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Securing the licence to act: a foundational capability

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Abstract

Purpose – The paper aims to show how resource-based views of the firm inadequately address the strategic importance of acquiring and using symbolic capital within the wider discursive institutional environment.

Design/methodology/approach – A single case using publicly available data on the strategic activities of the oil and gas firm BP was constructed.

Findings – Combining case data with a review of literature on firm capabilities and organization studies, the paper identifies a previously unacknowledged foundational strategic capability: securing a licence to act. It finds BP strategists understanding this capability as the realization of credibility and authority arising from the conscious and skilled articulation of firm commitments and activities.

Originality/value – Generalising from the case, the paper argues for the importance to firm performance of an understanding of how capabilities evolve in relation to the use of symbolic capital within inherently complex institutional environments. This leads beyond a purely economic view of institutional settings to cover market-based political and social interests.

Keywords Corporate strategy, Company performance, Capital, Oil industry

Paper type Research paper

Introduction

If effective strategy involves consideration of how the whole of the firm might realize better performance over time then it is beholden on managers to attend not just to the arenas, vehicles, differentiators and staging by which that firm excels, but the continued relevance of such in the wider business environment (Hambrick and Frederickson, 2001). The concept of dynamic capabilities is an attempt within the field of strategic management to direct attention to how firms evolve and prosper in such environments and, in particular, those highly competitive markets within which strategic insight is deemed essential. However, in this paper, we argue that for a subject concerned with how a firm might competitively perform amidst its peers, the literature has not sufficiently theorized or empirically researched the environments in and by which such performance is ascribed. Specifically, we identify the importance of developing symbolic capital in the prevailing environment within which firms have to operate. Here, we bring together ideas from both the fields of organization studies and strategic management to show how firms create symbolic capital by articulating and reflecting on their commitments and reputation. We call this securing a license to act, an activity that, we suggest, is a critical, indeed, foundational capability.

To empirically investigate this we consider the case of BP. Drawing on data from existing case studies of BP and using a narrative that combines our own analysis of corporate events, the conduct of business activity, media announcements, promotional material and leader-related speeches and commentaries over the last 20 years, we argue that the symbolic aspects of BP's performance and turnaround are under played in existing accounts. Indeed, recent difficult events experienced by BP since 2005, and the

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associated drop in performance, set in starker relief the strategic importance of acquiring symbolic capital; a strategic activity that BP managers' called securing a "license to act." Generalizing from what we accept is a suggestive case, we argue an often overlooked but foundational element of firm performance is an understanding of how capabilities evolve in relation to a wider external environment that is inherently discursive in nature.

What are capabilities?

Explaining relative firm performance is a defining interest of the field of strategic management. The field's own dynamism is served by debate between, for example, "market-based" and "resource-based" (Makhija, 2003) theories of firms' competitive advantage. Resource-based explanations of competitive heterogeneity focus on firm level behaviour and phenomena, in particular the selection and utilization of assets to form capabilities that are valuable, rare, inimitable and non-substitutable. Organizations are constituted by routines that are habitual patterns of activity learnt from within a specific tradition, largely unreflective and locked into a specific environment. People adjust and even learn new skills, but it is when these experiences are made overt through articulation and codification that we can talk of a capability rather than just the evolution of experience (Zollo and Winter, 2002; Winter, 2000). People become aware of capabilities by deliberating and analysing firm performance and reflecting about what constitutes an adequate level of performance, and how this might be measured. In the language of Hambrick and Frederickson (2001), capabilities provide the vehicle for realising strategic objectives (defining value-adding activities); the mode of differentiation (defining uniqueness and a firm's market-defining identity); and the staging framework (how quickly and in what sequences strategy is enacted). In focussing a firm inwardly, however, capabilities also risk becoming rigidities, settled patterns of activity and vision de-sensitising firms to wider market changes and innovatory opportunities (Tripsas and Gavetti, 2000).

To avoid becoming imprisoned by rigidities in this way, and so both raise the threshold of what is considered satisfactory performance and consider alternative activities, a firm requires dynamic capabilities. Teece *et al.* (1997) define dynamic capabilities as the ability to achieve new forms of competitive advantage in the face of market dynamics by driving change in operational capabilities and function. So, the concern is not with producing things *per se*, but with a strategic awareness of how capabilities are created and reconfigured in contexts of scarcity, affinity and accident. Winter (2003) refers to such dynamic capabilities as high-level routines by which firms change the product, the production process, scale of activity or customers (markets) served (Winter, 2003). This is not simply about re-combining assets a firm already has, but recognizing a need for alternate assets. So such routines may be observed in the patterned behaviour that make up firm routines in relation to an array of strategic activities, for example: integrating assets (e.g. product development processes); reconfiguring assets (e.g. knowledge transfer and team-working), allocating assets (e.g. devolving responsibility); acquiring assets (e.g. collaborating and forming alliances) (Helfat and Peteraf, 2003; Eisenhardt and Martin, 2000).

Dynamic capabilities are strategic activities that manipulate asset configurations according to logics of exploitation or exploration, the use of which Winter (2003) recognizes as involving commitment to engage in, and consciously develop,

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systematic, persistent and resource-hungry features of organizational life. This commitment encourages learning through reflexive engagement with existing capabilities (rather than learning accruing from daily experience or from *ad hoc* responses to problems) (Winter, 2003; Eisenhardt and Martin, 2000; Teece *et al.*, 1997). The dynamic element is not, then, simply a reference to capabilities that undergo change; rather they have to be undergoing change under a particular strategic force. Zollo and Winter (2002) argue that it is only when activity becomes the subject of strategic discussion – either in terms of its being reflected upon (articulated) or being translated to other activities (codified) – that a firm integrates knowledge rather than merely accumulates experience and it is this distinction that marks the dynamically capable from the capable.

A discursive environment

For a debate concerned with a firm's congruence with its environment, there remains a real danger that the present theoretical interest in assets and capabilities will proceed with an impoverished notion of the environment. Understanding the firm as a dynamic domain of resources and capabilities requires recognising that firms are subject to market and institutional forces. In viewing firms as embedded in social contexts consisting of ties, norms, values, beliefs, regulatory pressures, institutional theorists attribute organizational success and survival at least in part to firms' abilities to conform to socially defined standards of behaviour and action. As organized phenomena embedded in a social context, it is a necessity that firms secure legitimacy and support by demonstrating acceptable and appropriate behaviour. Accordingly, Oliver's (1997) concept of sustained competitive advantage is one that combines resource-based and institutional perspectives to argue that firms need both asset and institutional capital for sustained competitive advantage. The argument remains under-developed theoretically and empirically; specifically in understanding the inter-penetrating influence of social, political and economic institutional forces on the development of firm capabilities and firm performance.

