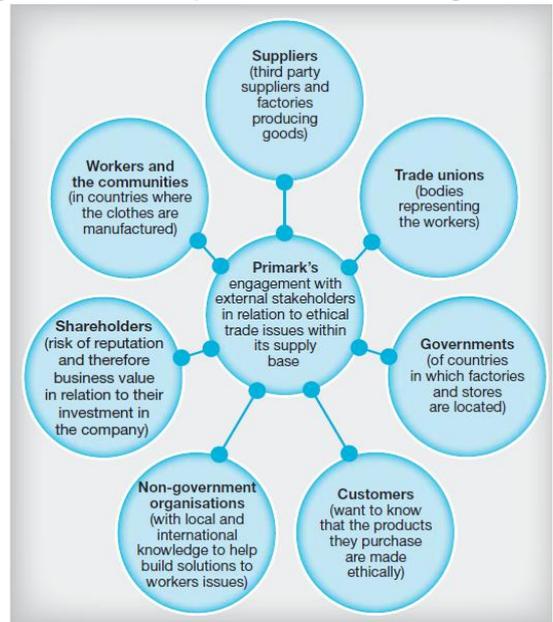




Stakeholders - Primark

Primark has stores across the UK, Ireland, Spain, Portugal, Germany, Holland and Belgium and employs over 70,000 people across the globe. Primark is a **subsidiary** company of Associated British Foods (ABF). As part of ABF, the company shares important values. These values provide an ethical dimension to Primark's activities. Being ethical means doing the right thing. For example, ethical companies provide fair working conditions for their employees, and build fair relationships with suppliers. For Primark, acting ethically means taking care of its people, being a good neighbour, respecting human rights and engaging with its stakeholders.

Stakeholders are individuals, groups and organisations that have an interest in the decisions and actions of a particular business. Stakeholder engagement is the process of creating communication channels that enable stakeholders to be informed about, in some cases influence, decision-making processes. All businesses depend on a variety of stakeholders. Some stakeholders are internal to the business, such as a company's employees. Other stakeholders are external to the business, such as suppliers, customers, trade unions, civil society groups, shareholders and the communities in which the business operates. It is important to understand the difference between a shareholder and stakeholder. Shareholders are the individuals or organisations that own a company. They own shares in the company. As owners, they will receive a share of the profits. Shareholders are a type of stakeholder because they have an interest in the company. Stakeholders also include all the other groups with an interest in what the company does.



It can be useful to identify the level of interest, **power** and influence of different stakeholders. The owners of a company have a high level of power and influence and a direct interest in the profitability of the company. In contrast, customers have less interest in the company

than the shareholders and a lower level of power and influence. However, that does not mean that Primark can afford to ignore its customers. Any business that neglects its customers would soon start to see a decline in sales. Loyal customers are highly valued. Retailers like Primark will seek to understand their customers and meet their needs. In this way, customers will have some influence on business decisions.

Primark uses a variety of methods to engage with its different stakeholder groups. For example, one method that Primark uses to communicate with its customers is through its ethical trading website. To communicate with workers and the communities, in the countries that manufacture the goods, Primark uses initiatives such as the community engagement programme it has in India. Primark understands that different stakeholder groups have different needs and expectations. As such, Primark must use appropriate channels of communication to engage with each stakeholder group.





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Questions

1. What is a stakeholder?

2. Give examples of some internal stakeholders.

3. Compare the amount of power a one-off customer has over Primark's decisions with the power regular customers have over its decision.

4. What is meant by 'ethical behaviour'? Use examples from the case study to help you answer this.

Task

Debate – divide the group into four teams and carry out a debate about which stakeholder group is most important. Each team should represent the shareholders, employees, customers or local communities. Prepare fully your arguments before the debate begins and try to identify the points the other teams are likely to put forward so you can prepare some counter arguments.

What have you learned?

Hangman - In small groups, play hangman of different terms relating to stakeholders. When someone has correctly guessed the term, they have to explain what that term means.