Bp crisis communication

Sociology, Communication

A crisis was exactly what British Petroleum (referred to as 'BP throughout the paper) went through in 2010. It was particularly important to communicate the right way taking all considerations into account. We were wondering how the specific crisis went so wrong and if the use of specificcommunicationstrategy was beneficial or not. Hence, the communication strategies used to overcome the crisis can be used by many other companies in the future as guidelines of how to do and, maybe more important, how not to.

Also, the intervention from the American government, the pressure from the local community and how the media was used, is extremely important in the BP case. This paper intends to show how BP communicated and reacted throughout the crisis. It will discuss the challenges BP had and it will especially focus on how BP actually reacted to the crisis and how they perhaps should have reacted differently, including the use of communication theories. Finally, the paper will outline the consequences of the crisis on both organization and communication strategy.

On April 20, 2010, the Departed Horizon oil-drilling rig explosion in the Gulf of Mexico resulted in the deaths of 11 rig workers, but public attention quickly shifted from their deaths to the following environmental and economic damages - the incident was described as the worst maritime oil spill accident in history, as the accident released over 18 million gallons of crude oil into the Gulf of Mexico. Three months passed before BP substantially stopped the leak, all the while the crisis was evilly covered by all news media in the United States as well as internationally.

As a result of this, the BP oil spill case serves an excellent example of analysis of BSP crisis communication. L The total cost of BP to indemnify the clean up of theenvironmentand funds to affected workers has reached almost two billion dollars. 2 2 www. Guardian. Co. UK/business/2012/July/31 /BP-departed-horizon-costs Page 4 of 28 Incorporated in 1909 in England , BP has become one of the world's largest multinational companies operating in more than 80 countries 4, leading in oil and as industry, including exploration and production, refining, distribution, extracting and producing renewable energy.

The company provides their customers with energy for heating and lighting, fuel for transportation and energy for retail services and petrochemical products. BP employs approximately 80, 000 employees, and sales and other operating revenues add up to $375, 517 million in 20116 . Finally BP is also a conglomerate owning several brands such as: ORAL, ARC, Castro, amp and The Wild Bean Cafe©. Having settled " BP and the Departed Horizon Crisis" as the case, which this paper ill centre around, the problem statement is as follows: To which extent has BP successfully communicated during the Departed Horizon Crisis?

In order to examine the problem statement the paper will attempt to address the following issues: I) Characterize how BP communicated during the crisis. It) Analyses the effects of BSP communicative strategies. Iii) Discuss and evaluate whether or not BP has been successful in dealing with the crisis seen from a communicative perspective. In this paper a broad spectrum of empirical data has been used. However, most of the empirical data has been

found through articles in different newspapers - the use f different newspapers and their viewpoints has given us very diversified inputs throughout the paper.

But this does not exclude a use of quantitative data which, amongst other things, have been used to illuminate the several attempts of BP to use CARS-strategies, and underline the immense loss of fiscal funds the crisis has caused. The rather specific choices of qualitative data have been used to shed light on the different views of the crisis - and the several statements pointing toward similar conclusions have helped to support the points made and clarify a rather eventful crisis.

In addition, the conclusions deducted throughout the paper have been supported by theories worked with in classes and the additional http://www. BP. Com/liveliness/BP_internet/global/Stating/global_assets/ downloads/F/ OFF_2007_2011 _full_book. PDF 4 http://www. BP. Com/liveliness/BP_internet/global/Stating/global_assets/ downloads/l/BP_20-F_2009. PDF 5 http://www. BP. Com/Congregationalists. Do? Category= 3&contentld= 2006926 6 http://www. BP. Com/Congregationalists. Do? Category= 3&contentld= 2006926 page 5 of 28 theories which proved to be necessary or helpful.

In the beginning of the work with hecase studyof BSP crisis response, a pretty sufficient understanding of the crisis as a whole was in place, we assumed, but as the paper progressed and different theories were applied our understanding of BP and the relationship to their stakeholders grew. The quantitative data used also comes from BSP own publications as well as

articles from different international online newspapers. Of course, the reader must have in mind that BSP own figures, occasionally, might have been used to strengthen their image and not only inform the reader.

When examining and analyzing the Deep Water Horizon oil spill crisis, this paper is et out to delimit the case by answering our initial problem statement. To narrow our focus down to the relevant aspects in the case we have decided to delimit our analysis to the main stakeholders, including: (I) the American government; (it) the local society; and (iii) the media. This has been done not only due to the formal constraints of the paper, but also in order to go into depth with these stakeholders, who we reckon to be, of major importance to this crisis within the given delimitation's of this paper.

In order to answer this paper we find it necessary to make a common definition of a crisis. Extensive studies have been carried out on crisis communications over the past two decades. A brief review of literature on this subject reveals that there are several definitions of organizational crisis, depending on theorists' different viewpoints on what constitutes a crisis. Herman claimed that to reach the level of a crisis, the event must contain three negative attributes: surprise, threat, and short response time.

Surprise means that the organization did not prepare for the magnitude of the crisis. Threat means that the event poses a threat to the organization's financial security, customers, surrounding environment etc. Short response time refers to the urgent need of preventive action in order to stop an intensification of the crisis. 7 For the purpose of this paper the following deduction of a definition off crisis is found useful: Hermann, C. F. , 1963.

Some consequences of crisis which limit the viability of organizations. AdministrativeScienceQuarterly, 8, p. 61-82. Page 6 of 28 W.

