



University of Zurich

Department of Business Administration

Chair of Foundations of Business Administration and Theories of the Firm

Seminar in Corporate Social Responsibility

The Case of BP

Spring Term 2011

Christian Vögtlin

Christian Vögtlin
Seminar CSR
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Folie 2

Content

- I. Short Introduction/ Distribution of themes and participants
- II. How to write your paper
- III. BP and the oil spill in the Gulf of Mexico
- IV. What led to the event?
- V. Interpretations: Structure versus agency
- VI. Discussion



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I. Short Introduction of each participant - Distribution of themes



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Your preferences

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Rageth	Andri	andri.rageth@uzh.ch						2	1		3
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Date	Theme	Contributor
	Introduction into the Field of CSR	Christian Vögtlin
	Introduction: The Case of BP	Christian Vögtlin
	Theoretical Foundation: Corporate Social Responsibility (CSR)	Einarsdóttir Feldmann Koller
	Theoretical Foundation: Corporate Citizenship	Arifi Flückiger Frei
	The Corporation in Global Business: Aspects of Global Governance	Herrn Klein
	The Corporation in Global Business: Building and Securing Organizational Legitimacy	Inauen Kuhn
	Implementing CSR: The Role of Organizational Structures	Gibhardt Martí
	Guest Speaker	Prof. Jonathan Doh
	Implementing CSR: Challenges and Implications for HRM	Bencun Stuckman Thanjan
	Implementing CSR: The Role of Individual Behaviour	Bernet Liebscher Rageth
	Implementing CSR: Responsible Leadership	Argirova Bozhena Lyubomira
	Implementing CSR: Organizational Communication	Stöppelmann Vogel
	Case Studies	
	Case Studies Summarizing the Seminar	



II. How to write scientific papers



Formalities

- Structure of your paper:
 - ▶ Front page (theme/title for your work, your name, title of seminar, your address and Mat. Nr., date)
 - ▶ Table of Content, Figures and Tables, List of abbreviations
 - ▶ Your text (introduction, main part, discussion)
 - ▶ References (containing all refereces used in the text in alphabetical order)
 - ▶ Appendix
 - ▶ Eidesstattliche Erklärung



Formalities

- Guidelines for your seminar paper:
 - ▶ 15 pages text (without front page, refereces, content table, etc.)
 - ▶ Font: Times New Roman
 - ▶ Space 1.5 between lines
 - ▶ Font size 12 pt
 - ▶ Enough margins (2.5 cm on each side)



Formalities

- How to cite in text:
 - ▶ Short citation: only name of authors, year of publication and page numbers (e.g., Scherer & Palazzo, 2007, p. 1111)
 - ▶ Please cite in brackets after the quote or summary you draw from other sources
 - ▶ Please differentiate between a direct and an indirect quote!!! (direct quote in quotation marks with page number of original source)
 - ▶ You may try a reference manager (e.g., reference manager; EndNote; new Word versions also have a reference manager)



Formalities

- Reference list at the end:
 - ▶ Full citation; make sure to choose one style consistently
 - ▶ E.g. draw on APA (American Psychological Association), or regard the style of specific journals (e.g., AMR/AMJ)
- Examples
 - ▶ Books: Habermas, J. 2001. *The postnational constellation: Political essays*. Cambridge, UK: Polity Press.
 - ▶ Book chapter: Crane, A., Matten, D., & Moon, J. 2008. The emergence of corporate citizenship: Historical development and alternative perspectives. In A. G. Scherer & G. Palazzo (Eds.), *Handbook of Research on Global Corporate Citizenship* Cheltenham: Edward Elgar, pp. 25-49.
 - ▶ Journal: Scherer, A. G. & Palazzo, G. 2007. Toward a political conception of corporate social responsibility: Business and society seen from a Habermasian perspective. *Academy of Management Review*, 32(4): 1096-1120.



Formalities: Evaluation criteria

- Is the paper complete, i.e. does the seminar paper contain all relevant parts?
- Is it formally correct?
 - ▶ Spelling and grammar
 - ▶ Was every use of other persons' words correctly cited?
- Is it clear, i.e. is the work in its wording and diction clear, concise and accurate?
- Is it stringent, i.e. was the chosen design coherently used throughout the text?



