

# Literature review discussing british petroleum's environmental effects



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Societies today, more than ever, are faced with more complex and environmental problems with the proliferation of technological advancement as human populations mounts. It is paramount for “ large energy companies to balance the needs of stakeholders”[1]and demonstrate their intent of environment stewardship. In BP’s strategy on their corporate website, they state their goals for “ value creation while producing affordable energy that is secure and doesn’t damage the environment”[2]. In other words, this means progressing forward through the expansion of their energy production while bearing in mind the impact of their activities on the environment. This, in essence, illustrates BP’s stance on sustainability and their environmental awareness.

### **Policy of environmental awareness in British Petroleum**

Environmental awareness is defined as a “ broad philosophy and social movements with respect to the environmental conservation concerns and improvement in the state of the environment”. It ties in with the responsible initiatives that demonstrate a corporation’s commitment to key environmental and safety issues. Recently, BP has come under the spotlight following the “ April 2010 explosion aboard the Deepwater Horizon rig which killed 11 people and caused one of the worst oil spills in history”[3]. Given its status as one of the world’s largest energy providers, this catastrophe has brought about a lot of clout over BP’s environmental and safety practices. Subsequently, this led to exhaustive investigation that revealed inadequate controls and incompliance with major aspects of offshore drilling safety. As a result, BP announced its commitment to continue “ working with government

officials and other operators to identify and boost industry-wide safety measures"[4].

Nevertheless, BP publicizes a sustainability report annually to demonstrate their sustainability efforts in action while aligning themselves to their environmental policy. BP's policy follows " a fundamental belief that it can make a difference in the world"[5]. It strives to be the " local energy company" by the production of energy with minimal impact on the environment. New initiatives have been launched to incorporate benefits to the local community and help in establishing its position as a responsibility energy provider. For example, BP has invested around \$1billion[6]annually in low-carbon energy in the last 5 years, putting them well positioned in reaching their commitment of \$8 billion[7]by 2015.

In light of climate change, BP showed recognition to the significance of climate change. It's environmental policy embraces legislation changes and aligns the firm's sustainability actions to ensure environmental stewardship. This includes stringent protocols imposed to " ensure that all projects and operations are designed and conducted in accordance with legal and internal environmental standards"[8]. For example, BP's major operating sites today are " all certified under the international environment management system standard ISO 14001"[9], demonstrating the huge strides in minimizing their environmental impact.

According to BP's sustainability review report 2009, it demonstrates BP's awareness of their responsibility as a major energy provider to manage the environmental impacts of energy production and consumption. They have

led a programme of action that have since brought about reduction of 7.9 million[10]tones of greenhouse gas emissions from their operations. BP actively seeks out new environmental technologies and methods “ to reduce the environmental impact of providing energy”[11]. For instance, it has developed technologies such as wide azimuth tower streamer (WATS) [12]that enables BP to discover reservoirs previously obscured and maximize recovery and efficiency of their exploration activity.

### Initiatives taken by BP to Sustainability Issues

BP operates according to strict internal control systems that extend from board-level policies to operational process to ensure businesses conduct their business responsibly[13]. Over the years, they have progressed significantly in their environmental sustainability issues.

Sustainability is defined as the capacity to endure. At BP, this definition is extended to include the “ renewal of assets, creation and delivery of better products and services that meet the ever-changing needs of society, attracting successive generation of employees, contribution to a sustainable environment and retain the trust and support of their customers, shareholders, and the communities in which they operate”[14].

### **Initiatives for Climate Change**

With greenhouse gases rising at an ever increasing rate, governments are urged by the risk of climate change to introduce new measures to limit emissions. On this front, BP has outlined emissions assessments to enforce the most efficient environmental methods. This is executed through their

proprietary framework for both developed and developing countries to <https://assignbuster.com/literature-review-discussing-british-petroleum-environmental-effects/>

commit to identify mitigating action and quantify emission targets[15]. In addition to that, the BP website[16] offers a myriad of environmental tools to provide transparency and insight into BP's environmental efforts and “ allow individuals to assess their own carbon footprint and lifestyle”[17].

## **ISO 14001 and Environmental Sustainability**

BP follows the ISO 14001 environmental management standards and publishes a sustainability review to track its environmental sustainability issues. In the fiscal year of 2009, the organization has launched several initiatives in light of environmental sustainability. Notably, one of these initiatives is BP's stance and support on carbon pricing. They firmly believe that the provision of carbon price will make energy conservation a more attractive venture and encourage investments in alternative energy space to cut down the carbon usage in organizations. Moreover, BP has designed a plan of action in their environmental sustainability efforts by optimizing their own operations towards a more energy efficiency model and had led in the creation of “ new products to lower customers' carbon footprint”[18].