Timothy Combs utilizes the interconnectivity of these three attributes to make his definition of a crisis: " A crisis can be defined as an event that is an unpredictable, major threat that can have a negative effect on the organization, industry, or takeovers if handled improperly. " 8 Furthermore, according to the very same book, organizations frequently find themselves in situations that can be identified as crisis. There are no exceptions; " We must accept that no organization is immune from a crisis anywhere in the world even if that organization is vigilant and actively seeks to prevent crises. " (Combs & Holiday, 2010: p. 7). This reality urges the need for preparation and readiness to respond - what is called crisis management. The major difference between handling an issue and an actual crisis is that an issue turns into crisis when it goes from the company domain into the public domain; a situation, which sometimes is inevitable no matter how competent the management is. 9 10 The term 'a crisis within a crisis', or a so-called 'double-crisis', as coined by Danish professors Finn Freedmen and Winning Johannes, refers to a situation where a company experiences a communication crisis that overshadows the initial crisis. 1 A crisis within a crisis naturally has negative implications for a company since it emphasizes weaknesses in the company's internal structure and/or interactions with stakeholders. The term is relevant to apply to this particular case because its give an accurate description of the consequences of BSP communicative strategy. The agenda setting theory distinguishes between two levels of agenda setting in the media. The first level deals with the significance of an

organization where an organization receives more media attention then other related organizations.

The second level relates to associations or topics that the public associates with a particular organization. 12 One of the important aspects when dealing with the media is the agenda, which stakeholders often associate to organizations. The agenda setting theory is related to this assumption and therefore is significant to apply when analyzing BSP media relations. Combs, T. W. & Holiday, S. J. 2010. The Handbook of Crisis Communications. Wiley-Blackwell, p. 18. Benches, Claus. Guest Lecturer, Global Media Relations Manager at Damon.

Gave a lecture on crisis communication on Tuesday the 20th of November. 10 Benches, Claus. Guest Lecturer, Global Media Relations Manager at Damon. Gave a lecture on crisis communication on Tuesday the 20th of November. From his PDF on Crisis Communication. 11 http://pure. AU. Dc/portal-cab-student/files/10106/ Crisis_communication_-_Not_Just_peanuts. PDF 12 Cornelius, Jeep. 2011. Corporate Communication - A Guide to Theory and Practice. Page 146. 9 page 7 of 28 An important element for an organization, according to protect its own reputation, is the communication with stakeholders.

As a company might have manydifferent stakeholdersit is important to have a tool to categories them. Once the stakeholders are categorized the organization will be able to decide, how and how much it should communicate with this stakeholder. In general when describing stakeholders this paper is using Edward Freeman's definition of a stakeholder: A

stakeholder is any group or individual who can affect or is affected but the achievement of the organization's purpose and objectives". 3 In order to categories stakeholders this assignment will use the 'Stakeholder salience model'. The superiority of this model is that while being extremely simple to use it is also extremely precise when in its finding of how much effort the organization should use when communicating with each category of stakeholder, and even more important; how the company should communicate with its various stakeholders.

The model is based on " salience", defined as the visibility of the stakeholder to the organization using three parameters; (a) the power of the stakeholder group, (b) the legitimacy of the claim laid upon the organization, and (c) the urgency of how important the claim is according to the need of an immediate action. The purpose of the model is to define how salient a stakeholder group is. The model is based on seven different types of stakeholder groups; (1) Dormant stakeholders are the ones with dominant power and the ability to affect other groups of stakeholders.

They are not able to legitimate their claims, and power will only be dormant but have an influence anyway. Mostly, this would be wealthy stakeholders. (2) Discretionary stakeholders are stakeholders with a high degree of legitimacy but without the necessary power to influence the organization. (3) Demand stakeholders are the ones with urgent claims but without power and the necessary legitimacy to enforce them. (4) Dominant stakeholders are the group of stakeholders representing both legitimacy and power.

These are stakeholders having great influence on the organization, e. G. Owners and big investors. (5) Dangerous stakeholders are people with both urgent and claims on power. In addition, these will often attempt to use unfair" means. (6) Dependent stakeholders are those who rely on others to get their claims carried out - mostly because of the lack of power. Finally, (7) Definitive stakeholders can be identified as the ones having both legitimacy and urgency as well as power. These are the most powerful stakeholders and it is strictly Cornelius, Jeep. 011. Corporate Communication - A Guide to Theory and Practice. Page 42. Page 8 of 28 necessary for the organization to keep close communication with these. Normally, it would be definitive stakeholders who can also be classified as the shareholders. Once the stakeholders are categorized, the firm can now decide on strategy of communication. When researching strategies of communication, this paper has used the basic framework of communicative strategy given to us in " Corporate Communication - A Guide to Theory and Practice" 14 .

The framework generally provides three different strategies. This framework is chosen because of its simplicity when it comes to numbers of strategies and complexity when it comes to ways of communicating within each strategy, hence the framework provide an extremely useful tool when analyzing and discussing what mind of communication BP has conducted, how it worked, why the strategy did not work and why it might have worked better: Informal strategy is a strategy of simple informing about something through; newsletters, press releases etc.

This strategy is hence based on the idea that objective information about the organization should be passed on to the relevant stakeholders. Persuasive strategy uses tools such as advertising and meetings/discussions with stakeholders. The general aim of this strategy is to change the stakeholders' image into a more favorable one or to create particular understanding with the organization's decisions. The strategy will not create change in the organization, but rather aims to create change in the stakeholders' perception of the organization and its decisions.

Dialogue strategy aims to create a mutual understanding and/or mutual decisions between stakeholders and the organization. Timothy Combs divides a crisis into four different types with two different aspects. The four types are; faux pas, terrorism, accidents and transgressions. In addition, a crisis in this matrix can be of either internal or external, and intentional or unintentional characteristics. 1 5