Research problem and goal

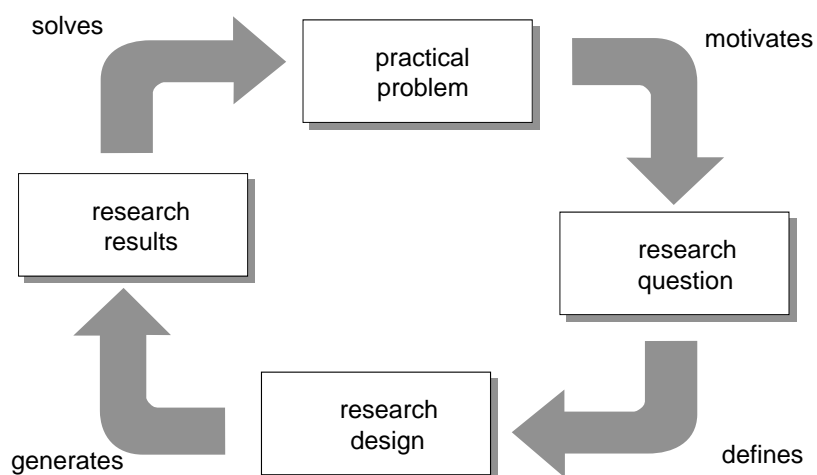
- How to find a research question
 - ▶ Practical problem
 - ▶ Gap in the academic literature
 - ▶ Your personal motivation
- Introduction of your paper
 - ▶ **P**roblem (research problem, practical and academic relevance, overview of academic research relating to your topic),
 - ▶ **G**oal (research question, narrows down your theme)
 - ▶ **M**ethod (research method, structure of your work)
 - ▶ Length of introduction about 2 pages



Research problem and goal

- Reference points you can draw upon to derive your research question:
 - ▶ Hints in the reader
 - ▶ Introduction or future research in recent journal articles
 - ▶ Try to formulate concrete questions
- Derive your research goal from the problem you have identified:
 - ▶ This helps you to narrow down your theme
 - ▶ Guides you in structuring your paper

Research problem and goal



Research problem and goal: Evaluation criteria

- Relevance: To which practical or theoretical problem does the paper make a relevant contribution?
- Innovation: Does your work offer new insights or solutions for the problem?
- Precision: Is the research problem and the subsequent goal formulated precisely?
- Narrowing down of problem and goal: Was the research problem and the goal narrowed down in a meaningful way?



Structure

- Structure of your paper
 - ▶ The structure highlights your line of argumentation throughout the paper and guides the reader in following your thoughts
 - ▶ Systematizes the problem
 - ▶ Helps the author as well as the reader
- Table of content
 - ▶ Number your chapters consecutively
 - ▶ Include reference to pages



Structure: Evaluation criteria

- Formally correct
 - ▶ Is the structure formally correct (e.g., the numbering)?
- Logic
 - ▶ Is there an inherent logic to your structure?
 - ▶ Does the structure of your chapters make sense (e.g., the levels, the relation between chapters/levels) ?
- Informational value
 - ▶ Does your struture provide the reader with an idea of the topic you want to address?



Structure of your argumentation

- Introduction
 - ▶ Problem, goal, and method
- Main part
 - ▶ Capture and systematize the problem, definitions of focal concepts
 - ▶ Display of relevant literature and theoretical frame
 - ▶ Research, analysis, empirical investigation
 - ▶ Presentation of the results
- Discussion
 - ▶ Summary
 - ▶ Discussion and critique
 - ▶ Limitations and future research



Structure of your argumentation: Evaluation criteria

- Accuracy and correctness of content
 - ▶ Is the research topic and the literature discussion on the topic presented accurately and correctly? Is the relevant literature discussed?
- Clarity/Unambiguity
 - ▶ Are the main concepts clearly defined and used
- Coherence
 - ▶ Is the argumentation coherent, consistently and unambiguous
- Redundancies
 - ▶ Is the text free of redundancies and too many repetitions?
- Ability to critically question assumptions
 - ▶ Are the research process and the subsequent results critically commented upon?



