

Analysis of Beyond Petroleum's (BP) net zero ambition and how it will impact change within the organisation.

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Executive Summary:

The aim of this report is to assess the impact of Beyond Petroleum's (BP) ambition of wanting to become a net zero emissions organisation by 2050 and whether the coronavirus pandemic played a part in that change decision. It will also look at the ramifications of the intended change on the organisation's daily activities, while touching on culture and power dynamics and if an effective change management programme could support the business in fulfilling such a large-scale change.

Several analytical models and theories were utilised to conduct the analysis, these included Kurt Lewin's three-step "unfreeze, move, and refreeze" model and Kotter's eight-step model for its use of forceful concepts such as urgency, power, and vision. Lewin's force field alongside Mendelow's matrix to support in stakeholder analysis. Resistance to change examination and investigation of change initiative success factors are also explored, before closing conclusions are drawn and followed by strategic recommendations.

In conclusion, the proposed model can be use supporting BP achieve their aspiration of becoming a net zero organisation by 2050, however with the models neglecting human factor of change and addition of a people focused change model must be included in the change programme in conjunction with them.

Finally with BP being such a politically top-down driven organisation, change leaders must do everything in their power to support employees during organisational change. Having the correct strategies in place early on, can help employees understanding their leader's vision for change within the organisation and can help in retaining talent in the long-term.

Introduction:

Beyond Petroleum (BP) commonly known worldwide as British Petroleum, was ranked by Forbes in 2000, as the fourth largest “supermajor” oil and gas organisation in the world for revenue generation. See Fig 1. Founded by William Knox D'Arcy in 1901 and headquartered in London, United Kingdom (bp, 2021), the organisations sole purpose during this time was the extraction of cured oil from the Persian peninsula now Iran. However today because of activist pressures on the oil and gas industry due to its 42% contribution to the global greenhouse effect (Beck, 2020), it is BP’s goal to become an energy conscious organisation.

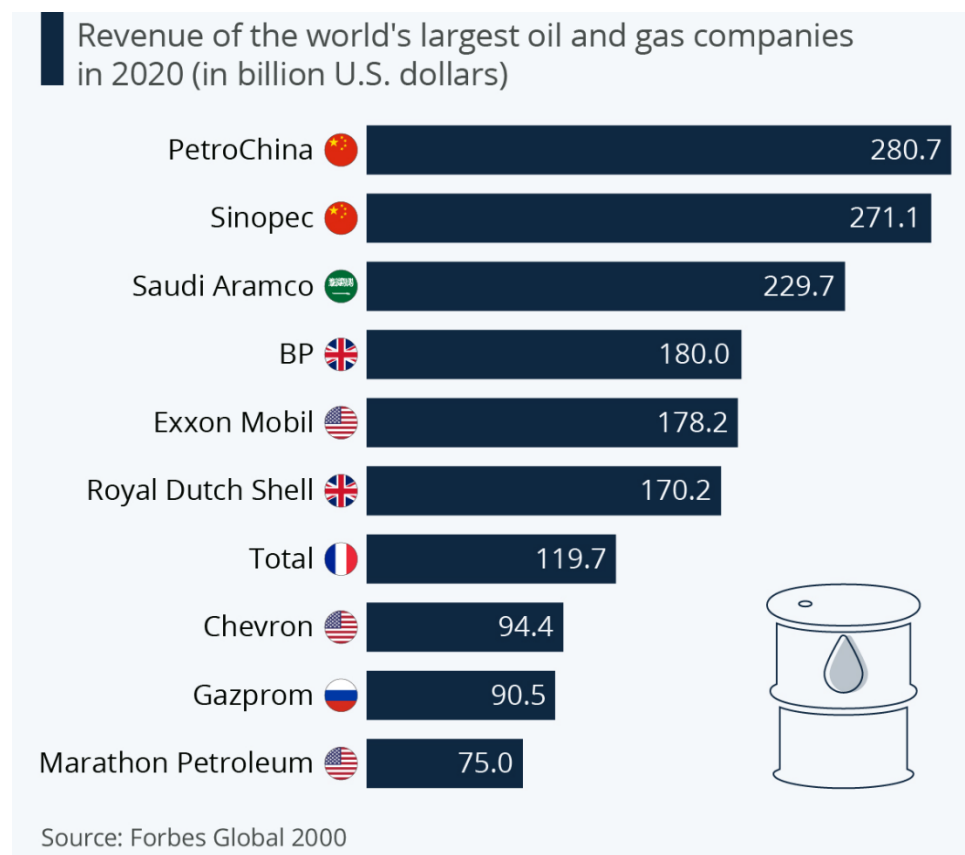


Figure 1: Buchholz, K. (2021) Infographic: The Biggest Oil and Gas Companies in the World, Statista Infographics. Available at: <https://www.statista.com/chart/17930/the-biggest-oil-and-gas-companies-in-the-world/> (Accessed: 27 June 2022).

