**CASE STUDY**

**GR Metals is a large producer of steel. It has operations in more than one country. GR Metals is thinking of closing down six of its factories in Country X and replacing them with one large factory in Country Y. ‘This will help us improve our profits, which is good news for shareholders,’ a spokesman said. ‘It is a competitive market, we have to cut costs any way we can. Of course, some stakeholders will be affected, but that’s business.’**

1. Explain what is meant by the following terms:

**Stakeholder: Any group or individual who has an interest in the business’s activities.**

**Shareholder: Someone who is a part owner of the business through the purchase of shares.**

1. List three internal stakeholders that GR Metals might have. Outline one possible objective that each stakeholder might have.

**Internal stakeholders include: employees, managers, owners. See Coursebook, page 65, for the list of objectives for internal stakeholders.**

3. List three external stakeholders that a business might have. Outline one possible objective that each stakeholder might have.

**External stakeholders include: lenders, customers, suppliers, government, community. See Coursebook, page 65, for list of objectives for external stakeholders.**

4 Explain ways in which the objectives of two different stakeholder groups might conflict with each other.

**Owners and employees as higher profits might mean job cuts; owners and community as growth might see destruction of environment/pollution rise locally; owners and government as might plan to relocate elsewhere to lower costs so have to cope with higher unemployment locally.**

From the stakeholders listed in questions 2 and 3, select the three stakeholders that you think might have the most influence over the business. Explain how they might influence the business to ensure their objectives could be met. Why are they the most important?

**Student’s own choice. Options likely to include owners, government, employees**