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Abstract

This paper draws on neo-Durkheimian institutional theory to identify patterns of social relations within the Burmah Oil Company Limited (BOC) in the period 1971-1976 and to assess whether the risk perceptions and the approaches to risk management discussed within the risk disclosures for the BOC annual reports are consistent with the patterns of social relations. Using archival sources the dominant pattern of social relations in the period 1971-1973 is identified as hierarchical and in the period 1974-1976 as isolate; the change in the pattern of social relations resulting from the BOC tanker fleet crisis in 1974. Significantly, the annual report risk disclosures are found to be consistent with the dominant patterns of social relations. Much prior risk disclosure research has focused on examining the principal characteristics of risk disclosures and testing for associations between volumes of risk disclosures and firm characteristics. This study suggests neo-Durkheimian institutional theory may offer a causally-based explanation for annual report risk disclosures.

Keywords: Risk disclosure, financial reporting, oil industry, neo-Durkheimian institutional theory
Introduction

Risk management is now considered a fundamentally important activity for the achievement of a company’s strategic objectives. Consequently, directors are required to take responsibility for ensuring that a risk management system is “incorporated within the company’s normal management and governance processes” (Financial Reporting Council, 2014a, p. 2). Significantly, the function of a risk management system is not limited to supporting directors in better managing the company; the process of managing risk also generates risk information that can then be made publicly available. Disseminating this risk information is considered an equally important responsibility for director as it “ensures that shareholders and other stakeholders are well-informed about the principal risks and prospects of the company” (Financial Reporting Council, 2014a, p. 1).

Investors and other stakeholders need risk information to be able to assess a company’s risk profile and to understand how risks are being managed. This enables them to make risk-informed decisions and assists in holding directors to account in respect of the risk implications of strategic decisions. The importance attached to publishing risk information has resulted in many countries requiring companies to provide risk disclosures in their annual reports. For example, in the UK §417 of the Companies Act 2006 stipulates “(t)he business review must contain ... a description of the principal risks and uncertainties facing the company” and provision C.2.1 of the UK Corporate Governance Code states that in the annual report “directors should describe those (principal) risks and explain how they are being managed or mitigated” (Financial Reporting Council, 2014b).

There has also been a growing academic interest in studying risk disclosure. The research to date has largely focused on examining risk disclosures in corporate annual reports in different countries and has been dominated by content analysis-based research methodologies (see, for example, Elshandidy and Neri, 2015). In this paper we explore risk disclosure in a different
manner to prior studies and a detailed literature review is provided in the next section of the paper.

As has been stated risk disclosures should stem from a company’s risk management process. This process requires a company to identify those risks they judge to be significant, which will be dependent on the company’s perceptions of risk, and then to decide how they wish to manage these risks. This implies that discussions of principal risks and how those risks are managed in a company’s annual reports should represent the risk perceptions and attitudes to risk and risk management of the company. One way of understanding risk perceptions and risk attitudes is through the insights of neo-Durkheimian institutional theory as developed by the anthropologist Mary Douglas. In summary, the theory argues that the pattern of social relations in a group or community restricts how decisions are analysed. Social relations place a frame around the group’s reading of a problem and affect the solutions the group creates to address a problem through shaping which strategic choices will be seen as feasible. This shaping arises as the pattern of social relations influences aspects such as the time scales over which a group will look ahead, the extent to which the group is willing to fully commit to a strategy, the strength of the connection made between reasoning and objectives, and how risk is viewed (6, 2014a). Further discussion of neo-Durkheimian institutional theory is provided in the third section of the paper.

This paper examines a case company over a period of time and has two principal objectives. The first objective is to identify the pattern(s) of social relations existing within the case company for the period under observation. The second objective is to assess whether the risk perceptions and the approach to risk management identified in the risk disclosures for the annual reports are consistent with the pattern(s) of social relations identified for the case company for the period under observation. If it is possible to trace through from identifying the pattern of social relations to the impact this has on risk perceptions and approaches to risk
management contained within the risk disclosures, then neo-Durkheimian institutional theory may offer a causally-based explanation for annual report risk disclosures.

We apply neo-Durkheimian institutional theory to the case of the Burmah Oil Company Limited (BOC) for the period 1971-1976. BOC has been selected for study as it faced an oil tanker fleet crisis and was subject to a financial bailout by the UK government in 1974 which caused significant disruption to the organisation. Therefore, this allows us to explore whether the disruption in 1974 led to a change in the pattern of social relations and, if so, whether the risk disclosures reflected this change in social relations as predicted by neo-Durkheimian institutional theory. This makes BOC an interesting and appropriate case for study, permitting analysis of changes in social relations and the impact this has on risk disclosures in the annual reports. Furthermore, the BOC archives are substantial and contain documents which facilitate the identification of patterns of social relations within the company.

The paper seeks to extend risk disclosure research in the following ways. First, we seek to understand risk disclosures by applying a theory that derives from social anthropology and can potentially provide a causal explanation for annual report risk disclosures. Both sociology and anthropology have examined the topic of risk extensively (examples being the works of Ulrich Beck and Niklas Luhmann) and yet prior risk disclosure studies have not sought to ascertain if the risk ideas in these two fields can be employed to understand aspects of risk disclosure. Second, by drawing on the BOC archive our study goes beyond solely focusing on examining the risk disclosures in the annual report and draws on other sources to seek to understand why risk disclosures exist as they are. Third, we adopt an alternative methodology to content analysis which facilitates analysing the specific subject matter of the risk disclosures.

The rest of the paper is organised as follows. In the next section we review prior risk disclosure studies. Neo-Durkheimian institutional theory is then detailed and discussed. The
methodology is outlined next, and followed a summary of the case company. The analysis and discussion of BOC in the period 1971-1976 is then presented, followed by the conclusion.

Prior risk disclosure studies

Abraham and Shrives (2014) assert that risk disclosure as a research topic is “still very much in its infancy” (p. 91); however, this statement requires clarification as academics have recognised that risk disclosure is of importance and there is a growing body of literature examining risk disclosure in different settings.

