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Introduction:

Globalisation, according to the Harvard Business School, is “the increase in the flow of goods, services, capital, people, and ideas across international boundaries”¹. This has led to many businesses becoming international, transnational and multinational companies, meaning they are operating within the international market which has been increasingly popular and created by the process of globalisations. International trade has contributed to the flow of goods, services, capital and even ideas through foreign products and people through transporting workers to different places to meet production needs, all the while reducing costs and increasing profits as a result.

For the analysis of the impact of globalisation on business operation, I have decided to research the UK-based global company BP who are a petroleum company that have many operations such as oil extraction but also a lot of greenwashing accusations made about them due to their climate window-dressing. It is one of the largest companies for oil and gas in the world and thus play a very influential role in the global market. For example, according to the House of Parliament records, “BP is the largest retailer of gasoline in the US”², although being UK-based, showing its global influence.

Globalisation’s Dual Impact:

Benefits:

One of the major benefits of globalisation in business, according to the Global Banking school, is the “expansion of markets”³. This means the business can target a larger consumer

¹ Cote, C. (2021). What Is Globalization in Business? [online] Harvard Business School Online. Available at: <https://online.hbs.edu/blog/post/what-is-globalization-in-business>.

² BP plc (2024) *Written evidence submitted by BP plc (ECO0046)*. UK Parliament. Available at: <https://committees.parliament.uk/writtenevidence/130011/pdf/> (Accessed: 15 March 2026)

³ Global Banking School (2021). Global Banking School. [online] GBS UK. Available at: <https://globalbanking.ac.uk/blog/benefits-of-globalisation-on-businesses-a-comprehensive-guide-for-uk-students/>.

base that is not limited to one country but available across the globe. For example, BP was originally UK-Based selling its oil and gas to only UK consumers. However, by entering the international trade market due to globalisation it has been able to sell its products to foreign consumers. For example, in the US or China. The BP website highlights these benefits through its worldwide page where it details different countries in different continents such as Azerbaijan, Canada, China, USA, Oman, India and many other countries⁴, allowing it to enter other countries markets. This helps businesses such as BP increase sales revenue and profit as it is selling more products to more people, showing a major advantage of globalisation on businesses.

A second major benefit of globalisation, according to Economics Help, is the “access to cheaper resources and lower production costs”⁵ They explain that companies have access to economies of scale, which allow them to purchase materials at a severely reduced price compared to buying it domestically. This allows companies to access low-cost raw materials, lowering their costs. This is encouraged in globalisation because of the dynamic nature of businesses. Moreover, Globalisation means that major companies can hire cheap staff which again lowers their production costs by cutting down wage costs with elongated hours. With BP, they are able to extract oil at a cheap cost in regions such as the Middle East where extraction is cheap due to large oil reserves. They can also hire extractors from countries with low labour costs. This shows how BP and other companies can make more profit as less of their sales revenue is being spent on production costs, leading to less cash outflow and more profit.

Challenges:

A major disadvantage of globalisation is its interconnectedness causing domino effects. For example, the exposure to geopolitical risks⁶. Since companies, such as Bp, start operating in

4 BP global. (n.d.). BP worldwide | What we do | Home. [online] Available at: <https://www.bp.com/en/global/corporate/what-we-do/bp-worldwide.html>.

5 Tejvan Pettinger (2019). Costs and benefits of globalisation | Economics Help. [online] Economicshelp.org. Available at: <https://www.economicshelp.org/blog/81/trade/costs-and-benefits-of-globalisation/>.

6 Butane-Propane News. (2024). Global Oil Supply Chains & the Impact of Ongoing Conflicts in the Middle East. [online] Available at: <https://bpnews.com/supply/global-oil-supply-chains-impact-ongoing-conflicts-middle-east>.

many different countries, they are affected by the country's laws, governments and conflict. For BP, where most oil supply comes from Middle East reserves, any conflict can affect supply chains. A very recent example is the blocking of the Strait of Hormuz where 20 to 30% of oil supply is transported through.⁷ This affects companies as these conflicts disrupts their supply chains, making it impossible to get the raw materials they need to operate which can have adverse negative effects on its revenues.

A second major challenge globalisation brings to business operation is exposing it to scrutiny and global accountability which can damage its international reputation. For BP this is incredibly important as it is an oil and gas company which is inherently damaging to the environment causing widespread scrutiny by climate groups and environmentally sensitive customers. For example, BP had released an ad called Beyond Petroleum claiming to be more beneficial for development when in reality it did not keep any of its environmental and developmental policies, receiving accusations of greenwashing. This is damaging to businesses as it can ruin their reputation and bind them to ethical standards which may be expensive to implement and thus increase their costs, affecting business operation.

