

Strategies of bhp billiton limited

Business



The paper "Strategies of BHP Billiton Limited" is a good example of an assignment on business. BHP Billiton Limited is a diversified natural resources company that is well established internationally. Its principal business lines are mineral explorations and production including gold, iron ore, coal, ferroalloys, titanium, copper concentrates and nickel as well as exploration, production, and refining of petroleum (Orecchini 2011). It has three strategies;

- Building on its diverse reserve base and ensures that the best practices are shared quickly across its operations
- To maintain a steady pipeline of Greenfield projects for its internal growth
- To help increase its pipeline by staying close to its customers (Hansmann, Mieg & Frischknecht 2012)

Question 1

1. BHP Billiton External and Internal Stakeholders

In Order of Priority and Interest Company

management Government Customers Suppliers Project

team Community Shareholders Employees Contractors and

subcontractors Competition

1. The Financial and or Emotional Interest of the Shareholders

The government - the government and BHP Billiton are interdependent. The company plays a very significant role as an economic facilitator as well as the arbiter of structured growth. On the other hand, the government is the regulator of the environment; it ensures that BHP Billiton follows the due

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process in caring for the environment. It also ensures that the company must carry out lawful and legal activities. It ensures that the company respects the rights of the community around which it operates. The government gets taxes from the company profits and uses it to develop infrastructure and other areas of the economy (Darnall & Edwards 2006). Customers - customer bargaining power is essential to the company. Customers are able to get information and this helps them to make informed decisions, this makes them quite powerful. Customers are concerned that the products they purchase from the company might not be environmentally friendly.

Customers want to purchase products that are environmentally friendly as they are directly affected by the changes in the environment; this is emotional interest as they are concerned how the products will negatively affect the environment and whether the company has put in appropriate measures to manage the environment under its scope (Grolleau, Mzoughi & Thomas 2007). Suppliers - the suppliers play a very essential role as external stakeholders of the company because of their powerful bargaining power.

The cost at which the supplies provide resources for production determines the unit cost. The price of the raw materials culminates in the bargaining power of the suppliers. The suppliers are concerned about the mechanisms that BHP Billiton has put in place to manage the environment. This is of particular interest to the suppliers because of their supplies; they do not want their supplies to be harmful to the environment. The suppliers invest huge financial input in their raw materials in order to conform to the environmental regulations of the company (Radonjič & Tominc 2007).

Competition - BHP Billiton has very many and able competitors, the competition is very high. Apparently, there is a very low product

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differentiation of the products. As such, the companies find a new way of differentiation such as unit price, environmental management and the amount of profit they make. BHP Billiton has developed a reputation over the years; this has made the company edge over the competitors. The competitors are eager to learn how BHP Billiton manages its environment; they want to borrow from the company's environmental management system in order to improve environmental management (Vachon & Klassen 2008).

Community - the company has a responsibility to ensure that its operations do not affect the community in areas where it has operations. Importantly, the company has the responsibility of giving back to the community as a result of using their habitat. The community has moral rights that are normative, important and justifiable. The community has a right to be informed of the harms and risks that the company operations will expose them. The community stands as one of the biggest beneficiaries of financial interest from the company. BHP Billiton invests huge financial resources in the communities aimed at ensuring environmental safety and benefiting the community (Waage 2007).

Employees - employees are interest stakeholders in the company. They provide their skills, ideas, expertise and technical know-how to the company in exchange for employment opportunities. They possess knowledge and skills; this is their source of influence. Employees ensure that the company implements a sustainable environmental management system, they are concerned about the effects of the company products on the environment (Feldman et al., 1997). As such, they ensure that they formulate and implement viable systems to manage the environment, this is emotional interest.

Shareholders - they are interest stakeholders in the company. They invest their financial resources in the

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company in return for a share of its profits. They own the company and they run it through agents (top management and directors). They exert pressure on the top management to ensure that the company has an effective environmental management system (Darnall, Jolley & Handfield 2008).

Company top management - BHP Billiton top management directs the development and strategy of the company. It is responsible for ensuring that it hires the best possible staff to carry out projects. It is also responsible for acquiring resources and raw materials for ensuring a smooth flow of operations and quality products. The visibility of the top management of the company enhances the professional standing of the company. The position and authority of the top management are their sources of influence, this makes them be very powerful stakeholders. The top management ensures that there are adequate financial resources and best employees to manage the environment (Komiya & Takeuchi 2006).

Project team -The project manager is supposed to provide direction, leadership and above all support the team members in accomplishing their tasks (Gibson 2006). The project team ensures that their activities do not contravene the company standards and terms concerning environmental management; this is emotional interest.

Contractors and subcontractors - The contractors and subcontractors are interested in internal stakeholders of the company. They must adhere to the company's environmental management system. As such, they put in huge capital outlay to conform to the company's environmental management system as Morrison-Saunders & Therivel (2006) assert.

1. C) The Stakeholders' Views

The views of the stakeholders are positive. The stakeholders want to ensure that the company has an adequate and effective system of managing the environment. The competitors want to borrow from the company's system on how they can improve their own environmental management; this means that the company has set a bar above the competitors.

1. D) Environmental, Social and Economic Relevance of Stakeholders to BHP Billiton

The government - for economic sustainability, the government must ensure that there is fair exploitation of the resources from the environment. This would avoid more consumption than there is from the environment. The government should ensure a sustainable economic model for ensuring the efficient allocation of resources. For environmental sustainability, the government must be at the forefront of protecting the environment from corporate exploitation and neglect. For social sustainability, the government must ensure that there are no social disruptions. It must ensure that no disruptions that threaten the well-being of the society. It has the responsibility for taking action against human inequality, poverty reduction and social injustice (Orecchini 2011). Customers - they are by far the most important players in the environment. The customers must promote sustainable environmental management by holding the government, BHP Billiton and the other stakeholders into account. They should only purchase from companies that promote economic production and use of resources. They should also be loyal to firms that promote social equality by sponsoring various community initiatives. Either, they must purchase from firms that have better waste management (Darnall & Edwards 2006). Suppliers - They

should supply materials that are renewable and that encourage better waste management. They should also support the social environment by being ethically responsible. They should sponsor initiatives such as poverty reduction, education programs in society. This would move to promote social equity (Beheiry et al., 2006). Company management - It must maintain economic growth as well as a healthy balance with the ecosystem. For environmental sustainability, the top management must ensure that the company supports initiatives like the use of renewable energy and the reduction of fossil fuel consumption and emissions. The top management must ensure that the company activities do not affect negatively the social life and welfare of the society in areas where it has operations (Lozano 2008). Question 2 Feedback on the Sustainability Message Company

Management We endeavor to use the company's resources responsibly. This is guided by the company's guiding principles of sustainability. Sustainability is at the heart of BHP Billiton's long term success. BHP Billiton persistently endeavors to be at the frontline of corporate sustainability best practices. To ensure compliance, the company is a member of the global community on sustainability as well as global reporting initiative. Suppliers With firsthand information about the challenges and concerns that customers face, we endeavor to supply materials and products that not only promote a sustainable environment but also that are solutions to the challenges faced by the customers. Our purpose is to protect and provide what is safe.