**CORPORATE FINANCE**

**Learning Outcome 1: ACTIVITY 3**

## **Stakeholder theory of financial management**

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.

#### Required: In small groups

Using your chosen business from previous Activities:

1. Identify key stakeholder groups for your chosen business.
2. Classify the stakeholders that you identified in (1) as either internal stakeholders or external stakeholders.
3. Outline the stakeholder theory of financial management.
4. Discuss how stakeholders can make important contributions to the success, or otherwise, of the business.
5. Prepare a short presentation on your findings.