In line with their competitors, BP planned to achieve net zero carbon emissions by 2050, with Bernard Looney, the organisations recently appointed CEO, saying the company will "reimagine energy for the world and its people" (Watts, 2020).

In addition, the Coronavirus pandemic played a crucial role in this decision because people around the world would need to work from home for almost two years with the government advising them to stay indoors. This change in societal behaviour would heavily impact the oil and gas industry, with people no longer commuting to work, there would be an extraordinary decline in global oil demand, causing oil prices to plummet into negative digits for the first time in the industries one-hundred year history (Ellehave et al, 2021).

Pushing BP in making the announcement, that the organisation would look at accelerating the pace of its transition to net zero, by writing off between thirteen to eighteen billion dollars' worth of assets related to oil operations and production (Prag and Halpern, 2020).

Main Findings:

To achieve this desired net zero ambition BP would fundamentally have to transform the organisation in its entirety, due to societal expectations and customer demands. In order to support such a large-scale change initiative, the appropriate change programme must be created and utilised.

Lewin's 3 – Step Model:

The Lewin unfreeze, move, and refreeze model was created by Kurt Lewin in 1900s and today is regarded to be the cornerstone to any organisational change programme (Burnes, 2020). See Figure 2. The idea behind this model is to examine the organisations status quo and increase the driving forces for change “unfreezing,” act by making changes “move” and then making the change permanent “refreezing,” according to (Cameron & Green 2015, p.107).



Figure 2: Lewin's Change Model (2021) Change Management Models: 8 Proven Examples. Available at: <https://www.process.st/change-management-models/> (Accessed: 26 June 2022).

The model is a great starting point for BP's change programme as it simplifies even the most complex of changes due to its ease of comprehension. It parts with specialist language and

utilises understandable concepts, which have allowed it to stand the test of time and the reason behind its widespread use today (Guardian, 2021).

However, it does still have some drawbacks, Cameron & Green (2015) note, Lewin's model ignores power, politics within organisational change and forgets the basic principle that change will only occur if people feel it is necessary. Therefore, it must be used in tandem with other change models such as Kotter's 8-step model for example.

Kotter's 8-Step Model:

Kotter's eight-step model was created by John Kotter in 1995 and highlights key lessons learnt from his many years of practice within the change industry, the model addresses power in change and the importance of keeping communication levels high throughout the change programme (Cameron and Green, 2015). See Figure 3. It is another model widely utilised by change managers today notably in large organisations that have a form of social scale hierarchy (Tahir, 2019), it comprises of the following steps:

1. Creation of a sense of urgency around the desired change, will highlight its importance and push people to immediately act.
2. Bring together a group of powerful people, to build a guided coalition as they can help in guidance and coordination of the new status quo.
3. Creation of a prudent vision, in other words clarification in how the future will be better than the past and putting the strategies in place to achieve it.
4. Communicate the vision to the masses, in as many methods as possible because large-scale change can only happen when the many rally around a common cause.
5. Enable and empower all participate in the vision, while removing barriers in the process, such as unhelpful systems.

6. Generate and plan for short term wins, like winning in anything, wins make people feel good and in organisational change it is no different. Reward and recognise improvements in line with the intended change publicly and often.
7. Consolidate improvements and sustain change by keeping up momentum after every incremental change success.
8. Institute change by cementing new business ideas and articulating them in such a way that employees understand these new behaviours directly collate with the organisation's success.



Figure 3: Kotter (2020) *The 8-Step Process for Leading Change* | Dr. John Kotter. Available at: <https://www.kotterinc.com/8-step-process-for-leading-change/> (Accessed: 28 June 2022).

As BP is such a large organisation it would be well suited to Kotter's 8-step model because as the steps suggest the model is about gathering a large-scale following behind the intended change for it to be successful. Unfortunately, this is also the drawback to Kotter's model, due to its as top-down approach design, it can sometimes have an adverse effect in leading change, creating resistance and resentment amongst followers or employees within an organisation and failing to capture how people may react to meaningful change (Wanamaker, 2020).

In addition, it cannot be used in implementing small-scale incremental change however in combination with Lewin's three step model, it can support in creating that sense of urgency for BP's CEO to bring together a group of individuals and creating that powerful guiding coalition, for the organisations felt need to become net zero by 2050.

