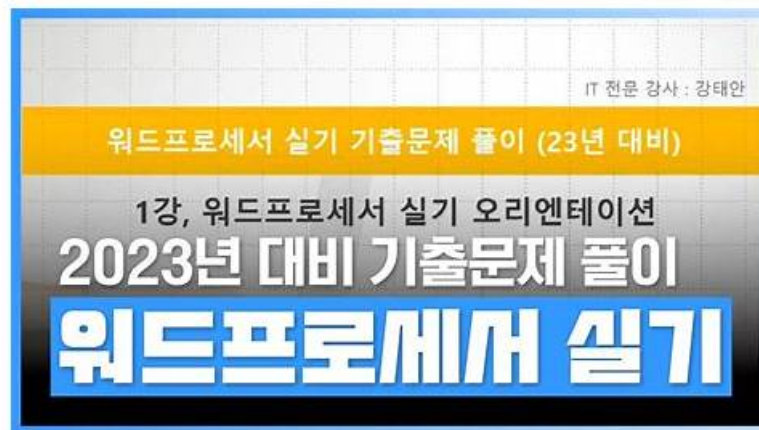


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>> L4M1 시험기출문제 <<

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CIPS L4M1 시험요강:

주제	소개
주제 1	<ul style="list-style-type: none">Understand and analyse the need for compliance: This section measures skills of compliance officers and sector-specific procurement managers in understanding different economic and industrial sectors such as
주제 2	<ul style="list-style-type: none">Understand and analyse the added value through procurement and supply chain management: This section of the exam measures skills of supply chain managers related to identifying added value outcomes in procurement and supply and evaluating cost savings, service improvements, and innovations contributions. It also measures procurement and supply processes that contribute to added value.
주제 3	<ul style="list-style-type: none">Understand and analyse the key steps when procuring goods or services: This section measures that skills of purchasing managers and procurement officers in identifying and evaluating stages in the sourcing process, planning, supplier selection, and contract management.

최신 CIPS Level 4 Diploma in Procurement and Supply L4M1 무료샘플문제 (Q33-Q38):

질문 # 33

Explain the following terms: outsourced procurement, shared service unit (SSU) and consortium procurement.
What are the advantages and disadvantages of each approach to procurement? (25 points)

정답 :

설명:

See the solution in Explanation part below.

Explanation:

How to approach this question:

- There are 3 terms and an advantage and disadvantage for each you need to talk about. So that's 9 things. Out of 25 points you can see you'll probably only get 1-2 points for each aspect of the question. That shows you the level of detail you need to include - not that much!

- In terms of structure feel free to use headings and bullet points for this one Example Essay Outsourced procurement, shared service units (SSUs), and consortium procurement are distinct approaches to managing procurement activities within organizations. Each method carries its own set of advantages and disadvantages, catering to different organizational needs and circumstances.

Outsourced Procurement: Outsourced procurement involves engaging a procurement consultant or an external organization to provide advice or handle the entire procurement process on behalf of the company. The advantages of outsourced procurement are that it frees up internal resources, allowing them to focus on other tasks. The expertise and skills brought by external consultants can also fill gaps in the organization's capabilities. Moreover, this approach is flexible, adapting well to irregular procurement needs. However, drawbacks include a potential loss of control, higher costs, the need for an additional management layer, and the risk of losing intellectual property (IP).

Shared Service Unit (SSU): A Shared Service Unit is an internal procurement support function within an organization that various divisions can access for assistance, resembling the outsourcing concept but within the organizational structure. The advantages of SSUs lie in potential cost savings, the ability to aggregate demand, and the establishment of common standards and processes across the company. The expertise utilized is internal, providing a sense of familiarity. The disadvantage is that measuring the success of an SSU can be challenging, and there is a risk of stifling innovation. The unit may also be perceived as remote from end users, and procurement processes might be slower due to serving multiple departments.

Consortium Procurement: Consortium procurement involves a collective effort where separate organizations join forces to purchase goods, thereby increasing their bargaining power. The advantages of this approach are in the aggregated demand, resulting in more economical purchases. Pooling knowledge and expertise within the consortium enhances the collective capabilities of its members, providing a sense of safety in numbers.

However, disadvantages include a potential loss of individual organizational power, prolonged decision-making processes within the consortium, challenges in responding quickly to demands, and the potential hindrance to small and medium-sized enterprises (SMEs) competing if demand is aggregated.

