



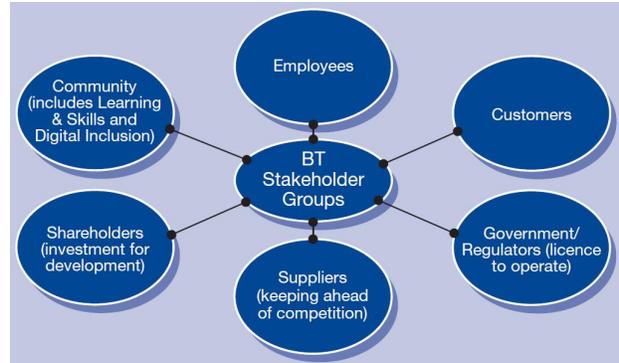
THE TIMES 100

BUSINESS CASE STUDIES

Internal stakeholders - BT

BT is one of the UK's largest companies. It employs around 75,000 people in the UK and is one of the world's leading providers of communications solutions and services. BT is continuously developing new and enhanced services to meet the demands of its customers. These include BT Vision (on-demand television) and high-speed broadband internet connections. The company is developing new mobile technologies for homes and businesses. Its services support electronic commerce and virtual markets, allowing the buying and selling of goods and services online. To enable it to work at this level, BT must

develop and sustain relationships with its stakeholders. These stakeholders include BT's customers, employees, suppliers and shareholders, as well as government, regulators and the wider community. A stakeholder is any individual or group with an interest in the decisions made by a company. Enlightened companies like BT believe that engaging with stakeholders is part of an **ethical approach** to business. BT also has legal obligations toward some stakeholder groups, such as the government. Maintaining good relationships with stakeholders is good for business in the long term. Suppliers help to keep the business competitive, shareholders bring investment and customers contribute to profits.



Internal stakeholders are individuals or groups that can be considered part of an organisation. Important internal stakeholders are shareholders and employees.

Shareholders - Shareholders buy shares in a company and, as such, are part-owners of the business. Shareholders are very important stakeholders because they put money into the business. They contribute capital to the business and expect to share in the company's profits. BT needs the support of shareholders to provide funds to grow the business and therefore maintains close relations with them. It will keep shareholders informed about its financial results and its plans for growth. BT rewards its shareholders by giving them a share of the profits. This is known as a **dividend**. BT pays dividends twice a year. Shareholders have a direct interest in seeing the company become more profitable. BT aims to increase its profits by growing its business and building its reputation to win new customers. A company can also increase its profits by becoming more efficient. It can increase its profit margin by reducing costs. This will allow it to pay higher dividends. One of the ways BT aims to become more efficient is by reducing its energy usage. The company is reducing its **carbon footprint** mainly through energy savings and investing in renewable energy technologies. It aims to generate 25% of the company's UK energy needs from renewable sources by 2016.

Employees - Employees are one of a company's most important assets. A committed workforce helps a business to achieve its objectives. Employees bring skills such as creativity and problem solving. All employers want a motivated workforce. To gain their commitment, BT aims to provide its employees with attractive rewards and good career prospects. It also allows flexible working arrangements. For example, almost 9,500 BT employees currently work from home. This helps some employees achieve a better **work-life balance** as well as saving on the costs of travelling to work. It helps the company attract and retain a diverse workforce. It also reduces the environmental impacts as fewer employees travel to work.



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Questions

1. What is a stakeholder?

2. List BT's two main internal stakeholders.

3. Explain why it is important for firms like BT to maintain good relationships with its stakeholders.

4. Evaluate whether shareholders are more important stakeholders than employees.

Task

Write a script of an interview between a radio presenter and the owner of a business. The interview should allow the business owner to explain why her/his employees are so important and what the business does to support its employees. When completed, carry out and record the interview for future reference.

What have you learned?

Quick quiz:

1. What are internal stakeholders?
2. Which of these statements is true?
 - a. A stakeholder is one type of shareholder
 - b. A shareholder is one type of stakeholder
3. What is the name given to the shares of the profits that are paid to shareholders?
4. Which stakeholder group is often considered to be a firm's most important asset?