

# The bp oil spill and considering business ethics



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Based on the BP Oil Explosion in Texas, the tragedy caused huge environment damages and the threaten to human safety and health: the deep-water oil spilled on the ocean and the shorelines, the effects on the ecology of coastline and marine habits, the burning-off oil-water mix causing air pollution, the hazardous material leak into the atmosphere, the old drum too closed to highly flammable " Isom" waiting to explode, in which 5 workers were killed and 170 were injured on March 23 2005.

The problems with the incident involve unsafe working environment, disproportionate efforts and insufficient information of safety knowledge. While this error attributes to the worker's individual improper act, the statement is inaccurate in that it fails to reflect how to make safety environment in working in BP oil plants. In addition, between BP's upper-class executives, who made more scandals, in order to reduce operation costs and make better financial business cycles, they even resigned avoid to accident responsibility, made false audit financial statement, disapproved Chemical Safety and Hazard Investigation Board reports, delayed all essential expenditures. On the other hand, who is responsibility for handling with the accidents, who is taking care of employee's safety and life, and who is preserving the earth we live and giving us good environment?

According to the accident BP oil spill explosion in Texas refinery, it has caused serious environment damage and irreversible dead and injured. This inspiration is given is that the corporation have to ensure the corporation security, find out security problems to avoid the accident happen again. In this accident, the spokesman of BP Ron Chapman claimed, " The BP fatal investigation team did not identify previous budget decisions or lack of

expenditure as a critical factor or immediate cause.” The clarification is vague and unacceptable. To enhance corporation safety, we could reveal the fact by discounting several of clues: The claim that the worker’s injures are caused by of the worker’s individual inattention to the safety code is doubtful. According to Baker Panel’s reports, the BP’s employee agreed to follow the existing security conduction. In contrast, Baker’s Panel found that the workers were lack of operating discipline, which implicates the responsibility vaguely. In Baker Panel’s reports, on 9th Dec 2005 BP invested 10, 000, 000 on Texas. Unfortunately, BP dealt with the accident on financial way. BP’s irresponsible attitude could be found on Lord Browne, BP’s chief executive’s early retirement when the accident happened. Afterwards, BP’s safety policies are stops at paper work only to exhibit the safety and health regulations. In the similar way, the boards of director and executives monitored the safety systems by emphasizing the workers safety repeatedly on the reports. And, another irresponsible attitude is, Carolyn Merritts, chair of CBS, said CBS’s executives disagree with the report about the financial budgets. In corporation’s safety and health conduction, someone would responsible for safe operating practices. However, the workers do not have proper safety and health conduction to follow. The safety code in BP to acting is only concentrated on reducing personal injuries which is useless on save worker’s life – such a dangerous industry, petroleum firm ignore the safety process and can not control petroleum safety.

First of all, I believe that the BP’s employees, especially the workers do not be treated fairly based on the safety and healthy conduction. The law can not protect the employees from danger and threaten of the chemicals and

petroleum. For example, the employee made much more efforts to earn their safety and only on preventing self injuries, not on all unexpected dangers and threatens. In addition, BP workers are lack of training based on the safety and health conduction. The workers do not have sufficient knowledge and training to fully make their work environment safely, so that the accidents happen all the time. While the accident happened, the workers cannot handle with the situation so that they lose their life or get injuries. However, by law, the corporation safety is supervised by Occupational Safety and Health Administration (OSHA). Obviously, OSHA is an inefficient organization, and it does not supervise the corporation safety and health. As we read, OSHA did not help BP make Safety and Health code, OSHA did not inspected whether BP's safety action is accurate under the safety and health code periodically. OSHA did not make sure the workers use chemical in the right way, did not make sure the petroleum facilities are safe and did not make sure the worker works in a safe working environment. On the other hand, BP workers do not protect by the labor law, despite the corporations have to obey the law and respect the human rights, the company does not follow. The workers overtime work, explode on the danger environment, their life and safety are threatened all the time, and their human rights are not respected.

In the second place, the financial cycles become an only factor in running company's business. In order to make more business benefit, the BP Company canceled security budget, thus BP used a pressure budget to run safety program which cause serious safety problem. On the basis of BP's financial statements, BP only bought cheap equipment so that it caused the

blow down drum leak hazardous material into atmosphere. Moreover, the drum in Texas was built in 1950s and refitted in 1997 which is exactly old that is why caused BP explosion accident. So far as we know, on BP's financial statement, based on the oil majors' mantra: " squeeze more cash out of a well, or plant, by cutting costs to the bone, and delay all but essential expenditure. More cash from shrinking assets: higher returns. " BP delayed all essential expenditure to other companies, government, investors... which is unfaithful to the people who supported BP's business, nevertheless, BP made more serious environment pollution on them. To make matters worse, BP shrunk most of their assets to the cash which made more unstable business. Nevertheless, BP's executives were still proud of their financial management which made high profits and good business cycles. Such a company does not pay their expenditures, makes dangerous and unstable of assets and cashes, how could the citizens and residents listen to the company and trust the company? The only thing BP Company concerned about is high profit.

