

Strategic human  
resource  
management: british  
petroleum



**ASSIGN  
BUSTER**

William D'Arcy of Anglo-Persia Oil Company is the founding member of BP, in the year 1901. However, BP's first retail gas station first ever opened in Britain in 1921. Through the years it has grown massively due to its brand reputation worldwide. It has since become a very powerful Oil company and enjoys a fair market share. Upon merging with Amoco- a USA Oil Company, in 1998, BP then rebranded its retail gas stations and convenient stores.

BP's is into the extraction and refining of oil and natural gas. Their retail ventures are under subsidiaries of Arco and BP filling stations. Since the turn of the millennium, BP took into investing into research and development, focussing on alternative energy sources like bio fuels and so far it seems to be leading in this regard.

In 2009, BP was reported to be worth over \$238 billion in assets with equity of \$101. 6 billion. With the ever increasing oil prices, their profits were reported to be nearly \$21 billion in revenues of \$291 billion. Today they have since gone beyond the above quoted amounts of 2007. They employ over 96, 000 people worldwide.

## **MISSION, VISION AND VALUE STATEMENT**

BP has a slogan statement that has not officially been says

“ What we stand for”

“ BP wants to be recognised as a great company that is competitively successful and a force for progress. We have a fundamental belief that we can make a difference in the world.

We help the world meet its growing need for heat, light and mobility. We strive to do that by producing energy that is affordable, secure and doesn't damage the environment."

## **PRODUCTS**

BP products include;

Bio fuels, Gas and petrol stations, Motor oil and lubricants

Route and journey planner, Gas and petrol station locator

Target neutral – a non profit carbon offsetting initiative

Liquefied petroleum Gas

Solar energy

Business investments include;

Air BP, Arco Aluminium, Aromatics & Acetyls, Asphalt and bitumen,

BP Crudes, Franchising, Shipping

Gas and fuel cards, gas and power energy, Natural Gas Liquids, Solar power

Industrial lubricants, Invoice tracking systems, Marine fuels and lubricants

## **Organisational Structure**

This is the line of command in an organisation. It is a hierarchal structure that shows the composition and relation between the different departments

within the organisation, showing clearly the channel of command, which may either, be a tall or flat kind of structure.

BP's organisational structure

Board of Directors

Robert Dudley

Iain Conn

Byron Grote

Executive Management

Mike Daly

Sally T. Bott

Rupert Bondy

Mark Bly

Lamar Mckay

Bob Fryar

Bernard Looney

Andy Hopwood

Steve Westwell

BP's Executive Management (bp. com) includes;

Robert Dudley – Group Chief Executive

He became Group Chief Executive from 1st October 2010, taking over from Tony Haywood.

Dr Byron Grote – Chief Financial Officer

Is a member of BP board of directors and a member of the executive management team. His responsibilities include, accounting for BP's integrated supply and trading activities.

Iain Conn – Chief Executive – Refining and Marketing

He is the chief executive of the BP Group's refining and marketing business and also holds regional responsibilities for Europe, Southern Africa and Asia Pacific. He is a member of the board of directors and a member of the BP executive management team

Mark Bly – Executive Vice President – Safety and Operational Risk

His responsibilities includes strengthening safety operations, Risk Management and the systematic management of operations across BP corporate group

Rupert Bondy – Group General Counsel

He is responsible for legal function, trademark, patents and licensing and compliance

Sally T. Bott – Executive Vice President – Human Resource

She has held the post since her appointment, in 2005.

Bob Fryar – Executive Vice President – E&P – Production

His responsibilities are for the Safe and Compliant – Exploration and Production and Stewardship of resources across all regions

Mike Daly – Executive Vice President – Exploration

He is accountable for the leadership of BP's access, exploration and resource appraisal activities and the long term replacement of BP's resource base.

Andy Hopwood – Executive Vice President, E&P- Strategy and Integration

Has worked in various positions in which he has been successful. He is also a member of the executive team

Bernard Looney – Executive vice President -Development

Is responsible for Drilling and completions and project activity in the upstream

Lamar Mckay – President BP America.

