



Shell - Summary

Balancing stakeholder needs

Introduction

Shell provides non-renewable resources like oil and gas. The business has many stakeholders. These are people or groups with a direct interest in or influence on a business. Some are internal, like employees. Others are external, like government. The needs of each group must be identified and balanced to avoid conflict. This is particularly vital for large companies like Shell. Shell's key aims are to:

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

Stakeholders influence these aims. Shell seeks to balance the social, economic and environmental impacts of its work.

Internal stakeholders

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

- The shareholders own Shell. They provide a large part of the capital needed to run the business and take a share of the profits in return. This is called a dividend. They choose a Board of Directors which creates a strategy for Shell. The directors are also responsible for the strategy's implementation.
- Employees are influenced by Shell, but also affect operations.
- Suppliers are Shell's partners in the chain of production.

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

External stakeholders – customers and communities

External stakeholders like customers, although not part of the business, influence Shell and have an interest in its operations. Shell aims to win and keep its customers through market research and product research. The first identifies what its customers want; the second identifies the best products to provide. As customers become increasingly concerned about environmental damage, Shell focuses on increasing safety and reducing environmental impact. Shell also seeks to invest in lasting benefits for the communities in which it works. For example, it creates jobs for local people and develops local facilities, like schools.

External stakeholders – interest groups

Shell needs to work with a range of interest groups. These are decision makers and opinion formers who interact with Shell in different ways. They include:

- academics
- government
- media
- Non-Governmental Organisations
- business leaders
- the financial community.





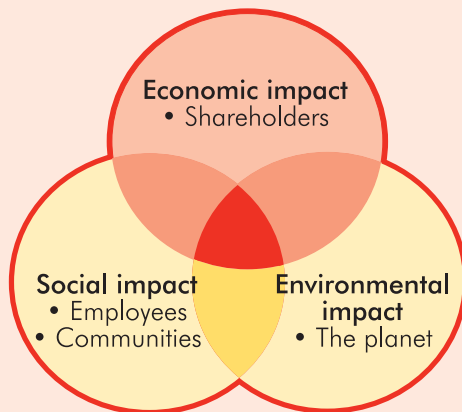
Pressure groups have aims that try to influence major decision makers. They also raise public awareness about issues. Shell talks frequently with pressure groups like Greenpeace in order to deal with issues, such as minimising damage to the environment.

Shareholders and resolving conflicts

Shell believes it has a responsibility to protect shareholders' investments. Its profits are used productively to reward them and for developing new research. Shell believes it will continue to grow if it balances its shareholders' needs against other factors. Shell takes into account three key criteria in its decision-making:

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

To avoid conflict, Shell sets minimum levels which must be met for all three areas before a major decision is made.



Conclusion

Shell recognises it is responsible for balancing the needs of all its stakeholders: shareholders, customers, employees, suppliers and society. Shell has resolved and minimised conflicts between its activities and stakeholders through setting clear strategies and corporate values. It also observes minimum thresholds for economic, social and environmental impacts to provide balance in its decision-making.