Thus, previous studies have examined financial firms (see, for example, Maffei, Aria, Fiondella, Spano and Zagaria, 2014), non-financial firms (see, for example, Oliveira, Rodrigues and Craig, 2011), and government owned enterprises (see, for example, Allini, Manes Rossi and Macchioni, 2014). Risk disclosure practices across a range of countries have been investigated including, for example, studies of companies in Italy, USA, UK, Finland, Netherlands, and Egypt (see respectively, for example, Beretta and Bozzolan, 2004; Campbell, Chen, Dhliwal, Lu and Steele, 2014; Elshandidy, Fraser and Hussainey, 2013 Miihkinen, 2013; Mokhtar and Mellett, 2013) and there have been comparative cross-country studies (see, for example, Dobler, Lajili and Zeghal., 2011; Barakat and Hussainey, 2013; Elshandidy and Neri, 2015). Studies have examined risk disclosures in their entirety (see, for example, Linsley and Shrives, 2006) and other studies have focused on subsets of risk disclosures including operational risk and market risk disclosures (see, for example, Lajili. Dobler and Zeghal, 2012; Dueumes and Knechel, 2008; Al-Hadi, Hasan, and Habib, 2016). Whilst the annual report has been the main focus for the majority of studies there have been investigations of other publications that contain risk information such as interim reports (see, for example, Elzahar and Hussainey, 2012) and prospectuses (see, for example, Deumes,
A small number of papers have adopted a wholly theoretical approach to researching risk disclosures (see, for example, Jorgensen and Kirschenheiter, 2003; Dobler, 2008) in comparison to papers that have sought to examine how external events such as the implementation of a risk disclosure-based accounting standard and the global financial crisis of 2007-8 have impacted on risk disclosures provided by companies (see respectively, Miihkinen, 2012; Ntim, Lindop and Thomas, 2013).

The sense in which it is appropriate to argue that risk disclosure research is “still very much in its infancy” is that for much of the prior empirical research content analysis has been the dominant research methodology and this content analysis has been both manual (see, for example, Bowman, 1984; Abraham and Cox, 2007) and computer-based (see, for example, Kravet and Muslu, 2013; Elshandidy, Fraser and Hussainey, 2015). Further, the aims of much of this prior research has been to gather insights into the principal characteristics of risk disclosures or, through regression analysis-based hypothesis testing, to examine for associations between volumes of risk disclosures and corporate governance characteristics such as board composition (see, for example, Maffei et al., 2013; Elshandidy et al., 2013; Khlif and Hussainey, 2016).

The main purpose of research examining the principal characteristics of risk disclosures has been to identify the potential usefulness of annual report risk disclosures by identifying risk sentences and coding these to ascertain the relative proportions of sentences that are, for example, quantified or unquantified, forward looking or backward looking, and if they explain specific risk management actions or merely describe risk management policy. In summary, the research to date finds it is atypical for risks to be quantified or for forward-looking risk disclosures to be provided (Beretta and Bozzolan, 2004; Linsley and Shrives, 2006; Linsley, Shrives and Crumpton, 2006; Abraham and Cox (2007); Dobler et al., 2011). Linsley and Shrives (2006) also find that a significant proportion of the risk disclosure
sentences are explanations of risk management policies rather than discussions of specific risks. The suggestion is that risk sentences are of greater use to the reader if they are quantified, forward looking or explain specific actions taken to manage specific risks and, therefore, the common conclusion drawn in this prior research is that companies need to improve the quality of their risk disclosures.

It is more difficult to compare the results of those studies that are regression analysis-based hypothesis tests examining for associations between volumes of risk disclosures and corporate governance characteristics. This is because they are set in different contexts and test different characteristics. For example, Barakat and Hussainey (2013) examine for relationships between operational risk disclosures and corporate governance characteristics and aspects of banking regulation for a sample of EU banks, whilst Al-Hadi et al. (2016) examine for relationships between market risk disclosures and bank risk committee characteristics for financial firms from Gulf Cooperation Council countries.

What is evident is that there are a number of aspects of risk disclosure that could be usefully examined, but that these prior studies have not considered. First, the content analysis approach adopted by many prior studies means that the specific and detailed subject matter of the risk disclosures has not been analysed. Second, whilst these prior studies analyse the risk disclosures in the annual report or other disclosure document under consideration, there is no scrutiny of other information sources that might provide an understanding of the risk disclosures. Third, prior risk disclosure research has largely relied upon theories that have originated in economics and management such as agency theory, stakeholder theory, legitimacy theory and resource-dependence theory (see, for example, Allini, Manes Rossi and Hussainey, 2016; Ntim et al., 2013) and there has not been adoption of other theories that might be better able to assess why a particular set of risk disclosures has been provided by the company.
As outlined in the introduction, this study seeks to address these gaps in the following ways. First, content analysis is not adopted; rather, the specific subject matter of the risk disclosures in the BOC annual reports is examined in the manner described in the methodology section. Second, in addition to examining the annual report risk disclosures the BOC archive is drawn on to aid in understanding why the risk disclosures are as they are. The wide range of documents available in the BOC archive and the use to which they are put are also described in the methodology section. Third, neo-Durkheimian theory has been adopted as it provides an opportunity for ascertaining whether it is possible to track through from patterns of social relations to risk perceptions and attitudes to risk management, and then through to risk disclosures. The theories adopted to date are unable to offer a causal explanation of risk disclosures in this manner. Hence, it is in these ways that the paper is distinct from prior studies and is looking to develop risk disclosure research in a new direction.

**Neo-Durkheimian institutional theory**

Mary Douglas developed the ideas that now form neo-Durkheimian institutional theory over an extensive period (see, for example, Douglas 1970, 1978, 1986, 1987, 1989, 1990, 1994, 1995, 2003, 2004; Douglas and Wildavsky, 1982). At the core of the theory is the proposition that as social beings we comprehend the world by reference to our relations with others and, hence, we need to be concerned with understanding social relations. To be more precise, social relations are of fundamental importance because they shape how we evaluate decisions, how we interpret problems and what preferences we have when selecting solutions. In neo-Durkheimian institutional theory such shaping is often described by referring to social relations as impacting on thought styles. Douglas seeks to explain the significance of institutions in this context and she clarifies that “(t)o institute is to establish order ... An institution is specifically an ordering of social
relationships into regular patterns” (Douglas, 2008, p. 9). It is a key concern of Douglas to establish that the ordering associated with institutions is far more systematic than might be presumed (see, for example, Douglas, 1989). Hence, Douglas argues there are a limited number of basic patterns of social relations (see, for example, Douglas, 2003) and asserts the diversity is limited to four basic (or elementary) forms. These are substantiated as the viable forms of institution (see, for example, Thompson and Ellis, 1997) and there is a propensity for any institution to revert to one of these four forms as they have a comparative permanence and are observed to consistently recur (Douglas, 1978).

