

Bp commerce analysis



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“ I believe strongly that we need a work environment where everyone can bring all of themselves to work every day and not feel like they have to be someone else in order to succeed.”

-Tony Hayward, BP CEO

/BP is one of the largest organizations in oil, gas, and alternative energy industry in the world. It employs more than 100 000 people across the world and provides essential oil, gas, and energy products for nearly 13 million customers every day in more than 100 countries. The company has a wide range of businesses including exploration and production, refining and marketing, gas & power, and alternative energy (BP, 2010). Despite the success in the market or economic downturns, organization always must care about their employees who bring this success through skills, competencies, and hard work. Therefore, company must have a diversity and inclusion policy in place in order to create perfect working environment for these employees, to motivate them, remunerate, and retain the best.

We might ask ourselves why diversity and inclusion is so important to any large or small company. The answer is that employees, shareholders, customers, suppliers, and community partners place a high value on organization for being fair and meritocratic (BP, 2010). Furthermore, we need to recognize the availability of skilled employees is getting smaller in nowadays market and economic situation. Every organization tries to attract new skilled labor and to retain talented employees in the company. In order to achieve that, organizations must have reputation, operational processes

and imbedded policies, working climate that not only respects differences, but expose them for competitive advantage.

BP is a multinational organization and it is essential to have an up-to-date policies and procedures in place for evaluation and monitoring purposes in order to comply with equality and inclusion policies, avoid any kind of discrimination, and ensure equal opportunities for everyone. Different organizations have different policies and practices and in order to compare BP to others, this organizational audit will review BP's other main competitors such as Exxon and Shell for a comparison on diversity and inclusion issues, provide investigation summary of BP's equal opportunity and equal pay practices, and provide action plans and cost and benefit analysis in order to enhance equality and diversity practice in the organization.

A Summary of Analysis

The purpose of this project is to produce diversity and inclusion analysis for BP's North Africa Strategic Performance Unit (further NA SPU) based on pay review recommendations in 2009 for employee's to be effective on 1st of April 2010. I will be looking at Level E (senior level leaders) to Level K (administration) concentrating on equal pay issues and gender inequality (gaps) among UK employees only. The reason for this is that NA SPU has fairly big population and it is down to UK employees based locally in UK and in the businesses across the world. More to mention, this SPU is a perfect representation sample for other similar strategic performance units across the organization.

270 employees in North Africa Strategic Performance Unit (NA SPU)

139 UK nationals in NA SPU

31 Female employees

108 Male employees

Level E (senior level leaders) – 7 Males; 0 Females

Level F(team leaders/professionals) – 26 Males; 2 Females

Level G (team leaders/professionals – 30 Males; 4 Females

Level H (team leaders/professionals – 19 Males; 6 Females

Level I (specialists/advisors) – 17 Males; 8 Females

Level J (specialists/advisors) – 8 Males; 5 Females

Level K (administration) – Male 1; 6 Females

All analysis is done only for the UK nationals population across all Levels, and Disciplines in NA SPU

In order to get a better picture about pay equality and find out if there is any gaps in gender equality it is essential to analyse consistency of Salary Review process across the NA SPU and identify potential inequality in monetary reward between genders in different departments, levels, and across different disciplines. It is important to concentrate on the data which is robust- gender, income, length of service, and grouped by levels and disciplines.

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The sample group of employees does consist of different levels – from E (senior level leaders) to K (administrative employees). It is a healthy business population that depicts statistical average of different employees in SPU's and other businesses within the company.

Even though we have split the data down to segments any equal opportunity data is best analysed by working of groups so similar in roles and at similar level can be looked at. In order to understand the data better, I am providing few tables with graphic representation and statistical summary of the proposed data, following the brief comments to bring the main points or anomalies that could be potential gaps in reward and gender equality in the workplace.

E F G H I J K Level

Average Salary
Graph 1 – Average New Salary comparison between Males and Females – All Levels

Higher level male and female employees positioned on the higher range of average salary scale and lower level male and female employees positioned on the lower range of average salary- it is consistent across every level. As the graph shows all the proposed employee salaries does not have any significant and female and male employee's up to level G are similarly positioned on the salary grid. However, I would like to mention that circled in red on the graph data shows that level F female employees are on the lower range of the salary comparing to level F male employees. Picking the fact that there is significantly low number of female workers in higher levels- it

raises the question of the possible “ glass ceiling” that prevents female workers to get higher levels and be paid equally.

Graph 2 – Average New Salary by Job Discipline – All Levels

This data is very interesting, because it compares proposed new average salary between male and female employees in all levels but grouped by job discipline. The lowest paid group is administration, and the highest paid group of employees are drilling, geosciences disciplines where employee’s considered as professional and highly skilled workforce. Unfortunately, we notice that in geosciences and petroleum engineering disciplines we have a significant difference in average salary between male and female employees. This is due to the fact that we have few women who works in these disciplines and the pay equality is very doubtful. On the other hand women earn more in average in the administration and commercial disciplines and we do not have any women working so called “ male oriented jobs” in drilling and maintenance disciplines. This needs more investigation of company’s recruitment policies and procedures why company does not attract more women into these jobs.