In conclusion, organizations must carefully consider their specific needs, priorities, and the nature of their procurement requirements when choosing between outsourced procurement, SSUs, or consortium procurement. Each approach offers unique benefits and challenges, and the decision-making process should align with the organization's overall goals and strategies.

Tutor Notes:

- I've named lots of advantages and disadvantages for each of the models. 1-2 advantages and disadvantages of each is all you need to secure you the marks. Remember you only have 35 minutes to write this. A danger with this type of question is spending too long on one aspect of the question and running out of time to answer the rest of it.

- A good idea is to pace yourself and give yourself 10 minutes per term (outsourced, SSU and consortium) then 5 minutes at the end to review and edit your response.

- Some further details you may wish to include:

- Outsourced procurement - this is often used when the organisation doesn't have the expertise to procure the item they need. This often happens for complex / technical procurements or highly regulated industries. An example may be a housing provider who runs a block of flats where the lift has just broken down and cannot be fixed. They need to procure a new lift but have no idea how to write a specification for this as they don't have the technical knowledge of how lifts work. Hiring a consultant who is experienced in tendering for lifts, although expensive, may actually save money by reducing the risk of procuring the wrong thing.

- SSU - a Shared Service Unit acts as a support function for the organisation. This is described in Porter's Value Chain- all other departments can call on the SSU when they require assistance. The SSU is responsible for managing its own costs, employs its own resources and may have contractual agreements with other divisions. The main aim of the SSU is to add value. SSUs are common in large organisations where the core activities don't revolve around procurement (such as finance and service industries).

- Consortium - Consortium buying is encouraged in the public sector in order to maximise value for money.

Consortiums can create their own Frameworks. There is a risk that large consortia can abuse their dominant market position.

- LO 3.3 p. 161

질문 # 34

What is meant by the term 'centralised procurement'? (10 points) Explain 2 forms of Hybrid Procurement Structures (15 points).

정답 :

설명:

See the solution in Explanation part below.

Explanation:

- This is essentially two mini essays, so you can do them completely separately if you like.

1) Definition of centralised procurement - when an organisation has a designated procurement function which makes purchases on behalf of other teams. When departments need to make a purchase, they would do this by approaching the procurement department who would purchase the item they need. This is in contrast to devolved procurement where departments can make purchases themselves.

2) Explanation: of 2 forms of hybrid structures- there's a couple in the study guide you can pick from - consortium, shared services, lead buyer and outsourced. In the old syllabus they used to discuss SCAN - Strategically Controlled Action Network and CLAN = Centre Led Action Network. This has been removed from the new syllabus, but I don't think it would be wrong to use SCAN and CLAN in this essay if you wanted to. However they are more complicated than the others and if you can talk about other models instead I'd definitely go for that.

Example Essay:

Centralized procurement refers to a procurement strategy where an organization consolidates its purchasing activities into a single, central department or unit. Instead of allowing individual departments or divisions within the organization to independently manage their procurement processes, centralized procurement involves the concentration of these activities under a unified structure.

Key features of centralized procurement include:

1) Single Procurement Authority: In a centralized procurement system, there is a designated procurement authority or department responsible for handling all purchasing decisions. This central entity has the authority to negotiate contracts, select suppliers, and make procurement-related decisions on behalf of the entire organization.

2) Streamlined Processes: Centralized procurement aims to standardize and streamline procurement processes across the organization. This can include the establishment of uniform procurement policies, procedures, and documentation to ensure consistency and efficiency.

3) Economies of Scale: By consolidating purchasing power, centralized procurement allows organizations to leverage economies of scale. Bulk purchases, standardized contracts, and negotiations with suppliers on a larger scale can lead to cost savings and more favourable terms.

4) Improved Coordination and Communication: Centralized procurement enhances coordination and communication within the organization. With a centralized structure, there is better visibility into overall procurement activities, allowing for improved collaboration, information sharing, and strategic planning.

Moreover, this centralized control helps manage risks, ensure transparency, and monitor adherence to ethical and legal standards.

5) Consolidated Supplier Relationships: Centralized procurement enables the organization to consolidate its relationships with suppliers. This can lead to stronger partnerships, better negotiation positions, and improved collaboration with a select group of suppliers that meet the organization's needs.

6) Strategic Decision-Making: Centralized procurement allows organizations to make strategic decisions at a higher level. This includes aligning procurement strategies with overall organizational goals, optimizing the supply chain, and contributing to broader business objectives.