The framework which sets out these four basic forms is based on the two dimensions of grid and group. The grid and group dimensions derive from Durkheim’s classifications of social regulation and social integration. Significantly, Douglas does not treat these two dimensions as separate but “cross-tabulated them and focused … on the forms found in the interstices (6, 2011, p. 64). The result is that the two dimensions combine in weak and strong (or low and high) states to create the matrix of four basic forms; isolate, enclave, hierarchy, and individualist (figure 1). The four basic forms are often referred to as solidarities and the names attached to each of the four solidarities have altered over the years as Douglas attempted to ensure they would not mislead (see, for example, Douglas, 1999).

Figure 1 about here

Social integration (the group dimension) concerns the extent to which an individual is committed to other members of an organisation or group. If an individual has a high degree of loyalty or commitment to other members in their community this signifies ‘high group’; conversely, if individuals are more focused on achieving their own goals than the group’s goals this represents a ‘low group’ form of organisation (Douglas, 1978). Social regulation
(the grid dimension) relates to the degree of freedom individuals have in respect of being able to self-select social roles. If there is relative freedom to select social roles then this constitutes a low grid society; conversely, if there are restrictions (or regulations) upon the social roles one can choose and prescriptions regarding social interactions this represents a high grid society. Hence, the grid dimension is concerned with issues of role “(a)utonomy, ambiguity, (and) negotiation” (Douglas, 1989, p.173). Thus, in summary, social integration and social regulation respectively concern the extent to which “practices, positions, and relations are specified by strong or weak accountability to bonds and memberships, and by strong or weak accountability to constraint, imperative, prescription, (and) roles” (6, 2014a, p. 89).

Hierarchical ordering (high group and high grid) denotes that individuals are strongly bound to one another and regulation of roles is strong. This implies clear role demarcation occurs. Distinguishing roles from one another assists in defining statuses; in addition, deference is shown to those in authority (Douglas, 2004). Traditions are valued and respected, and rules are deemed important as they maintain order. The actions and operations of a hierarchical group or organisation are co-ordinated as there are shared aims and common goals. There is a strong sense of “common membership in a community, albeit among unequals” (6, 2014a, p. 90) and a high degree of loyalty to the group. Outsiders are viewed with some distrust as they are external to the group. In this form of ordering styles of thought are such that planning horizons are over the long-term as hierarchical institutions perceive a permanence and continuity from the past through to the future. There is an underlying assumption that the hierarchical form of social relations can be expected to persist into the future and because they are comfortable looking ahead over the long-term they are willing to engage in long-term commitments.

For hierarchical institutions the approach to risk (that is, the thought style regarding risk) is not to be risk-averse; rather, a careful balance is sought between risk and reward. When
making decisions under uncertainty the approach is to carefully consider the risk implications of the venture. Expertise is drawn on to assess if the potential rewards are worth pursuing and if they assist in diversifying overall risk. There is a thorough approach to the appraisal of the potential risks and careful deliberations on the venture under consideration. Further, plans or procedures will be put in place to manage potential risks associated with any commitments taken on. Hence, under this form of social organisation there is strong belief in expert knowledge and if risk assessments are undertaken with care then faith is placed in them.

The extensive prescriptions just described for hierarchical ordering do not apply to an individualistic institution as there is weak social integration (low grid) and weak social regulation (low group). This permits individuals to collaborate with whoever they wish and the preference is for self-regulation. Douglas perceives this as a demanding form of social organisation in the sense that it “sanctions individual competition” (Douglas, 2004, p. 291) and individuals “are expected to go forth entrepreneurially” (Douglas, 2003, p. 1358). There is little help available if an individual fails as they cannot appeal to others for assistance. Consequently, controlling resources is potentially important as it determines power (6, 2011).

Styles of thought in the context of this pattern of social ordering are such that the planning horizon is over the short to medium term. There is a tendency not to look forward to the long term as individualists are motivated to “take profits and exit before the worst happens” (6, 2011, p. 91). Further, the past is not seen as a suitable guide to the future. The attitude to risk if the ordering is individualist is a willingness to accept risk if the profit potential is sufficiently attractive. That is, there is an erring toward placing profit considerations before risk considerations. There would not need to be the same justifications regarding risk diversification compared to the hierarchical ordering and nor would such careful deliberations be needed. This is not to suggest there is a naivety under individualist ordering. There is not a presumption the envisaged profits will always be acquired and there is
acknowledgement losses might occur. However, the view is that losses on one venture will subsequently be outweighed by gains on other ventures.

In respect of enclaved institutions (high group and low grid) there is strong social integration and weak social regulation. Individuals are strongly bound to one another as commitment to the group is of the utmost importance. This can result in enclaved institutions defining themselves in opposition to other institutions as this strengthens group cohesion (Douglas, 1978). By comparison, roles are regulated only to a limited extent. Enclaves may need “elaborate rules for keeping themselves equal … (and) ambitious leaders are dragged down, and often expelled” (Douglas, 1999, p. 412). Styles of thought are such that planning horizons are over the short-term. The reason they “foreshorten futures (is) to anticipate apocalyptic discontinuities” (6, 2011, p. 91) as this is a means for strengthening group unity. Likewise, the group is united by having a long memory for past events and especially where either there have been perfidious acts of disloyalty or great acts of commitment to a group cause. The approach to risk in enclaved ordering is based on the precautionary principle with the world perceived as fragile. Hence, risk is largely to be avoided and this is because new ventures are thought to have the potential to destabilise the current modus operandi. If a potential new venture is available the enclave will be more likely to worry about possible losses arising than profits, and the enclave tends to distrust experts believing they do not have the capability to identify potential risks in advance of any new venture.

The isolate ordering differs greatly from the enclaved ordering as it is low group and high grid. Social regulation is strongly controlled with restrictions on selection of social roles. Ties between individuals are weak and especially in the sense that there is a lack of shared aims. This leads isolate institutions to be largely pre-occupied with constraints. Because it is harder in isolate settings to make use of social bonds or to appeal to common values then managing individuals in such a context is difficult (6, 2014c) and anyone attempting to manage is
heavily constrained because of this. In this form of social organisation a manager can attempt to force constraints on others; but when this does not succeed then they have to get by and cope. This represents a shift from what 6 (2014c) describes as the structural despot to the structural serf. Therefore, a relative passivity arises and the institution looks to survive, if needs be soaking up losses. Relatedly, the thought style of the isolate is to look only to the shorter term and planning too far ahead is not done. The form that risk management takes is that the isolate looks to cope as best they can and hope that at some point there will be an upturn in fortunes. This has the implication that when isolate institutions develop strategies they are “especially vulnerable to perverse outcomes ... (for) once an imposition strategy is broken, isolate ordering cultivates neither rich sets of reserve preferences nor fallback negotiating positions to accommodate opponents” (6, 2014c, p. 687).

