



Stakeholders – Kellogg's

Stakeholders are individuals, groups and organisations that have an interest in the decisions a company makes and the products that it produces. They also, depending on their power, affect how businesses perform. Kellogg's K-Values guide the way the company interacts with all of its stakeholders. They guide the organisation's decision making processes to help meet the expectations of its stakeholders. Kellogg's products are manufactured in 18 countries and are sold in more than 180 countries. This means Kellogg's has to manage its relationships with a variety of stakeholders around



the world. Kellogg's long-term business plans, known as strategies, focus on engaging with its stakeholders to ensure their needs are being met. For Kellogg's, this means ensuring the highest ethical standards and sustainable business practices. A sustainable business is one which focuses on minimising any negative impact to the environment to ensure future generations can prosper.

Stakeholder engagement, building two-way relationships with its stakeholders, is a key aim for Kellogg's. Two-way relationships help build trust between Kellogg's and its stakeholders. Each stakeholder group has different needs. Engaging with each group individually helps Kellogg's ensure these needs are met. Kellogg's uses a variety of strategies to maintain positive relationships with its stakeholders. For example, Kellogg's commitment to its stakeholders and ethical practices is demonstrated through its Corporate Social Responsibility (CSR) initiatives. CSR focuses on improving the lives of communities in which the organisation operates. An important part of managing the needs of stakeholders is understanding that different stakeholder groups can sometimes have conflicting interests. It is therefore essential for Kellogg's to consider how it can best balance different stakeholder aspirations. For example, government requirements for food content and consumer preferences. Kellogg's recently changed the formula of Honey Loops to reduce the sugar content but this had an impact on consumer's perceptions of the brand.

Internal stakeholders are those within an organisation who have a key interest in the organisation's decisions. Kellogg's key internal stakeholders include employees at all levels, all over the world, and shareholders. Both groups are integral to the success of the organisation.

External stakeholders are ones who are outside of the organisation. Kellogg's key external stakeholders include customers, suppliers, communities and charities. Kellogg's uses a variety of communications approaches to engage with its different external stakeholders. Kellogg's engages with communities through its breakfast clubs. Kellogg's engages with customers and potential customers through its advertising campaigns. For example, TV and print adverts and the use of social media such as Facebook and Twitter. These are all platforms used to create two-way engagement with customers about its products as well as its CSR initiatives. Another important stakeholder group is suppliers. Kellogg's is committed to an ethical supply chain and has a Supplier Code of Conduct that all its suppliers must abide by. This code requires all Kellogg's suppliers to comply with fair labour practices and ethical business standards. These particularly focus on environmental and health and safety issues. Engaging with and improving the communities in which it operates is an integral part of Kellogg's operations. Its focus is on projects where the company can make a real impact on issues close to its heart, namely food poverty and sustainable agriculture.



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Questions

1. What is a stakeholder?

2. Give examples of some of Kellogg's external stakeholders.

3. Explain why it is important for firms like Kellogg's to maintain good relationships with its stakeholders.

4. Analyse why providing information about Kellogg's ethical behaviour is important for the future of the firm.

Task

Create a poster showing the different stakeholders of a business and their expectations of the organisation.

What have you learned?

In exactly eleven words, explain something you have learned in this session about external stakeholders.