An example of centralised procurement would be in a hotel chain with several hotels across the UK. In a centralised procurement function there would be one team responsible for ordering everything for all of the hotels, rather than allowing the individual hotels to buy things themselves. Premier Inn is an example of a company that uses this structure- it allows them to buy stock in bulk and ensures that all hotels have the same equipment so customers expectations are always met.

Centralized procurement is often contrasted with decentralized procurement, where individual departments or business units manage their procurement independently (i.e. each hotel would buy their own supplies). The choice between centralized and decentralized procurement depends on various factors, including the size and structure of the organization, the nature of its operations, and the specific goals it aims to achieve through its procurement processes.

Consortium Procurement Model:

The consortium procurement model is characterized by the collaboration of multiple organizations forming a joint group (the consortium) to engage in collective buying activities. Typically composed of entities from the same industry or sector, these organizations unite their resources, expertise, and purchasing power to pursue shared procurement objectives. The consortium leverages this collective strength to negotiate contracts, conduct bulk purchases, and benefit from economies of scale, resulting in cost savings and increased operational efficiency. The UK University sector is an example of Consortium activities- many universities come together to 'group buy' items as this brings about many benefits.

The main benefit of this form of hybrid procurement model is the increased negotiating power and leverage derived from combining the purchasing volumes of participating entities. This often results in more favourable terms, competitive prices (through bulk purchases), and improved conditions with suppliers.

Additionally, consortium buying allows organizations to share resources, knowledge, and expertise, fostering a collaborative environment that enhances overall procurement capabilities. By working together, consortium members can collectively address challenges, negotiate strategically, and navigate the procurement landscape more effectively.

However, consortium buying is not without its challenges. A potential disadvantage lies in the complexity of managing a collaborative procurement structure, involving coordination among diverse entities. Achieving consensus on procurement strategies, vendor selection, and contract terms may require considerable effort and compromise. Additionally, individual organizational needs and preferences within the consortium may differ, posing challenges in aligning priorities. It is essential to strike a balance between centralized decision-making and accommodating the specific requirements of each consortium member. Furthermore, the success of consortium buying relies heavily on effective communication and trust among participants. Any breakdown in communication or lack of trust could hinder the collaborative process, impacting the overall efficiency and success of the consortium's procurement endeavours.

Overall, while consortium buying offers notable advantages, its effectiveness is contingent on careful management of collaborative dynamics and effective communication strategies.

Shared Services Procurement Model:

In the shared services procurement model, various departments or business units within a single organization converge under a centralized procurement function. Rather than individual units managing their procurement independently, a dedicated shared services centre is established to provide procurement-related services across the organization. This model facilitates streamlined processes, ensures consistency through standardized procedures, and capitalizes on economies of scale.

One key benefit is the potential for cost savings through economies of scale. By centralizing procurement, the organization can negotiate bulk purchases and standardized contracts, leading to better terms and prices. This consolidation of purchasing power enables the organization to optimize its resources and achieve overall cost efficiency. Additionally, centralized procurement allows for streamlined processes, standardized procedures, and better control over procurement activities. It promotes consistency, reduces redundancy, and ensures adherence to organizational policies and compliance requirements.

However, there are also potential disadvantages to centralized procurement. One notable challenge is the potential for reduced flexibility in meeting the unique needs of individual departments or business units within the organization. Centralization may lead to standardized approaches that might not be well-suited for all units, potentially impacting their specific requirements. Furthermore, the centralization of decision-making can result in increased bureaucracy and longer decision-making processes, potentially slowing down procurement activities. Additionally, there may be resistance from decentralized units that are accustomed to managing their procurement independently. Striking a balance between centralized control and accommodating the diverse needs of various units is crucial for the success of centralized procurement.

In conclusion, both the consortium and shared services procurement models represent strategies to enhance efficiency, realize cost savings, and optimize procurement processes. While the consortium model involves collaboration with external entities, the shared services model centralizes procurement functions within a single organization. The choice between these models depends on the unique goals, structure, and requirements of the organizations involved, each offering distinct advantages in the pursuit of effective procurement management.

Tutor Notes:

- This is from LO 3.3 p.161 onwards. There's quite a bit of information on these hybrid models so there's many ways it can come up as a question. There are different types of consortium, which I didn't go into in the above essay because it wasn't asked for as part of the question, but I'd familiarise yourself with this. Also with the pros and cons of each model, and think about when an organisation may choose this type of model.