It can be seen from the descriptions of the four basic forms that the pattern of social relations in each form is highly significant as it “influences the way that people think” (6, 2014b, p. 290). Hence, there is causality between institutions and thought styles (see, for example, Douglas, 1986). What is also important to note is that these four basic types of social organisation, and the resultant thought styles, are in constant opposition. This is inevitable as the thought styles generated by the different forms of social organisation are at variance with one another. Douglas stresses in later versions of the theory that any organisation or society will comprise all four forms of institution and describes the interactions between the four types as ‘cultural dialogues’ (Douglas, 2004). Through these cultural dialogues the four affirm and sustain their particular pattern of social ordering by debating with one another which form of social organisation is to be preferred. Thus, the four forms are in constant tension with one another, although there will be times when temporary accommodations are made (6, 2014b). These temporary accommodations are, in effect, strategic alliances that facilitate an institution in achieving some part of its aims.
In its initial formation Douglas’s theory was static. However, as the theory evolved
dynamism was fully incorporated and particularly through the work of Michael Thompson
(see, for example, Thompson and Ellis, 1997). An important implication of the theory being
dynamic is that for any organisation or society the dominant form of institution may be
replaced by another form of institution becoming dominant over time. This potential for
change is recognition that for any institution the existing dominant form of social
organisation may become unsustainable. Consequently, the theory can explain why the
thought style in a community may alter by reference to a change in the form of social
organisation. Change occurs if individuals find that the current dominant form of social
organisation does not fulfil its inherent ‘promises’. For example, if the dominant form of
social ordering is hierarchical then this may encompass an expectation that there will be some
form of safety net for individuals who are not prospering. If such a mechanism is not
available, perhaps because it is withdrawn because of a lack of resources to fund the safety
net, then discontent arises and individuals may look to come together under one of the other
forms of institution.

This dynamism also underscores that individuals have agency. Thought style shapes how
decisions are analysed as it places a frame around their reading of the problem and, further, it
shapes what strategic choices will be seen as feasible. However, this shaping of strategic
choices that stems out of thought styles still fully allows for individuals making “intelligible,
explicable, intelligent and reasonable choices” (6, 2011, p. 35).

**Methodology and Burmah Oil Company Limited context**

In this study we undertake a historical analysis of risk disclosures for the Burmah Oil
Company Limited (BOC). We review a range of sources from the BP archives where BOC
records are held with the purpose of identifying the pattern(s) of social relations of the
company and to ascertain whether the risk disclosures observed in the BOC annual reports are consistent with the pattern(s) of social relations identified.

BOC was selected due to its having been the subject of a financial bailout by the Government in 1974. The financial bailout was an event of such significance that there was the possibility that the existing dominant form of social organisation might have ceased to be sustainable and, consequently, replaced by an alternative dominant form of social organisation. Therefore, this provided the possibility for studying whether a change in the form of social organisation shapes risk perceptions and attitudes to risk as predicted by neo-Durkheimian institutional theory.

A range of archival sources were collected for the period under investigation, 1971-1976, by two of the authors independently. The documents collected included minutes of annual general meetings, minutes of internal meetings, internal memorandums prepared by senior managers, staff development policies and practices, letters to stockholders, organisational charts, human resource policy documents and discussion documents relating to retention and recruitment of staff. The documents collected were those that related to staff interactions and human resource matters as these were appropriate for identifying the nature of social relations present in the company.

Two of the authors independently reviewed all documents to identify those parts that provided evidence of the nature of the dominant pattern of social relations. The areas of particular interest related to indications of the time horizon for planning, the risk appetite and risk attitude within the company and the extent to which the company was pro-active or reactive in its decision making; three areas which have been discussed in neo-Durkheimian institutional theory as indicators of patterns of social relations. Subsequently, the two authors compared their assessments of the pattern(s) of social relations and then discussed their findings with the third co-author. It was important a wide range of different types of
documents were reviewed to improve the reliability of the findings and for triangulation purposes. Examples supporting our judgements made in undertaking the process outlined above are provided as part of the analysis later in the paper.

The risk disclosures in the annual reports were also identified by two of the researchers independently. This entailed a two-step process. First, two of the authors reviewed the entire annual reports for the period 1971 to 1976 and individually identified any discussions that might pertain to risk; risk being broadly defined following Linsley and Shrives (2006) risk disclosure study. The two researchers then discussed their findings and agreed on the risk-related disclosures for each of the annual reports. These two authors then independently undertook a thematic analysis of the risk disclosures identifying any indicators of social relations within the annual reports. Focus was again given to the time horizon for planning, the risk appetite and risk attitude within the company and the extent to which the company was pro-active or reactive in its decision making as indicators of the social relations of the company. The findings were then discussed with the third co-author. Examples of risk disclosures supporting our analysis, and obtained using the process outlined above, are presented as part of our analysis later in the paper. A brief history of BOC and the key events relating to the financial crisis and bailout is presented in the next section.

Burmah Oil Company Limited context

The Burmah Oil Company Limited (BOC) was founded in 1886 when Burmah became a province of the Indian empire. The British government granted a number of oil concessions to BOC and this led to the drilling of oil in Burmah in 1888 (Corley, 1988). During the 1920s and 1930s, BOC handled about 75 per cent of Burmese oil production and 85 per cent of oil refining. In addition to being a major producer in the Burmese oil industry, BOC was a key producer in India. A time line of the key events in the history of BOC is provided in table 1.
After the Second World War, BOC’s operations in both India and Burmah (which became independent states in 1947 and 1948 respectively) decreased significantly. The Burmese government nationalised oil operations in Burmah and in India BOC encountered an increasingly difficult market with increased government involvement in the activities of the company. The company therefore looked to expand activities in other parts of the world (Corley, 1988).

Part of this related to expanding its oil tanker fleet in the 1970’s. BOC engaged in a large international contract to provide oil tanker services in relation to the liquefied natural gas market involving Malaysia, Japan and the United States and committed to purchasing new tankers. This deal was financed through loans provided by US banks. By 1973 BOC’s tanker fleet had doubled to 38 vessels, most of which operated in the spot market in which high lease rentals could be achieved in good economic times. In 1974, BOC acquired an American company, the Signal Oil and Gas Company which gave them interests in the Thistle oil fields of the North Sea. The borrowings of BOC now totalled approximately $650m in respect of its American investment activities.

