

OMC 2009 - Workshop promoted by SPE Italian Section

Abstracts

The value of health in the industrial activity

Prof. Eduardo Missoni Bocconi University, Milan

Abstract: “*The value of health in the industrial activity*”

Natural resources endowment has not always been positively correlated with economic development and social progress. Many resource rich countries, i.e. petro-states, experience poverty, environmental degradation and stark health disparities in the context of great resource wealth (the paradox of plenty). A complex web of national and international actors, including transnational oil companies, play a role in determining this situation. Many oil producing areas are also prone to internal conflicts (i.e. the Delta region in Nigeria) and it has been argued that the only way to secure those areas is to improve health, education and living standards, guarantee democratic elections, resolve resource conflicts, and include residents as stakeholders as direct beneficiaries from oil revenues.

Rather than benefitting from oil exploitation, local communities often experience devastating changes in their lives. Deforestation, air and water pollution, desertification and loss of arable land have contributed to high rates of disease and physical, mental and social ill-health. This in contexts where health systems are traditionally weak and incapable to provide appropriate response to needs and expectations of local communities. In addition the frequent neglect of Transnational Oil companies of the environment and local communities (in spite of those companies' branding themselves as “green or socially responsible corporate citizens”) is linked with dramatic social disarray. This situation has inevitably high costs also for oil companies themselves. A more strategical approach, attentive and respectful of the local context, capable of associating the extractive activities to an integrated approach to local development, may on the long run represents a competitiveness factor for those companies capable to adopt it and increase the sustainability of their business. Contributing to the effectiveness of the local health system and to improved health conditions of local populations, may represent one of the essential actions of the proposed approach.

Daniele Vassallo A.D.L.

Abstract: “*Innovative HSE approach to deliver long term business value*”

“The competitive context in which International Oil Companies (IOCs) nowadays operate is changing rapidly as local Governments and National Oil Companies (NOCs) become increasingly aware of the importance of making good use of local natural resources in order to maximize the well-being of their countries and populations.

In such a radically changing context health, safety and environmental (HSE) aspects are key-elements for competitiveness and the ability to ensure the economic and social development in the countries where NOCs operate is becoming a key-differentiator. Asset integrity, plant operability / availability, economical, political and HSE risks and opportunities need to be managed all together through a common business management framework.

Our intervention at the meeting aims at highlighting how HSE topics are indeed intimately linked to enterprise business performance and need to be considered as “opportunities” and not treated as something which undermines operations and profitability of a project (or business).

The speech will illustrate how innovative and sustainable business models integrate effectively HSE aspects to derive competitive advantages and business performance. These models are not merely focusing on the company business development and economic performance but see E&P business as functional to the economic and social development of the countries in which IOCs operate. These innovative business models can thrive and develop if supported by a shift of IOCs business perspective. In order to achieve the “new frontier” of IOCs business development model two main considerations are worth considering:

1 - the level innovation in technical operational matters has exceeded by far the level of innovation in EHS matters

2 – the business strategies should move from the “traditional” compliance-driven HSE culture to the competitive-driven sustainability culture.”

Carlo Alberto Marcoaldi ERM

Abstract: “*Industrial value of business sustainability*”

“Sustainability is getting higher on corporate agendas and an increasing number of CEOs believe that it might become an important piece of the strategy to survive to the crisis and thrive through it. When it comes to translate the high level strategy into actions though, Sustainability goes back into the world of the multi-meanings/multi-interpretations buzz-words and valuable time is wasted to discuss what it is rather than how to make it happen.

What we have found is that in order to make a step change Sustainability must become part of the business of the companies in most, if not all, the components.

Here the perspective of how to use sustainability to beat the competition is investigated. Few examples are analyzed in different industrial sectors (retail, mining, oil and gas) to try to draw some common conclusions.”

Charles Bowen OGP

Abstract: “*Value of People in Company’s Competitiveness*”

“Over the last two decades company performance has been judged on changing sets of criteria. Although profitability remains key, safety results, environmental performance, corporate social responsibility, ethics, transparency and employee protection from crime and terrorism have all become important industry issues.

OGP has been a leader in all these areas; developing good practice and, as appropriate, reporting results.

All of this is against a background of increasing globalisation – another challenge for companies. Increasingly, there is an expectation that companies will employ local, national personnel, and reduce expatriate staffing – all the while applying and maintaining global standards in every aspect of their operations.