Contribution

- Treatment
 - ▶ Paper should be your own work; cite other persons' thoughts
- Precision
 - ▶ Layout, structure, argumentation, results
- Innovation
 - ▶ Your own thoughts and contribution, critical stance
- Schedule/ timetable
 - ▶ Deadline: **June 17, 2011!! (earlier handing in possible)**
 - ▶ Work with milestones and self-controlling



Contribution: Evaluation criteria

- Your own work
 - ▶ Did you write the paper on your own?
- Addressing gaps in the literature
 - ▶ Did you try to close gaps in the literature?
- Uncover contradictions
 - ▶ Did you uncover contradictions or points of tension in the literature that you tried to solve?
- Your own arguments and ideas
 - ▶ Does the work show own thoughts and ideas?
 - ▶ Do you argument for your position?



How to find relevant literature

- Exemplary approach
 - ▶ Look for Handbooks of the topic
 - ▶ Search a recent contribution to the topic (e.g., by searching for keywords)
 - ▶ Take a renowned journal or look for a review article (keywords: Meta-Analysis or Review)
 - ▶ Take this article as a starting point for further research by either looking at the cited literature in the reference list or in the introduction



How to find relevant literature

- Handbooks and books for general introduction into the theme can be found in the university library or are available at the Chair of Prof. Scherer

- Important journals in business administration and management are (among others):
 - ▶ Academy of Management Review (AMR), Academy of Management Journal (AMJ), Administrative Science Quarterly (ASQ), Die Betriebswirtschaft (DBW), Die Unternehmung (DU), Harvard Business Review (HBR), Harvard Manager, Journal of International Business Studies (JIBS), Journal of Management Studies (JMS), Management International Review (mir), Organization, Organization Science (OS), Organization Studies (Org.Stud.), Strategic Management Journal, Zeitschrift für Betriebswirtschaft (ZfB), Zeitschrift Führung + Organisation (zfo), Zeitschrift für betriebswirtschaftliche Forschung (zbf).



Literature research

Main electronic resources:

- ▶ Look directly for electronic journals
- ▶ EBSCO (Business Source Premier)
- ▶ ISI Web of Knowledge (isiknowledge.com/)
- ▶ JSTOR
- ▶ Google Scholar (<http://scholar.google.de/>)



Literature research

The screenshot shows the website of the University of Zurich libraries. A central circle highlights the 'Elektronische Informationsquellen' (Electronic Information Sources) section. Three callout boxes provide additional context:

- Metasuche oder Datenbankliste**: Points to the 'Elektronische Informationsquellen' section.
- Direkte Datenbankliste**: Points to the 'Elektronische Informationsquellen' section.
- Hier direkt nach der Zeitschrift suchen**: Points to the 'E-Zeitschriftenbibliothek' link.

The website content includes links to various library services such as 'Forschungsbibliothek (FbB)', 'Studienbibliothek (SB)', 'Medienbibliothek Carum (MBC)', 'Zentralbibliothek Zürich (ZB)', and 'Instituts- und Fakultätsbibliotheken'. It also lists 'Elektronische Informationsquellen' like 'Bibliothekskatalog Universität Zürich (IDS Zürich Universität)', 'Bibliothekskatalog ETH Zürich (NEBI)', and 'Bibliothekskataloge Deutschschweiz (IDS Deutschschweiz)'.

Literature research

The screenshot displays the EBSCOhost Advanced Search interface. The search criteria are as follows:

- Find:** Three empty input fields for search terms.
- Int:** A dropdown menu set to 'Specific Databases' with the following checked options: Business Source Premier, EconLit, Regional Business News, Film & Television Literature Index, and SocINDEX with Full Text.
- Published Date from:** Fields for Month and Year.
- Special filters for EconLit:** Includes 'Reviewed Book Title', 'Publication Type' (set to 'All'), 'Geographic Descriptor', and 'Geographic Region' (set to 'All').