Their drive in the former has saw the inception of projects such as the reducing flaring and venting, process optimization projects and waste heat recovery. This initiative will bring about a total reduction of about 7.9 million tonnes of carbon usage. In the latter, BP has worked in collaboration with Ford to engineer “ advanced Castrol lubricants”[19] that sole advantage bring improvement in fuel efficiency and reduction in carbon dioxide emissions.

Furthermore, BP has placed emphasis on building its low-carbon energy portfolio with substantial investments in biofuels, wind power and solar photovoltaic systems.

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## **Initiatives in the public domain**

Besides these programmes, BP is active in its participation of policy debate with its push to drive climate change at international and national levels. For example, they have signed the Copenhagen Communiqué to demonstrate their support in the private sector call towards “ a long term ambitious, robust and equitable global deal on climate change[20]“. These measures have paved the way in BP’s efforts to measure the environmental sustainability issues. Last but not least, BP has been a generous contributor in research programmes in particularly on climate change and low-carbon options. These include several high profile research such as the “ Carbon Mitigation Initiative at Princeton University[21]“, its collaboration with “ Chinese Academy of Science on the Clean Energy – Facing the Future programme[22]” as well as the Energy Initiatives launched at MIT and Caltech.

### **BP – Commitment to Health and safety measures**

BP is committed to seek out improvements in its safety performance through the implementation of procedures and processes in pursuit of their mission statement of “ no accidents and no harm to people[23]“. In light of the 2010 Gulf oil spill disaster, BP has come down upon a lot of scrutiny with respect to its safety practices. As a result, the organization announced its commitment to continue “ working with government officials and other operators to identify and boost industry-wide safety measures”[24].

## **Improvement and Initiatives made**

In wake of the Gulf of Mexico disaster, BP announced its decision for an overhauling reorganization that would give safety a higher priority. This first measure implemented saw the creation of a new safety division[25]that would preside over the company's operations. This division will use a systematic approach to seek improvements in safety performance through promoting safe operations and upping their efforts on process safety. BP is also shifting away from the use of contractors in light of the accident which caused 11 deaths of rig workers. Despite outsourcing certain functions to contractors, BP is still the company that is solely responsible for the accidental damages.

On top of these changes, BP is currently assessing its executive bonus scheme that puts more weight to financial and operational targets. This new restructured bonus schemes would take into account more on " key safety measure" to align employees' objectives to its safety practices. This will help improve the health and safety practice by perpetuating its safety culture to yield results. For example, BP reviews employee views on " various dimension of safety with the ' Pulse plus' survey[26]" to achieve continued progress in integrating safety into their business. Furthermore, BP has launched an internal safety awards to foster pride in attaining BP's values. This recognition on the importance of safety across all aspects would further elevate BP's profile of safety[27]and help rebuild the trust in BP.

Corporate Social Responsibility (CSR) and British Petroleum

Corporate Social Responsibility “(CSR) is defined as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”[28]. Today, CSR is more relevant than ever, in particularly for a large energy company such as BP that engages in the exploration and production of oil. CSR is often debated as the “ appropriate” actions that companies should take that goes beyond its philanthropic efforts and delves further into “ the fundamental question of how companies produce their goods and provide their services”[29].

At BP, CSR is recognized as the primary responsibility to maximize the value of the firm and operation of the company in accordance “ with the norms and values of its shareholders”[30]. This broad notion as defined by BP reflects its “ concern about the operating environment, its license to operate within it, which provides the impetus for BP to undertake a broader role in societal affairs”[31].

### **BP’s CSR practice and Workforce Welfare**

BP’s CSR involvement goes well beyond than just minimizing its emissions. According to the corporate website, BP is involved in their “ contribution to policy debate, supporting research and development for newer, cleaner technologies in power and transport”[32]. Besides that, this also includes the consideration of building business skills of the local people through community based development programmes, supporting education and giving aid to local organization. In the instance of building business skills, BP has ran a range of programmes designed to build the skills and impart knowledge on supply chain management to geographical locations like <https://assignbuster.com/literature-review-discussing-british-petroleum-environmental-effects/>



Azerbaijan, Indonesia, Trinidad and Tobago. This programmes helps accomplish a win-win situation for both parties, providing local companies with the expertise and know-how while enabling BP to source goods and services locally. This sharing of technical expertise extends to local governments where BP draws from their expertise and global reach to support local governments in the development of their economic sustainability. For example, BP “ funded an EU-based think tank, to consult the Azerbaijan Ministry of Economic Development on macroeconomics analysis, economic planning and policy formulation”[33].

BP is also active on supporting education, investing in resources to build strengths in management education. A case in point is the post-graduate degree in energy law in Angola that BP played a vital role in the development and financing, while working alongside governments, state oil company and academia[34]. They have offered educational resources such as books, classrooms, teachers training and management training. BP have delivered immunization exercises for the Tangguh community and educated the local residents on reproductive health and personal hygiene. Their active involvement resulted in a plunge in malaria prevalence from 23% in 2000 to less than 1% in 2009[35]. As a result of BP CSR practices, many of these communities and villages have been provided with better facilities such as rainwater harvesting systems and villagers are able to substantial improvement in their workforce welfare.

