

## Business Ethics- Chapter 3

### A.) Stakeholders

-A stakeholder is a person that has an interest in your company and who can be affected by a business decision or project either actively or passively.

### B.) Types of Stakeholders

#### I.) Internal Stakeholders

i.) The board of directors: It is the governing body of the company. Elected by shareholders, they are responsible for defining and evaluating the ongoing mission of the company. They also select and hire the CEO.

ii.) The CEO: He reports directly to the board of directors. He implements the policies set by them and hires executives to lead in the various business departments.

#### II.) External Stakeholders

iii.) Customers: They are the ones consuming the end products or the services offered by the company. Therefore they determine the success of the company. A company must constantly seek to satisfy their customers' needs to ensure their loyalty.

iv.) Suppliers: They produce the goods and services. They want to see the company thrive because an increase in the demand for the company's products or services will also increase the demand for their own.

v.) Communities: They provide a market and labor to the businesses. These communities are impacted by the number of business activities around them. It affects their employment, incomes and spending rates.

vi.) The government: It collects taxes from businesses and protects employees, customers and the environment through regulatory bodies.

vii.) Creditors: They lend finances to the businesses in the form of loans or mortgages to be fully paid with interest. They are interested in the success of the company because that signifies that their loans will be paid fully and timely.

viii.) Media: They spread information about the brand. They help to shape the consumers' attitudes towards the business.

### C.) Ethical Responsibilities Often Extend Beyond Legal Requirements

Every transaction between a stakeholder and a business may appear finite. E.g You may purchase something from a store and leave. But the relationship probably continues because you might have some questions, or the company might keep your data for marketing

When a product does not live up to its maker's claims the manufacturer needs to correct the problem to regain the trust of the customer. This is known as **ethical maximum**. It is the strongest possible action to behave ethically in a given situation. On the other hand, an **ethical minimum** is the