Change approach:

When it comes to change programmes, the approach of the intended change must be assessed whether planned or emergent. Where the planned approach looks at the intended change as moving from one state to another (Pop, 2018) and assumes the change environment is well established and structured. The emergent change approach in contrast assumes that change is fluid and continuous in nature, therefore the response to it must be adaptive (Garcia-Lorenzo and Liebhart, 2010).

The planned approach would be most suitable for BP due to the size, length, and type of change to be undertaken, not to mention both Kotter and Lewin's models utilise this approach. Many have debated the best approach to change, however Burnes (2004) argues that it is foolish to see planned and emergent change as competing approaches, as there is no

supreme way to approach change, therefore they should be seen as complementary to each other, and the decision of selecting the appropriate approach should be made on a case-by-case basis.

Force Field Analysis:

Kurt Lewin was also responsible for the creation of the force field analysis model, founded during his work in field theory in 1946, (Morrison, 2007). Lewin noted for change occur the organisations equilibrium must be disturbed, by either decreasing resisting forces to the change, making it more advantageous or by increasing the driving conditions (Connelly, 2020).

Today it is an extremely useful tool when looking at organisational change as it investigates the forces for (driving) and against (resisting) the desired change initiative. The fundamental idea is that the resisting change constraints must not surpass or exceed the driving ones for the change to be happen (Cameron and Green 2015, p.106).

When a force field analysis was conducted on BP's desired change requirement, using a scale of 1-5 indicating the level of importance in the highlighted forces, with one being the lowest and five being the highest [Fig.4], the driving factors did in fact outweigh the resisting factors therefore indicating that the desired change can occur.

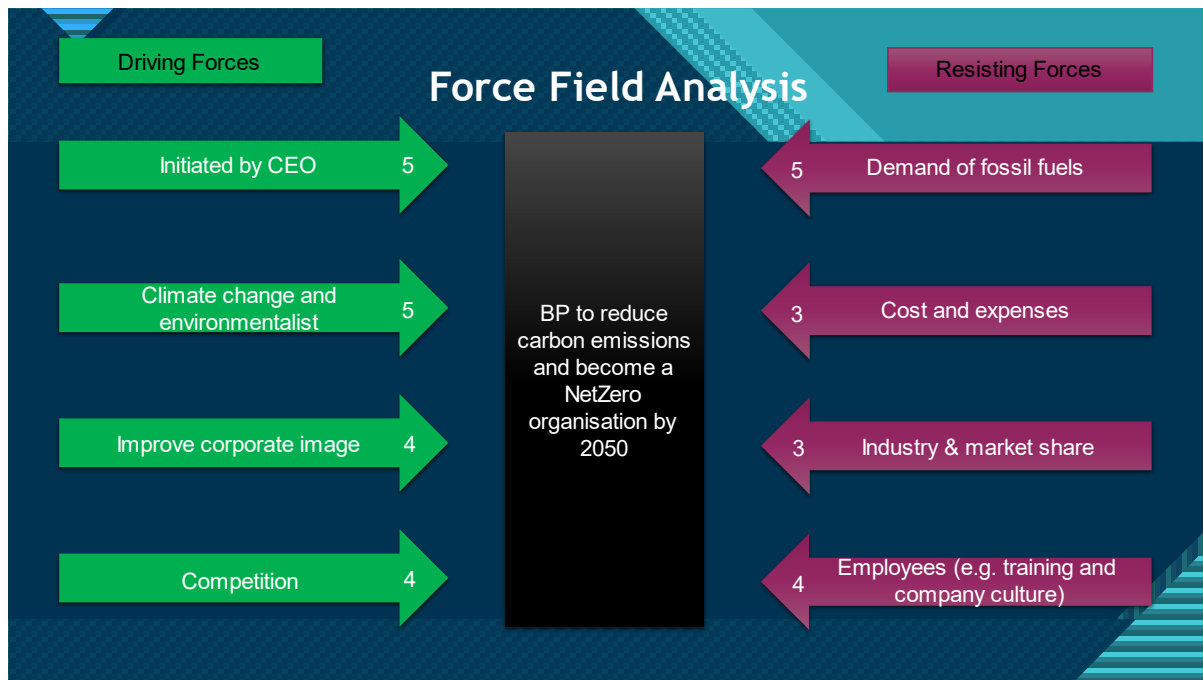


Figure 4: BP – NetZero Force Field Analysis.

Stakeholder Analysis:

Utilisation of Mendelow's matrix allows for the completion of a stakeholder analysis where key stakeholders are identified and broken into groups based on (Power), their ability to influence the change outcome and (Interest) their vested interest in seeing the change succeed. Because while all stakeholders may seem to be interested in the change initiative, it is common for certain individuals to have more power and interest than others (Barrington, 2018). This is crucial in change programmes as stakeholders with high power and high interest must be managed closely, as they can force a sense of duty onto employees to achieve their desired vision (Van Vliet, 2014).

