

## **Making business decisions**

Year 12

ECONOMICS

# Contact Details

- Mr Ditta
- Head of Business/Economics & Computing
- [tayyab.ditta@elawnswood.co.uk](mailto:tayyab.ditta@elawnswood.co.uk)



# Assessing prior knowledge:

**Subject:** Economics

**Task:**

Stakeholder activity – choose an organisation and identify 10 different stakeholders stating how each one is affected or influenced by the organisation



## Learning objectives:



- The knowledge, skills and understanding required to understand the different influences on objectives
- To examine the influence & power of different stakeholders
- To address conflicting / common aims between stakeholders

## Learning outcomes: design, implementation, testing, self-evaluation, report and evaluation of others'

- Apply stakeholder theory to a number of scenarios
- Identify what a stakeholder is and some explanation as to how much power stakeholder groups can have
- some application to different scenarios



# MAKING BUSINESS DECISIONS

## Influences on Corporate Objectives

### Introduction

All successful organisations have corporate objectives. We need to be able to understand the different influences on these objectives. All stakeholders within an organisation have a certain degree of influence & power which we will examine in this topic. We will also look at how to address conflicting / common aims between stakeholders.



## PREVIOUSLY...

Sort the statements below into positive and negatives of setting mission statements

Excites, inspires, motivates & guides

Differentiates the business from its competitors

Often seen as a PR exercise

Communicates key values

Flexible-should be able to accommodate change

Not always supported by actions of the business

Often too vague and general

Often merely statements of the obvious

Contains a formulation of objectives that enables progress towards them to be measured

Sometimes not a true reflection of reality

**INFLUENCES  
CORPORATE  
OBJECTIVES**

### Learning Objectives

- To understand the different influences on objectives
- To examine the influence & power of different stakeholders
- To address conflicting / common aims between stakeholders



# CORPORATE AIMS & OBJECTIVES



What can influence the corporate aims & corporate objectives set by a business

## POLITICAL



Govt economic policies  
Govt social policies

## ECONOMIC

- The business cycle
- Interest rates
- Exchange rates
- Inflation
- Unemployment
- The EU



