**EFFECTIVE FINANCIAL MANAGEMENT**

**Learning Outcome 2: ACTIVITY 1**

**Financial planning and stakeholders**

Freeman and Reed (1983) define stakeholders as persons, groups or organisations that have an interest in a business, that can affect a business or that are affected by a business. Stakeholders can be internal or external to the business.

Financial management is inherently forward looking. Different stakeholders will have different interests in the financial plans of a business.

Look back to the results of your research in LO1 Activity 3 and LO1 Activity 5.

#### Individually, and then in pairs

Identify a business with which you are familiar. This could be a multinational company from which you have purchased goods/services, a business that owns your favourite brand or the business for which you work (or wish to work in the future).

Ideally this should be the business you chose in LO1 to re-visit throughout your classroom activities.

From your research:

1. Identify key stakeholder groups for your chosen business.
2. For each of the stakeholder groups that you identified in (1), explain the aspects of financial performance and financial position in which they might be interested.
3. Prepare a short presentation on your findings.