**Ethically Analyzing the BP Macondo well Disaster**

**What 3 key decisions were made when closing the Macondo well? Explain the unethical nature of each of the decisions.**

1. **The decision on the type of well casing to adopt; between the liner or the long string casing option:** The choice of long string casing was unethical, prioritizing cost and time over safety and the environment, while misrepresenting stakeholder options. Based on **behavioral ethics**, they had **awareness** of the ethical risks of using the long string but made incorrect **ethical judgments** and **actions** in using it.
2. **The decision on the number of centralizers in closing up the well:** Proceeding with limited centralizers despite expert advice and risk data was an unethical decision, compromising safety for expedience. Assessing the decision through **behavioral ethics**, they were **aware** of the ethical risks of using a limited number of centralizers but made incorrect **ethical judgments** and **actions** by not waiting for the right number and type of centralizer.
3. **The decision on the circulating Mud and the Cement Bond Log:** The choice to skip mud circulation and the cement bond log, ignoring industry best practices and warnings, demonstrated a readiness to compromise safety measures, leading to the Macondo well blowout. Using **behavioral ethics** as a basis for evaluation, they were aware of the ethical concerns regarding skipping mud circulation and the cement bond log but made the incorrect **ethical judgments** and **actions** by forgoing these practices.

**What motivations did BP executives have for acting unethically?**

The BP Executives were motivated by:

1. **Pressure to meet Target and Deadlines:** This may be linked with **rewards** associated with meeting targets and deadlines or avoidance of **punishment** if they fail to meet their targets or deadlines.
2. **Financial Consideration and Cost-Cutting:** There also may be rewards such as promotion or recognition if the executives were able to achieve their target within or under budget. Also there may be **conflicting roles** and **Authority & Doing what you are told** if the executives feel constrained by instructions from superior people.
3. **Competitive Pressure and Market Share:** In a competitive market, unethical practices may go unpunished if the person is not caught. Especially if the unethical person is in **the pre conventional stage** of his ethical development.
4. **Personal values:** The BP executives may have evaluated the dilemma and may have considered their decision to align with their **personal goals**, they may consider themselves to be **risk takers** and **didn’t take proper consideration of the possible impact on their self image**.

It is however important to note that there may have been some lack of safety culture and oversight influence and fear of reporting negative information upwards that motivated the BP executives to act unethically.

**What Impact do you think BP’s decision making structure, organizational culture and leadership approach had on its unethical business practices?**

* **Communication and Accountability:** Refinery interviews found that the workforce doesn't view process safety as a core BP value due to inconsistent and inadequate communication from corporate refining management regarding safety's importance and the company's stance against process accidents. As regards safety ethics, there was no clear communication **(Authority & Doing what you are told)** to employees on the need for safety practices.
* **Profit driven culture/Performance based:** This included linking employee compensation to asset and site performance and the cost-cutting culture under Tony Hayward's leadership in 2007. This could have caused unethical business practices as performance-based system **(rewards)** is not effective for ethical decisions, the reward could have been perceived as less valuable and prompted unethical behaviour. It could also have led to **Machiavellianism** and made employees do anything (including unethical) to get the result.
* **“Asset Federation” Decision Making model:** This involved decision moved away from the center to employees at more levels in the organization and the centralized body had little oversight over the setting performance target. While this has its advantage, it could have caused unethical behavior as employees will be influenced by what their **superior (Authority & Doing What You are told)** says which may conflict **(conflicting roles)** with the role they are expected to play.
* **Risk Tolerance and Acceptance:** Tony Hayward who became the chief executive officer in 2007, spoke publicly about his desire to transform BPs culture from one where too many decisions were taking with extreme cautiousness to one that was less risk averse. The superiors likely influenced unethical safety by telling the employees to be less risk averse. **(Authority & Doing What you are told).**

**What tactics and strategies could BP use to transform their leadership approach to promote ethical decision-making? Explain using concepts and theories discussed in the course thus far?**

* ***Promote Leadership:*** In the realm of ethical leadership, it is essential for BP's top executives to exemplify ethical values and become exemplars for the entire organization. Leaders should communicate an inspiring vision, promoting ethical decisions, and actively engage employees for a culture of responsibility and accountability. No matter who the employer is, there will be some influence by what the superior does. **(Authority & Doing what you are told).**
* ***Promote Accountability:*** Encourage a culture of transparency and accountability rooted in stakeholder theory. Prioritize stakeholders' concerns by consistently engaging and sharing relevant information. The **Punishment** of unethical conduct and holding employees accountable for their actions will be effective in promoting ethical decision-making.
* ***Ethical Code of Conduct*:** Create a comprehensive ethical code that underscores the company's commitment to ethical behavior from a deontological perspective, emphasizing duty and principles. Clearly outline the company's obligations to the environment, stakeholders, society, and the consequences for ethical violations. This will help avoid **conflicting roles** and promote ethical decision-making.
* ***Informer Protection System***: Implement a strong informer protection system to promote ethical reporting, preventing retaliation. Utilize the utilitarian principle of **maximizing overall benefit**, ensuring swift resolution of ethical violations to protect the organization and stakeholders. This will make it easy to identify unethical conduct and **punish** it. This will be effective in promoting ethical decision-making.
* Finally, a push from performance-based evaluation that could lead to competition and unethical practices to a system that reduces competition and promotes **behavioral ethics**; encouraging **ethical awareness, Judgement and Action** by sharing of best practices across BP.