He is the chief BP's representative in the United States. Based in Houston Texas, where BP business units are involved in oil and natural gas exploration and production, refining chemicals, shipping and alternative energy

Steve Westwell – Executive Vice President – Strategy and Integration

He is accountable for BP's alternative energy businesses and manages all of BP's corporate activities in strategy and policy, internal communication media, press, investor relations, economics and long term research and technology.

## **4. 2 ANALYSE THE IMPACT OF BP'S CULTURE ON THE MANAGEMENT OF HUMAN RESOURCES.**

“ Organisational culture is the collection of relatively uniform and enduring values, beliefs, customs, traditions and practices that are shared by an organisation's members, learned by new recruits and transmitted from one generation of employees to the next.” (Buchanan & Huczynski 2004).

It has been very successful in line with its brand name and corporate reputation. Its culture reflected in their statement slogan as below

BP is progressive, responsible, innovative and performance driven.” They have further defined this statement as:

Progressive – They are restless in the research and development and improvement in exploration and refinery of oil, gas and fuels. They believe they have the principle of mutual advantage and can build productive relationships between themselves, their clients and partners.”

“ Responsible – It is committed to the safety and development of its people and the communities in the societies in which they operate. They aim for no accidents, no harm to people and protecting the natural environment.”  
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“ Innovate - we push boundaries today and create tomorrow’s breakthroughs through our people and technology”

“ Performance Driven - BP is committed to deliver on their promises through continuous improvement and safe, reliable operations, by learning from their mistakes

BP has over the years, has maintained a culture that, as exhibited in its code of conducts and their governance procedures in place. One characteristic business strategy that BP has continued to use in its system is that of Mergers. Over the years, BP has merged with other oil companies in most parts of the world and this had lead to the organisations’ diverse corporate culture. Generally BP has a large market share and has always had the potential to grow- thanks to other strategies, such as Acquisitions, Franchising and licensing . The BP brand is so strong and successful world over and enjoyed a good reputation. Unfortunately, the fatal accidents at the refineries (2005) and the latest oil spill off the Gulf of Mexico in April 2010 are not helping the current situation that the organisation is in. It has presumed that BP’s outmost interest is profit marginalising than the welfare of employees and the general environment within which the firm operates. Trends of its culture in the next few months to come are expected to have been improved, if not changed completely, in relation to how the organisation operates.

BP is primarily made up of two segments: - Exploring and Production and the Refining and Marketing, along with other business units including alternative energy.



BP prides its human resource capital and refers to them as “our people”.

The organisation’s Human resource management aims to get the right people in the right jobs, accessing different specialist skills and promoting excellent performance. They carry out a focussed recruitment procedures, they analyse performances and reward accordingly and invest in training and development. The human resources department is made up top level executives and these make up what is known as “People Committee”, which takes the overall responsibilities for policy and decision relating to the employees.

BP being a multinational corporation, and having employees from different countries, altogether, ensures that has one of the most biggest

BP’s human resources are highly skilled and efficient. The organisation’s Human Resource professional act as business partners, some delivery strategic guidance, while others support the day-to-day needs of managers and employees. In supporting its employees, BP invests in systems, data and core processes like governance, policy and compliance, so as to enable its human resource to respond quickly and effectively to the fast changing energy industry.

### **4. 3 EXAMINE THE EFFECTIVENESS OF HUMAN RESOURCES MANAGEMENT**

#### **IS MONITORED IN THE ORGANISATION**

BP’s Human Resource management is one of the tops around the world. Its activities have also been admired and BP used to be one of the top priorities for employment in the energy sectors.

## **Human Resources Systems**

This is the systems that BP has set in place in terms of its human resource management. It involves;

### **Recruitment**

BP is committed to a culture of diversity, this helps them attract, develop and retain outstanding talent- regardless of background, age, religion, ethnic origin, nationality, disability, sex orientation, gender or marital status (BP code of conduct document) (BP sustainability review 2009)

BP was named as the best energy company to launch a career in, based on factors like pay, rapid advancement and training programmes. (Business Week 2009)

The organisation has schemes like the student and graduate employment facility which offers interested students and graduates intern opportunities.