Reaching such an understanding is difficult. Margolis and Walsh (2003), for example, argue too much is made of trying to causally link firms' institutional capabilities to economic performance when there are clear distinctions both in terms of motivation (the value of institutional capabilities cannot be confined entirely by bottom line reasoning) and evaluation (institutional influence is not synonymous with economic power). Margolis and Walsh (2003) suggest that if research is to be effective in understanding how firms act within wider environments the questions and methods have to reflect the inherently open and complex nature of those environments. This point is also taken up by Lado *et al.* (2006) who note, along with Correa and Scharma (2003), that across the dynamic capability and the wider resource-based literature, there is a tendency to portray this complex institutional environment solely in terms of sectional economic interests. Lado *et al.* (2006) suggest this tendency is re-enforced by: an uncritical association of firm performance with economic interests using sectional goals such as shareholder value; a widespread assumption that equilibrium is a natural and desirable state; and a willingness to ignore the contradictory evidence when identifying causal relationships between firm capabilities and performance outcomes. They go on to argue that research is needed that ceases to privilege a purely economic understanding of the institutional environment and firm structures, that appreciates

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the "slippery" concepts of firm performance and capability, and that investigates how firms exist not only in terms of the accumulation, use and development of assets, but also in terms of their using their influence to legitimize what is and is not recognized as an asset in the first place. Indeed, for many firms operating in global environments it is not the acquisition of assets that is the pressing strategic problem, but their continued possession and deployment that poses serious challenges of authority, understood as appropriate and acceptable activity (Suchman, 1995). Generating and maintaining the authority to deploy and extend those assets for business purposes in complex fluid environments seems a necessary condition of operating for sustainable wealth creation. Hence, a fundamental strategic concern and challenge is the conscious production of a foundational capability to create conditions within which the firm is able to possess and use an array of economic assets.

In this regard, reference to Tsoukas (1999) enables the consideration of capabilities and performance within institutional environments to be expanded theoretically and empirically. Tsoukas argues that the institutional environment within which firms have to act is inherently complex because of its discursive nature and that in using material assets strategists through their sayings and doings, must concern themselves with the wider engagement and articulation of these sayings and doings. Tsoukas identifies four characteristics in this discursive environment. Firstly, because of the separation of time, place and space made possible by communication technology, people are always acting at a distance (either in reacting to events or trying to control them). Just how shareholders, regulators, employees or customers will react to firm activity is not entirely within the gift of strategists to determine. Secondly, there is a preponderance of risks that emerge from commercial wealth creating activities. To configure these strategists can rely on experts but often their opinions are subject to challenges of perceived legitimacy. Thirdly, meanings attached to firm activity are continually and extensively mediated. Reports are summarized in executive summaries; news media isolate "shock" events; ads secure ever-renewed identities with little more than the centripetal motion of symbols. So again, experience is diluted or concentrated through interpenetrating media in ways that cannot be fully controlled or predicted. Fourthly, patterns associated with unquestioned adherence to local traditions and norms have become increasingly subject to negotiation. The principles of living and what defines a goal worthy of pursuit are not as fixed as perhaps they once were; even the most trenchant or settled of commitments are becoming unstable through processes of radicalization.

Tsoukas (1999) illustrates the impact of these discursive characteristics on firms with reference to the case of Shell UK's decision to dispose of the Brent Spar drilling platform, arguing that whilst there were sound economic reasons for asset disposal, these had to be argued across a divergent set of groups and interests within the wider institutional environment. In not appreciating this, Shell's managers failed to nurture sufficient support to sink the platform in the North Sea and the firm suffered significant adverse effects to reputation and revenues. The business case for deep-water disposal was a tightly defined blend of cost calculus and scientific expert opinion. The prevailing logic was economic and the interests considered as being under threat from disposal (marine life; health) were technically configured under probabilistic considerations of likelihood and impact. There was a lack of media engagement and a failure to appreciate how the news of Brent Spa's disposal might be judged by others, significantly the environmental

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campaign group Greenpeace for whom the disposal became a test case against what its members saw as corporate ignorance, wilfulness and injustice. Unlike Shell, Greenpeace activists recognized and were capable of acting in the discursive environment. The apparent divide between the two organizations in terms of assets was rendered irrelevant insofar as the capital being used was symbolic rather than economic.

Symbolic capital, reputation and commitments

In the above scenario, conventional competitive advantages secured through the capable use of assets were neutered by what, in following Bourdieu (1974/1977), we might recognize as the capable use of symbolic capital. Here, symbolic capital refers to the resources by which authority and credibility are established amongst employees, peers, customers, regulators and other organizational constituents through the capability to articulate legitimate judgements and actions from a specific institutional position (Bourdieu, 1974/1977). As such, symbolic capital is acquired by an active and competitive search for meaning and significance whereby others are brought into a state of mutual engagement with a firm's strategy without having to be explicitly directed and instructed on a case by case basis (Bourdieu, 1994/1998, p. 102). The strategic effort comes in generating a kind of relational appeal.

The ability of Greenpeace to galvanize a coherent and consistent opposition across the four areas of the discursive environment meant it acquired symbolic capital at the expense of Shell. Shell failed because its managers failed to acknowledge how others might interpret the significance of the disposal. In the words of Shell's president at the time:

> We now realise that alone we could never have hoped to reach the right approach – that we should have discussed them in a more open and frank way with others in order to reach acceptable solutions (Marsden and Andriof, 1998, p. 345).

Here, Shell's managers were recognising both the need for mutual engagement with the firm's strategic agenda and the relational means by which that need could be met. Where Greenpeace were adept at building and sustaining this symbolic capital, Shell were naïve. Of what, then, does this creation of symbolic capital consist?

Here, we might turn to the work of Fernando Flores. For Flores (1998), firm managers and employees create symbolic capital by attending to reputation and commitment. Reputation is established by relations of mutual recognition in which the firm is recognized as having shared, shareable and recurrent concerns versed within a set of agreed norms. The problem is how then to accrue reputation in a discursive environment that is characterized by the kind of complexity and uncertainty noted by Tsoukas (1999); building reputation with one organizational constituent (enlisting the approval of, say, an environmental pressure group) may alienate a firm from another (say shareholders). Moreover, the values of any one such constituency can change, meaning the value of symbolic capital ebbs and flows with tides of allegiance. There is always a "latency" to symbolic capital; no matter how assiduously discursive signs are governed, there is inherent within them the possibility of their being understood other than they are intended (McGuire and Hardy, 2006; Cooper, 2005).

