

Human resource methods and practices in british petroleum



**ASSIGN
BUSTER**

BP p. l. c. is a global oil and gas company headquartered in London, United Kingdom. It is the third largest energy company and the fourth largest company in the world measured by revenues (CNN money. com, 2010). Its main businesses are exploration and marketing, refining and marketing, energy distribution and alternative energy with operations in over 80 countries.

This report provides an insight into HR methods and practices in BP plc. Global challenges facing its HR managers have been discussed as well as possible solutions. Strategic models and frameworks have been employed in order to provide insight into BP's HR activities

In order to compete effectively, HRP helps in analysing the use of existing human resources, forecasting the future surplus or shortage as well as planning the reallocation of employees. This report also discusses possible HRP methods used in BP. Appropriate recruitment and selection strategies for senior managers have also been identified.

HR training & Development methods used to enhance the competence and performance of senior management staff in BP have been described against relevant theoretical background. While appraisal techniques have been discussed too.

While the strategies explained in the report are not a prescriptive guide to HR practices, they serve to highlight and critically evaluate HR methodology being followed by BP.

What are the global challenges facing HR managers in your chosen organisation

Today's corporations are faced with a rapidly changing business environment. Globalisation which refers to the growing economic integration of the world, as trade, investment and money increasingly cross international borders is increasingly having political and cultural implications (Guardian.com, 2007). Companies are also increasingly obliged to operate with high ethical standards in order to regain trust (Goodman, 2004). In addition, the volatile economic conditions along with the subsequent outlook of the present labour market have driven the change of role of human resources from administrative to that of a strategic business partner. These present challenges to HR managers in BP Plc, and for the purpose of this report, some relevant issues are discussed below

1. 1 Global expansion and Cultural diversity

Despite having operations around the globe, spanning diverse culture, the nationality of BP plc has been reflected in the make-up of the workforce in general and senior management in particular (Reuters, 2010). BP Plc. faces the challenge of operating in a globalised world where this model is no longer sustainable. HR managers have to tackle national and cultural diversity issues, while still promoting the overall corporate strategy. (See appendix 1a)

In response, BP has launched a “ Global Path to Diversity and Inclusion” strategy (Catalyst, 2006). Among its three main directives are: as a global company, its leaders should reflect the local communities in which it operates; while diversity and inclusion must be viewed as a business

<https://assignbuster.com/human-resource-methods-and-practices-in-british-petroleum/>

imperative. This is both a welcome and challenging initiative in order to meet its changing business needs.

As a global company of around 80, 000 people, BP has a naturally diverse workforce in terms of gender, race, nationality and culture. BP actively embeds diversity and inclusion across the organization through our global diversity council, the establishment of diversity plans tailored to each strategic performance unit (SPU) and support for affinity groups for networking and sharing experiences. Mandatory training in diversity and inclusion for 6, 000 senior leaders also began in 2010. (BP people, 2010)

HR managers are increasingly faced with the management of employees in a global businesses operating across national boundaries. Therefore, comparing HR activities and policies across different societies becomes a major issue. At the same time being a strategic partner by promoting the overall corporate strategy. Coordination of HR activities on a global scale- e. g. comparative pay rates, performance assessments, management employment policies, employee relocation and expatriation etc have to be considered

1. 2 Economic outlook- The Recession

The recession had a negative effect on the resourcing budget and activities of most organisations globally. Following the recession, BP mapped out a strategy for 2010. This focused on improving operating and cost efficiencies upstream to deliver profitable growth, as well as focusing on quality, integration and driving further efficiencies in its downstream operations.

The most typical HR activities affected were human resourcing activities such as recruitment, retention and turnover. Cutting cost across the organisation implies cutting down the number of staff to the right amount needed for organisational effectiveness- an activity termed “ Rightsizing”. There is also the challenge of retention of highly skilled staff, especially among senior management and professional within the company.

