

# Coursework Commentary 1

**Task / Title** Identify the stakeholders of the Body shop and discuss their accountability to each.

Taken from AS Module 1 Objectives 1: What do people want?

## Candidate's Work

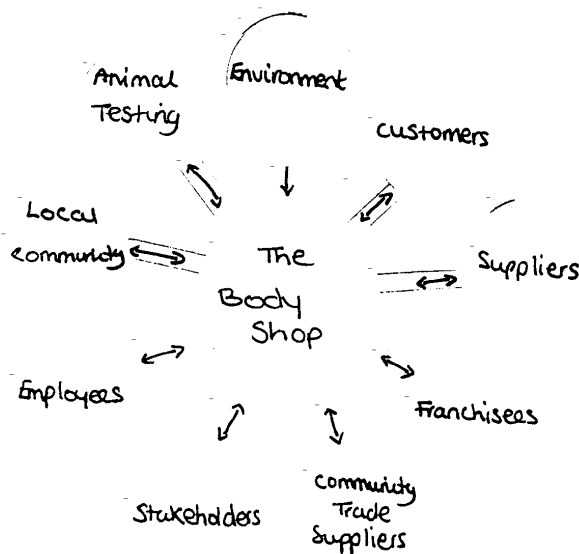
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### Introduction

Stakeholders are those groups who have a stake in or claim on the firm. Stakeholders can include suppliers, customers, employees, stockholders and the local community. A Company is accountable to each and every one of its stakeholders in one way or another. Although by law there are certain accountability aspects that a company must abide by (see appendix 1), some companies also feel accountable in other ways. I will be looking at the Body Shop. Anita Roddick opened the first Body Shop in 1956 selling only 25 naturally based skin and hair products. The Body Shop International Plc now consists of 1500 stores in 47 countries selling 400 different products.

### Who are the stakeholders of the Body Shop?

The stakeholders of the Body Shop include employees, franchisees, customers, and suppliers, community trade suppliers, shareholders, local community animal rights and the environment. *Because there is an inter-relation, shown below, it is clear to see that the stakeholders and the Body shop both benefit*



Like all businesses, the body shop is accountable to their stakeholders in some way. All companies have stakeholders, but the type and amount of stakeholders all depend on how the company feel they are important and therefor you need to recognise that this is why there is accountability.

To make sure that you cover all areas that the organisation needs to be accountable to, you need to look at why they are accountable to them.

Employees: 1. They provide the company with the tool to promote and sell goods.  
2. They provide a service at the highest of quality.  
3. They are the key to what makes the product stand out from competition.

Franchisees: 1. They provide the means for the company to circulate their goods.  
2. They provide easy access for the customers.

Customers: 1. They provide the income for the Body Shop.  
2. They provide the beginnings of new ideas and the purchasing of new products because of the customers wants and demands.  
3. They provide them with the need to employ people, which in turn help the local community and economy.  
4. They provide them with the opportunities to encourage and give the community trade suppliers the opportunity to develop and make grow their industries that provide the Body Shop with its products.

Suppliers: 1. They provide them with the goods and services that the company demands.

Community trade suppliers: they provide the body shop with a good reputation, because the Body Shop is providing them with different opportunities.

Shareholders: 1. They provide some means of capital.  
2. They can take on some of the responsibilities that come with the business.

Local community: 1. They provide some means of income for the company.  
2. They provide a labour force.

Animal rights: 1. They provide company with the information that they need in order to help prevent cruelty to animals. To help protect the ethics of the Body Shop.

Environment: These groups provide the Body Shop with information that will help keep the body shops ethics in place.

Now we know why the Body Shop feel that they are accountable to these particular stakeholders we now need to see how they are accountable.

Employees: They will establish a framework that will include, workers rights, ensuring a safe, healthy working environment, fair wages, no discrimination in any way.

Franchisees: Their trading relationship will be commercially viable, mutually beneficial and based on trust and respect. They will have the benefit of an easily recognised, proven product and brand name, guaranteed suppliers, training and advice and the use of the company livery.

Customers: They will ensure that the customers are well-informed in order to make responsible choices when purchasing the product. The aim to meet their customers needs through the provision of high quality, good value products with an exceptional service, as their customer care is a crucial part of their trading policy.

**Community trade suppliers:** They will support long term relationships with communities in need. They pay special attention to those minority groups that are usually overlooked by other companies, such as, women and disadvantaged peoples who are socially and economically marginalised. The body shop wants to help create livelihoods and explore tradebased approaches to supporting sustainable development. They are seeking to work with communities rather than exploit them for a profit. The Body Shop offers them knowledge, training, creativity and purchasing power in exchange for materials. These communities are also given the chance to have a clear stake in the success of the organisation.