Whilst securing reputation is bedevilled with such uncertainty, securing commitment does not suffer such a surfeit of alternative available strategies. Commitment involves symbolic acts, whereby, the firm is known to stand for something

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significant (Flores, 1998), or what Bourdieu terms distinctive. At each moment strategists will be striving to make the firm a distinctive presence within the discursive environment. The danger here could be overbearing power, myopia and even narcissism whereby the strategists become oblivious to how their commitments might be understood otherwise, and so unaware of the commitment becoming irrelevant, or threatening (Roberts, 2003). Conceptualized in this way, and in keeping with dynamic capabilities, symbolic capital is acquired and sustained only through strategists constantly reflecting on how others recognize their firm and how they intend to acquire and use available assets.

To summarize to this point, the literature on capabilities works from a limited and restricted notion of the environment and a rather neutral, apolitical view of the utilization of assets and capabilities. Strategic representations of the environment are too often solely focused on the "market" environment and market feedback. This privileges attention to economic assets and the continuing appropriateness of material acquisition and configuration at the expense of awareness of how symbolic capital conditions and facilitates strategists' pursuit and use of those assets. How, if at all, then, can resource-based views of the firm, and in particular the development of capabilities, relate to operating effectively in both economic and discursive conditions. Moreover, given Margolis and Walsh's (2003) concerns, is it possible to bring analysis of symbolic capital to questions of organizational performance understood over a period of time and which extend from simply the acquisition and configuration of resources and assets to consider how reputation and commitment are secured in the legitimate use of such assets? Following on from this, Newton (2002) and Flores (1998) pose the question of how, from amidst a welter of differing norms, changing technologies, splitting alliances, multiple medias and so on, the relational alignments brought about in the skilled use of language in the discursive environment can emerge and be sustained over time. With these questions in mind the remainder of the paper examines the case of BP.

The case of BP

Before engaging in substantive detail and argument, it is necessary to outline the rationale for choosing and constructing the case of BP. Being concerned with corporate performance, and in particular sustainable competitive advantage, the field of strategic management is a natural site for methods of research that analyse organizational phenomena over-time. Accordingly, in this paper we adopt a case study method informed by assumptions of process research defined as the dynamic study of behaviour focusing on the core themes of organizational context and actions that unfold over-time (Pettigrew, 1990). This approach is well-suited to enhancing existing theoretical and empirical analysis of the resource-based view and the related idea of capabilities. Langley (1999) distinguishes between two radically different sense-making strategies apparent with process analysis: the "narrative strategy" and the "quantification strategy." The narrative strategy, which we adopt here, involves construction of a story from raw data and using time as something of an organising device. The aim is that narratives develop into analytical descriptions that contribute not only chronology but also concepts, understandings and theoretical development.

The following narrative is informed by our interest in capabilities and our own and others' case studies of BP (Pettigrew and Whittington, 2003; Rogan *et al.*, 2002; Gratton

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and Ghoshal, 2003). Some existing accounts cover some of the period we are interested in. Furthermore, we consider them to be reliable and consistent in explaining organizational performance as it relates to organizational and managerial changes in BP over two decades. Our approach is not to challenge, contradict or replicate these accounts but rather complement them by both extending the time period and considering the performance of BP using the concept of dynamic capabilities and with emphasis on the discursive context. Taking up the challenge to develop a case study rather than simply a case history we feel we have identified a pattern in events, relationships, strategic decision and actions and public statements which reveal an aspect of BP's behaviour that links organizational process to performance but which has not been fully explored in existing accounts.

After briefly presenting key findings and arguments from existing accounts of BP we discuss patterns in the discursive actions, language and symbols of BP (with reference to a chronology – see Appendix). In keeping with our interest in symbolic capital we have been particularly interested in data that represent evidence of BP's authority and credibility in the wider discursive environment. Accordingly, our data deliberately attend to the public presence of those who work for BP, notably the senior strategists, as well as those who relate to BP as interested constituents and members of the public. Specifically, data sources are news reports; firm media, e.g. television and newspaper adverts; speeches and lectures by senior BP figures; comment by members of the public and NGOs. Lord Browne, CEO until 2007, is a central figure as it is during his period of tenure where we believe one can begin to observe and analyse BP as a firm whose strategists were consciously competing for and accruing symbolic capital. His statements (speeches, lectures and press releases) and actions (economic diplomacy) suggest a reflexive engagement with the discursive, institutional conditions in seeking to legitimize firm activities (people accept BP as an authority in oil and gas exploration, or solar power) and enhance firm performance (BP becomes a worthy recipient of human and financial investment).

Strategic renewal and performance

For the year 2005, BP earned what was then the largest ever annual profit recorded by a UK firm of nearly \$20bn and, at about \$200bn, became the UK's largest firm measured by market capitalization (*The Guardian*, January 12, 2006). These figures continued a trend that suggested BP was a contemporary exemplar of a firm experiencing sustained high-corporate performance. The period 1988-1995 is classed as one where BP was performing below its competitors, with 1992 a particular "low-point" in profitability. 1995 marked the performance of BP comparing favourably alongside Shell, its major European competitor, and Exxon. By 2001/2002, BP was fêted as one of the world's three major oil companies, with the highest returns on capital employed (Rogan *et al.*, 2002), and a market capitalization ranking it as the second largest in its sector, a turnover of \$175bn, employment of 100,000 people in 100 countries (having experienced a reduction from over 100,000 to 55,000 between 1992 and 1998), \$8bn replacement cost profit (compared with \$352mn in 1992), and a fourfold share price rise between 1992 and 2001 (Pettigrew and Whittington, 2003). Recently, this performance has dropped. FTSE share price had fallen from over 700p in March 2006 to just over 500p in March 2007, before beginning a steady rise back to its current level of around

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600p (May 2008). Current market forecasts on future earnings are mixed and compare unfavourably with other oil majors such as Shell (Independent, July 23, 2007).

Existing accounts for the period to 2005 are powerful in articulating how the performance of BP through this change journey reflect its "organizational capabilities as a competitive weapon" (Pettigrew and Whittington, 2003). Team-working, post-acquisition integration and performance management support the technical and operational capabilities that inform BP's activities. They also underpin what may be higher level dynamic capabilities such as a "capacity to lead" and a "capacity for learning." Quoting Lord Browne "learning is at the heart of a company's ability to adapt to a rapidly changing environment," Pettigrew and Whittington (2003, p. 206) conclude the case saying that "... clarity of purpose and strategic framework is nothing without the redesign of organizational processes to collect and reconnect knowledge ... " For these writers and Roberts (2004) such capabilities lie in developing mutually reinforcing effects or synergies of multiple actions at multiple levels.