질문 # 35

Describe the main differences between a traditional procurement approach and supply chain management approach to buying (25 points)

정답 :

설명:

See the solution in Explanation part below.

Explanation:

- The question is asking you to explain the following:
- With this type of question you would be expected to discuss 3- 5 differences, giving examples.

Example Essay Structure

Introduction - explain what is meant by 'procurement' and 'SCM' - procurement is the traditional way and is to do with purchasing goods, SCM is the new way which is a more multifaceted way of securing goods and is the result of longer, more complex and more globalised supply chains.

Paragraph 1 - the objectives of each approach (5 Rights vs added value) Paragraph 2 - the approach (reactive buying vs proactive ordering) Paragraph 3 - the way of working (silo working vs cross-functional working) Paragraph 4 - the relationships with suppliers (transactional vs collaborative) Conclusion - There are many differences between the two approaches, and different companies may favour one over the other depending on their specific circumstances. E.g. small organisations that make low value and low risk purchases may take a traditional procurement approach and large multi-national organisations may require a SRM approach due to the volume of suppliers and complexities of the supply chains.

Example essay:

Procurement and Supply Chain Management (SCM) represent two distinct approaches to acquiring goods, reflecting the evolution of purchasing practices. Procurement, the traditional method, involves the straightforward purchase of goods. In contrast, SCM is a more intricate approach, born out of longer, more complex, and globalized supply chains. This essay explores the main differences between these two approaches, highlighting their objectives, methods, ways of working, and supplier relationships.

In the traditional procurement approach, the focus is on achieving the "5 Rights" - getting the right goods, in the right quantity, at the right quality, for the right price, and at the right time. This ensures efficiency in the purchasing process. On the other hand, SCM goes beyond these basic objectives, aiming to add value to the entire supply chain. This might involve developing strategic relationships with suppliers, ensuring sustainability, and aligning with broader organizational goals. For example, a company employing a traditional procurement approach might emphasize getting the lowest price, while an SCM approach could involve working with suppliers to enhance product innovation or reduce environmental impact.

Secondly, the traditional procurement approach is often reactive, responding to immediate needs or demands. Companies using this method typically make purchases as required, without a long-term strategy. In contrast, SCM involves proactive ordering, anticipating future needs and trends. For instance, a company employing SCM might engage in demand forecasting, allowing for better planning and inventory management. This proactive approach helps prevent stockouts, reduce costs, and enhance overall supply chain efficiency.

Moreover, traditional procurement often involves silo working, where different departments operate independently. The procurement team may not collaborate closely with other departments like production or marketing. In SCM, there's an emphasis on cross-functional working, breaking down departmental barriers for a more integrated approach. For example, an SCM team might work closely with production to ensure materials are aligned with manufacturing schedules, fostering efficiency and minimizing disruptions. Lastly, in traditional procurement, the relationship with suppliers is transactional - focused solely on the exchange of goods for money. Conversely, SCM promotes collaborative relationships, emphasizing long-term partnerships. A company using SCM might work closely with suppliers to improve processes, share information, and jointly address challenges. For instance, an SCM approach might involve collaborating with suppliers to implement just-in-time inventory systems, leading to cost savings and improved responsiveness.

In conclusion, the differences between traditional procurement and SCM are substantial and nuanced.

While a traditional procurement approach may suit smaller organizations with low-value and low-risk purchases, larger multinational companies with complex supply chains often find SCM more suitable.

Understanding these differences allows companies to tailor their approach based on their unique circumstances, emphasizing the importance of flexibility and strategic alignment with organizational goals in the ever-evolving landscape of buying and supply chain management.

Tutor Notes

- This question is taken from learning outcome 1.1.1 (p2 onwards). The new study guide has drastically simplified the information on this topic compared to the old syllabus (the table above comes from the old syllabus). This may be good news for students in that you don't need to know as much, but I do wonder if the study guide gives students enough 'content' to write an essay on the subject.
- If a question is to come up from LO 1.1 it would be likely be something like: definitions and differences between procurement and SCM, difference between a supply chain and a supply network, elements of SCM, or how to add value in the supply chain.

질문 # 36

Describe the main characteristics of, and differences between, procuring goods, services and construction works (25 points)

정답:

설명:

See the solution in Explanation part below.

