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Today most of the companies follow the principles of sustainable development and pay more attention to managing reputation and image assets and risks. This trend is caused by the establishment of a new type of competition between the companies: the companies compete neither in price nor in quality tactics, they compete in ideas and principles that come with this or another product. More and more people are paying attention to ethical aspects of the company's operation (for example, in-life testing of products). This means that ethical and corporate social responsibility principles have become one of the driving forces of the companies' successful performance.

Chevron is the ninth biggest oil and gas company in the world and the second one in the USA (after Exxon Mobil). Its revenue accounted to 241, 909 Billion US dollars in 2012 and the number of employees reached 62, 000 people. The petroleum industry is one of the most essential ones because it makes many other industries of the world economy operate. The range of products provided by the petroleum industry include petrochemicals (plastics), asphalt, diesel fuel, fuel oil, petrol, kerosene, liquefied petroleum gas (LPG), petroleum oils, lubricants, paraffin and tar. The oil and gas market volatility affects the stability of other markets, whereas petroleum products' value is included in manufacturing costs of most of the products we consume.

Chevron operates globally and the business of the company comprises exploration and production of crude oil and natural gas, production of lubricants and other chemicals and transportation (Chevron Pipe Line Co.). The company conducts business in compliance with the principles of

corporate social responsibility and ethics set out in “ Business Conduct and Ethics Code”. Chevron’s “ Business Conduct and Ethics Code” is based on the company’s values and strategies. Among the company’s key values, there is integrity, trust, diversity, ingenuity, partnership, protecting people and environment and high performance. The Code comprises the guiding principles regulating the relations between the company and its stakeholders: shareholders, employees, communities, suppliers, partners, government, trade-union organizations unions etc.

The key issues of the Code that are critical for success of the company are operational excellence (safety, health, reliability, and efficiency), protection of information and intellectual property and engaging in lobbying activities. Each oil producing corporation actually exploits world natural resources and its activities at all accounts affect the ecosystems, which in turn have influence on people’s lives and health. Firstly, it is essential for the company to take steps to protect the environment (by developing technologies allowing to preserve nature, by following international environmental norms and taking responsibility for damage inflicted to nature resulting from the company’s operation) in order to reduce reputation risks, evade fines and penalties and to make the company sustainable and admired. Secondly, oil and gas producing company like Chevron has to pay due attention to the protection of intellectual property, whereas intangibles assets nowadays are getting more and more vital for corporate leadership. Even in mining industry the role of intangible assets, comprising trade secrets, patents and trademarks, can hardly be overestimated because the level of efficiency of the production and the amount of value added depends on the technological

progress. Thirdly, lobbying activities are crucial on the way to success, because they are targeted at the creation of positive image of the company in government bodies and fruitful cooperation with them, they help to coordinate the activities of branches of the company during their cooperation with the government. For example, Chevron has not terminated cooperation with Russian Federation after the sanctions against the latter were imposed, acting in compliance with the US legislation and the ethics code.

Compared to Chevron's main rival in the USA Exxon Mobil, Chevron pays less attention to environmental issues in its ethics code. At the same time, Exxon Mobil's ethic code clearly identifies principles of conduct in environmental sphere, including emergency provisions, and outlines product safety policy's principles. Identification and control of potentially adverse health, safety and environmental effects are priority considerations in the planning and development of products. On the contrary, Exxon Mobile doesn't have in its ethics code the chapters dedicated to lobbying activities (there is only a small chapter on political activities policy) and to the protection of intellectual property.

British Petroleum, the biggest oil company of the UK, also focuses on the protection of safety, health and the environment and has similar to Chevron's Operating Management System (OMS) aimed at managing environmental risks. The main principles of the environmental policy are as follows: reducing waste, emissions and discharges: using energy efficiently, reducing workplace exposure to health risks and producing safe, high-quality products. In the chapter "Dealing with governments" the attention is paid to

transparency and providing accurate information to the government bodies. In British Petroleum's ethics code nothing is mentioned about lobbying activities and protection of intellectual property as well as in Exxon Mobil's code.

- the expansion of the government role and political constraints for reserves;
- further changes in energy sector regulation;
- tax pressure;
- health, safety and environmental risks;
- deficit of qualified human resources;
- new technologies resulting in wider use of alternative sources of energy.

Taking into consideration all the above mentioned risks, the main technique ensuring that Chevron's code of conduct will remain relevant through years of changing economic, political, social, cultural, and technological forces on business and society is the development of the communication strategy based on regular reputation and image audit and information field monitoring. It will allow to address the changing needs and convictions of stakeholders and to preserve their loyalty to the company. Loyalty of partners, suppliers and clients is especially important during the economic downturn, because it makes possible to keep the required amount of profit and sales on the same level. Although the level of oil and gas necessary for the world economy is only increasing, in spite of the development of alternative energy resources, the market is prone to price volatility. Thus, strong position on the market and positive reputation will diminish material losses in case of the crisis.

Second technique to face the changes in global business environment is the

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creation of advanced oil and gas production technologies and the development of crises portfolio of the company, which will describe risks and ways of immediate reaction in cases when such risks occur. In petroleum industry, there are high ecological risks, which can arise for example due to oil spill. The anti-crisis plan in such situations is vital, because each employee should follow a common strategy to reduce financial and reputation damage resulting from the environmental incident. Successful anti-crisis plan must be based on the following principles:

- immediate response from the top management of the company;
- comprehensive answers to the questions of the target groups about what has happened, who is to blame and what the company will do in order to overcome the crisis;
- demonstration of regret and sympathy.