Reflecting on these accounts and earlier theorising, they hone in on endogenous concerns with particular attention to organizational structure. They are largely silent about the exogenous conditions or the institutional environment within which BP was operating over the period of renewal and how BP acted towards the environment. In particular, they omit or underplay the "discursive" influences on BP and how BP has acted *vis-à-vis* those, something BP itself articulated in the last part of its change process slogan – performance, teamwork, reputation. With greater attention to performance and teamwork, these omissions overlook reputation as a point of theoretical and practical significance. Namely that in the contemporary environment, influence secured by symbolism is a necessary complement to corporation's economic force. Recent downturns in performance only serve to re-enforce this significance. As we have argued, theories of competitive advantage and explanations of performance would do well to pay greater attention to (growing) influence of the symbolic capital and the capabilities by which it might be created and sustained. In what follows, we outline a series of events, acts, behaviours that together form a pattern suggesting how BP sought to create authority and credibility through a foundational capability in securing a license to act which underpinned and informed the practice and application of the other technological and organizational capabilities through which BP delivered its sustained competitive performance, and which when insufficiently attended to, presaged problems.

Securing a license to act

Lord Browne commented that energy multi-nationals are "intimidating" to people (*The Guardian*, November 29, 2005). Browne was making the point about the strategic need to acknowledge not only what a firm like BP acquires, but also how those assets are used and the experience others have of this use. The context of his remark perhaps dates back to at least a decade earlier. Alongside Shell (Tsoukas, 1999), BP had its own embarrassments in the mid-1990s with adverse publicity over the conduct of its business in Nigeria and Columbia (see Appendix). Recollections of that time suggest that BP directors were surprised by, and took seriously, the reactions of the wider public and its own staff, to the company's apparent involvement with political regimes implicated in human rights abuses. These events created an atmosphere of reflexivity in BP in which there was a conscious effort to understand how its activities touched the social as well as material lives of others. This period also witnessed a rising

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environmental consciousness culminating in BP's unilaterally leaving the alliance of oil and gas organizations formed to actively question links between carbon emissions and global warming. BP's senior managers decided that there was sufficient evidence to suggest possible links, meaning they ought to focus on what their firm could and should do in the way of precautionary action. Browne's (1997) speech at Stanford University outlined two kinds of possible action arising from this deliberation:

> The first would be dramatic, sudden, and surely wrong. Actions which sought, at a stroke, drastically to restrict carbon emissions or even to ban the use of fossil fuels would be unsustainable because they would crash into the realities of economic growth. They would also be seen as discriminatory, above all in the developing world. The second kind of action is that of a journey taken in partnership by all those involved, a step-by-step process involving both actions to develop solutions and continuing research that will build knowledge through experience [. . .]

So a journey it was; one initiated by a commitment to creating a sustainable business, where:

> Real sustainability is about simultaneously being profitable and responding to the reality and the concerns of the world in which you operate. We're not separate from the world. It's our world as well. To be sustainable, companies need a sustainable world. That means a world where the environmental equilibrium is maintained but also a world whose population can enjoy the heat, light, and mobility which we take for granted and which the oil industry helps to provide. I don't believe those are incompatible goals. All the actions we're taking and will take at BP are directed to ensuring that these goals are not incompatible. There are no easy answers. No silver bullets. Just steps on a journey which we should take together because we all have a vital interest in finding the answers.

Force for good

By 1999 undertaking this journey was being understood as BP committing to become "a force for good." In the words of Rodney Chase, a member of Browne's senior management team at the time, speaking at London Business School in 2000:

> We have now become a very profitable, very successful firm [. . .] we could not have done all that if the only focus was on financial performance [. . .] we survey our staff continuously and we know what switches them on [. . .] yes they want to be successful, get rich, but that is not enough, they would not work in a business like ours if that is all it was. They want to be a force for good and they tell us every time we ask them.

To articulate this significant and distinct stand meant BP investing in and abiding by standards in areas of: ethical conduct; employees; relationships; environmental and health and safety; and control and finance. In its 2002, Business policies document, BP elaborated on these five areas of commitment. Ethics demanded integrity and respect for others' rights and meant working within the law and keeping promises. Employees were to be recognized as having needs, abilities and responsibilities that should be clearly and fairly acknowledged and recognized. Relationships should be founded on securing mutual advantage and informed by open recognition of different constituent interests. Health and safety demanded a zero tolerance of accidents, a commitment to reduce harm and full awareness of risks. Finally, control and finance capabilities were to be served through an emphasis on long-term shareholder value managed through internal performance contracts and regulatory compliance.

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BP's advertising of the period reflected these commitments, suggesting the production of oil and gas was not necessarily antithetical to wider concerns for sustainable life styles. Commenting on this "force for good" advertising, Goldman *et al.* (2006) argue BP was attempting to collapse opposites, to bring industry and nature, shareholder and environmental values into a rapport using an integrating logic of sustainability. Yet, the standards securing this commitment have to remain alive to the need to symbolically manage a delicate and ever-changing balance between many different interests. The commitment is nothing if it is not acknowledged by other constituents for whom the language of accounting proxies, performance measures and "force for good" may make little sense, or sound hollow in the absence of joint effort. It is in securing recognition from such potentially dissonant constituents (such as displaced peoples, authoritarian governments, NGO's or indignant employees and their families) that the commitment is tested. As Flores (1998) recognizes, for the commitment to work the firm has also to work at its reputation, and as Roberts (2003) recognizes, this involves more than self-admiration or the exercise of power. It is only with the openness and exposure to otherness brought about by testing commitment that being a force for good makes sense. BP could not simply insist that it was a "force for good" and had the right answers. Lord Browne (*The Guardian*, February 9, 2005), for example, was adamant that the days were numbered when large multi-nationals backed by their governments and international trade organizations could continue to follow a given, non-negotiable set of technological, economic and social objectives and routines irrespective of operational locality. Similarly, another senior manager of the time, Robert Chase, spoke of the importance of NGO's who in their disagreements with BP set the leadership "stretch goals." Browne and Chase recognized how being a force for good involved an on-going encounter with views different to those of BP strategists and a willingness to understand and revise the firm strategy in the light of those differences.