BOC disclosed significant profits in 1973 but an unexpected downturn in the world economy resulted in a slowing of the world tanker trade. In December 1974 BOC discovered large losses were expected in its oil tanker subsidiary which threatened its survival. BOC contacted the Bank of England and the British government for assistance on Christmas Eve 1974 and a bail out was agreed. In early 1975 the Bank of England announced it would guarantee the borrowings for a period of 12 months (Burmah Oil Company Limited press announcement, 31 December 1974; Note of Treasury meeting, 27 December 1974; Note of meeting at
Department of Energy, 6 January 1975). This initial agreement had to be renegotiated shortly afterwards and the final agreement included: unconditional guarantees for BOC’s $650m borrowings to be repaid by 31 December 1975, the bank to provide a standby facility of £75m charges on subsidiary companies in favour of the bank to be procured, and BOC to realise assets and restructure its business (particularly the tanker fleet business (Agreement between Burmah Oil Company Limited, Bank of England and HMG, 24 January 1975; Note of meeting between Department of Energy and Treasury, 16 January 1975; Note to Bank of England from HMG on 6 January 1975; Burmah Oil Company Limited stockholders report, March 1975). After the bailout agreement the company faced retrenchment and government oversight, and in the next section we analyse the social relations and risk disclosures pre- and post-bailout within the time period 1971-1976.

Analysis and discussion of BOC in the period 1971-1976

In this section of the paper we identify the pattern of social relations within BOC as evidenced by archival research. This is followed by an analysis of whether the risk perceptions and approach to risk management in the annual report risk disclosures of BOC reflect the pattern of social relations identified. Our analysis suggests the form of social organisation changed over the period 1971-1976. Initially, the dominant form of social organisation is hierarchical, and this is then replaced by the isolate form of social organisation which rises to dominance after the tanker fleet crisis in 1974. We first provide a discussion of the pattern of social relations and the risk disclosures for the pre-crisis period 1971-1973, and we then turn our attention to the post-crisis period 1974-1976.

The pattern of social relations in the pre-crisis period 1971-1973
The evidence indicates the hierarchical form of social organisation is dominant in this period with both a high group and a high grid dimension apparent within the company. One aspect of BOC that evidences a high group dimension relates to staff policies as documented in internal memorandums relating to human resource issues. These indicate a clear preference for identifying staff loyal to the interests of the company and for promoting from within the company. For example, a memorandum that provides notes of a meeting on management succession and development records that:

… that good men would be transferable between different companies of the group in order to serve the group’s interests best. (17 May 1973, arc 180878)

This linking of ‘good men’ with those who serve the ‘group’s interests best’ denotes a strong group dimension where it is deemed virtuous to place group interests above one’s own interests. The promise of eventual promotion is a common means of rewarding those who display commitment to the group; however, other forms of compensation can also be provided and within the same memorandum it is noted that:

There was discussion on the absolute need to ensure that men who accept senior positions abroad are accommodated adequately when they return to this country. (17 May 1973, arc 180878)

It is also apparent that internal promotion is preferred over external recruitment and this is also indicative of a high group dimension. Namely, ‘insiders’ are preferred to ‘outsiders’ who are external to the group as this preserves the strong group boundary. For example, in a memorandum from the Group Personnel department to chief executives, chief representatives, directors, divisional directors, regional and functional co-ordinators it appears external recruitment is seen as a last resort:
As it is clear from the policy directive, in order to make the best use of the human resources we have internally, all vacancies in job group II and which cannot be filled from within the resources of a particular unit must be channelled via the group personnel department before any external recruitment is done (10 January 1974, arc 180925).

This preference for recruiting from within applies at all levels including the Board of Directors, where it is also noticeable there is a cohesion amongst board members and a reluctance to have ‘outsiders’ become board members. An example of a display of this board unity and an aversion to bringing in ‘outsiders’ occurred in 1972 when an attempt was made by two stockholders to be appointed to the Board as they wished to reorganise the company. The incumbent directors fought intensely against this attempt by two outsiders to usurp their roles.

There is also evidence that a high grid dimension existed at BOC in the period concerned. Departments and divisions are distinct from one another, and a clear organizational structure exists. The status of each member of a department is well-defined ensuring levels of authority are demarcated and the role of each member of staff is well understood. In addition, considerable time and effort is expended at BOC on detailed planning and on controlling the promotion process in a manner that reinforces regulation of roles at the company. This includes having clear procedures for identifying staff eligibility for promotion, and closely linking eligibility to company policies and practices. For example, the group responsible for management succession planning at BOC (known as MPS) identifies future senior managers through a very detailed process:

The role of the MPS is to collate information … on … performance, potential, career and educational background and to advise … on staff availability and movements within the group. The information collected is then combined into a draft management succession plan for the group. This represents the present and future manning of some three hundred posts from job group II to divisional directors. (10 January 1974, arc 180925)
Further, deference is shown towards the authority of senior managers and this also suggests a high grid dimension. For example, the authority of the chairman as the principal decision maker is indicated in the language he uses, such as when he clearly states that he is the person who sets “out the policy which the board has been consistently following during recent years” (7 December 1972, arc ref 139 806).

The reference in this quotation to ‘consistency in policy’ is indicative of a long-term planning horizons which is associated with a hierarchical form of organisation. This long-term planning horizon, and the associated feeling of a shared history, are present in the proceedings of the 71st Annual General Meeting when directors with long service are thanked and their histories highlighted by reference to their longstanding and loyal associations with the company. For example, one director is recalled as having had a:

... long and distinguished career with the company over a period of 45 years ... He had a very special knowledge and understanding of our interests in India, Burma and Pakistan. (9 June 1973, arc 131425)

The importance of developing staff and of retaining them is also indicative of a long-term perspective. The emphasis on a long and shared history of managers and directors also suggests strong communal ties are fostered between staff which reinforces the group dimension.

Therefore, the evidence indicates the dominant form of social organisation at BOC in the years immediately preceding the financial bailout is hierarchical. Whether this hierarchical pattern of social relationships is reflected in the risk disclosures identified in the annual reports of BOC in the pre-crisis period 1971-1973 is discussed next.

Risk disclosures in the pre-crisis period 1971-1973
The tanker fleet-related risk disclosures in the 1971, 1972 and 1973 annual reports all make significant reference to Burmah Oil Tankers’ (BOT), which dealt with the BOC tanker fleet and its operations. The decision to own and charter tankers is contextualised in risk discussions which appear to be aligned with a hierarchical thought style.