**LEGAL**

- legislation

## ENVIRONMENTAL ISSUES

## SOCIAL

- ethical issues

## TECHNOLOGY

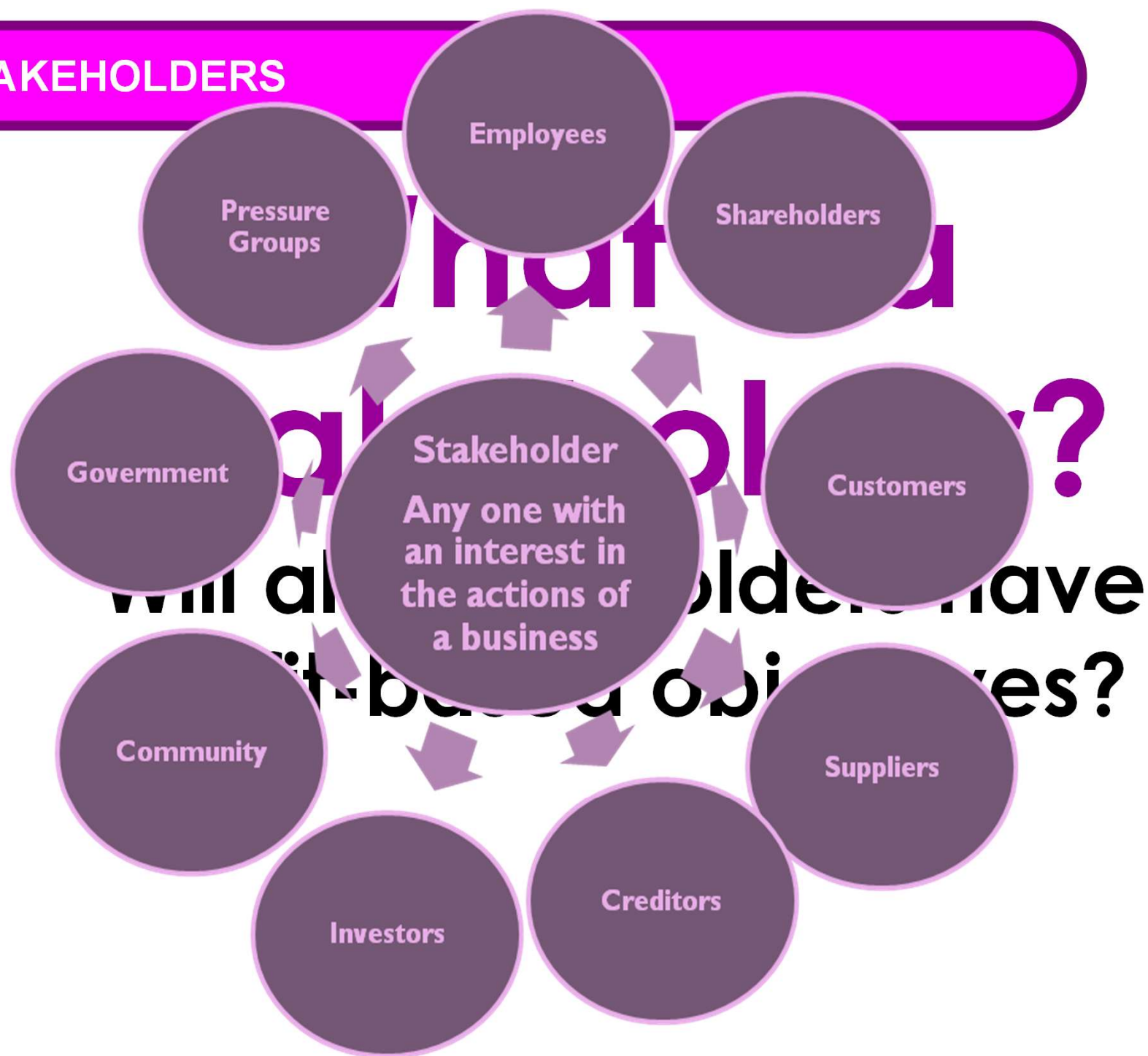
**INFLUENCES CORPORATE OBJECTIVES**

## Learning Objectives

- To understand the different influences on objectives
- To examine the influence & power of different stakeholders
- To address conflicting / common aims between stakeholders



# STAKEHOLDERS





# STAKEHOLDERS



Reading the material, identify all of Morrison's stakeholders and complete the following table:

Stakeholder	Aims	Power & Influence
Employees	Job security, high pay & job satisfaction	Go on strike, leave (staff turnover)
Shareholders		
Directors & Managers		
Suppliers		
Customers		
Government		
Community		
Banks & Lenders		
Pressure Groups		

What do you notice about the aims of each of the stakeholders?



# POWER & INFLUENCE

Each of the stakeholders can have power and influence over the strategy and objectives of a company

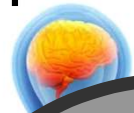
However, what the business must decide is:

- Does the stakeholder have the desire to exert power?
- Does the stakeholder have the ability to exert power?

i.e. Can the stakeholder destroy or disrupt business plans? Can they cause uncertainty to business plans? Does the business rely on the stakeholders?



The reality is that stakeholders do not have equality in terms of their power & influence



**INFLUENCES  
CORPORATE  
OBJECTIVES**

## Learning Objectives

- To understand the different influences on objectives
- To examine the influence & power of different stakeholders
- To address conflicting / common aims between stakeholders



## POWER & INFLUENCE

- Senior managers have more influence than environmental activists
- A venture capitalist with 40% of the company's share capital will have a greater influence than a small shareholder
- Banks have a considerable impact on firms facing cash flow problems but can be ignored by a cash rich firm
- A customer that provides 50% of a business' revenues exerts significantly more influence than several smaller customer accounts
- Businesses that operate from many locations across the country will be less relevant to the local community than a business which is the dominant employer in a town or village
- Governments exercise relatively little influence on many well-established and competitive business-to-business markets. However their power is much stronger over businesses in markets which are regulated or where the public