Mutual advantage

The years following BP's "force for good" statements witness the firm attempting to work within different and sometimes divergent discursive environments. As Tsoukas (1999) notes, these conditions will remain fluid, complex and mediated, so the credibility and authority established by commitments has to be worked at continually, from within the criteria of evaluation predominating in any one or other of the multiple "fields" in which BP acted and still acts. So, for example, BP's involvement in Russia and China were being regularly questioned, and by different constituent interests, ranging from environmental and human rights campaigners to shareholders. Inevitably, the tone of BP's commitment alters; what is now being spoken of is not an achievement or a resolution of all interests, but instead a start, a journey of incremental but real improvement for different interests. Here, symbolic capital was accrued through articulation in which BP strategists such as Lord Browne accepted the firm's commitments would be moderated by others, and in the process achieving greater potential strength. The senior strategists called this moderation "securing mutuality," emphasising how BP's activities and assets practically benefited others – consumers benefiting from light, warmth and mobility; pension holders investing in its rising stock; future generations benefiting from technological innovation and so on. The inter-agency statement of July 1997 is an early symbolic act in acknowledging this mutuality; awareness that wherever commitments are made these become endeavours insofar as

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others are persuaded by them, and are enlisted in ways that contributes to and inevitably alters them. When BP acts, said Lord Browne (*The Guardian*, February 9, 2005):

> [. . .] we have to do it in a way that whenever we touch someone we have to strike a point of mutual advantage. We do not have stakeholders; we do not have corporate social responsibility, we simply have mutual advantage.

As the commitment is worked at it is mutual advantage rather than the more evangelising force for good that comes to the fore. With mutual advantage there is no end state; BP's license to act involves engaging multiple actors and arenas, and is always maturing, something reflected in the changing tone of the adverts. For example, its 2004 media advertisements deliberately posed a BP in a reflexive and engaged mode:

> Female voiceover: So what would you say to an oil company?
>
> Young family man (Frank Scitti and his spouse Ellen and child Griffin): Geez I'd say your products are a necessary evil, but we all use it, we all partake in it, we all enjoy it. Let's figure out a ways together to make it a little more environmentally safe.
>
> Writing: We've introduced ultra low-sulfur diesel fuel for bus fleets in major U.S. cities. When used with new filter technology, this fuel helps reduce air pollution and can cut emissions by up to 90%.
>
> It's a start.
>
> BP . . . beyond petroleum.

As an act, this sign can be understood in isolation; generating suspicion as to its integrity, worth and longevity. It is simply an impression. Yet understood relationally, in conjunction with the previously cited advertising campaign, speeches, firm statements and actions, it enables us to appreciate a significant pattern to how BP attempts to secure a complimentary relationship between its economic force and legitimacy in the eyes of its own people and other constituents. The advert symbolically absorbs rather than glosses ambiguity. We the audience are being asked to recognize the commitment as "a start"; an on-going conversation about the value of its activities.

One such start during this period was investment in Alternative Energy, a division looking to new sources of energy, as well as re-integrating resources to allow for a variety of different constituent interests to gain a voice within BP strategy. Yet, running along side this BP continued to work within a wide-range of political regimes, and, of course, to have an enormous impact upon the natural environment. Here, the accrual of symbolic capital involved broaching relationships with governments, communities and other organizations many of whose standards and expectations differed from those of a typical multi-national company. From BP's perspective, without making such conscious, significant and ongoing investments in these "starts" the firm would loose its commitment to mutuality. Mutuality was the recognition that what matters is not reaching end-points, but creating and sharing wealth that is realized by starting something up; the symbolic capital was built through mutual endeavour rather than distribution. Hence, Browne encourages talk within BP of generating purpose; constantly giving strategic focus to the importance of pro-active institutional engagement with the changing conditions and terms of BP's operations. The strategic

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"change motto" shifts from "Performance, teamwork, reputation" to "The best is yet to come," invoking a sense of on-going (there is no standard or constant field of operations), collaborative (involves different people with different roles and different evaluative frames) and common activity (it is held as something of significance by more than one set of interests) (Browne, 2005). So in this period, strategy is being constantly informed by investments in reflection; a recognition of the strategic importance of understanding and taking seriously interests that may or may not accord with your own, or those of one's own wider cultural, social and economic tradition.

The dynamics of this mutuality were (and still are) played out in BP's $20bn pipeline investment taking oil from the Caspian Sea in Azerbaijan through Georgia and to the Turkish port of Ceyhan, making BP a significant influence in these countries developing economies. Given a 20 year investment payback period there is a growing sense that without gradual democratic transition that allowed for opposition voices the conditions of long-term mutuality would not be met; too many constituents would feel aggrieved that the significant wealth flowing into this oil rich region were benefiting a few oligarchs and a foreign, western multi-national (*Financial Times Magazine*, October 29/30, 2005). BP's strategy, then, involves acquiring symbolic capital by engaging constituents in largely hierarchical societies that, over time, might become increasingly tolerant of constitutional dissent. To help bring this about, BP consciously invests in securing local supplies of energy; creating a workforce with transferable skills; seeking to avoid environmentally sensitive areas; assisting officials in the effective use of revenues raised through taxation of BP activity; and dealing with the expectations of local peoples for whom large corporations are typically understood as a malign influence.

Yet in the Caspian, as with its other operations, not all voices accord with BP's. There are significant critics of its involvement, and its reputation is not secure, its commitment is not static. Environmentalists have criticized poor pipeline construction risking pollution (as well as BP's more basic involvement in using the pipeline to provide carbon emitting fuel sources with effects lasting well into the next century); geo-political analysts have observed destabilization of the region because the pipeline is seen as a US sponsored (and militarily protected) endeavour to secure oil supplies independently of an increasingly active Russia; and campaigners continue to protest about the treatment of indigenous communities, wildlife threats and wider human rights abuses.

Contestation

Recently, a more startling and visibly apparent arrest in BP's strategy of delivering mutual advantage has been associated with a lack of commitment and loss of reputation in the USA beginning with a tragic and fatal explosion at a Texan oil refinery in 2005. This was followed by a rupture of ageing oil pipes in the mature Alaskan fields of Prudhoe Bay, accusations of rigging in the US propane market, and finally the questionable mis-selling of assets. Though concentrated in the USA, these events have been played out all over the world; and their fall-out is being felt in lawsuits, interrupted supplies, accusations of miss-management and employee dissent, increasing competition and a swathe of bad-publicity. Against a background of conscious investment in symbolic capital these events are both humbling and strategically testing. Recalling Shell's experiences with Brent Spar, to recover the areas of lost mutuality (notably with the US regulators and immediate communities in

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Alaska and Texas affected by breaches in safety and inspection protocols) will require BP to revisit its sense of commitment and ask of itself how such a "corporate blind spot" towards health and safety and routine maintenance could have arisen. The commissioned independent report into the refinery explosion – which was the most severe industrial accident in the USA for decade – suggested BP failed to consider fully the tension between its commitment to mutuality and its mantra of cost-cutting; that's its leadership did not properly or routinely communicate effectively with the rest of the company; that the local managers were offered too much discretion when it came to investment and operational decisions, and that finally too many resources had been deployed in developing wider environmental capabilities rather than those associated with health and safety and efficient inspection (the latter, ironically, resulting, as in Alaska, in environmental despoliation) (*Financial Times*, January 15, 2007).

