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Essay

Business Expansion of Shell in Spain and Austria

The British approach to communication is quite direct and formal; thus, companies are to pay attention to the culture that prevails in certain countries they are going to expand to. This essay focuses on Shell, a leading British multinational corporation, exploring its potential expansion into two EU countries: Spain and Austria are countries that have been chosen to examine the similarities and differences in the legal framework of the two states. Royal Dutch Shell Company, one of the largest companies involved in various operations across the globe and famous for various innovative activities in the energy field of the country, aims to attain new opportunities in the EU region. To assess Spain and Austria the following criteria need to be looked at: economy and culture, as well as possible communication challenges. In this essay, with the help of such concepts as Hofstede's cultural dimensions, there is a suggestion for shell and the best geographical environment for development, and ways to address the issue of communication barriers in this process.

Shell also known as Royal Dutch Shell is among the biggest global players in the oil and gas industry. Shell was established in 1907 and owns its headquarters in the Hague, Netherlands; however, it is an incorporated company in the United Kingdom. Currently, Shell is active in more than 70 countries and has 86000+ workers on its global team. The company's shares are floated in the London, Amsterdam, and New York stock markets, but it holds the listing of being an LSE constituent (Erdman, 2020). Shell's business operations are divided into four main segments: Integrated Gas, Upstream & Operating Profits, Downstream, Renewables and Energy Solutions. The Integrated Gas segment deals with the LNG and GTL and Upstream, deals with the exploration and production of crude oil and natural gas. The Downstream business line deals with the processing, marketing, and distribution of oil products and chemicals, while the Renewables & Energy Solutions business line is focused on the growth of Shell's interests in renewable power sources & energy solutions such as wind, solar, and hydrogen (Gesteland, 2023). Recently Shell has adopted to invest in renewable energy and sustainability strategies has been remarkable. The firm requires fiscal year net-zero emissions by 2050 to meet the climate targets that are global benchmarks. Shell's strategy, Powering Progress, decomposes into the following objectives: to lower the company's carbon footprint, boost investments into the energy systems transformation, and advocate for the energy transition to the low-carbon model (Jandt, 2019). Overall, Shell can still be considered one of

the major financial giants in the sphere of energy. In 2022 Shell recorded its revenues which summed to \$386. None of them generated \$2 billion and a net income of \$20. It increased to 1 billion, attributed to the company's efficient operation and its superior and secure market standing. The diversified line of business and operating in major markets of the world enables the company to expand and thrive in the future energy environment (Erdman, 2020). Such policies as innovation, sustainability and excellence make Shell a leader in the energy industry and the company's commitment is evident. This way, Shell repeatedly adjusts to the market position and embodies innovative approaches and visions for the energy of the future, so it will be able to lead the transformation of the market toward sustainable energy (Lewis, 2022).

Spain, with a GPD of 1.3 trillion USD, which is the fourth largest economy in the Eurozone, has a very vibrant and competitive market. The country's gross domestic product, or GDP, stands at about \$1 trillion; 5 trillion in 2023: Spain has also been rather effective in recovering from the recessions brought on by the COVID-19 pandemic. The automotive, tourism, agriculture especially in renewable resources, and energy sectors are some of the strongest economic areas in the country. Spain also holds an important position in the European Union, based on good trading partners, and, of course, the geographic location (Jandt, 2019).

Traditions, family, and social relations, all can be spoken of in Spanish culture with ample examples. Another significant feature of Spanish business communication is physical appointment and a rather warm and emotional tone. Closeness and friendly behaviour combined with an appropriate level of informality and, at the same time, respect for the elderly. That is why it is critical to learn about these aspects to build efficient business relations. The Spanish work culture is very informal which is an adaptation to the Hispanic American Culture, Siesta is an example of a long break in the middle of the working day (Gesteland, 2023). Spanish is primarily spoken in Spain and throughout the whole country it is the official language. The level of English is relatively good in the business world most especially in large cities such as Madrid and Barcelona. But, as to daily communication with persons and establishing relationships, it is rather helpful to memorise several words and phrases in the Spanish language (Lewis, 2022). The workers and employees in Spain are well-educated and literate and a large proportion of workers have a university education. The country has equally gone the extra mile in ensuring Women, Gender and Diversity in working places. Nevertheless, the high unemployment rate among the youth is still a problem, but an opportunity for firms to acquire a large pool of motivated employees (Hofstede and Minkov, 2020). Business risks affecting Spain's business environment include political volatility and bureaucracies which