BP recruits graduates from a wide range of technical disciplines. In 2009, BP employed about 6500 out of which 470 were graduates.

As BP is ever expanding, it requires qualified and skilful workers for its various projects around the world.

### **Reward Systems**

BP has redesigned its reward strategies and processes, in such a way that, they can identify and reward top-performing businesses and individuals.

In addition to 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.

BP ensures to have benefit packages that are fair, attractive and sustainable for the long term for its employees. It states on their website, that as of 2010, they introduced a new flexible benefits plan in the UK, which includes private medical insurance and health screening, as well as a cash allowance for new hires to purchase benefits and defined contribution pension plans for those employees no longer eligible for the defined benefit plan

### **Executive Reward packages**

Remuneration for executives is in cash and equity. This policy has been established by the remuneration committee of the board, whereas the policy for all other employees is by the group people committee.

According to BP, their reward packages, strike the appropriate balance between rewarding individual performance and reflecting group performance.

### **Performance Management**

BP does recognise that its high organisational growth and market share is due to the employees great performances (both individually and as a team).

It strives for a performance -driven culture, with a clear alignment between team performance, individual performance and bonuses that are received.

BP's performance approach entails that each BP business plan is designed to accomplish elements of the group's overall strategies. Objectives and milestones for each individual are set in accordance with the team plan.

There is a direct link between the goals set by BP board and that of other BP key businesses, and the performance contracts of their executive leadership. Standard approach is that, the executives' performance is evaluated against their performance contract.

BP carries out an internal and external evaluation processes in developing plans for these group leaders - Managers, peers and team members review leader's performance, using a 360° feedback tool, to identify their top three relative strengths and weaknesses.

It runs Career Acceleration programme which supports rapid development of employees who have the highest potential and are expected to achieve

For Managers, it runs a series of development programmes called Managing Essentials. This is aimed to assist line managers in attaining leadership skills. They encourage leaders to develop, as they expect the leaders or managers to not only exhibit valuable expertise, but also to influence and motivate employees and be able to act decisively and deliver high quality results.

## **RECOMMENDATION OF THE EFFECTIVENESS OF HUMAN RESOURCE MANAGEMENT IN BP**

Having researched and discussed the Human Resource Management in BP, I hereby recommend the effectiveness of the Human Resource Management.

Their current systems in comparison to most local jobs (companies) are indeed second to none. Some of the highlighting points I base my recommendation on, includes the following working conditions:

BP recognises the needs of individuals and has set out innovative working practices that encourage employees to enjoy a happy and productive work and life balance at every stage of their career.

Flexible working – BP's Information Technology infrastructure helps support flexible working and there are a variety of flexible working arrangements e. g. part time, and depending on employees' role, they have home-based working or teleconferencing in some circumstances replaces the need to travel.

Time to live – As a global business, there are occasions when people have to work very hard an unsociable hours. If this is the case, BP may consider whether to provide extra time off and or additional benefits.

Family time – BP supports family friendly policies, such as career breaks and adoption leave, aimed at allowing people to contribute to their families without compromising their professional development aspirations

Global Diversity and inclusion Council – in the lead, is the Group Chief Executive. He ensures that the managers have the support they need to promote diversity and inclusion at every level of BP. It includes other senior managers and together they share their focus on making diversity and inclusion priority.

Global Affinity Groups - These are local affinity groups, employee-led teams of individuals who share interests or backgrounds. These groups offer support, information and the opportunity to help the business reach its diversity and inclusion goals.

BP's Human Resource Management aims to attract and retain the best people, by offering opportunities to employees to learn and develop both informal training and mentoring.

Teams set out to support individuals through their progress, by assisting new employees discover their talents and abilities.

BP has a focused performance management system is one of the best in the world

When employed, BP will align the individual objectives with the goals of the area of specialisation, upon which will be measured to ascertain the effectiveness of the individual's performance against the objectives and contributions to those goals.