As a *Financial Times* leader (August 9, 2006) noted, the spate of BP failures in its US operations represented, in part, failures of execution, not strategy. Yet, we suggest that a significant source of this failure is strategic, namely a breakdown in its license to act attributed by others to a rigid pre-occupation with developing capabilities in certain institutional environments (cleaner technology benefiting the natural environment) to the exclusion of others (health and safety; inspection and regulatory regimes). Here, the strategic vehicles (Hambrick and Frederickson, 2001) were at odds with one another, with insufficient investment in reflexive routines to recognize this. Linked to this lack of reflection, the senior management and in particular Browne, were accused of believing the hype; of generating precisely the kind of self-absorbed narcissism that mutuality was designed to avoid. In successfully acquiring its assets through well-documented and well-received mergers BP had forgotten how ensuing power and influence would require accompanying symbolic capital. According to the Baker Report (2007), for example, the strategy of cost-cutting designed to use economic assets more efficiently was not well balanced by investments in health and safety (at least within the USA), a skewing of its operational capabilities that had tragic consequences for some employees and which reflected insufficient awareness of BP's senior managers of the specific institutional position the firm occupied. Their language was all about costs tempered by somewhat abstract, environmentally-focussed ambitions, and consequently their authority ebbed as employees experienced an increasingly unsafe work environment.

However, it responds, BP has to remain alive to its responses never being complete, or even, in some eyes, adequate. For example, when BP acted swiftly to close down further suspect pipelines at Prudhoe as a precaution against further leaks, the local people with whom BP looks to deliver mutual advantage protested that this threatened their economic livelihood, and more damagingly that this was simply too little too late; they had been warning BP of problems for years and been shut out of any debate (*FT*, August 9, 2006). Equally critical were the investment community for whom the prospect of a rapid depletion in production meant reduced returns and a hit on the residual risk they held in the company. As with Shell at Brent Spar, what seems on reflection a sensible re-deployment of resources to one set of decision makers can be received with derision by others. On our reading, the recovery of symbolic capital requires BP to look back to its commitments once more. Lax interpretation of procedures, failures of investment in non-directly value-adding activity (such as pipe-line corrosion inspection), a wanton disregard for human life, and manipulative market trading (*FT*, July 4, 2006) suggest some people within BP did not sufficiently buy into the commitment to mutuality. This,

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coupled to a failure in communication that hid this desert of commitment, putting BP's licence to act in jeopardy. One of Browne's last statements before having to resign in the wake of this failure is revealing here:

> [. . .] very rarely do companies have tragedies of that scale. The last time BP had one was about 40 years ago. And it fundamentally changed the way we did business. I believe Texas City does that to us (*Financial Times*, September 18, 2006).

The new CEO, Tony Haywood has recognized this. On his succession, he spoke of a need for BP to adhere "evermore strongly to BP values" and identified a need for behavioural changes to the cost-cutting mantra of senior management (*FT*, January 15, 2007). Since then he has begun to instigate a reversal of priorities, revisiting BP's traditional core strength as a technologically savvy oil and gas company and looking to divest itself of unnecessary overheads and about 14,000 employees (*The Guardian*, February 21, 2008). Going back to extracting new hydro-carbon sources in often hostile and dirty places such as Canadian tar sands, and insisting all divisions pay their way including those exploring more speculative renewable sources, suggests a strategy of a firm revisiting its commitments and firmly ensconced in a wider institutional environment of high-oil prices.

Discussion and conclusion

Browne stated that strategy is as much about an on-going process of finding meaning and purpose as it is realizing goals. We have argued that since the mid-1990s BP has been endeavouring to engage with and develop modes of such strategic reflexivity by recognizing and acting in the discursive as well as economic institutional environment. We have argued that it is through such significant and committed endeavours that BP developed a foundational capability in securing a license to act through the strategic accrual of symbolic capital. We have described this accrual as a continued concern on behalf of senior strategists and wider employees with the firm's reputation and commitments and how these were understood within an array of constituent groups with significant, sometimes conflicting, and never stable influence over the ability of the firm to develop its capability.

In its move to being a force for good, and then to mutuality, BP looked to secure symbolic capital in a number of ways. Firstly, in terms of customer capture, to which there was a double strategy. There are the consumers of oil and gas being encouraged to use products produced with environmental and social integrity rather than merely an eye for a "fast buck." Then there are indigenous peoples of the areas of the world where oil and gas are found who are being engaged through long-term investment programmes that carry a resonance lacking in the somewhat patrician donations that characterize most firms' versions of corporate responsibility. These relationships require on-going sensitivity. The experience in Azerbaijan and particularly the USA, however, suggest BP's achievements in this area are nothing more than new departure points. There is no rest to its securing a licence to act; it is an ongoing economic, moral and social set of activities rather than simply a one-off accomplishment.

Secondly, the energy market itself is being negotiated discursively as well as economically. In its advocacy of mutual advantage, BP is reflexively aware of itself as a partner to governments, employees and indigenous communities. So for Browne: "Today the top team [of six managing directors] manages the firm's external relations,

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particularly with governments, it engages in debate regarding long-term strategic meaning and purpose" Gratton and Ghoshal (2003, p. 26). Hence, Browne's defence of BP's continuing involvement in China was of a firm that takes its commitments seriously enough to work at them; to envisage how these commitments could influence how one of the world's most important markets will develop. This committed immersion within the framing of emerging markets gives BP informational and access advantages to potentially secure what Hambrick and Frederickson (2001) call distinctive arenas of activity. Clearly, BP's economic and technological assets are an important factor in this. Browne acknowledged that:

> [. . .] if you look at the way BP is performing, if you take, say our production costs upstream, they are better than the independents [. . .] There is good reason for that. It is to do with economies of scale; it's to do with a company like BP getting access to the kind of things that only a big company like BP can do, such as take big risks, and go to places where we can find the great hydrocarbon provinces (*The Guardian*, November 28, 2005).

Yet going to these places requires legitimacy as well as force; legitimacy that BP is attempting to secure using the symbolic management of "mutual advantage." It is the significant loss of this mutual advantage in areas like Texas, Prudhoe Bay and Russia that currently threatens BP's longer term performance.

