

## **Section A, Unit 2 – Influences**

As you have noticed, stakeholders have interests in the business but they also have influences. In this part of the Unit I will explain how each stakeholder or groups influence a business - Which in this case, will be Sainsbury's.

### **Shareholder**

Shareholders influence on Sainsbury's would be the actual share prices. This is because the shareholder will want the share price to increase, as they want its "value" to be greater. They can also have some sort of power and influence within Sainsbury's if they possess a large share, which could lead to a take over.

### **Employees**

Employees have an influence on Sainsbury's, but only to an extent. This is because the employee has a limited amount of influence to Sainsbury's as it is up to the employer. The employer will determine the amount of influence through:

- Training that they have received.
- Rules and Regulations.
- The contract between the employee and the employer. Which include pay and working conditions, fringe benefits like a company car, discounts, and travel/health insurance.
- Promotion.
- Job security.

However, the employee does have the influence which affects the reputation of the business and the quality of the service provided, as if this is not sufficient for the customer, he/she will go somewhere else.

### **Managers**

The managers influence in Sainsbury's is to carry out day to day tasks and help the efficient running of the business. Their responsibility broadens to other departments - which show how managers are important and have strong influences in Sainsbury's due to their connections to other areas like: employees, stock control, marketing and finance. They have control over Sainsbury, which means control over the H&R,

marketing and the other functional areas. They have control over employees and the service provided, however, they do not have total control as the owner makes the final decisions in many of the cases where as the managers merely influence and manage the areas and have power of the store they are working at and can make necessary decisions to improve the running of it, making them an influence.

### **Suppliers**

Suppliers provide stock/ goods for Sainsbury's. They have the influence getting the goods to the store on time which is important for both parties involved in the transaction of the goods. Also they build a relationship with the business and provide quality and efficient service at reasonable costs. Keeping the costs down benefit them both hugely, this is because if the costs are low to produce the goods the suppliers will stock more of it and can pass the discounts along at cheaper prices which in turn benefits Sainsbury's as they get cheaper products to sell. Consequently Sainsbury's can afford to sell them at cheap prices and gain more business and the suppliers will get more interest and business (distribution) between them.

### **Customers**

Have the influence that can change the type of products Sainsbury's sell. E.g certain stores may sell more of one brand of product than the others, causing others to be taken off the shelves or changed by the manufacturers to suit the demand and interests of customers in Sainsbury's. They also suggest new ideas for the stores and the products which can influence how Sainsbury's operates.

### **Local Community**

Have the influence which can decide where a new store should be located - close to residents/ proximity to the market. The employment rates in the surrounding area can effect if the store can employ enough workers or if there are too many applicants. The community also poses slight pressure for more environmental consideration like litter of plastic bags and excess packaging and congestion, which has an indirect affect to where the car park, should be situated for the store. Also the local average income can influence what types of products Sainsbury's sell, this is because if it is an affluent area the products they sell will be from

a more expensive range "taste the difference" where a deprived area may be more interested in the "basic" food line as the economic condition is not strong.

### Creditors

Creditors help finance Sainsbury's through various sources. They want to build a relationship as they share financial power. They can influence Sainsbury's as if there were no financial support they may end up in debt and hinder their chances of expanding their business and setting up more stores. This is why creditors are important to Sainsbury's, lastly creditors have an influence that causes a knock on effect which would hit employees the worst. This is because if Sainsbury's run out of sufficient business to keep trading, creditors would be there for financial back up and support through these harsh economical times (recession), which can stop to employees being laid off if otherwise.

### Pressure Group

Pressure groups like green peace want Sainsbury's to be environmentally friendly by the use of bags for life and less lorry loads on the roads to cut pollution. This can influence finance as they have to set another budget aside for these environmental fixes like the "bags for life". Food standards want the food to be safe and meet health and safety standards. They can influence the production side of Sainsbury's as production may need to tighten their quality control and health and safety when preparing the goods. "Fair trade" on the other hand wants to deal with ethical issues about farmer's equal pay. This can influence the customers of Sainsbury's, as customers may feel more satisfied and pleased with Sainsbury's, and the fair trade product they have purchased. Overall the pressure group influences Sainsbury's because they can make customers see Sainsbury's in a different perspective eg. they could have a campaign showing how much waste Sainsbury's produces each year which can put some customers off and therefore gain bad publicity if pressure groups aren't dealt with by Sainsbury's.

### Government Influence

Government will influence Sainsbury's financially as the economy is changing and the government would want Sainsbury's to stay in business

and serve the public (customers). They also influence the production and sale of goods, as the government would want healthier food options as a new initiative towards obesity in Britain. They also regulate other small businesses to give them a chance and a say in the local communities to stop people all going to large supermarkets like Sainsbury's.