Daffodil International School

Value, Culture and Innovation

Stakeholders

__Definition__: Any person or business who is affected by the actions of that business is called stakeholders. The following is a demonstration of stakeholders of a business.

- **The owners** look at the overall profitability of the business. They monitor how the business traded over the previous financial year. They compare the business performance with the previous year to judge how safe their capital or equity is and whether they would get a return on their investment. The owners look at the Income Statement to assess if they will receive any share of profit.
- **Managers** run the business on behalf of the owners. They monitor the accounts to see how the business is performing. They make decisions based on the financial data available.
- **Employees** may want to look at the accounts to see how well the business is performing and whether they have job security. The employees would look at the Income Statement to assess the overall profitability of the business. They could also use the accounts to try to secure a pay rise.
- **Customers** may want to see how financially stable the company is. They can then assess whether the supply of goods and services is secure, and whether they should trade with the company.
- **Suppliers** look at the company accounts to see how stable the business is. The supplier can then assess what credit terms to give and how much interest to charge.
- **Providers of external finance** assess the company's ability to pay back any money that they lend the business, such as loans. They would look at the Statement of Financial Position to assess the liquidity of the business.
- **The government** looks at the profits of the business to monitor whether the business is paying enough tax