The interface also shows navigation tabs for 'Basic Search', 'Advanced Search', 'Visual Search', 'Choose Database', and 'Select another EBSCO service'. The top right corner includes links for 'Sign In', 'Feedback', 'Preferences', 'How to Search', and 'Help'.

References – Scientific writing

- Bänsch, A. (2003): Wissenschaftliches Arbeiten - Seminar- und Diplomarbeiten, 8. Auflage, München.
- Diesterer, G. (2003): Seminararbeiten schreiben - Diplom-, Seminar- und Hausarbeiten in den Wirtschaftswissenschaften, 2. Auflage, Berlin.
- Rückriem, G., Stary, J., Franck, N. (1997): Die Technik des wissenschaftlichen Arbeitens - Eine praktische Anleitung, 10 Auflage, Paderborn.
- Sachs, S., Hauser, A. (2002): Das ABC der betriebswirtschaftlichen Forschung: Anleitung zum wissenschaftlichen Arbeiten, Zürich.
- Theisen, M. R. (2002): Wissenschaftliches Arbeiten - Technik - Methodik - Form, 11. Auflage, München.

- **On our Homepage you find further remarks on scientific writing:**
 - ▶ <http://www.business.uzh.ch/professorships/as/teaching/themenliste.html> (see downloads)



III. BP and the oil spill in the Gulf of Mexico



What happend?

- Short summary of the incident including one of the eye witnesses reporting about the moments on the platform (The New York Times):

<http://video.nytimes.com/video/2010/12/25/us/1248069488217/escape-from-the-deepwater-horizon.html?ref=gulfofmexico2010>



What happend?

- On April 20, 2010 there was an explosion due to gas leaks at the deepwater drill of the platform. In the following, 11 people were killed and the oil platform sank (Economist, 2010, p. 57). For over three months, about 780 million Liters of oil had spilled out of the leak and into the sea (Spiegel Online, 2010). The leaking oil and the hereupon expanding oil film in front of the coastline of the USA in the Gulf of Mexico became one of the biggest environmental disasters of this kind.
- The oil film had severe consequences for the environment, flora and fauna of and surrounding the sea, as well as for the residents living on the nearby American coastline. Many of those live from fishing or tourism. Both industries have lost their means of existence for a longer period in time and subsequently, many people became unemployed (The New York Times, 2011).



What happened?

- After the incident, BP has undertaken several attempts to stop the leaking of the oil. However, this proved to be difficult as no scuba divers could approach the leak of the deepwater drill in the depth of 1500 meters. After three months, the drill hole could be closed by a cover flap. This was a temporary solution until a relief well was drilled and pressure tests confirmed that cement pumped into the base of the well formed an effective final seal. This was in September, 2010 (The New York Times, 2011).
- 3 months from the blowout till the closing of the well
- Very demanding technological and engineering challenges



Who was affected?

- People working on the platform
- Environment: pollution of water and nearby coastline; severe consequences for flora and fauna within the polluted areas
- Local people living on the coastline; especially those working in the fishing and tourism industry
- The company BP



Consequences for BP

- Financial loss: The catastrophe had also serious consequences for the company itself. On the one hand, BP faced the direct costs associated with sealing the well and the cleaning of the polluted areas. On the other hand, there will be compensation payments for the affected parties, as well as fines (BP has set up a fund for emergency payments of \$20 billion). And finally, BP had lost economic activity. The Economist estimated the total costs of the accident for BP in June 2010 on \$37 billion (Economist, 2010, p. 59).
- Reputational loss
- Personal consequences: CEO Tony Hayward had to go



Who was involved?