BOC’s 1971 annual report sets out how BOT was initially created to hedge against risk of crude oil transportation costs in respect of the refinery at Ellesmere Port. Thus, the decision to own and charter tankers is not an outcome of the company seeking a new risky venture, but stems from a desire to mitigate risks. Hence, the risk discussions imply a hierarchical thought style where risk and reward are carefully balanced. This is further corroborated in the 1971 annual report where it is stated that uncertainties attached to the future prospects of the company because of a market depression for fuel oils and middle distillates should not be cause for concern because of “its diversification into non-oil activities” (Burmah Oil Company Limited, Annual Report 1971, p. 5). The presentation of the activities of BOT as a risk diversification strategy again implies a concern with balancing risks.

Further evidence of a hierarchical thought style is present in respect of the thoroughness of the appraisal of risk. Risk assessments for the tanker fleet venture have been undertaken with reference to an appraisal of the changing energy patterns affecting the oil industry. In particular, it is observed that there will be an increasing need for tankers to transport liquid natural gas (LNG) and crude oil (Burmah Oil Company Limited, Annual Report 1971):

Great changes are taking place in the energy patterns throughout the world … Two of the most significant of these are the growing importance of liquid natural gas (LNG) as an internationally transportable energy source and the rapidly increasing extent to which the vast economies of the USA and Japan will have to rely on imported LNG, in addition to imported crude oil, in order to meet their energy requirements (Burmah Oil Company Limited, Annual Report 1971, p. 4).
That a thorough assessment of risk has been made is highlighted in the description of the negotiations BOC has been having with the Bahamas Development Corporation (BDC) to build a trans-shipment facility which will be leased by BOT. This will enable BOT to offer transportation for crude oil from the Middle East through to ports on the east coast of the USA. Transportation will be at attractive rates through using large tankers from the Middle East to the Bahamas and then transferring the crude oil to smaller vessels at the trans-shipment facility which are able to enter the USA ports. The implication is that the risk is well managed and this is also evident in similar tanker fleet risk disclosures identified in the BOC 1972 and 1973 annual reports.

In respect of BOC’s 1972 annual report, the operations of BOT continue to be conveyed as counterbalancing the risks discussed in the annual report in respect of BOC’s ‘traditional’ oil operations. The focus on how altering trends in world energy are impacting on the USA and Japan are reiterated. The comparative lack of risk in respect of BOT operations is also highlighted by statements explaining there is “keen interest” being shown in crude oil transportation contracts by “many US and foreign companies” (Burmah Oil Company Limited Annual Report 1972, p. 26). LNG transportation contracts are also under negotiation with one major contract mentioned as signed in BOC’s 1972 annual report.

… stockholders will have noted in the press that a first contract has been concluded with Shell Oil for the transportation of substantial quantities of crude oil from the Persian Gulf to US east coast ports. Other similar contracts are in course of negotiation. (Burmah Oil Company Limited Annual Report 1972, p. 8).

These developments are all judged to have profit potential as they take BOT into a business area “which is still in the early stages of the growth cycle” (Burmah Oil Company Limited Annual Report 1972, p. 27). To support this view, details of orders that have been placed are provided in the BOC’s 1972 annual report. There is the recognition that there is a potential risk associated with the long-term financial commitments that BOT has taken on in respect of
both chartering agreements for new oil tankers and with the acquisition of LNG tankers. However, the company again perceives the risks associated with these as being well managed, stating that a “substantial part of these commitments is already matched by tanker out-charters and other long-term arrangements” (Burmah Oil Company Limited Annual Report 1972, p.45).

BOC’s 1973 annual report notes that BOT contributed one-third of total profits and this was possible because of the “high rates for spot charters” (Burmah Oil Company Limited Annual Report 1973, p. 7). There is acknowledgement in the 1973 annual report that some uncertainties are starting to arise, with specific mention that spot rates in early 1974 have been lower than during 1973 and that there are political and economic uncertainties in the oil industry. However, expressions of uncertainty about the future are muted. Management state they are still actively managing future risks through “secur(ing) an increasing number of long term affreightment contracts” (Burmah Oil Company Limited Annual Report 1973, p. 9).

Further agreements for the future transportation of LNG are noted in BOC’s 1973 annual report, including a major order from Pertamina (the Indonesian state oil company). The risk attached to the financial commitments of chartering tankers is, as in the 1972 annual report risk disclosures, seen as being managed by being matched to a very substantial degree by income that will be derived from long-term transportation contracts BOT has entered into. Thus, the report implies that risk is being managed right through to the year 2000; twenty seven years in the future. The long-term confidence of the management team is evident in its discussion of future prospects and long-term objectives being based on:

... planning to take advantage of the changing world energy pattern (and) (w)e are now seeing some of the fruits of the company’s policies and I look forward with confidence to further progress in the years ahead. (Burmah Oil Company Limited Annual Report 1973, p. 9)
The long term planning horizon, thorough risk assessments, judicious balancing of different risks and the risk-reward balance discussions in the risk disclosures are indicative of the hierarchical form of social relations. Thus, we argue that the risk disclosures do indeed reflect the type of social relations identified as dominant in BOC during the period 1971-1973. The hierarchical form of social organisation that dominates in the company before the financial crisis and that is reflected in the risk disclosures in the annual reports of 1971-1973 is, however, disrupted by the tanker crisis in 1974. The discussion of the pattern of social relations and analysis of the risk disclosures for the period 1974-1976 are presented next.

The pattern of social relations in the post-crisis period 1974-1976
Hierarchically configured organisations are prone to assume the current order of things will continue for the long-term and when this does not happen this causes alarm. This is unlike, for example, individualist institutions that are usually less surprised when plans do not come to fruition and setbacks arise. The dramatic events associated with the tanker fleet crisis quickly resulted in BOC managers becoming concerned whether the prior loyalty they had shown toward the company was now merited, on the grounds the company was now unable to offer them security for the foreseeable future. That is, the hierarchical form of social organisation in BOC no longer appeared viable to managers as it was unable to deliver on a promise of job security because of the company’s losses. In addition, previous entitlements were withdrawn:

… every element of cost should be critically re-examined with a view to curtailment or a drastic reduction in 1975 … Business entertaining should be restricted to the bare minimum. The private dining rooms at Burmah House will be closed for the time being…. Travel in the UK and abroad is to be strictly confined to obvious operational necessity. Revised entitlement rules will shortly be published … Company cars – orders for new cars have been cancelled. (13 January 1975, arc 232532)
For those employed within BOC this lead to social integration, which was previously strong, dissipating due to new personnel entering the company. To deal with the BOT problems a new Chairman and Managing Director join BOC on 23 January 1975. In turn the new Chairman instigated a major reconfiguration of the Board of Directors of BOC and appointed a new chief executive for the tanker company on 10 February 1975. This resulted in a number of existing directors resigning. Thus, the senior management team became very different after the bailout with many ‘outsiders’ being brought into the company and there was no longer a prevailing view that internal recruitment was applicable. The appointment of external staff to the senior management team weakened community bonds and relationships acquired a distance not previously evident; however, the degree of social regulation remained largely unaffected with, for example, roles retaining clarity. Hence, the isolate form of organisation appears to have become dominant with its low group – high grid configuration.