Explanation:

- there are a lot of components to this question so I would take a good 5 minutes to write out some bullet points on the characteristics of each one, and on some differences. Then from your notes make this into an essay. The mark scheme isn't 100% clear on how many characteristics and differences you need to name, so try and keep an equal split between the two areas. You would probably need 2-3 characteristics of each, and 3 differences for a good score.
- Characteristics of goods: tangible, homogeneous, items tend not to perish quickly, can be stored
- Characteristics of services: intangible, heterogeneous, inseparable (produced and consumed at the same time), no transfer of ownership, perish upon use (i.e. cannot be stored)
- Characteristics of construction work: project-based procurement, includes procuring both goods and services, complex procurement which has its own set of regulations (CDM2015).
- Differences between these
 - 1) goods are not usually outsourced and services can be.
 - 2) Complexity of the supply chain (goods and construction may have a complex supply chains, but service contracts usually only involve 2 parties).
 - 3) Timescales - construction work has a designated timescale but procurement of goods could be a one off or long-term contract,

services is usually a long-term contract.

Example Essay

Introduction:

Procurement is a multifaceted field, and understanding the nuances between procuring goods, services, and construction works is pivotal for effective management. This essay explores the main characteristics that differentiate these categories.

Tangible / Intangible:

Goods are tangible items that can be physically seen and touched. For instance, raw materials like wheat and sugar in a manufacturing organization are tangible goods. On the other hand, services are intangible-though the results can be observed, the service itself cannot be touched. An example is a cleaning contract for a factory; while the effects of the cleaning are visible, the service itself remains intangible. Construction is usually a mixture of tangible and intangible procurement; the tangible is the construction materials such as bricks and windows, and the intangible aspect is the labour to complete the project.

Heterogeneous / Homogeneous:

Goods are generally homogeneous, meaning they are always the same. For example, steel purchased for manufacturing purposes will always be the same. In contrast, services are heterogeneous, varying each time they are rendered. Customer service, for instance, is inherently different each time due to the dynamic nature of customer interactions. Construction could be either heterogeneous or homogeneous depending on the project - is it a one off unique building, or is it a large housing estate of same-build properties?

Transfer of Ownership:

When goods are procured, there is a transfer of ownership. The product becomes the property of the buyer upon delivery and payment. In contrast, services do not involve a transfer of ownership as there is no physical entity to transfer. In construction the transfer of ownership is extremely complex and varies depending on the project. Usually the buyer will retain ownership of the land throughout the project, but on some occasions the construction company may take ownership for insurance purposes.

Storable (Separable/ Inseparable):

Goods are storable, allowing for purchase on one day and use on another. For example a factory can buy in plastic to be used to manufacture toys and this is stored in inventory until the time comes to make the toys.

However, services are consumed at the point of purchase, making them inseparable. The service is bought and utilized simultaneously. Services cannot be stored. This is the same for construction.

Ability to Outsource:

Goods are rarely outsourced, as they are typically purchased directly from suppliers. Services, on the other hand, can be easily outsourced-examples include outsourcing finance, cleaning, or security services.

Construction works are commonly outsourced, with external companies hired to execute projects.

Complexity of the Supply Chain:

Service contracts often involve a simple two-party relationship between the buyer and the supplier. Goods and construction, however, may have complex supply chains. For example, procuring a pen involves a supply chain with various steps, including the raw material supplier, manufacturer, and possibly a wholesaler.

Construction works often feature a tiered supply chain with subcontractors playing crucial roles.

Construction as a Hybrid:

Construction procurement represents a hybrid, incorporating elements of both goods and services. It involves hiring a service, such as a bricklayer for laying bricks, while also procuring the tangible goods-bricks.

Separating goods from services in construction is challenging, as they are often intertwined, and both aspects are paid for simultaneously.

Conclusion:

In conclusion, distinguishing between the procurement of goods, services, and construction works is essential for effective supply chain management. The tangible or intangible nature, heterogeneity, transfer of ownership, storability, outsourcing potential, and supply chain complexities offer a comprehensive framework for understanding the unique characteristics of each category. Recognizing these distinctions empowers organizations to tailor their procurement strategies to the specific challenges and dynamics associated with goods, services, and construction works.