In response to this, most organisations (BP inclusive) are challenged with thinking more creatively about how to deal with resourcing tasks. The most popular approaches adopted are: focusing more on retaining than recruiting talent; investing more time and effort in the quality of candidate hired, and focusing on developing existing employees to take on greater responsibility and work. (See appendix 1b)

BP supports career development within Exploration and Production through 10-year-career road maps to professional excellence. From 2010, BP’s new Exploration and Production learning centre in Houston, US, will provide a comprehensive learning curriculum of technical training. (BP plc, 2010)

Creating a culture of continuous improvement is a top priority for HR managers in BP. The company places greater emphasis on organizational quality, which is about driving continuous improvement in our leadership and culture, skills and capability, and systems and processes. We have redesigned the way we manage and reward people to incentivize performance (BP Plc, 2010). These fall into the responsibility of HR managers in BP.

With the recent oil spill disaster, continuous improvement is increasingly becoming a critical objective for BP. This could also provide competitive advantage for the company by learning and acquiring capabilities and competencies from past mistakes

1.3 The present labour market outlook

Presently, there seems to be recruitment difficulties across the sector. The key reasons stated are a lack of necessary specialist skills in candidates and candidates having insufficient experience. Appointing people who have the potential to grow, but who currently don't have all that's required, is still the most frequently used initiative to overcome recruitment difficulties (CIPD, 2010).

BP's management stresses the importance of an 'informed' rather than a 'reactive' approach to the problem. To this end, the company is launching a group-wide initiative this year to guide the skills development of its 12,000-strong pool of technologists (BP Global, 2010)

Part of this initiative will see the re-launch of 'Competency-on-line', a computer-based tool that was first introduced in BP almost five years ago to define the skills or competencies required for particular technology jobs in individual business units, and to guide the individual learning and development of staff. 'The key difference now is that the technical competency frameworks will be used globally across the company.

As well as focusing on external hiring, BP is responding to this skills shortage by strengthening its internal development programmes and capabilities, and

by working outside the organization to inspire young people to acquire the skills needed to work in the industry.

BP can also introduce initiatives which have been reported to be positive solutions with regards to tackling recruitment difficulties. According to CIPD, this could include the following: providing additional training to allow internal staff to fill posts; taking account of a broader range of qualities, such as personal skills, instead of qualifications, when considering candidates

1. 4 The ever growing importance of business ethics

Pat Wright, head of Cornell University's Centre for Advanced Human Resource Studies, has stated that, in the wake of business scandals, HR leaders will take on a " bigger role in monitoring the culture of the organization in terms of its ethical status" (Nadel, 2004). The ethical status is even being recognised as a source of competitive advantage. HR executives in BP should either take on the mantle of ethics champion or ensure that some other capable person in the organization does so. Such a champion will need to be highly experienced and respected, having enough organizational influence to make a difference.

BP's management should continuously balance business needs of the organisation and stockholders to the needs of other stakeholders. The recent safety BP oil spill has been attributed to cutting corners at the expense of safety- which can be regarded as unethical. BP's leaders are challenged to model behaviours and create a corporate culture and practices that supports ethical business practices while still performing competitively in the market place

It is suggested that HR managers in BP ensure that the leadership selection and development processes include an ethics component. After all, leaders at all levels of the organization need to both model ethical behaviour and communicate ethical standards to employees. Selection procedures must filter out people who, despite making their numbers, are known for cutting ethical corners. Leadership development should include not only ethics theory but also real-life examples, perhaps from mentors, on how managers have handled ethical dilemmas in the past.

Comment on how HR activities contribute to the success of your chosen organization. Use any 2 HRM Models to explain your answer.

The link between organisational success and HR has cannot be over emphasized. Armstrong & Baron (2002) define HRM as “ a strategic and coherent approach to the management of organisation’s most valued (Boxall et al, 2003).

Since 2009, BP has had to operate under difficult economic conditions and a volatile energy market, and thus have increased emphasis on operational efficiency, with a particular focus on compliance and continuous improvement. BP recognizes the importance of the actions and commitment of its workforce towards achieving this objective towards better performance (BP annual review, 2009)

This is in line with the holistic model (Torrington et al, 2008), where people of the organisation are recognised as the key to competitive advantage rather than just a way of implementing organisational strategy. To drive value and

optimize company performance, human capital-the collective knowledge, skills and abilities of people that contribute to organizational success-is an asset to be leveraged.