Graph 3 – Average New Salary by Years of Service All Levels

This graph shows different set of data how the salary progresses depending on length of service despite the level of the employee but across level groups and disciplines. We can notice the gradual increase in salary for women and men, however we have only few women with a lengthy history of employment with company, but the good fact is that more and more women are hired into the business comparing with 20 years ago. It is worth to

mention that circled in red- employees appear in the bottom of the range due to lower levels and the job discipline itself (administration).

A Discussion of the Meaning of the Data Collected

To summarise the findings it is clear that males and females are equally paid and well aligned to each other in every level, but there are few gaps in certain disciplines. Even though the national UK statistics is showing that the pay gap between gender is very high (see appendix 1) BP is trying their best to operate according to Equal Pay Act (release 1970), and Equal Pay between sexes (Article 141, EC Treaty). However the lack of female employees in main leadership positions and levels in our sample population- by all means might be understood as “ glass ceiling” effect in the company (Podro, 2006).

Therefore, it is interesting to look deeper into BP diversity and inclusion policy and compare the information to main rival companies’ policies and think of further improvements and recommendations in order the D&I policy in BP policy to be attractive and by no means discriminatory.

Table 1 – Diversity Policy Comparison between Competitors

Recruiting

Developing Diversity

Inclusive Leadership

BP

The number of graduates recruited through global recruitment program has increased by 58% since 2005 and 63% of these are engineers or scientists.

35% of all graduate hires were women, while 34% of all graduate hires came from racial or ethnic minorities.

Diversity and inclusion policy aims to create a truly inclusive meritocracy at organization, in which the diversity of workforce reflects global reach and maximizes available talent while respecting individual differences. By valuing the differences between employees company establishes a platform for creativity, innovation and problem solving. There is a commitment to the development of a culture of diversity is therefore a true business imperative.

Managing Inclusion program is now mandatory for all senior level leaders and by the end of year 2006, around 1000 employees at this level had completed the program.

The program is still continues to exist in the organization.

Exxon

Women comprise about 25 percent of company's worldwide workforce, excluding company-operated retail stores. Approximately 12 percent of executive employees are women, compared to 9 percent in 2000.

Organizations strength is the quality and diversity of employees.

Organization operates Global Workforce Diversity Framework to attract, develop, and retain a premier workforce, actively foster a work environment where individual and cultural differences are respected and valued; and

identify and develop leadership capabilities of employees to perform effectively in a variety of environments.

Organization is committed to promoting leadership opportunities for women globally and improving the gender balance in the company.

Shell

By the end of 2009, 14. 0% of the most senior leadership positions were filled by women, up from 13. 6% in 2008. As well, 26. 4% of supervisory positions (up from 24. 7% in 2008) and 16. 1% of management positions (up from 15. 3% in 2008) were held by women.

With a core strategic team in Central HR as well as representatives in organizations businesses worldwide, diversity and inclusiveness is an integral part of the organization. It has a vital part to play in underpinning its continuing success by ensuring attraction, recruitment, and retaining the best people- regardless of their gender, nationality or background.

Local people fill senior management positions in every country we operate in. In 37% of countries, local nationals filled more than half the senior leadership positions, compared to 32% in 2008

Sources: BP (2010); Shell (2010); ExxonMobil (2010)

3. An Equality Plan

BP has made a significant investment over a short period of time to raise awareness of the importance of diversity and inclusion in the organization. The diversity and inclusion team was reorganized in 2007 in order to shift

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ownership of diversity and inclusion to the line and embedded in the business to ensure alignment with organizational strategic plans (BP, 2010).

This reorganization of the team paid dividends in the sense that the company's diversity and inclusion policy was a driving force in creating engagement in the workplace, changing leadership attitudes, improving performance representation statistics against competitors, and building pride and ownership among employees in different strategic performance units in the organization.

To be more specific, in order to achieve desired results there should be a support for leaders and line managers with implementation of a framework that defines the strategy and priorities. The need of advancements or improvements on existing policies and the frameworks are imminent to achieve business goals and improve on diversity issues:

Table 2 – Diversity & Inclusion Development and Maintenance

Population

Actions

Leadership team

Governance of diversity and inclusion strategy and periodical reviews of the progress. Ensure objectives embedded within operating business in every strategic performance unit.

D&I team

Developing and proposing strategy, policy, and framework that advocates and supports diversity and inclusion. Cooperating with HR teams and external sources in order to be up to date with the policy and practices.