INFLUENCES  
CORPORATE  
OBJECTIVES

### Learning Objectives

- To understand the different influences on objectives
- To examine the influence & power of different stakeholders
- To address conflicting / common aims between stakeholders



## HOW SHOULD A BUSINESS RESPOND TO ITS STAKEHOLDERS

It depends on the power and influence of the stakeholder:

	High level of interest	Low level of interest
High level of power	Key players Take notice of them	Keep them satisfied
Low level of power	Communicate regularly with them	Can usually be ignored

**TASK**

CORPORATE  
OBJECTIVES

### Learning Objectives

Looking back at the Morrison's case study, discuss how they should deal with each of their stakeholders based on the stakeholders power & interest.

- To address conflicting / common aims between stakeholders



# STAKEHOLDERS

## 1. Missing words

Stakeholders are individuals or groups with an interest in the actions, successes and failures of an organisation. They include the owners (in an unlimited \_\_\_\_\_ business), the \_\_\_\_\_ (in a limited company), staff, suppliers, customers and local residents. Some writers suggest that modern firms take care to respect all their stakeholders, whereas others believe that firms focus upon shareholders rather than the wider interests of all their \_\_\_\_\_. Current company law says that Directors' primary responsibility is to their \_\_\_\_\_.

## 2. Which stakeholder group is affected most by each of the following decisions?

a) A move to a new site

**INFLUENCES  
CORPORATE  
OBJECTIVES**

### Learning Objectives

- To understand the different influences on objectives
- To examine the influence & power of different stakeholders
- To address conflicting / common aims between stakeholders



## Topic Review

1.	What progress have you made today?
2.	Any problems? How did you solve them?
3.	What are your next steps in learning?
4.	What was your overall ATL and behaviour score today?

Write one or two sentences for each question on your feedback documents.

Do not write out the question!



## Watch List

1.	<a href="https://www.tutor2u.net/business/reference/business-objectives-introduction-1">https://www.tutor2u.net/business/reference/business-objectives-introduction-1</a>
2.	<a href="https://www.tutor2u.net/business/reference/influences-on-financial-objectives">https://www.tutor2u.net/business/reference/influences-on-financial-objectives</a>
3.	
4.	
5.	
6.	
7.	
8.	



## Reading List

	<h2><u>Reading List</u></h2>
1.	<a href="https://www.tutor2u.net/business/reference/business-strategy-tactics">https://www.tutor2u.net/business/reference/business-strategy-tactics</a>
2.	<a href="https://www.tutor2u.net/business/reference/internal-and-external-influences-on-financial-objectives">https://www.tutor2u.net/business/reference/internal-and-external-influences-on-financial-objectives</a>
3.	<a href="https://www.tutor2u.net/business/reference/financial-objectives">https://www.tutor2u.net/business/reference/financial-objectives</a>
4.	<a href="https://www.tutor2u.net/business/reference/influences-on-the-choice-of-positioning-strategy">https://www.tutor2u.net/business/reference/influences-on-the-choice-of-positioning-strategy</a>
5.	<a href="https://www.tutor2u.net/business/reference/what-is-strategy">https://www.tutor2u.net/business/reference/what-is-strategy</a>
6.	
7.	





## Quizzes

1.	<a href="https://www.tutor2u.net/business/reference/business-objectives">https://www.tutor2u.net/business/reference/business-objectives</a>
2.	<a href="https://www.tutor2u.net/business/reference/balanced-scorecard-introduction-overview">https://www.tutor2u.net/business/reference/balanced-scorecard-introduction-overview</a>
3.	<a href="https://www.tutor2u.net/business/reference/marketing-objectives-revision-quiz">https://www.tutor2u.net/business/reference/marketing-objectives-revision-quiz</a>
4.	
5.	
6.	
7.	
8.	



## Exam Papers

1.	See attached pdf document (Economics exam Paper)
2.	See attached pdf document (Economics Answer Paper)
3.	
4.	
5.	
6.	
7.	
8.	