BP's stakeholder analysis showed that the CEO, board of directors and investors have the highest power and interest in the desired change, therefore must be managed closely because they can be leveraged in supporting the desired change initiative. See Fig 5.

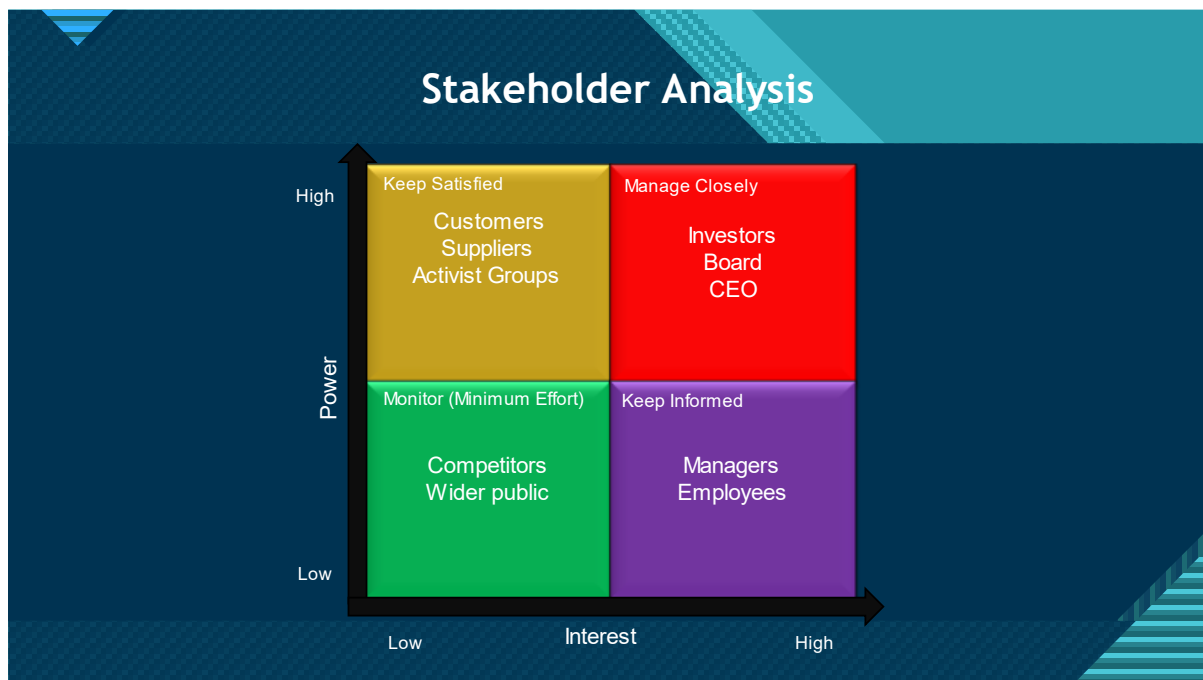


Figure 5: BP – NetZero Stakeholder Analysis

Resistance to change:

In most people resistance to any form of change is natural whether organisational or personal however in organisations resistance to change usually comes from employees attempting to reject power and influence that their superiors have over them (Smollan, 2011). Canning and Found (2015) note there are three levels of resistance that exist when it comes to organisational change. Individual-Level which comes from insecurity and uncertainty of the unknown in terms of job security for example, Group-Level coming from collective ways of clique thinking and Organisation-Level usually at leadership level coming in the form of power dynamics, shifts in culture and conflict.

The largest likely resistance to BPs desired change will come at organisational and individual level. One example of this would be budget cuts in specific sectors of the business, resulting

in the reduction of salaries in leadership and senior management pay, with Ceres Oil director noting, “that there is simply too much money to be lost, if the industry was moving towards greener forms of energy” (Smith, 2020). In terms of individual level resistance moving away from fossil fuels for BP may result job cuts for low-level employees within the organisation for example.

The positive is there are methods to mitigate organisational resistance however the best method according to Hopping (2019) is for leaders to actively communicate and engage with employees regarding the intended change. For example, if BP employees were concerned about job cuts, the leadership within the organisation should attempt to reassure employees, getting them to see the transition to net zero as both a challenge and opportunity that will result in new skillsets and job creation in the organisation (Ralston, 2021).