BP – “ Building a sustainable talent pipeline”

BP has a clear understanding that people are fundamental to the success of business operation. Over the years, they have focused their efforts on “building a sustainable talent pipeline[36]” where they recruit graduates and trained them from the ground up to progress their career into roles that could help maximize their contribution to the business.

## **Cross culture and Diversity**

Cross culture issues simply refers to the issues that involve dealing of two or more different cultures[37]. BP’s understanding of cross culture issues can be reflected in their commitment to build a diverse organization, where people of different cultures are embraced to foster an environment that is collegial and respectful. They firmly value a multicultural workplace and embed diversity and inclusion across the organization. BP runs a global diversity council where diversity plans are established and tailored accordingly to each strategic performance unit (SPU). Here, the diversity plans sets specific targets and organizes networking events for affinity groups whereby certain sub-sets of employees can network and exchange experiences. For example, BP currently has the “BP Women’s International Network; the BP Pride group for homosexuals; BP Global Reach Group; BP Gray Matters and the US-based BP Asian, African-American and Latino networks[38]”. The availability of such affinity groups demonstrates BP’s understanding of cross cultural issues and practice of diversity.

Within these affinity groups, members come together to discuss key issues and learn from each other. These groups would provide them with an informal setting to build their network and gather contacts. The BP Women’s International Network, for example, is a global network with a sole purpose <https://assignbuster.com/literature-review-discussing-british-petroleum-environmental-effects/>

of connecting women and “ encourage women to stay with BP to fulfill their career goals[39]”.

This openness of BP with its core focus on diversity and inclusion is certainly “ a strategy that will enable its success in the 21st century global marketplace”[40]. It “ leverages diversity - exemplified by gender, race, ethnicity, nationality, language, sexual orientation and identity, religion, and tribe, among other things-while preparing itself for the future by continuing to diversify its employee base”[41]. Ultimately, BP’s diversity practice will inevitably help spur innovation, creativity “ and a deepened awareness of diversity and inclusion concepts”[42].

#### Comparative analysis with key competitors

In this task, I will seek to do a comparison of BP’s equal opportunity and diversity practice with its key competitors such as Shell and Conoco Phillips.

### **BP**

At BP, the equal opportunity and diversity practice consists of three basic tenets which are “(i) fair treatment and equal employment opportunity; (ii) respectful, harassment-free workplace; and (iii) privacy and employee confidentiality”[43]. These tenets strive to draw from BP’s diversity as strength to create an environment that fosters mutual trust - whereby diversity and inclusion are valued. BP follows a policy that fair treatment, courtesy and respect are entitlement given to every employee and would show no tolerance for offensive and belligerent behavior. The last tenet is a rule that protects the confidentiality of their employees’ personal information.

## **Royal Dutch Shell**

Similarly, Shell's motto is to embed diversity and inclusion (D&I). They firmly believe that this would help create a stronger future for Shell and help achieve their aspirations. Shell defines the management of D&I to involve addressing the factors of difference and fully capitalizing on the potential contribution of all employees to continue to build their leadership in place. At Shell, D&I is seen as a "competitive advantage that will enable Shell to cultivate a competitive culture"[44]. On the equal opportunity front, Shell also emphasizes their position as an equal opportunity employer that strives to recruit based on technical and competencies.

## **ConocoPhillips**

At ConocoPhillips, a similar stance on diversity is taken where the company "strives to represent and reflect the global communities in which we live and work"[45]. They stand by the creation of an inclusive environment that "respects contributions and differences of every individual"[46]. Here, the same catchphrase of "Diversity and Inclusion" encompasses the creation of a multicultural work environment, together with an inclusive culture to ensure "individual's contributions and differences are respected and valued"[47]. In terms of equal opportunity aspect, ConocoPhillips wholly supports the principle of equal opportunity in employments and "welcomes applications from all suitably qualified individuals"[48].

## **Conclusion**

To conclude, this report examines the many responsibilities that falls on a large organization like British Petroleum (BP). Given its status as one of the

world's largest energy providers, BP has demonstrated their sustainability efforts in action while aligning themselves to their environmental policy. Over the years, they have launched several initiatives to tackle their sustainability issues and progressed significantly in their environmental awareness. This includes initiatives for climate change, imposition of ISO 14001 environmental management standards and initiatives in the public domain.

In the wake of the Gulf of Mexico disaster, a comprehensive overview of their safety practices and social responsibilities initiatives are examine. This details the contribution and improvements made in the improvement of workforce welfare in geographical locations such as Azerbaijan, Indonesia, Trinidad and Tobago. Finally, this segues to a discussion on the cross-culture issues at BP and its practice of diversity. The last bit of the report is a comparative analysis of the equal opportunity and diversity practices in BP and across its key competitors.