Evidence from the archives indicating the isolate thought style is prevalent is noticeable in respect of attempts at managing being heavily constrained and managing for the short-term dominating. For example, in a draft letter from BOC to the deputy governor of the Bank of England (13 October 1975, arc 139791), the Board have to request approval of their proposed actions from Bank of England and Her Majesty’s Government. The letter also highlights the pressure being placed on the company by the shareholders’ action group. This letter reveals the many constraints senior managers are operating under and how they are, for the most part, not able to operate pro-actively but are reacting to the views and actions of external stakeholders. A short-term planning horizon is also apparent with the focus of the letter being wholly on the short-term future of the company.

There is also evidence of coping and getting by on the part of management. For example, in a Chairman’s brief to senior staff (4 December 1975, arc 138765) he notes that “(t)he fact is that what we have got to do is to try and not lose credibility” and in this brief there is a strong
indication the company feels it is dealing with factors which are hard to predict and, again, that they have little choice but to respond to situations as they arise:

The situation here is that that is a loan and we have as part of the package negotiation to decide exactly how that loan is going to be dealt with and it is a matter of what the Government will accept and what we are prepared to accept. So that the terms on which the loan is going to be continued and the price of Ninian are to an extent interlocked. And until we can have some feel for the amount we are going to get for Ninian and some concept of what we would like for the loan, quite clearly our financial planning is a little difficult to predict just at the moment but what has happened as a result of this agreement or agreement to negotiate is that now we will have to amend if you like, our plans to an extent. (4 December 1975, arc 138765)

That the company is simply coping with events as they arise is also indicated, for example, in the proceedings of the 73rd Annual General Meeting of the company:

Ladies and Gentlemen. Among the many difficulties with which I have had to cope since taking office at the end of January … As I have already indicated, the organisation must to some extent follow events rather than precede them. The final shape of the company will depend upon the outcome of discussions and negotiations now in progress on several fronts. (6 June 1975, arc 131412)

Thus, we can see that the pattern of social relations at BOC changes to isolate form due to the tanker fleet crisis. The year 1974 marks a transition associated with the shock caused by the change of fortunes and the subsequent reorganisation of the company, and the changes in the risk disclosures in the annual reports post-crisis are discussed next.

Risk disclosures in the post-crisis period 1974-1976

The analysis of the BOC risk disclosures in the period 1974-1976 suggests they are no longer in accord with a hierarchical thought style and instead accord with an isolate thought style. In 1974 there was a loss before extraordinary items of £8m and no final dividend was recommended by the Board of Directors. The audit report explains the accounts as prepared:
... do not reflect any future adverse effects, which could be material if computed on the basis of prevailing freight rates, that may be produced on the group’s affairs by certain contracts in existence at 31st December 1974, relating to shipping operations ... (Burmah Oil Company Limited Annual Report 1974, p. 26)

The waning of the hierarchical ordering is apparent in the 1974 annual report risk disclosures that show incredulity that the careful risk planning as described in the 1971, 1972 and 1973 annual reports should come to grief through “circumstances that so unexpectedly overtook the company” (Burmah Oil Company Limited Annual Report 1974, p. 9). The 1974 loss is discussed in detail and there is significant disbelief that so many significant events could all come together at the same time and result in such severe consequences. The crux of the issue is the significant reduction in demand for crude oil resulting in excess tanker capacity and a consequent fall in freight rates.

This leads BOT to adopt a loss absorption strategy by laying up some of its tankers and allowing others to run at a loss because of the severely depressed freight rates. The discussion of how BOT has been adversely affected by a dramatic fall in freight rates ranges widely and is concerned with the constraints these events have imposed on BOC. Thus, there are discussions regarding “unilateral actions of the OPEC countries after the war of 1973” and the “many other factors” that have resulted in oil prices rising by a factor of five. For example, these other factors include inflationary effects on working capital requirements, the need for further finance to maintain developments in respect of North Sea oil and construction delays in respect of the Bahamas trans-shipment facility. These multiple events are all considered unprecedented. Graphics in the annual report emphasise this disjuncture between past and present with a chart clearly depicting ‘before and after’ plummeting monthly freight rates.
In BOC’s 1974 annual report risk disclosures the company highlights they are looking to understand what the worst case scenario might be. They wish to estimate the “absolute maximum commitments that could arise in the worst of all possible cases over a long period of time if no corrective action were taken” (Burmah Oil Company Limited Annual Report 1974, p. 8). There is acknowledgement this is going to be very difficult. Note 36 to the accounts states that a:

… material number of vessels on charter ... cannot in present circumstances be profitably employed and it remains impossible to predict the amount of income likely to be received over the period of the commitments (Burmah Oil Company Limited Annual Report 1974, p. 39).

There is an acceptance that the outlook for the tanker market is “bleak” and that a significant proportion of the tankers are simply a burden on the company’s resources. The notion that the Bahamas trans-shipment facility would be a great asset is fully revised and this idea is judged “invalidated by events” (Burmah Oil Company Limited Annual Report 1974, p. 8). The company is bearing the costs of constructing five tankers which it is committed to purchasing although has yet to find suitable finance to do this. In effect this is the isolate being resigned to accepting that the worst can, and does, happen in life. It is also an acceptance that all that can be done is to acknowledge the losses and look to subsist by coping as best you can. Hence, it becomes a case of keeping one’s head down and getting by if possible.

The tanker fleet risk disclosures in the BOC’s 1975 annual report begin in similar vein to the 1974 risk disclosures and, hence, continue to display an isolate thought style. Initially, there is reference to the “bleakness” of the circumstances that the company faced in the prior year and the world is described as being in “disarray”:

… stockholders will know only too well of the bleak circumstances ... difficult task of reconstruction ... the year 1975 was one of great difficulty ... in a world in which considerable disarray has arisen.