HR team

Serving as consultants and advising everyone involved to identify the critical D&I areas in the organization that needs improvement. Leading various activities across the business to promote the equal opportunities.

BP employees

Everyone must take a part in helping the organization to tackle the diversity issues by taking responsibility for diverse behaviour and attitudes. It is essential to participate in creating inclusive working environment using all available tools and support.

Having said that, I would like to concentrate on North Africa SPU population's gender equality and equal pay issues and provide recommendations on what can be done to improve situation and to be compliant with BP diversity model and policies:

Table 3 – Recommendation & Costs

Issue

Target

Recommendation

Cost

Equality in gender workforce

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Significantly increase the percentage of female employees in senior level jobs

Aggressive external recruitment and local talent search via internal recruitment

High costs – external recruitment and headhunting can be very expensive since there is scarce pool of highly skilled women to fill in senior level positions

Minimal costs – local talent search via intranet, local recruitment database, and companies internal publications in every form and shape

Equal pay across the levels and disciplines

Ensure the pay reviews are according to equal pay act and not discriminatory among male and female workers

To review the policy of Salary Review procedure and implement a equal pay process that would allow team leaders to have market data during the annual pay conversations

Minimal costs – internal policy review procedure, and up to line managers responsibility to be up-to-date of legalities

Medium costs – a market research, investigation new trends, time costs as well – implementing, and communicating the new procedures (if any)

Equal opportunities for career progression

Increase the percentage of female workers in male dominated disciplines (for example – geosciences and drilling)

Professional development workshops and attractive internship schemes for university graduates

Medium costs – third party provided courses and development sessions

Medium costs – graduate recruitment campaigns, including task group time costs, competitive graduate packages to retain the best talents

Culture change

D&I learning sessions / conferences

To make aware BP population about internal issues and introduce to internal statistics

Reiterate on importance of diverse workforce and how it could be change to achieve diverse working environment

Minimal cost – lunch and learn sessions, D&I team monthly bulletins, presentations

Medium costs – external investigation or third party conferences and sessions about the different issues of D&I

On the other hand, some policies might not become a good practice and therefore organization could face a biggest obstacle- its own culture (Kirton and Greene, 2005). Having said that, it is important that organizations do not force the decisions and make the policy unnatural thing. Diversity and

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inclusion comes along with the culture and one changes another. So, in order to change the “ rules of the game” in nowadays fast changing environment, organizations should come up with diversity audit to highlight the potential gaps.

A Cost and Benefit Analysis

It is important that leadership of the organization understands that companies that implement workforce diversity policies acquire an important benefits that strengthen not only long-term competitiveness in the market but also produce short and medium-term performance results (CSES, 2003). Therefore, a cost and benefit analysis is widely used to establish how well a planned action or new policy might turn out. The analysis always brings a results into monetary values, so the very important that a cost benefit analysis include all the costs and all the benefits in order to count the true value and establish if the new policy or new action plan is worth the money.

On the other hand, companies in most cases gain positive non-monetary benefits. As Hubbard (2004) clearly explained the value of non-monetary benefits- loyalty of the staff, reputation of the organization, employer of the choice status, and etc. can not be transferred or measured into value of money. Also, the major benefit is that making employees and leadership to think critically and be explicit about the issues within the company that along with diversity and inclusion it brings new strategic choices like culture change.

Would like to stress on the few diversity and inclusion initiative that BP already is working on, which is with no doubt puts organization in very

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positive place among the competitors and promotes business success by trying to minimize obstacles to inclusion:

Affinity groups- typically form around ethnicity, gender, sexual orientation, or disabilities, but groups that wish to focus on other important or relevant issues may be considered on a case by case basis, and BP as organization encourages and supports affinity groups working for business benefit (BP, 2010). To name a few, these include the African American Network, Asian American Network, Women's Network, Beyond Pride, BP Latino Network, Gray Matters!, and Working Parents and Parents-to-Be.

Flexible working- organization always recognizes that flexible working arrangement is almost a part of the modern working environment and can enable it to retain and attract skilled staff and increase employee commitment and morale. And the most important- the flex-working scheme is an integral part of BP's diversity and inclusion agenda.

There are more of these initiatives and groups that work towards developing diverse and inclusive workforce around the world, but of course, there are costs as well associated with the implementation of diversity policies in the organization. Let not forget the cash costs of compliance with laws on discrimination, as well as the investment into programmes that serves as implementation to change internal cultures in the way that the diverse workforce is recruited, retained, and developed (CSES, 2003).

To reiterate more on proposed changes for North Africa SPU and diversity and inclusion strategies for BP company as a whole, over recent years, BP has implemented and managed a wide range of global and local diversity

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and inclusion training programs and initiatives to support employees in understanding diversity and building inclusive behaviors. As we could see that organization is treats the D&I very importantly in order to stay in the leading position in the market, however there is plenty to do and enough work in progress.