

Communication in business: shell company

[Business](#), [Company](#)



Royal Dutch Shell, also commonly known as Shell is a multinational company that engages in the production and marketing of petroleum oil and natural gas. The company has employed thousands of people across the world and has branches and headquarters in over 100 countries. Its company has stakeholders whose equity shares when consolidated produce a net profit of millions of dollars, making it one of the most profitable oil companies in the world. Despite this, the company has undergone some challenges in the previous years due to lack of production. It has been depleting its oil reserves more than it can fill regardless of the proceeds it has been making (Roberts 2005). This has therefore resulted in increased low performance for the company in terms of generating profits. Moreover, the company has continued to gain stiff competition from rival companies such as BP and Agip, which thrive in the business particularly if there are scandals attached to shell company.

Over the years, the company has been making some diversification away from production of gas and coal petroleum to alternate energy. The reason behind the move is an underlying message of extreme confidence of fulfilling needs within the society. The fact that the company is a gas and petroleum producer makes it recognize that it is vulnerable to emissions of harmful gases to the environment that lead to climate change and global warming. As a result, the company has taken some positive steps towards environment conservation like investment in renewable energy and manufacture of oil that is low in carbon content.

Being a multinational company, Shell has a goal of fulfilling its duty to the society and ensuring sustainable development. There have been times when

the company's image has been ruined by disastrous publicity due to conflict with green peace over proposed sinking of Brent spar oil platform and with environmentalist over the execution of a renowned author and environment activist in Nigeria (Andriof 2002). Due to the pressure that arose from the scandal, the company realized it had more responsibilities on how it conducts its business and affairs.

Economic recession has also affected how most oil companies perform. There has been low production of coal oil and alternative oil since most companies do not have the capacity to produce oil as they used to. Shell has indulged in production of nuclear power, electricity generation and hydrogen. Some people predicted that unless there was global recession production of conventional oil would pick in 2010, but this has not been the case. The world has seen the effect of the recession and oil companies including shell and BP have moved towards renewable energy business (Prugh and Daly 2000). This move will not only help in environment conservation but will minimize the cost used in oil production. Owing to ethical consideration the company is especially interested in sustainable development of the communities their companies are found in. The company founded a social investment group in 1997 called the Shell foundation to promote sustainable development in developing countries on financial basis. Additionally, the company is also regulating some of its responsibilities to not just be a provider of goods and services but a benefactor to the society. The company realizes it has social, environmental, and economic responsibility and among its objectives are to engage efficiently, responsibly and profitably in the production of oil, gas, power, chemicals and other renewable. It also

endeavors to participate in the research and development of other sources of energy (Gooderham and Nourdhug 2003).

Shell Oil Company has impacted the society as well as its stakeholders. The company has tried to come up with other ways other than production and selling of goods and services in order to make profits for its stakeholders. It is finding other alternative fuel for consumption dwelling on environment sustainability like global warming. In addition, it is investing in renewable energy and engaging in the manufacture of fuel with low carbon content. The Company impacts on society can be felt in developing countries in view of the fact that it has employed a lot of people i. e. Nigeria and South Africa. The outcome has been a reduction on poverty and paucity as most of these countries suffer due to economic hardships. As a multinational company Shell has benefited countries in which it runs its business economic wise. These countries get revenue from the trade conducted and this adds to the growth domestic product of the nation.

The Company is trying to change some of the bad image that has been associated with it, like the execution of the environmental activists from Nigeria to gain a more positive image. The bad image adds to the company's poor performance. Companies like BP and Agip thrive in times of scandals since the company's name is tarnished. Moreover, Shell Company has a moral obligation to protect the members of the society, like participating in community development, investing in community programme, and engaging in expertise and resources (OECD 2001).

The Company is under allegations of tax dispute in which it imported catalytic cracked gasoline and did not pay taxes because the goods were

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considered as raw material. This has stained the image of the company leading to criticism its integrity record. In addition, the Company has had a lot of implication over the years and the stakeholders are taking precautions to safeguard its name. Such issues include the case of the Brent Spar Oil platform scandal in which the Company stakeholders announced that they were planning to dump oil in the Atlantic Ocean. They also had to rethink Shell's environmental policies when the Greenpeace called for boycott of Shell petrol resulting to fall of sales by about 50% (Neild and Carysforth 2004).

The stakeholders are aware that the Company's mistakes could have adverse effects on overall sales. Therefore, they are working to safeguard the company's integrity and respect by taking the necessary steps to curb some of the problems in the Company. Shell seeks to reduce the impacts of its operation in the society in the attempt to save the environment from harmful substances and gases.

Summary

It can therefore be concluded that Shell Company has made some impacts in the society. It has benefited people and countries economic wise. The company realizes that it has economic, social, environmental responsibilities.

The company has continued to employ more people who are educated and skilled in order to produce the best in terms of goods and services. This is especially a good thing in second world countries since the global recession has continued to make life hard for people.

Shell Company also participates in research and exploration of finding new sources of energy. This will help in energy conservation and may lead to use of the green chain supply management. Moreover, the company has started to look for other alternative oil fuel for consumption and has begun to manufacture fuel with low carbon content to reduce global warming.

Additionally, the company is concerned about the conservation of the environment. It has attempted to change some of its policies to make them environment friendly. As such, it has gained some recognition in some countries like Malaysia and has won an award as an instigator for environment preservation. This will create a positive image for the company after a lot of negative publicity.

Shell is committed to sustainable development of the areas in which it is located. It is at best trying to meet human needs efficiently while still securing the environment for the present and future generations. This will be good for the society as the environment will not be negatively affected. The company engages in volunteerism and sponsorship of the communities they conduct business in. This leads to the development of those areas and advancement in their lives. It participates in building schools and hospitals especially in countries in Africa where it is involved in sponsorship of events and organizations that contribute to nation building.

Most importantly, Shell Company strives to maintain honesty, integrity, and respect that it once used to have. Integrity means being ethical, honest, and upright in the business. The stakeholders are pushing forward to change anything that the society would not agree to. The company needs to build trust among the customers and with other companies to ensure the

existence of a good name it has been said a ‘good name’ is a company’s asset.

Some of the improvements the company could make include being accountable in how it transacts its business. The tax scandal associated with it could create a bad reputation and this could damage how it performs in terms of creating profits. There has also been a scandal of overbooking of oil and gases to their reserves, which has raised questions about the company’s integrity. Groups have complained that the company is unethical and this led to the resignation of two managers. The company could try to improve on maintaining its integrity and uprightness.

Shell has also been said to have been fined over a reserve scandal with the UK. The scandal was about misreporting of proven oil reserves. This scandal has given the company a bad status. It has led some people to wondering why good companies have carry out bad deeds. The numerous scandals associated with the company prevent it from achieving its goals of maintaining a good name and increasing sales. There have been many court proceedings connected to the company, resulting in losses in compensation.

Another area the company could try to look at is adjusting to a set of responsibilities other than those of creating profit. Participating in community development and growth is what will contribute to the advancement of the company performance owing to good relationship with the society.

The company could also try to improve on meeting the demands of the customers. It could use the diverse technology that is at hand to reduce

problems such as depletion of oil reserves. This could also lessen the number of scandals that are associated with refilling of oil reserves and overbooking.

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