might hamper the operations of foreign companies. Also, internal conflict which is evident with the tension between Catalonia and the Spanish central government might lead to uncertainties (House et al., 2021).

This mentions uncertainty avoidance, meaning that people in Spain are willing to support structure and rules, as Spain got the highest score in this aspect. This trait requires clear and understandable working processes for Shell's business. There is also high collectivism that is expressed in Spain and this focus of the employees on the relationships within the groups that are involved in business (Meyer, 2019).

The economy of Austria is considered stable and prosperous and the country's GDP is estimated to be \$480 billion by 2023 (House et al., 2021). Hence it is among the richest countries within the European Union, with relatively a high-quality life as well as facilitated social amenities. These are; the manufacturing of machinery, chemicals, steel and iron, and the touring Sector. Austria occupies a rather central position on Europe's map therefore it is a good destination for trade and commercial activities (Jandt, 2019).

Austrians are traditional and formal about everything in that country and culture. Business communication can be characterised as rather strict, and Austrians are punctual, accurate, and consider hierarchy. Business meetings are formal and mostly come with a set schedule and plainly outlined purpose, and are very formal and career-oriented (Woolliams, 2019). German is the official language in Austria even though many people understand English well. Therefore, for businesses, it is wise to hire German-speaking workers or endeavour to learn the language as it will help a lot in the Company's interaction and fluidity (Samovar and Porter, 2019). Austria has relatively low unemployment, a young and well-educated population, and very high vocational training coverage. Its women and minorities' representation, while better off than, let's say, the US, is not as diverse as, say, Spain, which it might consider as a direct competitor. It is characterised by productivity and compliance with quality requirements among the workforce (Gesteland, 2023). It should be mentioned that Austria can be considered rather conservative in terms of business which may become an issue for companies used to more open settings. At the same time, it should be noted that South Korean legislation can be rather intricate, so cooperating in the country may entail certain difficulties related to the observance of existing legal requirements (Lewis, 2022).

Regarding Hofstede's dimensions, Austrians are most individualistic where people's goals matter quite a lot, followed by Germany. Newcomers are expected to work in a way that insists

on meritocracy at the management of Shell due to this individualism. Regarding uncertainty avoidance, Austria is high, which means people in the country avoid the unknown and prefer to work out their strategies beforehand (Hofstede and Minkov, 2020).

While English is understandable, to some degree, at the business level in large cities, people continue to use Spanish predominantly. Shell might face some challenges in the areas in which the English language is not widely used. It can prove very confusing to both parties if none is fully conversant with the other's language; several mistakes can happen (House et al., 2021). Spain is characterised as a high-context communication country, the meaning therefore is not just in the words themselves, but in the context, in which it is conveyed. This is quite different from the low context communication characteristic of the British culture where every detail is almost put into as many words as possible. The rather constricting nature of this writing style might act as a disadvantage to Shell's British employees (Meyer, 2019). The culture of Spain concerning business entails an extensive emphasis on interpersonal relations and trust before conducting business deals. This differs from the task environment which is evident in the UK where there is cutting to the chase and getting to the point. Thus, Shell might have to spend more time on organisation media activities with the Spanish partners and clients to build good, strong, and trustworthy relationships (Samovar and Porter, 2019). There is a conflict avoidance index of 74 in Spain, which indicates the fact that the culture sets a mark of avoiding confrontation. Conflicts are solved indirectly to ensure people's commitments are not deemed uncomfortable and embarrassing people. This may prove to be quite difficult for the British managers, as they are more assertive in confronting problems in comparison to the Japanese. This is one area in which Shell will have to work hard to deal with conflicts in a manner that will still be culturally sensitive to the Spanish (House et al., 2021).

