



Shell - Brief

Balancing stakeholder needs

Introduction

A stakeholder is a person or group with an interest in or influence on what a business does. Large companies, like Shell, can have many different stakeholders. Some are internal, like employees. Others are external, like the government. A business has to balance the needs of each stakeholder group to avoid conflict. Shell provides non-renewable resources such as oil and gas. Its main aims are to:

- deal with oil, gas and chemicals effectively
- help search for and develop other sources of energy.

Stakeholders can affect or be affected by these aims. Shell seeks to balance the social, economic or environmental impact of its work.

Internal stakeholders

Shell's main internal stakeholders are its shareholders, employees and suppliers:

- Shareholders own Shell. They provide a large part of the capital needed to run the business. In return they take a share of the profits. This is called a dividend. They choose a Board of Directors to create and carry out the business strategy.
- Employees affect Shell's operations.
- Suppliers are Shell's partners in the chain of production.

Shell's core values are honesty, respect for people and integrity. These are central to everything it does. It wants its stakeholders to share these values.

External stakeholders – customers and communities

External stakeholders are not part of the business but they have an interest in what it does. Shell's main external stakeholders are customers. Shell carries out market research to find out what they want. It meets customer needs through product research. Customer concern about damage to the environment is growing. This means Shell take safety and environmental issues into account in its work.





Shell also invests in the communities where it works. For instance, it creates jobs and provides local resources such as health services and schools.

External stakeholders – interest groups

Shell needs to work with a range of interest groups. These are opinion formers who can affect Shell's operations. Shell works with:

- academics
- government
- the press and TV
- Non-Governmental Organisations
- business leaders
- the financial community.

Pressure groups aim to raise public awareness about certain issues. Shell often talks with pressure groups like Greenpeace, which focuses on environmental issues. This helps Shell understand the concerns and deal with them in the right way.

Shareholders and resolving conflicts

Shell believes it is must protect its shareholders' investments. Shell uses its profits to reward them. Shell believes it will carry on growing if it keeps its shareholders' needs in balance with other stakeholder groups. Shell looks at three main factors when making decisions.

These are:

- economic impact – shareholders
- social impact – employees, communities
- environmental impact – the planet.

Shell sets minimum target levels for all of these areas before a big decision is made. This helps avoid conflict.

Conclusion

Shell accepts that it needs to balance the needs of its stakeholders. It has reduced conflicts between its activities and its stakeholders. It does this through clear strategies and good corporate values. It makes decisions only after looking at the effects on economic, social and environmental areas.