Analysis of Global Forces:

BP faces both positive and negative global forces.

The main positive global force BP is affected by is Technological Advancements. Innovations in technology help BP increase its outputs, showing how advantageous it is for companies as it lets them adopt new methods in their business operations. For example, BP reports, “Between 2022 and 2024, AI and advanced analytics helped to increase bp-operated production by around 4%, and they protected around 10% more from shutdowns through monitoring and analysis.”⁸ This helps businesses adopt more efficient practices, producing less waste and thus saving them revenue.

Another positive global force is access to global talent and expertise. The BP website provides a comprehensive blog of its use of cultural diversification, particularly framing itself

⁷ Butane-Propane News. (2024). Global Oil Supply Chains & the Impact of Ongoing Conflicts in the Middle East. [online] Available at: <https://bpnews.com/supply/global-oil-supply-chains-impact-ongoing-conflicts-middle-east>.

⁸ bp global (2024). bp global. [online] bp global. Available at: <https://www.bp.com/en/global/corporate/news-and-insights/energy-in-focus/top-digital-tech-driving-production.html>.

as an inclusive employer⁹. Globalisation has allowed for the availability of labour which exposes BP to a wide variety of workers who may be specialised in different things the company finds useful. For example, specialists in energy production or renewable sources which is becoming an important aspect of energy use, allowing BP to remain competitive and use specialist advice to achieve its business goals.

A negative global force that affects BP can be Global Competition. Because BP has entered the international market, it means it is exposed to a lot of foreign competition from many different companies such as Shell, ExxonMobil and Chevron. This can be negative as it forces BP to keep up with the dynamic nature of the international business environment and if it is seen as weak compared to its competitors, the business will not survive. This means it must keep up with latest trends and investments and therefore can cost it a lot to remain a competitive oil superpower.

Another negative global force is dealing with economic inequality and social expectations. Since BP operates in many developing countries who are famous for low labour costs it may have to deal with social expectations of going above and beyond by treating workers with fair conditions. Although this is good ethically, for business operations it can be seen as costly as the conditions for good treatment are costly and when there is no binding law to adhere to these conditions, companies are hesitant to fulfil these conditions to save revenue. To prevent reputational damage, BP has produced a sustainability report¹⁰ which binds it to goals but are costly.

These global forces come about due to globalisation and can have both negative and positive effects on companies. For BP, it is forced to take measures to reduce its reputational costs such as setting targets such as net zero (which was abandoned as it cost them a lot) or adhering to local expectations by providing better wages (which is unlikely as businesses prioritise profit). This shows the downside of globalisation which is perhaps increased inequality, climate problems and unhealthy competitions.

Strategic Recommendations:

BP can adopt a strong Corporate Social Responsibility doctrine¹¹ which allows them to appease to developmental- sensitive and environmental –sensitive consumers. They can turn

⁹ Bp.com. (2025). Careers at bp | Explore your future with us. [online] Available at: <https://careers.bp.com/>.

¹⁰ BP plc (2024) *Sustainability Report 2024*. Available at: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/sustainability/group-reports/bp-sustainability-report-2024.pdf> (Accessed: 15 March 2026)

¹¹ Stobierski, T. (2021). What Is Corporate Social responsibility? [online] Harvard Business School. Available at: <https://online.hbs.edu/blog/post/types-of-corporate-social-responsibility>.

this into a market advantage by perhaps investing in renewable energy programmes and treating employees righteously which will appeal to many and set it aside from the regular fossil fuel-based oil superpowers, perhaps putting it ahead in the market.

BP should also continue to invest in innovative technological advancements as it increases the efficiency of the company, reducing waste which is both environmentally friendly and economically beneficial.

Conclusion:

Overall, globalisation and global forces can have a positive effect on business operation as it allows for businesses to enter a diverse international market, access to cheaper production and availability of labour which can be expertise. However, it can also have a negative effect by pressurising businesses such as BP to adhere to social and environmental expectations which drive production costs up. But businesses can find a middle ground by turning to ethical consumerism, giving it a competitive edge amongst ethically sensitive consumers. Therefore, Globalisation can be very beneficial when its downsides are mitigated.

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