Figure 1. The Holistic model of HRM

HR activities employed in BP reflect that suggested by Beer et al in the Harvard analytic framework. This model draws mainly from the human relations school which emphasizes communication, teamwork and the utilization of individual talent. Basically, it concentrates on the human or soft aspect of HRM (Arrey, 2006).

In BP, employees are regarded as equally significant as other stakeholder groups. Thus, their needs and interests have to be considered. Employee interests are identified and linked with management objectives. BP also recognizes and considers environmental factors (situational factors) that will help shape HR strategic choices. It also recognizes the different stakeholder interest that impact on employee behaviour and performance

The Harvard model works on the premise that employees need to be congruent, competent, committed and cost effective (the 4Cs). To achieve this desired outcome, the Harvard map outlines 4 key HR policy areas;

Human resource flows into the organisation are used for recruitment, selection; through the organisation, placement, promotion, out of the organisation as termination pay. The reward system should be designed to attract and motivate so as to keep employees. BP is placing particular value on deep specialist skills and technical expertise, and are recruiting and

developing the excellent professionals needed to ensure a sustainable future for the group. (BP Annual review, 2009). BP has also redesigned the way they manage and reward people to incentivize performance. We are simplifying the organization and freeing people to do their jobs. (BP Global, 2010) Employee influence is tailored on controlled authority, empowerment and decision making. The work system is such that jobs are also defined while task and technology is arranged such as to result in optimal performance and results. (BP Sustainability Reporting, 2009)

As a result, BP has been successful in building capacity and getting the right people with the right skills in the right place. BP's management recognizes the impact of the commitment employees showed in 2009. BP's performance speaks volumes about their motivation and skills. The results from its 2009 employee survey confirm that employee morale is improving as our operational performance improves. The long term consequences have been sustained momentum and business growth. Improved quality of life through a reliable safe supply of affordable energy while sharing the benefits of energy with communities around the world which truly represents important human progress

Figure 2. Harvard HRM model (adapted from Beer et al, 1995)

Henry and Pettigrew offer an adaptation of the Harvard model (i. e the Warwick model) which minimizes the prescriptive aspect while extending the analytical aspect of this model. (Bratton, 1999) It attempts to integrate HR issues with much broader range of external societal influences such as socio-economic, political, competitive, technical and legal issues. (Griffiths, 2008)

<https://assignbuster.com/human-resource-methods-and-practices-in-british-petroleum/>

The Warwick HRM model focuses on mapping the context, identifying an inner (organisational) context and outer (wider external) context while exploring how HRM adapts to changes in these context

BP clearly understands the link between outer contextual factors such as socio-political factors (operational safety regulations), economic, technological and technical challenges; and inner contextual factors (structure, culture and business output) on both business strategy content and HR outputs. These various contextual issues influence HRM strategies in BP across the group's different businesses as a whole.

BP is a global company which operates in different regions where these issues may vary considerably. Therefore, BP considers issues in the outer context which influence HRM strategies and practices in these different regions. HRM practices are determined by examining the various external contextual factors and their relationship with the culture, strategy of the business and this consequently influences HR policies and outcomes are adapted for the different countries in which it operates.

As BP North Sea Wells vice president Morty Denholm expresses it: " Our people are now really motivated and looking forward to delivering even better performance next year." Meanwhile, the culture of continuous improvement in our North Sea drilling team helped to move drilling performance from fourth quartile in 2007 to first quartile in 2008, and generated additional drilling capital efficiencies

Figure 3. The Warwick HRM model (Hendry and Pettigrew, 1990)

**What role HR planning plays in your chosen organisation?
Describe any 3 HR planning Methods that has been used to
achieve organizational objectives.**

The fundamental purpose of HRP is determining the number and nature of personnel required by an organisation to meet its objectives and strategies successfully. Thus, identifying the future manpower requirement of an organisation is a key element in the HR planning process of an organisation (pravin, 2010). Typically, HR planning can have both hard and soft elements. An organisation may adopt hard or soft HRP approach.

