**CORPORATE FINANCE**

**Learning Outcome 1: ACTIVITY 4**

## **Stakeholder theory and Porter’s Five Forces Model**

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.

Porter’s (1979) Five Forces Model provides a framework by which competitive factors might be identified. These competitive factors are driven by the firm’s relationships with different stakeholders.

#### Required: In small groups

Using your chosen business from previous Activities and looking back to the results of your research in Activity 3.

1. Identify key stakeholder groups for your chosen business.
2. Outline the factors that are included in Porter’s Five Forces Model.
3. Apply Porter’s Five Forces Model to the stakeholders that you identified in (1). theory of financial management.
4. Prepare a short presentation on your findings.