To maintain adequate safety and health standards, companies must avoid:

- Business decision against safety and health regulations.
- Business decision against human rights.
- Business decision against environmental laws.
- Ineffective management on safety and health conduction.
- Ineffective management of OSHA.
- Ineffective management of safety and health line management.
- Ineffective management of broad committee.
- Insufficient information of safety and health discipline.

- Irresponsible attitude of management.
- Cost cutting in safety and health budget.
- Cost cutting in training, discipline of safety and health.
- Cost cutting in buying proper equipment or buy inexpensive equipment under safety and health code.
- Contribution to political interests, or other interests outside the companies.
- Participating unacceptable business practices.

Under the business interests, the corporations tend to act on behalf of their own short-term interests, not on behalf of the environment. This claim gives rise to complex issues about business interests and corporation responsibilities. In my view, the claim assumes a distortedly narrow view of corporation responsibilities, ignoring certain aspects of more expenditure of safety and health and environment prevention. On the contrary, maximizing shareholders wealth and preserving security environment at times coincides and at times conflicts. While the companies may only focus on the business interests, an unknowing toxin pollutes the environment, it would be cost much more to clean up and restore the environment. Furthermore, the compensation of the dead and injury workers caused the companies more losing their interests than business interests. Thus the employees would lose their jobs, and the shareholders would lose their benefits as well. Thus it caused the increasing of the oil prices, consequently individuals all around the world paid for these irresponsible of environment damage. Financial cycle of course an important factor to be taken into account but there are also many more essential factors playing just as pivotal a role and not one of

them, including, the safety and health, corporation environment, social obligation, good management... Corporation responsibilities is determining in every single case. However, few companies take more consideration of business benefits, but the BP explosion tragedy told us the importance of the corporation responsibilities: Financial cycle should not be overriding factor in running the business; the corporation should not take ethics in trading off individuals for the sake of its own profits.

As it stands, the company need take corporation responsibilities to protect employee's safety and preserving the nature environment. Accordingly, the corporations have to fairly treat their employees by following the labor law. The companies have to respect the human right of their employees; do not make the workers overtime work, make over efforts, and employees have the rights to have adequate discipline of safe and health working environment. Consequently, the corporations have to protect the employee's safety and health by following the safety and health conduction. The corporation need have their own safety and health regulation to prevent the unexpected safety and health accidents. On this ground, the companies have to follow the relevant safety and health authorities' conduction; the companies have to make sure have the proper safety and health action for employees to follow. The companies have to give the employees sufficient safety and health information, proper safety and health training, criteria safety and health facilities and review the safety and health conduction periodically. The workers not only have the knowledge of prevent individuals from injuries, should know about their job-related problems, but also having the thorough knowledge of the safety and health conduction to know how to

protect their selves from danger chemicals, petroleum and unexpected accidents. While it makes some sense in a vague way to share the responsibilities, the obligations belong to individuals will allocated by all relevant lines of authority within the organization. When we do assign responsibility to organizations, it must be clearly distributed to individuals.

Nowadays fewer and fewer individuals accept to work in a risk, unsafely and unhealthy working environment. More and more companies increase ethical standards to turn into the corporation responsibilities. The primary obligation to preserve the environment is necessarily to be obeyed by the companies. The corporation must, at the very least respect the law, respect the human rights; obey the safety and health regulations and environmental preserving conductions. The law and the human rights will priority to run the business. In order to practice the law, the companies require portioning out fixed and proper safety and health budget which is at least enough to maintain equipment, provide sufficient safe and health information and training to the employees as an essential budget in running the business. To prevent other external interests the companies from cutting the safety and health budget, the companies should not give political contributions or unacceptable business practices from corporation funds which other external interests could affect companies' budgets. Besides, the penalties or compensations might be a measure to prevent companies unwilling to act corporation responsibilities. Furthermore, the corporations require obeying the safety and health regulation via the supervision of the directors of board committees and also the corporations require being supervision under safety, ethics and environment assurance committee. Moreover, the



corporation could make ethical strategies into trading rules which benefit a corporation financially thus the shareholders will choose the high ethical to follow when pursuing high business interests. The government might be advised to enhance more safety and health competitions to stimulate more economy maximize highly ethical behavior when the businesses maximize profits.

In the final conclusion, business ethical is always beyond business interests. Thus the choice to follow high ethical standards, in many cases, it will make the life better. Notwithstanding, few corporations concerned about their short-term interests, we could make the law to help the organizations to follow business ethics as an essential factor to make the company profits and help the company long-term survival. To make the good life, good future and achieve such goals, we encourage the leadership to turn into the right direction, to think more about ethical behavior when attempting to run the maximum profits. BP's oil spill explosion tragedy is an example to tell us to practice corporation responsibilities and preserve the nature environment. The safety and health environment belongs to each individual. Because workers, employees and individuals cannot scope the environment regulations and safety and health conceptions, the corporations, industries, relative authorizations, and organizations must to do so.