Thirdly, from an internal perspective the restoration of a mutual sensitivity towards employees will potentially benefit the firm because, as Hendry (2004, pp. 218-9) argues, it acts as a form of costless control; it reduces the production of risks associated with using exploitative conditions to cut costs; and it promotes employee autonomy and mobility and hence the possibility of innovation. Here, the symbolic capital becomes an integral element of human capital and the creation of mutual advantage is played out through the use of fair and equal employment standards, meritocratic remuneration and acknowledgement of needs and ambition. People want to work for BP. Again, events in the USA have shown how the commitment of all employees has to be continually tested; it is not sufficient to regard such human capital as a known and dependable asset. Moreover, mutual advantage is threatened as much by too much as too little employee independence; allowing greater autonomy can constitute an abnegation of responsibility as much as recognition, as the Texas Oil refinery case shows.

With regard to emerging trends in the oil and gas market that have been identified by BP, the symbolic capital by which a license to act will be secured will be even more critical. As oil reserves deplete, upstream activity will be taking place in places that are: economically, increasingly costly; technically more demanding; environmentally, politically and socially increasingly sensitive; and demographically far removed from the sites of consumption. Firms will be entrusted with licenses for extraction and transportation rather than simply owning them. As BP's recent experiences in Russia show, asset acquisition is increasingly temporary, and itself a function of asset use where past symbolic acts and associations, and future intentions, feed into the institutional environment that governs, in part, the firm's operational and strategic reach. Across all activities, large firms like BP are becoming subject to greater third party scrutiny and involvement, corporate liabilities are becoming increasingly prominent (for example, the risks associated with global warming for which directors and officers are seeking indemnification). Moreover, where in some parts of the world firms have to acknowledge the power and influence of governments in ways they previously did not, in other parts firms are asked to act as proxy-governments, to

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secure stability and provide social benefit in places where governments are restrained or unable to act. This all makes for a discursive environment that remains complex, mobile, unpredictable and beyond any single point of control.

Investing in the capability of recognising how, as a firm, your activities influence – or what BP term "touch" – others, and to manage this in a way that balances the firm interests with wider needs and expectations, will, we suggest, increasingly become the site in which competitive advantage is secured rather than simply the site in which reputation is protected. This suggestion goes back to Tsoukas' (1999) and Newton's (2002) arguments (themselves an echo of the statements of Shell's chairman) that without the credibility and authority of symbolic capital firms will not secure strategic objectives. Following both Tsoukas (1999), Correa and Scharma (2003) and Lado *et al.* (2006), the BP case shows the importance of not over simplifying the institutional environment. BP has had to recognize how in institutional environments of high complexity, uncertainty and potential hostility a strategy of on-going, pro-active relational engagement is a necessity. Moreover, BP's experience suggests the tendency to portray this complex institutional environment solely in terms of balanced and sectional economic interests – for example, the language of cost cutting – has lead its strategists to underestimate and ignore significant, strategically important discursive as well as operational elements. Where BP lost reputation and commitment it lost symbolic capital, thereby threatening its license to act and presaging a need for strategic renewal.

The recent responses of BP have been candid. The statements of the new CEO, Tony Haywood about poor relative performance and a need for re-organization suggest BP is once again revisiting its commitments. The BP case shows that, again consistent with Flores and the literature on discursive environments, there is no settled pattern of action or opinion as contradictions and uncertainties remain inherent both to any attempt to secure performance outcomes for divergent interests (BP cannot satisfy all interests equally and together) and any attempt to identify causal links between these outcomes and capabilities (the influence of BP's assets and capabilities cannot be divorced from wider institutional influences). Where interests conflict (as with some environmental groups, indigenous peoples or governments) or are too nascent to be fully understood (as with future generations), the logic of mutuality has struggled, and will continue to do so.

Our argument is limited in a number of ways. Firstly, it is a single case (albeit developing from both other cases such as Brent Spar and other case analyses of BP) means generalizations should bear further investigation, both in terms of alternate demography, as well as different sectors and firm size. Secondly, we use public data. This is deliberate on our part as data associated with symbolic capital are typically public, however, further insights as to the activities and expectations of those engaged in the creation and management of symbolic capital would be welcome. Thirdly, our conception of performance is limited again to publicly available data concerning market valuations and managerial testimony. Over the period of the case, we have made no attempt to measure in statistical detail the performance of BP relative to other oil and gas majors or other multi-nationals outside of the UK. As such, we accept other factors (such as oil price/demand) will have influenced the performance of BP.

To summarize, our analysis, first, broadens discussion of the resource-based view of the firm to ensure attention to institutional influence and to a firm's dependency on rather than simply acquisition of, assets. It integrates the debate about strategic

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management and performance with insight from the field of organization studies. Specifically, the conceptual framework of the paper highlights the relationships between firm capabilities, the wider environment, and symbolic capital acquired through firm reputation and commitment. Second, the empirical case of BP identifies patterns to suggest that a previously unrecognised foundational capability – securing a license to act – is useful in explaining the sustained performance and renewal of BP, as well as its more recent demise. Being inherently discursive and so subject continually to strategic judgement (it is articulated through conversations, codified in standards, codes and firm statements and informed by purposeful goals), we have argued that this foundational capability arises over time as a sustained and consciously managed pattern of activities requiring significant investment and which requires practising strategists appraise themselves of how their firm's assets and activities "touch" others. As Tony Haywood recognizes, ". . . when it comes to producing more oil, the problems are above ground, not below it. They are not geological, but political" (quoted in *The Guardian*, June 12, 2008). Reverting to technical, expert justifications for strategic decisions can often alienate influential organizational constituents. Third, generalising from the case, the analysis promotes further attention to how capabilities evolve in relation to wider environments. This necessitates continual attention be paid to the background conditions by which all firm activities are made sense of and legitimated. In this particular case, BP's active influencing of energy agendas and emerging markets, suggests that firm performance is not just a question of delivering economic scale and scope, but of influencing the ways in people engage in practices related to securing light, heat and mobility, as well as the ways they experience the use of assets by a large multi-national firm.