Germany is Austria's neighbour and shares several similarities, including that German is the official language in the country, although the English language is also widely represented in the country, although it may sometimes be difficult to find people even in rural areas who speak it flawlessly. Sometimes, the practical realisation of the interactions might demand that Shell use German-speaking personnel or that the company's workers undergo German language courses (Schneider and Barsoux, 2023). Business culture in Austria centres around Punctuality and formality, Courtesy is an important part of etiquette. It is quite typical for communication to be formalised, specific and timed according to a schedule. This is quite different from the use of the rather relaxed and less structured approach seen in communication in the UK (Trompenaars, 2022). Concerning Hofstede's dimension of uncertainty avoidance, Austria

ranks high, referring to employees' inclination towards details, procedures, regulations, and risk minimisation. They again are more rigid and less tolerant of ambiguity than Americans though they display qualities of thinking that entail planning and preparation. Such a situation may pose difficulties with the implementation of new and/or liberalised business themes in Shell. Austria scores high on Hofstede's individualism dimension, where one is encouraged to be independent and excel on his or her own. This is quite different from Spanish culture which is highly collectivist due to the significance of oneness, concord and agreement. Changing the management and communication methodologies to reflect the nation's culture, which is individualistic, the company will have to ensure that employees receive recognition based on merit and are allowed to make their own decisions (Samovar and Porter, 2019).

In light of this analysis, it is considered that among European Union countries, Spain is more appropriate for Shell's business development. To ensure a smooth transition and successful establishment in Spain, Shell should adopt some of the strategies. Cultural adaptation should also be given major consideration through the development of cross-cultural training programs for Shell's management as well as its employees. It will, therefore, be essential for the Spanish Area Manager to acquire knowledge of the manners of business communication and social relations. To identify and apply Shell's best practices to the Mexican business environment, training should be oriented toward customs, negotiating behaviour, and hierarchy (Schneider and Barsoux, 2023).

It means that there may be type of barriers during the process of negotiation and understanding with the team, but the main driver to eliminate them is through communication. Therefore, Shell ought to demonstrate strong organisational communication and guarantee that all employees are bilingual, speaking and writing English and Spanish fluently. Bilingual employees or language classes will be beneficial to communicate with local partners, clients or employees (Woolliams, 2019).

It is quite obvious that knowledge of the local business environment and the development of solid business partnerships with local companies and governmental agencies as well as participation in the activities of the corresponding associations will play a crucial role for Shell in Spain (Harrison, 2022). Besides, communication with the local individuals can help get an understanding of the market, its legislation and business prospects. They also stated that it is easier to get closer to the local business environment when a firm partners with a local firm,

and this would place Shell in a better position as compared to its competitors (Trompenaars, 2022).

The marketing strategies of Shell should also incorporate Spanish consumer's preferences and trends in the market. This includes ensuring that the pictures, brochures, gifts, and even services being offered in the foreign market are acceptable to them. Furthermore, Shell needs to be more versatile with its business approaches to fit the peculiarities of Spain's legal state as well as the market (Woolliams, 2019).

Shell should continue with the expansion in Spain rather than in Austria because adversity for the company in the country is better for Shell. Spain provides various opportunities like the flexibility of the economy, high market prospects, and the target of Shell's expansion to compensate for the problems related to culture and communication in that country. That is why despite the richness of opportunities and differences between the two countries, Spain has more advantages when it comes to Shell's development due to the greater number of potential employees, more opportunities for the company, as well as a more favourable climate for business. Therefore, the following recommendations should be put into practice for the right implementation of the change at Shell: Proper management of cultural differences and communications barriers. This involves buying cross-cultural training and ensuring that there are effective channels of communication. Thus, by choosing Spain as the next country to enter, Shell can increase company shares in a promising market and implement policies that ensure that employees with disabilities will be able to contribute to its growth.

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