- BP America with headquarter in Houston; BP well site leader
- Transocean, owner of platform, contractor
- Haliburton, drilling company
- Minerals Management Service, government agency responsible for monitoring and controlling offshore drilling



Reactions

BP's reactions:

- At first, the CEO Tony Hayward did not admit any mistakes of BP, he rather tried to blame others
- After the public pressure enhanced, BP took over responsibility (dialogues with and payments for the affected; cleaning the pollution; stopping payments of dividends)
- The company has a special section of their homepage dedicated to the disaster:
<http://www.bp.com/extendedsectiongenericarticle.do?categoryId=40&contentId=7061813>
- BP sealing the well: <http://bp.concerts.com/gom/johnwright092110.htm>
 - ▶ Interesting to see the engineering challenge; technology involved; meetings



Reactions

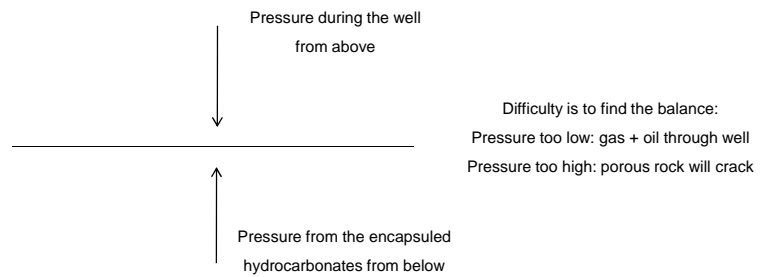
Reactions of the federal government: The National Oil Spill Commission:

- <http://www.oilspillcommission.gov/>



III. What led to the event?

Technical details



Possible triggers

- From what is known till now, it can be assumed that time and cost pressure on behalf of the corporation, purposeful acceptance of higher risk and avoidance of security standards as well as insufficient tests contributed to the catastrophe.
 - ▶ At the time of the accident, BP was already six weeks behind schedule and \$58 over budget
- This would refer back to bad decisions made by managers of BP. It could happen despite the fact that there were in place internal codes of conduct, security standards and reporting requirements.
- BP had close contact to the former US Mineral Management Service, which is the responsible government agency for surveying the offshore drilling. Yet, it seemed the Agency did not react adequately (The New York Times, 2010a; The New York Times, 2010b).



Quotes

- “The approach taken by the company was described as the ‘best economic case’ in the BP document. However, **it also carried risks beyond the potential gas leaks**, including the possibility that more work would be needed or that there would be delays, the document said” (The New York Times, 2010a).
- „The company [BP] went ahead with the casing, but only after getting special **permission from BP colleagues because it violated the company’s safety policies and design standards**. The internal reports do not explain why the company allowed for an exception. BP documents released last week to The Times revealed that company officials knew the casing was the riskier of two options” (The New York Times, 2010b).
- A manager of BP responded in an email to the decision of using the cheaper solution: **“Who cares, it’s done, end of story, will probably be fine”** (Economist, 2010b: 57).



Quotes

- „But most of the mistakes and oversights at Macondo [the oil field] can be traced back to a **single overarching failure—a failure of management**“ (Oil Spill Commission, 2011a: 90).
- „Our investigation shows that a **series of specific and preventable human and engineering failures were the immediate causes** of the disaster,’ said Commission Co- Chair William K. Reilly. ‚But, in fact, this disaster was almost the inevitable **result of years of industry and government complacency and lack of attention to safety**. This was indisputably the case with BP, Transocean, and Halliburton, as well as the government agency charged with regulating offshore drilling—the former Minerals Management Service.“ (Pressemitteilung Oil Spill Commission, 2011b: 1).



List of decisions made by managers in the forefront

FIGURE 4.10: Examples of Decisions That Increased Risk At Macondo While Potentially Saving Time

Decision	Was There A Less Risky Alternative Available?	Less Time Than Alternative	Decision-maker
Not Waiting for More Centralizers of Preferred Design	Yes	Saved Time	BP on Shore
Not Waiting for Foam Stability Test Results and/or Redesigning Slurry	Yes	Saved Time	Halliburton (and Perhaps BP) on Shore
Not Running Cement Evaluation Log	Yes	Saved Time	BP on Shore
Using Spacer Made from Combined Lost Circulation Materials to Avoid Disposal Issues	Yes	Saved Time	BP on Shore
Displacing Mud from Riser Before Setting Surface Cement Plug	Yes	Unclear	BP on Shore
Setting Surface Cement Plug 3,000 Feet Below Mud Line in Seawater	Yes	Unclear	BP on Shore (Approved by MMS)
Not Installing Additional Physical Barriers During Temporary Abandonment Procedure	Yes	Saved Time	BP on Shore
Not Performing Further Well Integrity Diagnostics in Light of Troubling and Unexplained Negative Pressure Test Results	Yes	Saved Time	BP (and Perhaps Transocean) on Rig
Bypassing Pits and Conducting Other Simultaneous Operations During Displacement	Yes	Saved Time	Transocean (and Perhaps BP) on Rig



IV. Interpretations

What could guide our discussion?

