

2.5 Organisational culture



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2.5 ORGANISATIONAL CULTURE: ASSESSMENT

Read the case study below and answer the questions that follow.

CORPORATE CULTURE AT BP



What the devil is BP up to now?

In 2005 there was a large explosion at the BP oil refinery in Texas. 15 people were killed and 180 more were injured. In 2010 BP's Deepwater Horizon offshore drilling platform exploded killing 11 people and the huge oil spill devastated the Gulf of Mexico. In 2012 an explosion at BP's natural gas compressor station in Colorado killed one worker and injures two others. A number of enquiries have been launched, including one by the US Congress and another by BP itself.

Part of the blame for these series of accidents was put by the BP enquiry on the company's global management culture. There was a lack of clear lines of responsibility within most of BP's core business activities. BP managers routinely ignored standard procedures. Guidance from corporate headquarters was too often interpreted as orders and managers had a 'lack of respect for audit findings' that were too often not sent to the appropriate people. Within the group, the corporate culture suffered from a lack of 'corporate memory' and 'broken' performance management systems at the highest levels.

'Incompetent' workers were allowed to remain in their posts and 'nonconformists' who ignored standard procedures were tolerated, it added.

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The congressional investigation suggested, however, that BP managers may have deliberately underspent on maintenance in an effort to meet corporate cost cutting goals. This followed deep cost cutting ordered by BP headquarters after it had acquired several refining and exploration companies in its objective to expand in the decade preceding this string of disasters.

25 MARKS, 45 MINUTES

1. Explain what organisational and corporate culture is and what may influence it. **[7 marks]**
2. Examine the importance of strong organisational culture within a firm **[8 marks]**
3. Discuss how BP's organisational culture needs to change to prevent another major accident, possible obstacles to changing the current culture, and the consequences of possible culture clashes if new objectives are implemented. **[10 marks]**