However, when looking at the organisational level resistance, trying to convince senior executives in a sector that calls themselves “supermajors,” where BP have a significant market share (Orihuela, 2020), to shift away from the lucrative fossil fuels may be slightly challenging. With BP’s CEO noting that the structure of the organisation has been broadly the same for more than a century and to deliver this new ambition it must undergo a fundamental reorganisation (bp, 2021).

To achieve BP’s ambition a change in organisational culture should be explored, as it is an element that filters through the entire business and can either have a positive or negative affect when it comes to change efforts. Cameron and Green (2015) note that for change to have a chance of being successful within an organisation, the organisational culture in itself must change.

However, changing culture is an extremely complex undertaking because it is the permanent, unseen, and unintentional element within the organisation where all transpires and changing it on some occasions requires all the organisational tools to be in play (Denning, 2011).

Dombai (1999) explains an organisations prevailing culture can shape its strategy, how it runs and how everyone operates, described traditionally as the “way things are done around here”.

To attempt a change in culture different forms of power must be used, Kovach (2020) describes power as an item that is usually held by those in dominant positions, which gives them the ability to modify people’s behaviours to achieve their desired outcomes. BP’s CEO can use influence to change the culture within the organisation which will support in overcoming the organisational level resistance. However, as a figure of authority within the organisation he can also utilise a form of power called legitimate power that requires minimal effort where subordinates simply follow the rules of the workplace as society dictates (Zaleznik, 1970).

Another method of power that can be used is coercive power, this type of power involves forcing subordinates to do something they do not want and is usually achieved in the form of punishment for non-compliance (Davoren, 2018). It is worth mentioning if used incorrectly coercive power can sometimes achieve the wrong results, especially in risk and high reward dependant scenarios (Molm, 1997).

There will be a use of some form of power within BP is a given, as the change initiative has come directly from the CEO, not to mention industry wide pressures which have forced all the oil and gas companies across the globe in pledging to remove carbon emissions for their operations (Kusnetz, 2020).

Change initiative success:

Change success can be measured in several ways however usually is covered by success metrics, quantitative data such as performance, efficiency, and satisfaction or feedback, qualitative data, such as surveys, meetings, and visible adoption to change in organisational culture (Mendonca, 2018).

BP's change initiative can be seen to be successful when the organisation eliminates the carbon footprint from its operations by 2050. However, in the interim the organisation could also monitor its carbon dioxide (CO₂) emissions on an annual basis as it currently emits an estimated fifty-five million tonnes of carbon dioxide per annum (bp, 2021), reductions in this figure would a valid metric in showing the business how far it is from achieving its change goal.

On the other hand, measurement in the success or failure of the organisational cultural change could checked via surveys for example, which BP could carry out on quarterly basis to see how employees are adapting to the new carbon free organisation. Again, as the change was essentially from the top within BP, leaders within the organisation require methods in which to gain employee trust and feedback after the change is implemented, because unintentionally or intentionally employees would have been impacted positively or negatively by this change.

Conclusion:

In conclusion, utilising Lewin's three-step model alongside Kotter's eight-step model in appropriate organisational change management programme can indeed support BP in achieving the aspiration of becoming a carbon free organisation by 2050. This is due to both models having a top-down planned change approach, making them a great fit for such a large hierarchal organisation however, both models seem to neglect and fail to consider the human factor of change. One of the biggest risks factors organisations face today through periods of change, being loss of talented employees due to lack of communication or disagreements in relation to desired change initiatives (Sirkin et al, 2005).

The force field and stakeholder analysis show that BP change initiative is one with high power and interest stakeholder involvement, who can heavily impact the organisations culture, through politics, if not managed correctly. Therefore, the change initiative leader in BP's case the CEO must make sure the appropriate type of change leadership style is used and instil a culture of excellence within the organisation over the common bottom-up management techniques that are likely to divide business into command driven units (Burnes, 2004).

Recommendations:

Leaders and managers must provide employees with support during organisational change, as it will encourage them to successfully implement change and assist with change acceptance. Implementing the correct strategies early on, will allow them to retain talent and those mission critical employees (Smith, 2019).

BP could achieve this via the addition of a people focused change model the change programme, such as the ADKAR model for example, which empowers the people behind the change and in turn makes them feel like their employer's care about them (Caredda, 2020). Another benefit of the ADKAR model is the fact that is goal focused and is easily adaptable to fit within organisation structure and culture (Bejinariu et al, 2017). Allowing leaders to further help employees understanding and conduct their vision for change within the organisation.

Finally, through transformational leadership BP's CEO, Bernard Looney can encourage and stimulate employees to develop skills and advance intellect within the organisation to promote the company's change interest thus, creating a culture of learning, and promoting change in the process (Garvin, 1993).

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