- Context of globalization
- Corporate social responsibility
- Level-of-analysis issues
- Aspects discussed during the seminar
 - ▶ Responsibility of the business firm (theoretical considerations)
 - ▶ Global governance
 - ▶ Legitimacy
 - ▶ Organizational structures
 - ▶ HRM (saftey training;
 - ▶ Individual behavior (responsibility; discretion; autonomy; cost and time pressure
 - ▶ Leadership (influence process; discourse)
 - ▶ Communication (discourse with the affected parties

Questions you could think about

- Which issues of CSR were involved?
- Who was responsible? Consider the responsibilities of the actors involved
- How could the accident have been prevented?
- What are the implications according to levels of analysis?
- What role do you think played the challenges of the globalization process in this accident?



Interpretations – Questions you could think about

The challenges of globalization and levels of analysis:

- Macro-Level (Organization and society): What parties were involved? What were their responsibilities?
- Meso-Level (Organizational structures): Where there sufficient control mechanisms in place?
- Micro-Level (Individual behavior): Who were the actors? What decisions led to the accident?



Interpretations

The challenges of globalization and levels of analysis:

- Macro-level: Context and contingencies contributing to the incident
 - ▶ Safety standards within the industry; common way of doing business
 - ▶ Coordination and communication with the Minerals Management Service Agency Meso-Level (Organizational structures): Where there sufficient control mechanisms in place?
- Meso-level:
 - ▶ Cost pressure from BP management/ the company
 - ▶ Safety standards (www.bp.com)
 - ▶ Code of Conduct
 - ▶ Internal culture
- Micro-level:
 - ▶ Individual decisions in the forefront
 - ▶ Communication and discourse among the involved parties
 - ▶ Estimation of consequences



Implications – What could have been done?

- Estimating the consequences of the deepwater drilling for possibly affected stakeholders and the environment
- Mediating financial/economic and social goals
- Communication with involved and affected stakeholders
 - ▶ „BP, Transocean, and Haliburton failed to communicate adequately“ (Oil Spill Commission, 2011a, p. 123); e.g. did Transocean keep quiet about missed safety checks
- Considering the context and contingencies contributing to the incident



Implications – What could have been done?

- Responsible individual behavior and leadership needed
- Organizational security standards were in place but were not adhered to; it needs also an organizational culture of „safety first“
- Communication between the involved parties important
- Industry wide, global regulations need to be stricter; governance issues that need to be addressed; see recommendations of the Oil Spill Commission



IV. Discussion



Thank you for your attention!

References – Scientific writing

- Economist 2010. The oil well and the damage done: BP counts the political and financial cost of Deepwater Horizon. ***Economist***, July 19, 2010.
- Oil Spill Commission, 2011a. ***Final Report***. https://s3.amazonaws.com/pdf_final/DEEPWATER_ReporttothePresident_FINAL.pdf, accessed January 15, 2011.
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- The New York Times 2011. ***Gulf of Mexico Oil Spill (2010)***. http://topics.nytimes.com/top/reference/timestopics/subjects/o/oil_spills/gulf_of_mexico_2010/index.html?scp=7&sq=bp&st=cse, accessed 11 January 2011.
- The New York Times 2010a. ***BP used riskier method to seal well before blast***. http://www.nytimes.com/2010/05/27/us/27rig.html?_r=1, accessed July 15, 2010.
- The New York Times 2010b. ***Documents show early worries about safety rig***. <http://www.nytimes.com/2010/05/30/us/30rig.html?hp>, accessed July 15, 2010.