**On the other hand, relevant preventive measures should be taken to mitigate the probability of ecological and safety problems.**

Chevron's environmental policy can be divided into two categories: operational policy and addressing global challenges. In order to manage environmental issues Chevron has created Operational Excellence Management System (OEMS). The company has generally accepted discipline approach to disclosing and managing potential impacts of business activities on the environment, for example waste of water and resources, air emissions. The company has also generated four principles concerning the ecological responsibility:

- environmental issues are taken into consideration in decision making at all

stages (it shows the company's commitment to the principles of sustainable development – the integrity of economic, social, ecological and political issues);

- reduction of the impact of Chevron's operations on the environment;
- doing everything safely, avoiding accidental releases;
- benefiting the areas, when the sites that can no longer be used are situated.

These two methods to address environmental problems are rather efficient and Chevron consistently is reported to be one of the best companies in oil and gas industry in disclosing information about climate change practices and greenhouse gas.

Chevron develops and uses in practice innovative technologies both in producing gas and oil and in researching renewable energy. In the process of applying innovative methods and technologies, Chevron focuses on geothermal energy, advanced biofuels, solar energy and energy efficiency technologies. This company is said to be one of the biggest producers of geothermal energy in the world. Project Brightfield witnesses both high level of environmental responsibility of the company and the use of innovations. The company decided to reuse one of its sites in order to produce solar energy with the help of innovative technologies.

The next direction of technological advance is biofuels. Chevron produces conventional, cellulosic and other advanced biofuels. Almost all of the Chevron's gasoline sold in the USA contains ethanol. Ethanol is a conventional biofuel derived from edible sugars and starches.

The development of innovations in different spheres, including exploring

renewable alternative energy sources is crucial for the company's success and sustainability in future. However, the company could face the following technological challenges:

- In future oil and gas may be substituted by renewable sources of energy.
- Impoverishment of oil and gas reserves requiring the development of new technologies to extract gas and oil from old sites more efficiently (for example the necessity to increase mud pump horsepower).
- Aging of production facilities and equipment deterioration.
- investments in research and development;
- cooperation with other companies and government in the sphere of research and development;
- diversification of business;
- development of advanced technologies in oil extraction along with expansion of business connected with renewable sources of energy.

Chevron is active to use lobbying in its business practice. Lobbying suggests influencing public policy decisions by providing information to elected or appointed officials and their staff. Lobbying activities comprises either direct communication with public officials or providing support to people who are engaged in the process of such communication. According to the data provided by the Center for Responsive Politics, in 2014 Chevron has already spent 2, 240, 000 US dollars on lobbyism. The key issues Chevron stands for include:

- energy and nuclear power;
- taxes;
- trade;



- environment and superfund;
- fuel, gas and oil;
- foreign relations;
- fed budget and appropriations;
- homeland security;
- law enforcement and crime.

For example, although Chevron develops alternative renewable sources of energy, it is clear that the revenues received from such activities are much lower than the revenues from oil extraction. Therefore, recently Chevron lobbied the adoption of the following acts: Renewable Fuel Standard Elimination Act, Leave Ethanol Volumes at Existing Levels Act and Corn Ethanol Mandate Elimination Act of 2013. The lobbying strategy in such case was aimed at limitation of use of renewable fuels, so that the oil companies could maximize earnings and reduce investments in renewable energy. Chevron estimated that its biofuel investments would return only 5 percent in profits. On one hand, the efforts were justified and the goal was reached, but on the other, as was already said, the oil companies should continue developing innovations in the sphere of renewable resources. In long-term perspective such strategy can damage the company's ability to address the global challenges.

### **Chevron supports local communities and contributes to the economic and social well-being of people in all countries where it operates.**

According to the data provided on Chevron's official site, the company has invested \$1.5 billion in social capital to local communities over the past

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eight years. In 2013, Chevron spent almost \$275 million on global social investments.

These investments can be divided into three categories: economic development, health and education. The company focuses on improving instruction in the key subjects of science, technology, engineering and math (STEM).

Discovery Learning Alliance providing learning centers for underserved primary schools in Angola, Brazil, Nigeria, South Africa and Venezuela can be viewed as an example of corporate citizenship projects. The learning centers advance the quality of education through technology, video programming and innovative teacher training. In Australia, Chevron introduced a course on the Liquefied Natural Gas in some of the secondary schools. In Indonesia and Saudi Arabia, the company has provided assistance in the establishment of polytechnic schools to train students for jobs in the industrial sector.

Among the corporate citizenship projects in the sphere of healthcare, the major focus is the prevention of HIV/AIDS in Africa (program to prevent mother-to-child transmission of HIV, funding pediatric health care).

Educational global citizenship initiatives most significantly contribute to the Chevron's sustainable development goals because social capital and qualified human resources are vital for the success of the company. Due to such initiatives as described above, the company prepares in advance trained specialists and it, in turn, allows to reduce the costs of re-education of employees, which are familiar with other equipment and technologies rather than the ones used within the company.

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