Most large organisations adopt a mix of hard and soft approaches in dealing with HR planning and BP is no exception. BP acknowledges the importance of HRP in determining what skills, abilities and knowledge will be needed to compete effectively. HR systems are then aligned with these needs.

Currently, BP is experimenting with bringing the strategic planning function and the HR function closer together (Horton, 2004). See appendix 3a for further info.

Figure 4. Human resource planning model

Initially, BP includes HR elements in its strategic methodology, while asking questions regarding cultural fit and HR deliverability. Through cooperation between the two staff functions, BP prepares systems and methods where the business strategy and the HR strategy can be aligned. Analytical tools as well as diagnostic and prescriptive tools are developed and tested. (Horton, 2004)

In many organisations the process of business planning begins with a scanning of the external environment and a vision of where the organisation wants to be in future (Randall et al, 2008). Planning how the organization will meet its current and future HR needs and how people will be supported and nurtured within the organization is critical for success. (HR Council for the non-profit sector, 2010). Some of the HR planning methods used by BP are discussed below

What Recruitment and Selection strategies are taken in your chosen organisation to recruit & select senior management staff to enhance organizational performance?

An organisation's overall strategies and HR policies need to be closely integrated with chosen recruitment strategies in order to achieve desirable outcomes. Organisations seeking culture change may favour external recruitment options while those which desire commitment and high quality may favour largely internal recruitment or an appropriate blend of both options. The choices may change from time to time, reflecting the needs of organisations at different stages. (Compton et al, 2009)

Recruitment strategies

Internal talent pool

BP largely favours internal recruitment of senior managers by focusing on the internal talent pool which exists within. This is evident with senior management appointments from within the company over the years. TNK-BP President and CEO, Robert Dudley as commented that the strength and experience of its management team has allowed promotion of internal

candidates to important more senior roles and created continuing growth opportunities within the company". (OilVoice, 2006)

E-recruitment

BP is making increased use of e-recruitment techniques through internet and intranet. Professional networking sites (PNS) such as LinkedIn where senior management jobs are posted, has been frequently used as well as BP's corporate career website. Also increasingly being used as part of the recruitment process are partner websites which specify the required competencies. Competency-based recruitment methods provides a unique opportunity to create and shape a recruitment system based on competencies that have been identified within the organization as being critical for success in the targeted job or role. (Dubois, 2005)

External recruitment services

When recruiting externally, BP makes use of external recruitment partners to assist with recruitment of senior management staff. These partners offer BP a range of services - attracting candidates, managing candidate responses, screening and shortlisting, or running assessment centres on the BP's behalf (BP Careers, 2010). BP has systems in place to ensure its recruitment partners develop a good understanding of BP and its requirements. This is essential because employers and agencies that are committed to collaborative partnerships are more likely to achieve positive results. (CIPD, 2010)

Employer branding

<https://assignbuster.com/human-resource-methods-and-practices-in-british-petroleum/>

Your employer brand is the image of your organisation as an employer and place to work as perceived internally and externally while reinforcing why talented people would want to join and stay with an organisation. The employer brand is part of building an identity and employees are defined nowadays by the company they work for (Ipsos MORI, 2011)

BP has consistently focused on projecting its brand as an environmentally friendly company looking to the future and alternative fuel sources. When British Petroleum in 2001 renamed itself BP, they also adopted the tagline “Beyond Petroleum to signal a focus outside the oil business. This is a visionary and inspiring way of moving the brand in a positive direction, creating purpose and adding value. This attracts top talent in many different fields, sharing that vision and outlook (Trulsson, 2010)

Selection strategies

BP employs Psychometric assessments in the form of qualitative and quantitative models to assess the level of knowledge and abilities of the prospective senior employees. However, an executive interview (carried by more senior staffs) and one-on-one evaluations further reveal the attitudes and personality traits of these candidates. These strategies enable HR managers in BP to select candidates who have the skills, abilities and personal qualities to perform effectively.

In addition, role-playing is used in BP whereby prospective senior candidates are put under close monitoring and given various task in groups (BP Global, 2010). The style, delivery of the candidates as well as the time completion of each task is monitored. Selection is based on group performance and

individual contributions. This ensures the selection of a candidate with the right capability to produce result regardless of any challenges in the workplace.