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Appendix. Timeline of BP "signs"

1987 – UK Government sold remaining shareholdings.
1987 – Acquired Standard Oil and formed BP America.
1988 – Began four year divestment programme, selling off its interests in computing, coal, minerals and eventually nutrition.
1992 – The Board of BP cuts its dividend and removes its Chief Executive and Chairman, Robert Horton.
1996 – The importance of developing a reputation is brought into stark relief as the world's media report on BP's involvement with a security firm to protect the Casanare oilfields in Columbia. The same firm was involved in training army brigades who were suspected of helping massacre civilians. BP reacts by sacking local executive officers, launching an enquiry and trying to re-mobilize its reputation (External pressures).
1997 – "Inter-Agency" group statement (CAFOD, Christian Aid, Oxfam, Save the Children, CIIR) about contact with BP "… exploring issues of mutual concern" and how BP might improve its practices and community and environmental impact in places like Columbia (Marsden and Andriof, 1998).
1997 – BP's interest in corporate reputations and responsibility receives its clearest expression to date in John Browne's speech on climate change at Stanford University. BP announces decision to unilaterally remove itself from global climate coalition (a group of about 50 companies and trade associations disputing evidence for global warming and lobbying against environmental protection measures).
1998 – BP's activities in Nigeria come under attack for alleged human rights abuses. Marsden and Andriof (1998) suggest that Directors of BP were deeply struck by the large number of e-mails they received from staff following adverse TV and press coverage (internal pressures).
1998 – BP merger with Amoco.
1999 – BP merger with Arco.
1999 – BP begins to focus on branding itself as a 'force for good' coupled to its becoming "beyond petroleum."
2000 – Purchase of Burmah Castrol in 2000.
2000 – Undergoes re-branding, changing its logo to an abstract interaction of natural and industrial symbolism, and its name to a less intimidating and less arrogant lower case. This carries meaning for the senior managers. For example, Rodney Chase comments: We decided that we were going to re-brand the firm, the purpose of this branding was to provide our own internal symbolic event, to crystallize the fact that, if you like, we got

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married and we are going to be different as a consequence of that then we were before. So we chose a new symbol, we talked a lot internally about creating a new purpose.

The effort at re-branding is not acceptable to everyone.

2001 – April, faced criticism at AGM on its £390mn shareholding in PetroChina; specifically its intent to build a pipeline through Tibet that, according to the Dalai Lama and other campaigners, would threaten local cultures and create population disturbance (*The Guardian*, April 19/20, 2001).

2002 – John Browne feted as "titan" (Pettigrew and Whittington, 2003) and makes "Leading toward a Better World?' speech at Harvard, April 3.

2002 – BP announces it has reduced its own greenhouse gas emissions in line with targets eight years ahead of schedule.

2002 – BP begins work on its investment in a refinery on the Baku-Tbilisi-Ceyhan pipeline running from Azerbaijan through Georgia to the Turkish Mediterranean.

2002 – Fortune magazine ridicules BP's rebranding for pitching its least important products and ignoring its most vital ones, insisting that despite the image, BP's revenues are firmly rooted in its traditional capabilities of oil and gas extraction, exploration and chemical production ("Is BP Beyond Petroleum? Hardly," September 30).

2003 – BP announces 50/50 joint venture with Russian Oil Firm TNK, gaining critical access to post-Soviet Russian oil and gas fields.

2004 – BP sells its 2 percent stake in PetroChina but maintains stake with Sinopec.

2004/2005 – Announces £8bn investment in BP Alternative Energy bringing together several businesses offering low-carbon energy. The launch of the business has been the occasion for a renewed and continuing advertising blitz promoting BP as an environmentally sensitive firm (e.g. Carbon Footprint broadsheet adds).

2005 – John Browne voted Britain's most impressive businessman for the sixth successive year in *FT* survey of 130 top executives

2005 – Annual Shareholder meeting reports that:

Not only do we wish to report fully to our shareholders, but we take pride in describing to others, whom our activities touch, the steps we are taking to be responsive to their interests (Sutherland, 2005).

2005 – Environmental and responsibility report shows increase in BP's greenhouse gas emissions, oil spills and unethical employee behaviour.

2005 – Explosion at refinery in Texas, killing 15 people and 70 injured. Worse industrial accident in the USA for a decade. Launches independent review of safety procedures at all five US refineries.

2005 – BP's reported corporate advertising spend of \$150mn (*The Times*, December, 24, 2005), largely focussed on emphasising BP's delivering alternative, safer and cleaner energy. Many environmental groups continue to accuse BP of "greenwashing."

2006 – BP reported to be negotiating a big deal with Sinopec, China's biggest producer of and marketer of refined oil products. The deal would give BP a foothold in an economy that is potentially one of the heaviest fuel consumers and give Sinopec crucial exploration capability (Observer, February 26, 2006).

2006 – First oil pipeline rupture on Alaska's north shore fields. Spill (267,000 gallons) is largest land spill in Alaska. Ensuing health and safety and environmental concerns lead to shutting down of half of what is the US's largest oil filed and subpoenas issued by US House of Representatives Energy Committee to senior US executives. Failure is attributed by many to years of excessive cost-cutting (*FT*, December 18, 2006; *The Guardian*, March 18, 2006) and to failures in inspection regimes which attracted attention of US regulators (*FT*, August 6-11, 2006).

2006 – BP traders accused of trying to corner supply of propane in the USA through market manipulation, a fuel typically used by poorer families. The attempt failed as despite

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accruing large holdings the prices fell; but the traders still faced investigation from US's Commodity Futures Trading Commission (*FT*, July 4, 2006).

2007 – Baker report into refinery safety accuses Browne described as privileging climate change and alternative fuels over health and safety investment, presaging a "corporate blind spot" to process safety. Report also identifies short-term focus, decentralized management systems and an entrepreneurial culture that delegated too much responsibility to refinery managers.

2007 – US Chemical Safety and Hazard Investigation Board investigation into Texas refinery explosion identifies an "iron-clad" relationship between a pervasive cost-cutting regime and the accident, going on to suggest that despite extensive investments since the blast a broad cultural change toward safety was not something that could be easily bought (Observer, March 11, 2007).

2007 – TNK-BP joint venture hand over licences and assets in a number of East Siberian gas fields (notably Kovykta) under pressure from a Russian state administration increasingly fixated on regaining control over its natural assets.

2007 – Browne leaves post early after revelations about his private life. He had been due to leave at the end of 2008 in any event, having been accused of presiding over a firm with a slack safety culture and poor communications to and from senior management and the rest of the company, notably in US operations. New chief executive Tony Haywood says no longer will the virtue of doing more with less remain unquestioned. Haywood talks of BP's continuing commitment to working on the edges of technology, of doing big things and leaving the easy stuff to others (*FT*, January 15, 2007).

2008 – Russian secret police raid TNK-BP offices in Moscow, charging one employee with industrial espionage. On-going tensions between BP executives and Russian billionaire co-owners concerning ownership over what amount to a quarter of the parent firm's current reserves. (*The Guardian*, May 27, 2008; *FT*, June 5, 2008).

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