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The Challenges of Reputation Formation

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Outline

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- Company Overview
- BP Management Structure
- BP Leadership
- Culture at BP
- Current Issues at BP
- BP Progress Report
- Future Trends
- Recommendations
- Conclusions



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Major Challenges

- Safety & Risk Management
- Environmental Effects
- Business Ethics
- Sustainable relationships to survive shifting politics & attitudes
- Alternative sources of energy
- Global reputation



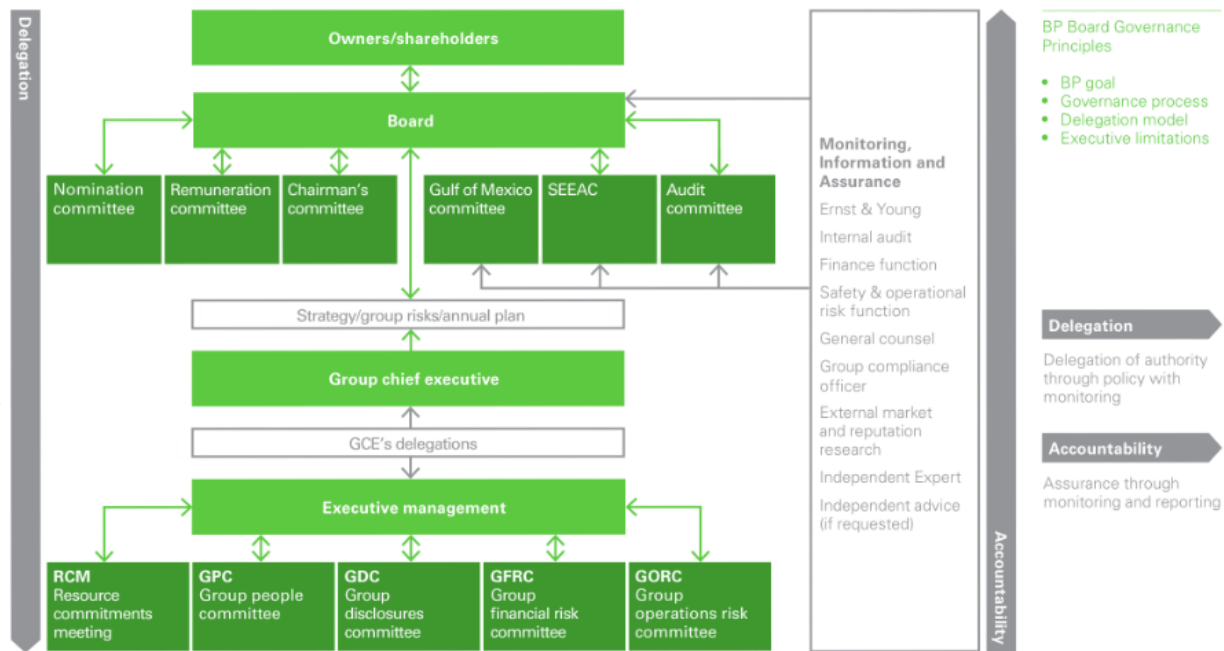
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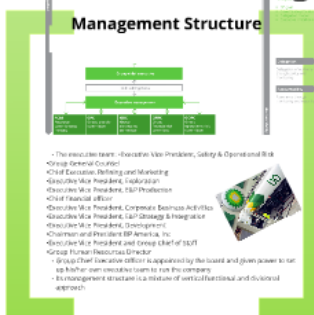


BP Organisational Structure

BP governance framework



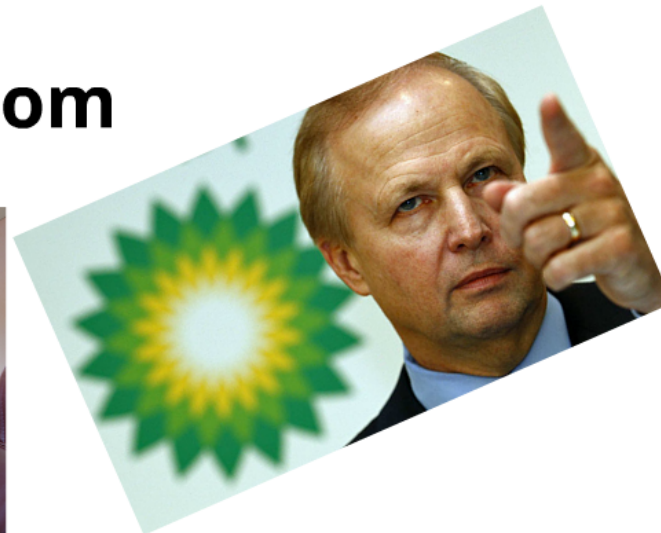
- BP has a tall & vertical structure
- Clear lines of authority, responsibility & delegation- top down
- Chain of command - who reports to whom
- Work specialization (division of labour)- according to skills, qualifications.
- Span of control- CEO in charge of the executive management which runs the organisation



Management Theories

- Bureaucratic type of organisation Max Weber: Labour is divided with clear definitions of authority and responsibility, positions are in hierarchy of authority, personnel are selected and promoted based on qualifications, management is separate from the ownership, rules and procedures ensure reliable & predictable behaviour e.g BP Code of conduct
- Administrative principles by Fayol: 14 general principles & the 5 key principles of management
- Contingency view: universalistic view then is moving towards the case view

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Its fit to the environment

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- BP's vertical structure works best in a stable environment since most of the decisions are made at the top
- Top manager direction & control- centralisation & unified direction
- Efficient use of resources; economies of scale
- Fast response & flexible in unstable environment- each unit is tuned into its environment
- Employees grouped together in a single unit
- Fosters concern for customers' need- working on a single unit
- The nature of the oil industry



BP Leadership

- High concern for production & a recent shift towards having both a high concern for people & production especially in operation risk & safety procedures (Blake & Mouton, The Leadership Grid)
- Since 1998 BP has transformed into a megacompany (Transformational CEOs)
- The management is a visionary e.g Energy Outlook 2030
- Telling style is dominant but since the oil spill it has adopted a rather selling style (Hersey & Blanchard's Situational Theory of Leadership)
- Directive leadership (Path-Goal Theory)

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