**Internal stakeholders**

Internal stakeholders are seen by the wider community as reflecting Shell and how it works.

**Shareholders**

Shell's main internal stakeholders are its shareholders, employees and suppliers. Large businesses like Shell, Sainsbury's, Virgin, and M&S are owned by shareholders. Shareholders play a crucial part in the life of the business. They provide a sizeable part of the capital required to set up and run the business. They take a reward from a share of the profits in the form of a dividend. This varies according to how many shares they own.

The shareholders choose a Board of Directors to represent them and provide a direction to the company. This is set out in a long-term plan which is called a strategy. The directors are responsible for the implementation of the strategy. Each year the directors must produce a report for shareholders. This report is presented each year at an Annual General Meeting of shareholders.

**Employees**

Another important internal stakeholder group is employees. Shell employs over 100,000 people worldwide. These include senior international managers specialising in finance, marketing, sales, oil and gas exploration and other aspects of the business. Other employees include geologists, market researchers, site engineers, oil platform workers, office administrators, business analysts and many more.

As stakeholders, employees are influenced by Shell but also affect how Shell operates. The employees' standard of work and commitment to health and safety and excellence is vital in order to keep Shell as a leader in the energy field. Mistakes can be costly in terms of reputation and the livelihood of other employees.

A priority at Shell is to respect people. It seeks to provide its staff with good and safe working conditions and competitive terms of employment. This has a positive influence on employees as it keeps them safe and motivated.

**Suppliers**

Suppliers are also internal stakeholders and are Shell's partners in the chain of production - for example, in bringing petrol from the oil well to the petrol pump. Shell has a number of core values that are central to everything it does. Shell's reputation depends on making sure that its business actions reflect these core values. Shell works with contractors and other partners in the supply chain who also must demonstrate these values. If they do not, Shell will not use them.

**External stakeholders**

External stakeholders are not part of the business but have a keen interest in what it does and may influence Shell's decision-making. Shell is committed to satisfying the needs of its external stakeholders.

**Customers**

Without customers a business would not exist. One of Shell's major objectives therefore is: 'To win and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental impact, which are supported by technological, environmental and commercial expertise.' Achieving this objective is challenging.

Customers want value for money which involves providing the highest quality fuels at competitive prices. Research drives this process. Safety and environmental impact are key ingredients of the research and development process. Increasingly customers, concerned about pollution and environmental damage, require cleaner, more efficient fuels such as biofuel. There is global interest in liquid biofuels for transport as people travel more. Biofuels also offer the potential to slow the rate of growth in the world's CO2 emissions.

Shell responds to changes in customer views and seeks to anticipate future customer expectations. It aims to help customers use less energy and emit less CO2. Shell products include fuels and lubricants for all forms of transport such as cars, ships, aeroplanes and trains. Shell has a set of global environmental standards/expectations for all of its companies. These include: managing greenhouse gases, energy efficiency, control of waste and the impact on water.
Local communities

Shell's oil and gas operations aim to create economic and social development while minimising negative impacts. It seeks to invest in lasting benefits for the community. Local communities living close to oil refineries have raised concerns over their safety. Shell seeks to overcome these fears and earn the trust of people by taking all the necessary safety measures. This includes operating the plant safely and making people aware of plans and emergency procedures. Shell, in its commitment to improve the wellbeing of local communities, has created local partnerships. It has provided health facilities and supported the development of local schools and universities.

One of Shell's initiatives is Shell LiveWire - an online community for young entrepreneurs wanting to start a business. It provides information and resources (such as free guides) to help young people turn ideas into business reality.

Interest groups

Shell needs to work with a range of interest groups. These are decision makers and opinion formers. People and organisations in positions of influence make decisions and form opinions that can affect Shell. These include academics, government, media, non-governmental organisations (NGOs), business leaders and the financial community. They interact with Shell in different ways:

- Governments - Shell has operations in many countries across all regions of the globe. To gain approval to operate in these countries it has shown the host governments that it is operating in the right way. This includes creating jobs, paying taxes and providing important energy supplies. Shell is also working with governments to promote the need for more effective regulation on CO2 emissions.

- The business community - Shell supplies to and buys from hundreds of other businesses.

- Other oil companies - Shell works in partnership on projects with other international oil companies and partners, such as government-owned oil companies in the countries in which it operates. Partnership activities have included building new oil or gas supply lines and new refineries.

- The media - it is essential for competitive companies like Shell to continue to operate in ways that receive positive press coverage from newspapers, television and magazines. This reinforces its position in the market and can help to attract new customers through a positive reputation.

- NGOs are a diverse group of organisations, organised on a local, national or international level and often around specific issues, such as environment, human rights or health. They vary in their methods, ranging from providing services and expertise to lobbying and campaigning organisations. NGOs often seek to influence other actors, including major brands and big multinationals such as Shell. Shell engages and works with a wide variety of NGOs on a regular basis. For example, it works with and learns from more than 100 scientific and conservation organisations in 40 countries. Partnerships with global organisations help Shell to improve its approach to the environment. The 10-year relationship with the International Union for the Conservation of Nature has led to changes in its operations that have reduced the environmental impact.

Shell is committed to respecting human rights and helping communities. The search for oil and gas can take energy companies to places with poor human rights records. Shell uses a variety of tools, often developed with NGO and think-tank input, to manage risks.

If Shell chooses not to operate in these areas, this opens the door for less principled competitors to exploit workers in these countries. If it stays then it can become part of the solution. Shell will only operate in countries where it is able to follow its business principles. These principles set out what Shell stands for and define its behaviour and are published on its website.

Read more: [http://businesscasestudies.co.uk/shell/balancing-stakeholder-needs/external-stakeholders-interest-groups.html](http://businesscasestudies.co.uk/shell/balancing-stakeholder-needs/external-stakeholders-interest-groups.html)

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