(Burmah Oil Company Limited Annual Report 1975, p.5).
Hence, in the annual reports of 1974, 1975 and 1976 there is a sense that the strategy is to absorb losses and survive by coping (6, 2013) as isolates are prone to do. Pre-crisis the company had been suggesting a strategy of risk diversification and now the objective is to “remain an oil-based enterprise … (whilst) … fighting for survival” (Burmah Oil Company Limited Annual Report 1975, p. 9). Assets are disposed of as a means of surviving and transportation contracts are re-negotiated to try to reduce exposure to losses.

**Conclusion**

This paper has examined social relations within BOC in the period 1971-1976 to assess whether the risk disclosures in the company’s annual reports are consistent with the patterns of social relations identified. The study explored an important British company (BOC) during a period where a major event occurred in 1974. Drawing on archival sources and employing neo-Durkheimian institutional theory, the analyses identify the dominant pattern of social relations in the period 1971-1973 as hierarchical and in the period 1974-1976 as isolate. The archival evidence for a hierarchical form of social organisation is indicated by both high group and high grid dimensions. The high group dimension is perceptible in a preference for rewarding staff who demonstrate a commitment to serving the best interests of the group and in a preference for promoting from within the company rather than through recruiting managers external to the company. The high grid dimension is apparent in the organisational structure with roles being distinct and deference to authority occurs. The change in the dominant form of social organisation arises as a result of the hierarchical form of social organisation not being able to fulfil its promise that demonstrating a commitment to the group will result in a reciprocation whereby the group will provide for the individual. The previous expectation of job security dissipates as the tanker fleet crisis progresses and impacts
negatively on the financial position of the company. External directors are brought in and communal bonds weaken resulting in the group dimension weakening, whilst social regulation remains largely unchanged. Hence, an isolate form of social relations comes to the fore with management efforts greatly constrained and planning directed towards the short-term.

The study finds the annual report risk disclosures consistent with the dominant pattern of social relations in each respective period, 1971-1973 and 1974-1976. Therefore, the study supports the view that the pattern of social relations does influence both the risk perceptions and risk attitudes of the company contained within the annual report risk disclosures. In the pre-crisis annual reports, the risk disclosures discuss how BOC management are confident in planning for the long-term and enacting a risk management strategy that balances risk and reward. By contrast, in the annual reports after the tanker fleet crisis the risk management strategy is rooted in the short-term and a relatively desperate form of coping occurs with survival the aim. Overall, the results suggest a causal connection between the pattern of social relations and the risk disclosures.

The research has implications for our understandings of risk disclosure. If risk disclosures are a function of a company’s form of social organisation this assists us in understanding what is motivating managers to provide particular sets of risk disclosure narratives in the annual report. Namely, risk disclosures reflect the risk perceptions and risk attitudes associated with the dominant pattern of social relations for the company. This leads to a further implication in respect of risk disclosure quality. It is commonly suggested that risk disclosures should provide investors and other stakeholders with information regarding the most important risks a company faces. However, if it is accepted that the pattern of social relations influences risk perceptions this implies a company will be constrained from observing the full range of risks that might potentially impact on its operations. Consequently, there will be an inevitable bias
in respect of the risks that will be disclosed by a company; the bias being dependent on the form of social organisation. A further aspect is that the study counters the tendency to assume that risk management and risk disclosure are new phenomena. Discussions surrounding risk management and risk disclosure may appear to have intensified since the end of the 1990’s; however, companies have always had to contend with risk and the examination of the BOC annual reports indicates that risk information has been provided prior to the 1990s.

In this study neo-Durkheimian institutional theory has been used to offer a causally-based explanation for annual report risk disclosures. A limitation of the research is that interpretation of the archival sources and risk disclosures is required for assessing the dominant pattern of social relations. Hence, there is a need for further case-based research that uses this theory to be undertaken to corroborate the results. The theory should apply regardless of company location and, therefore, it may be particularly helpful for further studies to examine non-UK companies. Archival research is not the only means for identifying patterns of social relations and future studies might instead opt for an ethnographic approach to identify the patterns of social relations at the case companies.

Another route for future research projects is to consider a comparative study examining a range of case companies where it is likely that the four different forms of solidarity can be observed or where there are examples of hybridity whereby two or more forms of social organisation combine to dominate in a company. These results suggest that it could also be beneficial for accounting academics researching risk disclosure to consider employing alternative risk theories from the fields of sociology and anthropology.
References


Miihkinen, A. (2013). The usefulness of firm risk disclosures under different firm riskiness, investor-interest, and market conditions. Advances in Accounting 29, 312-331.


Figure 1: Grid-group framework

Source: Adapted from Douglas (1986, 2004)
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Commentary and related events</th>
</tr>
</thead>
<tbody>
<tr>
<td>1886</td>
<td>Foundation of Burmah Oil Company Limited (BOC)</td>
<td>Founded as the Rangoon Oil Company in Glasgow in 1886 to develop oil fields in the Indian subcontinent.</td>
</tr>
<tr>
<td>1908</td>
<td>Anglo Persian Oil Company (APOC) formed</td>
<td>APOC established as a 97 per cent-owned subsidiary.</td>
</tr>
<tr>
<td>1914-1918</td>
<td>British government acquires 51% of APOC</td>
<td>British government acquires controlling interest in APOC with BOC remaining as significant minority shareholder.</td>
</tr>
<tr>
<td>1935</td>
<td>Anglo-Iranian Oil Company (AIOC) formed</td>
<td>APOC renamed as AIOC.</td>
</tr>
<tr>
<td>1948</td>
<td>BOC enters into a joint venture with the Burmese government</td>
<td>AIOC renamed as BP and Burmese government takeover BOC’s Burmese interests.</td>
</tr>
<tr>
<td>1954</td>
<td>British Petroleum (BP) formed and withdrawal from Burmah</td>
<td>BOC look to expand activities in other parts of the world including the UK, North and South America, Canada and Australia.</td>
</tr>
<tr>
<td>1971</td>
<td>BOC expansion outside core Asian market</td>
<td>BOC hopeful that international investments, particularly tanker fleet deal, will lead to BOC remaining successful and profitable.</td>
</tr>
<tr>
<td>Early 1974</td>
<td>Tanker fleet crisis</td>
<td>BOC hopeful that international investments, particularly tanker fleet deal, will lead to BOC remaining successful and profitable.</td>
</tr>
<tr>
<td>1976-80</td>
<td>Period of upheaval</td>
<td>Continuing support from British Government, selling of non-core assets and focus on survival of the company.</td>
</tr>
</tbody>
</table>