HRD interventions help organisation to develop highly competent staff and teams. Describe the use of at least 3 HR training & Development methods taken to enhance the competence of the senior management staff in your chosen organisation.

It is generally agreed that increasing emphasis on human resources development provides for increases in productivity, enhances competitiveness and supports organisational growth (United Nations, 1995). BP has a set of systematic and planned activities designed to provide its senior managers with the necessary skills to meet current and future job demands (Werner, 2009).

BP has a global approach to developing its leaders that is focused on the main behaviours that are critical to achieving high performance. The company adheres to a single, common leadership framework, with a clear and focused set of expectations. This model is used throughout BP to help select, assess, develop and reward leaders

Continuous professional development

BP runs a series of development programmes called Managing Essentials to help managers apply the leadership framework in their own teams; in both the US and the UK, BP continues to work closely with around 20 core pursuing continuous improvement in performance. CPD in BP comprise a

balanced mix of activities which include work based activities, courses, seminars, and conferences, as well as self-directed informal learning (Australian Human Resources Institute, 2010)

BP runs three specialist development programmes designed to build excellence in the 3 important functional areas of operations, finance and human resources. The Operations Academy, set up in partnership with MIT, provides BP's senior managers with a systematic and rigorous approach to managing safe and efficient operations.

Senior leadership/management development programmes

The Executive Operations Programme enables senior leaders to support the changes made by operations-level management, reflect on their own contributions to the process and commit to systematic and verifiable change across the organization. To date, the group chief executive, his executive team and approximately 90 group leaders, including the strategic performance unit leaders, have participated in this programme.

Coaching

BP also utilizes coaching for senior leadership development. For instance, BP Angola has worked closely with i-coach academy to design and deliver a coaching programme to work alongside a leadership development initiative aimed to support Angolan Leaders.

A large number of coaches are intentionally selected in order to offer a diversity of style and approach whereby each participant can be matched with the most appropriate coach. Participants are also afforded the <https://assignbuster.com/human-resource-methods-and-practices-in-british-petroleum/>

opportunity available to develop a learning community within their cohort which would offer peer support and challenge during the programme and beyond. (i-coach academy, 2010a)

Thus far, positive outcomes have been recorded regarding BP's coaching program. Most participants acknowledge it provided the necessary learning interventions which fulfil the needs for effective transition into more senior leadership positions including stakeholder management, influencing skills, performance management, and feedback skills (i-coach academy, 2010b)

E-learning

BP has also developed e-learning initiatives as a HRD method for its senior managers. Since 2006, BP embarked on one of its largest global safety and operations e-learning training initiatives. An e-learning solution provider, Kineo was selected in 2007 at the start of the curriculum development to lead the blended design of the technical modules. The programme- Operating Essentials, driven by the Health, Safety and Operations team, is designed to enhance operations and maintenance Leaders to manage teams and operations effectively, across BP's global business. (Kineo. com, 2011)

What role Performance Management plays in achieving higher performance in your chosen organisation? Mention the use of performance appraisal strategies to evaluate the performance of the senior management and suggest ways to improve it.

Organisations need to be committed to the effective management of individuals and teams in order to achieve high levels of organisational

performance (Armstrong, 2008). This is essentially the central theme underlying performance management. CIPD suggests that an effective PM should consist of a framework that incorporates performance improvement throughout the organisation; continuous development of individuals and teams; and managing behaviours

BP strives for a performance-driven culture, with a clear alignment between team performance, individual performance and the bonuses that are received. Under our performance management approach, each BP business has a plan designed to accomplish elements of the group's overall strategy. Objectives and milestones for each individual are then set in accordance with the team plan. In addition to base pay, employees are rewarded according to how well they perform against specific objectives that must be clearly linked to the goals of the team as a whole.

