

# Ethics in today's organizations case study

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Beyond Petroleum (BP) is a British oil company that was founded over a century ago by an affluent business man, William D'Arcy. D'Arcy put all of his money into searching for oil in the Middle East; a decision that nearly bankrupted him, because it took six years before any oil could be tapped. It is important to note that locating the oil was not the only problem BP, or Anglo-Persian Oil Company at that time, faced; moving the oils was just of a difficult task to maneuver. They decided to build a pipeline across the region – an undertaking that lasted more than two years. (Ferrell et al., 2011, p. 432)

By the early 1900s BP was again running out of money, until Winston Churchill convinced parliament to allow BP to supply the navy's fuel. It was a British company, after all, so it would support Britain's interests. Britain then became one of the company's biggest shareholders. This is significant because this instance helped spark the debate over politics and governments' investments in oil companies – a topic that is still debated today. (Ferrell et al. , 2011, p. 432) After the mid-twentieth century oil was in high demand due to automobiles being mass produced.

However in the mid 1970s, political turmoil in the Middle East caused oil production there to fall from 140 million to 500 barrels (Ferrell et al. , 2011, p. 432). With the demand for oil still high and the supply low, BP was forced to find other untapped oil supplies. BP found some oil fields in places such as Alaska and off the coast of Scotland. These isolated locations for drilling again forced hoisted creativity of BP engineers, and they began to innovate new ways to tap and transport the oil. One of these ideas was the Trans-

Alaskan Pipeline, “ the largest civil engineering project in North America, measuring 746 miles long” (Ferrell et al. , 2011, p. 433).

BP made honest efforts to ensure the environment around drilling projects would be preserved. However, sometimes these efforts were thwarted, which has become one of the central ethical issues for BP, among other things, including charges of death and fraud. (Ferrell et al. , 2011, p. 433-434). BP has recently sought to enhance their sustainability. In an effort to repair its image and seize an opportunity to invest in future capital, BP has invested in developing other energy sources, such as wind, solar, and biofuels.

BP has also has committed itself to reducing greenhouse gas emissions and lessening their contribution to global warming, by creating the aforementioned energies as well as investing in practices like carbon sequestration and storage (Ferrell et al. , 2011, p. 435-436). Analysis What is the single most important ethical issue presented in the case, how has the issue affected specific stakeholders? I think the single most important issue presented in the case is a lack of environmental responsibility.

BP poorly maintain their oil drilling and transporting equipment, and these “ non-actions” contribute to the numerous oil spills over the years which destroy the environment – killing plants and animals, as well as the explosions which are responsible for claiming several human lives. These issues garner the most media coverage, as well as probing by environmentalists and other special interest groups. These secondary stakeholders influence the courts and governments to penalize companies like BP for this kind of irresponsible behavior.

The negative reports discourage shareholders and employees. Unfortunately, I think the most customers, care more about the price of gas than which company they are purchasing it from. What has the company done to address their ethical issues, what could they do differently to avoid future ethical issues? BP has tried to address environmental issues by a) simply acknowledging that climate change is happening and it is a man-made problem, and b) investing approximately \$1.4 billion in creating supplies of renewable energy (Ferrell et al., 2011, p. 434).

In 2005 BP also published a code of conduct, in it highlighting the company's legal and ethical obligations. This document was titled "Our Commitment to Integrity". (Ferrell et al., 2011, p. 438) I feel that the company could have better inspections and maintenance on their rigs and pipelines, and publicize their findings, whether that facility is in perfect working order or needs to be closed down for repairs. Giving the stakeholders more transparency forces ethical behavior and a real commitment to integrity. Based on the company's ethics would you: Work for the company?

I would not work for BP, especially if they do not seriously address the maintenance of their facilities. I feel that even though BP is at least heading in the right direction by investing in renewable energy, its main product and biggest earner is still oil - the most common source of the company's ethical problems. Buy their products? I have tried not to purchase BP fuel since the oil spill in the Gulf of Mexico happened. However, since gas prices have soared recently, if gas is less expensive at a BP service station, I will buy it there.

Personal thriftiness does not contradict my ethics, I just do not think makes sense to give even more money to the oil industry as a whole than what is already necessary. Invest in their stock? I would not invest in their stock right now because BP's main product is fuel; and even though I have to use it, it is detrimental to the environment. Of course, it is doing well in the stock markets right now, but it is unsteady and influenced by other factors happening in the world, and I would rather invest in something is both sustainable and fiscally stable. Also, I do view BP as a trustworthy company, and I want to support their underhandedness.

Invite them to be part of the community in which you live? I would invite BP to be a part of my community because jobs are always needed here. Additionally, their function in my community would not have to include an oil rig or pipeline, it could be a solar panel plant, or a turbine factory. Those things would have positive impacts on several communities besides my own. Updates Since this case was studied in the text a lot has happened to BP, one major event that should be mentioned is the Deepwater Horizon oil spill in the Gulf of Mexico.

This explosion killed 11 people and gushed oil into the ocean for three months. It was the largest oil spill in history. While BP claims the explosion was caused by many factors, including blaming Transocean and Halliburton, providers of some of the rig's equipment (BP, 2010), BP still estimates its overall cost for the spill to be roughly \$40 billion, half of which is pledged to actual victims of the spill (Skoloff & Wardell, 2010). As of February, 2011 only \$3. 54 billion had been spent on clean up and compensation to victims.

This deviates significantly from BP's original scheduled disbursements of that fund, and yet the company agrees to still payout dividend to shareholders (usatoday. com, 2011). I am not saying whether it is or is not ethical to pay shareholder dividends during a crisis such as this, what I do find unethical is the lack of integrity. Not only has BP slowed compensations payment, but they had previously announced that they would not pay dividends after the spill, and then negated. Concept I feel that the central concept from this Case-Study is the idea of integrity.

Over the p of more than 100 years, the company has come up with new ingenious way to reach and transport previously unattainable oil, but they still use a version of oils spill clean up technology circa 1960. BP develops wind and solar energy technologies, but I see more BP service stations popping up more frequently than their wind turbines. Also, BP announced they were going to halt dividend checks to shareholders after the oils spill in the gulf. However, after the issue has been out of the spotlight for a while they slow the compensation benefits to the gulf, and continue to pay their shareholders anyway.

BP's own code of conduct is titled " Our Commitment to Integrity", and they've shown over and over how they just are not reliable. Application One thing that I can and do apply to my life personally is the idea of integrity, being reliable, and doing the right thing even when no one is looking. Integrity is important character facet to have professionally as well. My major is Human Resources Development –a field that I hope to work in one day. In an HR position I want to help my organization, by developing the

employees, supporting fairness and equality, and helping to instill and positive and ethical culture.