**Suppliers:** Just like the franchisees, the Body Shop's trading relationship will be commercially viable, mutually beneficial and based on trust and respect. The Body Shop also feels accountable to them in such a way that they feel that they should assist the suppliers in many ways. The Body Shop has begun to share best practices and benchmarking. They also inform them of their environmental policies so that they can remain the best suppliers for the Body Shop.

**Shareholders:** The Body Shop must make sure that they are doing all that they can, in order to make a return on those shares in the company that the shareholders have purchased. The shareholders are given a responsibility over the organisation. If they are dissatisfied with the performance of the organisation, then they are able to remove the board of organisers at the annual general meeting. The Body Shop must provide the stakeholders with information about the company on request and as part of a routine. They must be informed about any new decisions and any new ideas.

**Local community:** Just like all other companies, the Body Shop is part of a local community. This means that they have a certain amount of responsibility to that community and the local economy. As well as have responsibility to community, which may include, job creation, the Body Shop also allows employees paid time off to do volunteer work in their local community. This means that in some way they are accountable to the improve the state of the local community.

**Animal rights:** As well as being fair to the animals themselves, the Body Shop is really accountable to those groups who speak out against animal cruelty. The Body Shop says, they will promote animal protection through their activities. They make a strong statement that they are against animal testing in the cosmetics and toiletries industry. They promise to take action if they discover their suppliers test on animals the cosmetic ingredients that they sell to them. They promise they never have and never will test their products or ingredients on animals, and they will not commission others to do so. They are currently campaigning for a worldwide ban on the use of animal testing in the cosmetics industry.

**Environment:** Just like animal rights, the environment can't speak for itself, there are groups, which speak out against environmentally unsafe products and services. The Body Shop says that they will use environmentally sustainable resources wherever technically and economically viable. They will screen all products and producers before purchasing to ensure that they comply with their environmentally safe policy.

They should provide these groups with relevant information that will show them how they are acting in order to keep a responsibility to the environment.

In business it is impossible to make all of your stakeholders completely happy, e.g. You can not maximise shareholder profits whilst being totally loyal to the environment. This is because, the Body Shop puts certain demands on their suppliers to meet their standards, which means the materials are more expensive as it is a specialist market.

Because of this most companies do try to keep everything equal, but sometimes companies do feel that they have a higher obligation to one of their stakeholders. In the Body Shop, it seems that they have a higher obligation to the environment (see appendix 2) all of their products are environmentally friendly, their suppliers must abide by their rules on environmentally safe products.

Although the Body Shop aims to make a profit, they want to make a profit with principles. This shows that the Body Shop feel more accountable to the environment than almost anything else.

From looking at the Body Shop mission statement (see appendix 3) it is very clear to see where the Body Shop's accountability obligations lie.

To weigh up some of the competing needs of their stakeholders, they are constantly asking questions and they try to find out information from them (see appendix 4). The Body Shop depends on this information when deciding on accountability needs.

To ensure that the Body Shop meet all of their accountability needs, they perform a social audit, in order to find out the responses to their actions, from their stakeholders (see appendix 5). Once the Body Shop has performed a social audit they can then work with what they find, in order to make standards better.

However, it should be noted that the information was provided by the Body Shop, and so may be biased.

## Assessment Commentary

The title has potential although a likely shortcoming is that it may encourage a descriptive approach as it does not actually pose a question. The candidate has undertaken some useful research which is seen in the appendices. The appendices clearly contain valid material that could have been used more effectively.

The opening section gives a background to the firm and relevant knowledge is displayed consistently. The candidate certainly understands the term stakeholders and applies the concept in a manner which enables conclusions to be drawn. A weakness is the generalised approach. The Body Shop, in many ways, gives a higher and more explicit profile to its stakeholder obligations, yet much of the treatment applied in the work fails to capitalise upon this.

The appendices contain references to a variety of stakeholder issues yet these are not effectively referred to. Where the candidate does draw heavily upon the source material it is presented in an uncritical way, thus excluding the candidate from the higher levels of the analysis marks. The final sentence does recognise this shortcoming but it is not taken any further.

Conclusions are drawn about the issue investigated and a number of judgements are made, eg “it is impossible to make all the stakeholders completely happy” with a relevant example given.

The information contained in the appendices included:

Body Shop’s own promotional literature  
A relevant document from a web site  
Newspaper articles  
Extracts from Body Shop company report

<b>Grade/Mark(s) awarded</b>	<b>E/U border</b>	
	Knowledge	12
	Application	10
	Analysis	12
	Evaluation	10
	<b>Total</b>	<b>44</b>