

Stakeholder theory application

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Stakeholder theory, popular in the sass, advised that corporations should look beyond the shareholders theory of profit maximization, and take into consideration other stakeholder groups that the company is associated with, and have involved in their legitimate interests or contribution to the company (Ninja and Howell, 2011). Groups of stakeholder might be customers, employees, suppliers, authorities, shareholders etc... Yet they share the different but significant influences in business operations and take into account responsibilities to work for their interests which relates to the company. This critical review aims to understand the conceptualization of stakeholder theory in business ethic model, address the argument/challenge circulate the application of the theory, and criticize to find a solution or suggestion for the dispute in the limitation of individual work.

Business ethic model is a form of applied or professional ethics which can be assigned into all aspects of business conduct, possibly individual's manner or organization's culture, controlling the way of working as well as behavior. Within the context of business ethic model, stakeholder theory acts as a managing tool for managers to resolve conflicts from reciprocal to antagonistic influencing powers inside or outside the company. A business ethic model may vary from low to high level of compliance.

Once noticed the groups of stakeholders and their level of interest/association with the company, managers can also leverage their priorities' supervision in motivation as well as attempt to resolve the conflicts in orders. In another words, stakeholder theory is serving the business ethics as boosting up the equitable capitalism and co-produce the Corporate Social Responsibility (CSR) internally and externally (Kale, J. , 2006) One of the <https://assignbuster.com/stakeholder-theory-application/>

main arguing points in the application of stakeholder theory to business ethic model is the implementation of this tool in the complicated reality of business environment.

Stakeholder groups are various in ranges and diversified in competing interests. In the ethic model, it is more and more complicated with the term subjective "moral" which is belonging to the very own perspectives of individual/organizations to set a specific standard. Then how ND which measures should company take to detect, use and control those valuable source of information to achieve maximized productivity from stakeholders? If it is possible to employ the tools, then could the company balance all these differences to achieve stable and sustainable stage of interests?

Kale discussed that "the manner and depth to which any particular interest should be served can be determined on the basis of nature and degree of the (role-specific) responsibility involved" (Kale, J. 2002). SUGGESTIONS FOR INFLECTING TOOLS The result of this determination process can be found in the criteria that business might set for themselves in the attempt to set up competing interests, in accordance with their strategy, business model and organization culture.

Obviously, in the nature of business, the most powerful and influenced stakeholders, defined by businesses, are the persons who will take lead to the organization's operation. However, with what standard that the business uses to detect their substantial groups of stakeholder is a challenge for each organization's own culture. Once the corporation identifies groups of stakeholders and their interests, it is necessary for it to create value

proposition ND propose for the groups, typically in finance benefits (price, volume, target, etc... , functional activities (productivities, choice of flexibility, etc...) or emotional interests (security, trust, etc...). This value proposition then needs to be balanced with the " return on investment" perspective of business; in another word, business need to determine what they are seeking from each stakeholder group. It is important and critical for the company after this assessment stage that they should compare the capabilities needed with offers of interests they have to create a profitable model to engage the trade-offs among groups of stakeholder.

This tool helps become a mean to manage and track competing interest and return on investment for the business in accordance with a set key performance indicators established from the beginning. CONCLUSION Stakeholder theory is applied to business ethic model as a useful tool to identify and manage competing interests within the business ethic environment. It is discussing successfully in this review about the possibility and method that business use the theory as an implementing tools and applicable standards to identify interest and capture the returned benefits.