Southwest Airlines

Stakeholder Analysis

     Stakeholders are individuals and organizations affected by a firm’s performance and who have claims on its performance. (Hitt, Ireland, & Hoskisson, 2017) Southwest has several primary stakeholders. Those primary stakeholders include: customers, suppliers, employees, and shareholders. Last year, southwest had over 120 million passengers on their airplanes. (Southwest Corporate Fact Sheet, 2018) They also employed more than 58,000 people.

     Southwest’s customers are their largest group of stakeholders. These external stakeholders are very important to Southwest’s performance and bottom line. This group’s greatest concern is the value they receive by being a southwest customer. Their customers enjoy benefits like lower fares and the exemption of fees. Since customer satisfaction is directly related to Southwest’s success as an airline, the claim customers have on their performance is substantial. Without customer satisfaction, Southwest would not be able to continue.

     Southwest has recently reformed their supplier requirements in 2012, and has since received rewards for having some of the most diversified suppliers. Southwest has required that their suppliers not only be owned and operated by women, be small, be disadvantages, veteran-owned, minority owned, etc. (Corporate Fact Sheet, 2019) They also require a certain standard of environmental safety and friendliness. With these conditions in mind, we can understand the claim that their suppliers have on Southwest’s performance, and the vested interest these suppliers have in their success. These suppliers insure that Southwest can maintain their low fares, and help to continue to add value to the company.

        Southwest’s employees are another large group of stakeholders. One of the main reasons any employee wants their company to succeed is stability of income. Lifestyle maintenance is another reason for wanting your employer to succeed. These are very general reasons for employees to be invested in the success of their company. Southwest’s employees want their company to succeed for these same reasons as well as the overall feeling of family the company strives to instill in their employees. The company environment and Southwest’s fun-loving attitude towards their work is among the top reason employees of Southwest are so vested in their success. Southwest’s ability to empower and support their employees keeps them striving for new ways to continue their current achievement. The backbone of Southwest Airlines is its employees.

     The last group of primary stakeholder are Southwest’s shareholders. Southwest boasts 40 years of unprecedented gains. Since Southwest has been so diligent in their endeavor to increase profits, their shareholders definitely want to continue this trend. For years, shareholder of Southwest have enjoyed the benefits of these gains. Dividends are one reason for the shareholder’s investment into Southwest, but not the only reason. Shareholders include some of the groups previously discussed. Employees, suppliers, and customers are shareholders. So, all of the previous reasons and claims on Southwest’s success are applicable for shareholders.

References

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