This calls for sophisticated management systems, and the creation of a strong company-wide culture.

OGP is ideally-placed to gauge the success of these systems and cultures.

In the final analysis, competitiveness comes down to people – both how they perform as individuals and, most important of all, how well they work as a team, or in teams.

This talk will highlight some of the key issues that can be seen from the perspective of a global association with over 60 members who collectively produce more than half the world’s oil and gas. OGP members include super majors, IOCs, NOCs and middle ranking as well as small E&P companies.”

Crawford Anderson Baker Hughes Inc.

Abstract: “*Competition or Partnership – Value Creation?*”

"In the global economic crisis many companies are retrenching to the traditional approach of competitive tenders and to drive discounting to the lowest price. All the discussion of value creation and partnership is put on hold while businesses scramble to adjust. Is this really a sustainable approach in our increasingly complex industry or are we doomed to continue in a spiral of short term decisions in the supply chain that destroy rather than create value? Is there an alternative?"

Emmanuel Garland Total

Abstract: "Technical and Financial State-Of-The-Art is Part of the Business"

"E&P oil and gas companies which want a license to operate have to offer the most appropriate technical and financial package to the partners and the states. They have to demonstrate their ability to efficiently produce the natural resources, but also to meet the expectations of the country – of the local community in particular. Sustainable development is therefore looked at as one of the components of business competitiveness. In that context the local content is eagerly scrutinized, as well as all activities which contribute to sustainability."

Alberto Piatti AVSI

Abstract:

AVSI (www.avsi.org) is an Italian based international NGO presently working in 40 countries worldwide.

In its over 35 years experience in development projects in the poorest settings, AVSI came to realize that development cannot only be determined by financial investments or "good policies". Development implies the value and the dignity of the human being.

Setting up businesses in a territory generates opportunities of extended development only if the social context becomes increasingly aware that human dignity is at stake and of the positive impact businesses may have on the dignity of the person.

On the contrary, it often happens that the relationship between businesses and territory deteriorates up to mutual mistrust; so on one hand a company aims only at assuring profits, while on the other hand local people, feeling unrelated to the process introduced by the business, consider only "informal" or somehow unregulated and volatile job opportunities.

There is a difficult challenge due to different mind settings: however when an NGO promotes a constructive and sustainable relationship between business and its environment, the company becomes a factor of development for the population, creating sound opportunities of work, education, health and ultimately operating in a better environment which also benefits its own performance.

The Italian entrepreneurial history and experience, with its positive impact on the territory, has a lot to teach on this subject. In addition the catalytic presence of an NGO, that favors a dialogue among cultures and life styles- that often are very far one from another- is a decisive factor for an inclusive social and economic development. The Fiat Betim case (Belo Horizonte), Brazil.

Giovanni Gabbianelli Università di Bologna (Barbara Cerasetti)

Abstract: "Cooperative environment to support local development"

Over the last ten years, the oil industry has faced significant environmental challenges and mainly has focused on local socio-economic community support. Generally, they apply the concepts of local community development (CD) and participation as part of sustainable development (SD) and corporate social responsibility (CSR) frameworks. Obviously the single action depends on the site context, operation size, impact of the operation and various social and political expectations.

The Integrated Environmental Geosciences Research Group of the University of Bologna-Ravenna Campus has matured several environmental-territorial managements and cultural experiences in arid and semi-arid areas in Northern Africa (Morocco, Algeria, Tunisia) and in central Asia (Uzbekistan, Turkmenistan, Kazakhstan). These experiences are certainly not totally comprehensive but they are

worthy and significant because strongly based on integrated approach and close relationships with local realities (both institutional, including universities, and associations, etc).

These experiences show how for local communities is now essential to move from the usual and typical actions (simple financial support, training or cooperative service organizations, etc) to new forms of activities. These forms should be able to ensure the continuous development of the economic power and, not secondarily, to consider the expected impacts derived by the foresee 'climatic change' (e.g., intensification of the problems related to the water availability and management, desertification, etc).

Climate change is one of the most critical challenges of our time. Developing countries are particularly vulnerable to climate change impacts because of their exposure to extreme weather events and dependence on natural resources. However, the impacts on individual sectors or regions will vary depending on the sensitivity of the system and its adaptive capacity.