

1...Stakeholders in Commercial Organisations

Question: What do you understand by internal stakeholders?

Ans. Stakeholders who are involved in the business firms from within the organisation are known as internal stakeholders. They consist of owners/ shareholders, and employees of the organisation.

Question: Describe the expectations of Government.

Ans. 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.

Question: Mention any four expectations of employees from a commercial organisation.

Ans. 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.

Question: Discuss the expectations of customers and business associates.

Ans. Expectations of customers

- (i) They should be provided with good quality goods.
- (ii) They should be given value for money.
- (iii) The price of the goods should be reasonable.
- (iv) The customers should be provided with after sales service.

Expectations of Associates or Competitors

- (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.

Question: Distinguish between shareholders and creditors as stakeholders of a commercial organisation.

Ans.

Basis of Distinction	Creditors	Shareholders
1. Type of Stakeholder	They are internal stakeholders.	They are external stakeholders.
2. Nature of investors	They invest in the capital of the company.	They only give loan to the company.
3. Degree of risk	They assume greater risk of loss of capital.	They assume lesser risk of loss of loan.

Question: State any two expectations of employees from a business concern?

Ans. 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

Question: What do you mean by external stakeholders?

Ans. 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, and the society.

Question: Write any five expectations of the General Public or Society from a Business Enterprise.

Ans. 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

Question: Distinguish between stakeholders and customers

Ans.

Basis of Distinction	Stakeholders	Customers
1. Financial stake	Stakeholders like shareholders and employees have a financial stake in a business firm.	Customers do not have a financial stake in a business firm.
2. Supply of capital	Stakeholders supply financial capital or human capital.	Customers do not supply any capital to the organisation.
3. Product orientation	Products are not manufactured according to the tastes of the stakeholders.	Products are manufactured according to the tastes of the customers.
4. Market orientation	Market orientation is not necessary for satisfaction of stakeholders.	Market orientation is necessary to satisfy customers.
5. Participation in management	Stakeholders such as the owners participate in the management of organisation.	Customers do not participate in management of the organisation

Question: State any two expectations of shareholders from a business concern.

Ans. Expectations of Shareholders.

- (i) Safety of capital contributed by them
- (ii) A fair and regular return (in the form of dividend or interest) on their capital

Question: State any two expectations of the Government from a business concern.

Ans. 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

Question: State any two expectations of the general public from a business organisation.

Ans. 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.

Question: Distinguish between a shareholder and a creditor.

Ans.

Basis of Distinction	Shareholders	Creditors
1. Type of Stakeholder	They are internal stakeholders.	They are external stakeholders.
2. Nature of investors	They invest in the capital of the company.	They only give loan to the company.

Question: Explain the expectations of internal stakeholders in a commercial organisation.

OR

Explain the expectations of employers and employees as stakeholders in a commercial organisation.

Ans. Expectations of Employers (Owners, Shareholders and Manager.)

- (i) Safety of capital contributed by them
- (ii) A fair and regular return (in the form of dividend or interest) 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

Expectations of Employees

- (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

Question: Distinguish between 'stakeholders' and 'shareholders'.

Ans.

Basis of Distinction	Shareholders	Stakeholders
1. Meaning	The persons and groups who own the shares of the company are known as shareholders.	All individuals, groups and institutions which have interest or benefit in the organisation are called stakeholders
2. Type of organisations	The term 'shareholders' is used only in connection with a joint stock company.	The term 'stakeholders' is used in connections with all business enterprises sale proprietorship, partnership, joint stock company, etc.

Question: Define the term of 'stakeholders'.

Ans. The term 'stakeholders' has developed from the word 'stake' which means an interest or expected benefit. Stakeholders, therefore, mean all those individuals, groups and institutions which have a stake in the functioning. and performance of a commercial organisation or a business enterprise.

Question: Distinguish between internal and external stakeholders.

Ans.

Basis of Distinction	Internal Stakeholders	External Stakeholders
1. Meaning	Stakeholders who are involved in the business firms from within the organisation are known as internal stakeholders.	Stakeholders who are contributing to the business enterprise from outside the organisation are known as external stakeholders.
2. Types	They consist of owners/ shareholders, and employees of the organisation.	They consist of creditors, suppliers, dealers, competitors, Government, local community, and the society.

Question: Mention any two expectations of suppliers from a business organisation.

Ans. Ideal suppliers (those who provide raw materials) expect :

- (i) Fair prices for the supplies
- (ii) Regular and timely payment according to credit terms

Question: Give any five expectations of employees from a business enterprise.

Ans. Expectations of Employees

- (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.
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