Environmental performance is an important aspect of the performance appraisal and promotion of senior managers. Inputs of environmental performance are used such as number of compliance audits formed; number of spill reduction opportunities etc. Target and performance measures are used to emphasize continual improvement

360-degree evaluation

In BP, managers, peers and team members review leaders' performance with the help of a 360° feedback tool, identifying their top three relative strengths and weaknesses. These reviews are then combined as a report. Individuals being considered for group leader positions undergo a thorough external

assessment to provide them with detailed personal development plans to help them achieve success in their new roles.

Balanced score card

BP also incorporates a balanced scorecard approach in its performance measurement systems in appraising senior managers. (Fleenor, 1997). This method developed by Kaplan and Norton (1997) suggest that HR managers measure performance information regarding the senior employees with a more comprehensive view of key performance indicators based on four important areas; The Learning and Growth Perspective (e. g. continuously developing the right competencies); Internal Process Perspective (e. g. delivering high quality business processes).

The objectives in the Internal Process Perspective (e. g. delivering high quality business processes) underpin the objectives in the Customer Perspectives (e. g. gaining market share and repeat business).

Reference and Bibliography

ARMSTRONG, M. and BARON, A. (2005) Managing performance: performance management in action. London: Chartered Institute of Personnel and Development.

Effron, M.; Gandossy, R. & Goldsmith, M. eds. (2003). Human Resources in the 21st Century.

Wiley: Hoboken, New Jersey.

Jon M. Werner, Randy L. DeSimone (2009) Human Resource Development
5th edition. USA: Cengage learning, Inc.

Pravin Durai, Dorling Kindersley (2010) Human resource management. India.
pvt. Ltd

Stephen Taylor (2005) People resourcing, 3rd edition London: CIPD

S. K. Sharma (2009) Human resource management: a strategic approach to
employment. India. Global india publications pvt ltd

John Bratton, Jeffrey Gold (1999). Human resource management: theory and
practice, 2ND EDITION. LONDON: MACMILLIAN PRESS LTD.

Susan E. Jackson, Randall S. Schuller, Steve Werner (2008). Managing
Human Resources. USA: Cengage Learning Inc.

Vault Editors (2010) The Vault/Inroads Guide to Diversity Internship, Co-Op
and Entry-Level Programs. Vault Inc.

R. L. Compton, Alan R. Nankervis. (2009) Effective recruitment & selection
practices 5th edition. Australia: CCH Australia Ltd.

Stuart Wall, Alan Griffiths, (2008) Economics for Business and Management
Essex: Pearson education ltd.

R. L. Compton, Alan R. Nankervis (2009) Effective recruitment & selection
practices 5th edition, Australia: CCH Australia Ltd.

Elsevier (2009) Management extra: recruitment and selection. Oxford: Elearn limited

Jens Trulsson (2010) Universum Quarterly: The future of BP's brand, Universum

Goodman, Peter S., 2010, In Case of Emergency: What Not to Do, New York Times, August 21, 2010

Fleenor, J. W. & Prince, J. M. (1997). Using 360-degree feedback in organizations: An annotated bibliography. Greensboro, NC: Center for Creative Leadership.

Becker, B. & Gerhart, B. (1996). The impact of human resource management on

organizational performance: Progress and prospects. Academy of Management

Journal, 39, 779-801.

www. wdc-econdev. com – The Three Stages of Intellectual Capital Management. [Online] November 11th 2010. Available from: <http://www.wdc-econdev.com/the-recruitment-policy.html>

Dubois, D., & Rothwell, W. (2004). Competency-Based Human Resource Management. Davies-Black Publishing

Memorandum submitted by ifs ProShare (PS 19) [Online] November 11th 2010. Available from: <http://www.parliament.uk/pa/cm201011/cmpublic/postalserv/memo/ps19.htm>

OilVoice [Online] November 11th 2010. Available from: http://www.oilvoice.com/n/TNKBP_Senior_Management_Appointments/9f384f72.aspx

Online recruitment (2005). CIPD [Online] November 11th 2010. Available from: www.cipd.co.uk/subjects/recruitment/onlnrcruit/onlrec.htm

United Nations (1995), human resource development. Jon M. Werner, Randy L. DeSimone (2009) [Online] November 11th 2010. Available from: <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan000780.pdf>

Bureau of labour statistics Occupational Outlook Handb