dealers, competitors, Government, local community, media and the society.

Stakeholders may be classified into primary and secondary. **Primary** stakeholders such as owners, employees, creditors, dealers, suppliers and competitors have more frequent and closer interactions with the enterprise than **secondary** stakeholders such as Government, media, local community and general public.



Internal and External Stakeholders

<i>Basis of Distinction</i>	<i>Internal Stakeholders</i>	<i>External Stakeholders</i>
1. Position	They operate from inside the organisation.	They operate from outside the organisation.
2. Role	They actively participate in the management and working of the organisation.	They do not participate actively in the management and working of the organisation.
3. Constituents	They consist of employers (owners and managers) and employees.	They consist of suppliers, customers, competitors, government and general public.

1.5. EXPECTATIONS OF STAKEHOLDERS

Every stakeholder group expects something from a business organisation. The expectations of different stakeholders are stated below :

Expectations of Employers (Owners, Shareholders and Managers)

Employers and Shareholders expect :

- (i) safety of capital contributed by them
- (ii) a fair and regular return (in the form

- of dividend) on their capital
- (iii) capital appreciation in the value of their investment
- (iv) accurate, up-to-date and regular information about the working and financial health of the company
- (v) equal participation in policy decisions of the company
- (vi) a public image of the company for which they can feel proud.

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Expectations of Employees

Ideal employees expect :

- (i) security of job and continuity of service under congenial conditions
- (ii) a fair remuneration in the form of wages and salaries
- (iii) safe and comfortable working environment
- (iv) various welfare facilities such as housing, medical care, social security (in the form of pension, gratuity, provident fund, etc.), health, recreation, etc.
- (v) opportunities for education, self-development, promotion and career growth
- (vi) opportunity to participate in the profits and management of the organisation
- (vii) quick and fair redressal of grievances
- (viii) protection of trade union rights

Expectations of Suppliers

Ideal suppliers (those who provide raw materials) expect :

- (i) fair prices for the supplies
- (ii) regular and timely payment according to credit terms
- (iii) reasonable terms of delivery and payment
- (iv) regular orders for supply
- (v) correct information about the company's financial position
- (vi) healthy and co-operative inter-business relationship

Expectations of Creditors :

- (i) safety of the loans given by them to the enterprise
- (ii) regular payment of interest at the specified times
- (iii) return of loans on the expiry of the specified time period
- (iv) accurate and upto date information about the financial health of the enterprise
- (v) security in the form of mortgage of assets or personal guarantee by owners of the enterprise

Expectations of Associates or Competitors

Ideal associates expect :

- (i) fair trade practices regarding price, quality and service
- (ii) an atmosphere of healthy competition and ethical behaviour
- (iii) co-operation among competitors to ensure the growth of the entire industry
- (iv) respect for intellectual property rights

Expectations of Government

An ideal Government should expect :

- (i) to follow the laws and regulations of the country
- (ii) to pay all taxes honestly, regularly and in time
- (iii) to avoid corrupting public servants
- (iv) to make proper use of scarce resources of the nation
- (v) to assist in solving national problems like poverty, unemployment, unbalanced regional growth, etc.
- (vi) to avoid monopoly and concentration of economic power.

Expectations of General Public (Society)

Society or community expects :

- (i) to protect the environment from all types of pollution
- (ii) to produce socially desirable products in accordance with national interest and priorities
- (iii) to help weaker sections of society by giving them preference in employment and other fields
- (iv) to improve standard of living of people by promoting educational, medical and cultural institutions
- (v) to donate funds for charitable and public welfare activities
- (vi) to preserve social and cultural values
- (vii) to respect human rights including rights of women and children

- Q.1. Write down any five expectations of Employers (Owners, Shareholders) from a business Organisation.
- Q.2. Write down any five expectations of Employees from a business Organisation.
- Q.3. Write down any five expectations of Suppliers from a business Organisation.
- Q.4. Give any five expectations of Creditors from a Business Enterprise.
- Q.5. Write any five expectations of the General Public or Society from a Business Enterprise.
- Q.6. Write down any five expectations of Government from a Business Enterprise.
- Q.7. Write any five expectations of Competitors from a Business Enterprise.