Tutor Notes

- What a characteristic is can also be a difference. So for example you can say tangible is a characteristic of goods but tangibility is also the main difference between goods and services. So don't worry too much about which order to write stuff in, or doing clear sections for this type of essay. It all comes out in the wash.
- Other differences in procuring these include:
 - Costs: procuring goods such as stationary for an office will be low-cost so may not require approval, but a service contract may require management sign off. Procuring construction projects tend to be huge sums of money
 - Where the budget comes from: goods and services may be operational expenditure and construction works capital expenditure.
 - The level of risk involved in the procurement: goods tends to be quite low risk and construction high risk.
 - Types of contract involved: procuring goods may be very simple and just require a PO, services is more complex so may require a formal contract or Deed of Appointment. Construction projects will require a contract due to the high value and high risk of the purchase
- Legislation - Goods = Sale of Goods Act, Construction - CDM Regulations 2015. Construction is much more heavily regulated than services or goods. Note CDM regulations isn't part of CIPS. It's occasionally referenced in various modules but you don't have to really know what it is. Just know it's the main legislation governing the construction industry. Construction - Construction Design

and Management Regulations 2015 (hse.gov.uk)

- Study guide LO 1.3.1 p. 40, but mainly p. 52 for services. NOTE the title of this learning outcome includes construction and it is hardly mentioned in the study guide. Most of the above information on construction comes from my own knowledge rather than the book.

질문 # 37

Provide a definition of a stakeholder (5 points) and describe 3 categories of stakeholders (20 points).

정답 :

설명:

See the solution in Explanation part below.

Explanation:

Essay Plan:

Definition of Stakeholder- someone who has a 'stake' or interest in the company. A person or organisation who influences and can be influenced by the company.

Categories of stakeholders:

- 1) Internal Stakeholders- these people work inside the company e.g. employees, managers etc
- 2) Connected- these people work with the company e.g. suppliers, mortgage lenders
- 3) External Stakeholders - these people are outside of the company e.g. the government, professional bodies, the local community.

Example Essay:

A stakeholder is an individual, group, or entity that has a vested interest or concern in the activities, decisions, or outcomes of an organization or project. Stakeholders are those who can be affected by or can affect the organization, and they play a crucial role in influencing its success, sustainability, and reputation.

Understanding and managing stakeholder relationships is a fundamental aspect of effective organizational governance and decision-making and there are several different types of stakeholders.

Firstly, internal stakeholders are those individuals or groups directly connected to the daily operations and management of the organization. Internal stakeholders are key to success and are arguably more vested in the company succeeding. They may depend on the company for their income / livelihood. Anyone who contributes to the company's internal functions can be considered an internal stakeholder for example:

This category includes

- 1) Employees: With a direct influence on the organization's success, employees are critical internal stakeholders. Their engagement, satisfaction, and productivity impact the overall performance.
- 2) Management and Executives: The leadership team has a significant influence on the organization's strategic direction and decision-making. Their decisions can shape the company's future.

Secondly, connected stakeholders are those individuals or groups whose interests are tied to the organization but may not be directly involved in its day-to-day operations. Connected stakeholders work alongside the organisation and often have a contractual relationship with the organisation. For example, banks, mortgage lenders, and suppliers. These stakeholders have an interest in the business succeeding, but not as much as internal stakeholders. It is important to keep these stakeholders satisfied as the organisation does depend on them to some extent. For example, it is important that the organisation has a good relationship with their bank / mortgage provider/ supplier as failing to pay what they owe may result in the stakeholders taking legal action against the organisation.

This category includes:

- 1) Shareholders/Investors: Holding financial stakes in the organization, shareholders seek a return on their investment and have a vested interest in the company's financial performance.
- 2) Suppliers and Partners: External entities providing goods, services, or collaboration. Their relationship with the organization impacts the quality and efficiency of its operations.

Lastly external stakeholders are entities outside the organization that can influence or be influenced by its actions. This category includes anyone who is affected by the company but who does not contribute to internal operations. They have less power to influence decisions than internal and connected stakeholders. External stakeholders include the government, professional bodies, pressure groups and the local community. They have quite diverse objectives and have varying ability to influence the organisation. For example, the government may be able to influence the organisation by passing legislation that regulates the industry but they do not have the power to get involved in the day-to-day affairs of the company. Pressure groups may have varying degrees of success in influencing the organisation depending on the subject matter. This category includes:

- 1) Customers: With a direct impact on the organization's revenue, customers are vital external stakeholders. Their satisfaction and loyalty are crucial for the company's success.

2) Government and Regulatory Bodies: External entities overseeing industry regulations. Compliance with these regulations is crucial for the organization's reputation and legal standing.

In conclusion, stakeholders are diverse entities with a vested interest in an organization's activities. The three categories-internal, connected and external -encompass various groups that significantly influence and are influenced by the organization. Recognizing and addressing the needs and concerns of stakeholders are vital for sustainable and responsible business practices.

