

A Comprehensive Pestel Analysis Of Bhp Group: Exploring Its Influence In The Mining Market And Impact Of The Global Economy

Anvarov Mironshokh Kudrat ugli

Student of Westminster university, Tashkent, Uzbekistan

Received: 22 August 2025; **Accepted:** 18 September 2025; **Published:** 20 October 2025

Abstract: This research offers a thorough analysis of BHP Group, concentrating on the performance of the business within the framework of the world economy via an in-depth PESTEL study. To investigate how the political, social, legal, economic, technological, and cultural environments affect the mining sector in Australia, BHP Group has been selected. For the information necessary to carry out the study, secondary sources were used (case studies and economic analysis). The following research aims to analyze a company's external and internal operations as well as the effects of global events on the organization. The way in which firm executives address business-related issues during periods of political unrest and under other impacts of the local and global economies was also assessed in order to determine how they manage external obstacles.

Keywords: BHP Group, Australian mining industry, PESTEL analysis, Global business environment, External environment analysis, Economic impact on mining, Australia political economy, Mining sector regulation, Sustainability in mining.

Introduction: The main aim of this article is to provide a broad information about the mining industry, BHP Group and their respective shares in the Australian economy. PESTEL analysis was used as a method to complete this research.

First, the data about how extremely beneficial trading partners Australia and China faced controversies and the consequences on their economies was highlighted. Next, how the natural disaster occurred in Brazil and BHP Group's involvement in this incident affected the company's stability was mentioned. Also, the surprisingly creative and efficient technology that BHP Group introduced to the market, "MINE-TECH 2023," was thoroughly described. Data about how the new Australian government moved forward a new bill "Same job same pay" and how an unstable economic state in Australia can affect BHP Group was put in the picture. The benefits and drawbacks of being an international company and having a strong presence in the global market were discussed. Lastly, two cases of how the leadership of the company successfully provided solutions to the issues present were included.

FINDINGS AND ANALYSIS

Political environment

The mining industry plays a crucial role in the Australian Economy, providing essential raw materials for various sectors such as manufacturing, construction, technology and also being her main export resource. As a result, the Australian Government tends to support the mining industry consistently and being the biggest representative of the mining industry in the world, BHP Group benefits from this situation significantly.

The mining giant BHP has repeatedly requested and been granted permission to raise its emissions in compliance with an Australian government policy designed to limit the amount of carbon pollution that big businesses can produce.

Starting in 2016, the SAFETY MECHANISM limited the amount of emissions that facilities that produce more than 100,000 tons could produce. The original basis for emissions restrictions was one of two sources: the historical emissions of a plant or an independent estimate of emissions in the future. In eight of its

fourteen key industrial sites in Australia, BHP has exceeded its original emissions restrictions under the "safeguard mechanism" plan, according to government data for the year 2016–17.

After getting governments permission, BHP has been granted a three-year increase of 13% in the emissions limit for its main operations. There would be an annual rise in national emissions of 425,689 tons if it released all of its increased quota at each location (www.theguardian.com, 2020).

Social environment

On November 5, 2015, Brazilians were hit by the worst environmental disaster when a dam holding mining waste collapsed. The world's largest mining company BHP Group was directly involved in this incident, being co-owners of the dam along with Brazilian firm Vale. Nineteen lives were lost, villages were submerged, thousands became homeless, and hundreds of thousands more lost their means of subsistence due to the waste. The effects are still wreaking havoc on people's health, the ecosystem, and the environment (www.theguardian.com, 2016).

The Samarco disaster had a wide range of consequences for BHP Group, ranging from protests and demonstrations to lawsuits and financial losses. Both in Brazil and internationally, BHP Group was held responsible for the incident and had to provide compensation as well as cover the costs of the cleaning process. The Brazilian government sued BHP Group for \$5 billion in damages for the Samarco mine disaster (www.theguardian.com, 2016).

Technological environment

Automation and robotics are being adopted by the mining sector worldwide, including in Australia, in order to increase operational safety and efficiency. Since BHP Group is a significant player in the mining industry, developments in automated drilling systems, driverless cars, and other technologies targeted at boosting output and lowering operational risks are likely to have an impact on the company.

On May 27, 2023, BHP Group introduced the new technology "MINE-TECH 2023," which integrates advanced robotics, artificial intelligence, and big data analytics to create a sophisticated mining system capable of optimizing the entire mining process. By having minimal human involvement in its operation, one of the main targets of the system is autonomy. These self-driving machines, outfitted with cutting-edge sensors and AI algorithms, can navigate difficult terrains, assess mineral quality, and optimize production in real time. The use of AI-powered analytics also allows for continuous monitoring of

apparatus performance, allowing for preventative maintenance and minimizing downtime (medium.com, 2023).

BHP Billiton's dedication to innovation displays its mining industry leadership. By investing in technological advancements, the company not only improves operational efficiency but also lowers its environmental impact. MINE-TECH 2023 is in line with the growing global demand for environmentally responsible practices, establishing BHP Billiton as a pioneer in responsible resource extraction (skillings.net, 2023).

Legal environment

In September 2021, the Australian government modified labor regulations with the "same job, same pay" (SJSP) bill, which was opposed by many businesses. The measure amended the legislation to guarantee that newly hired workers receive the same compensation as workers doing equivalent work for the same employer. The title of the bill suggests that labor-hire workers ought to receive compensation equivalent to or greater than that of permanent employees. Covered are loadings, monetary allowances, incentive-based bonuses, and rates for overtime or fines. Numerous major mining corporations and the Minerals Council claimed that the revised laws would "increase their costs and make it more difficult for them to compete." (bhp.com, 2023).

Regarding the proposed job reforms by the Australian government, BHP Group has voiced concerns. CEO Henry issued a dire warning about the SJSP bill's potential impact on the Australian economy on November 1st, during BHP's annual shareholder meeting in Adelaide. The business community's concerns that the measure would increase prices and decrease investment prospects in Australia "at a time when competition for investment is fierce globally, and other nations are working to become more competitive and more attractive" were concerns he shared. (australianmining.com.au, 2023).

Economic environment

Given BHP Group's extensive involvement in Australia's mining and resources sector, the country's economic environment has a significant impact on the company. Key elements like commodity prices, demand and supply rates, currency exchange rates, and inflation build connections between a nation's economic environment and BHP Group's economic stability.

For instance, the company's performance was significantly impacted by reduced commodity prices in 2022 and 2023. Full-year revenue decreased 17% to \$53.8 billion from \$65.1 billion, mostly due to sharp

declines in the prices of copper, metallurgical coal, and iron ore. EBITDA, or underlying earnings before interest, taxes, depreciation, and amortization,

decreased by 31% from \$40.6 billion to \$28 billion over the course of the entire year (See Figure 1) (tradingeconomics.com, 2023).

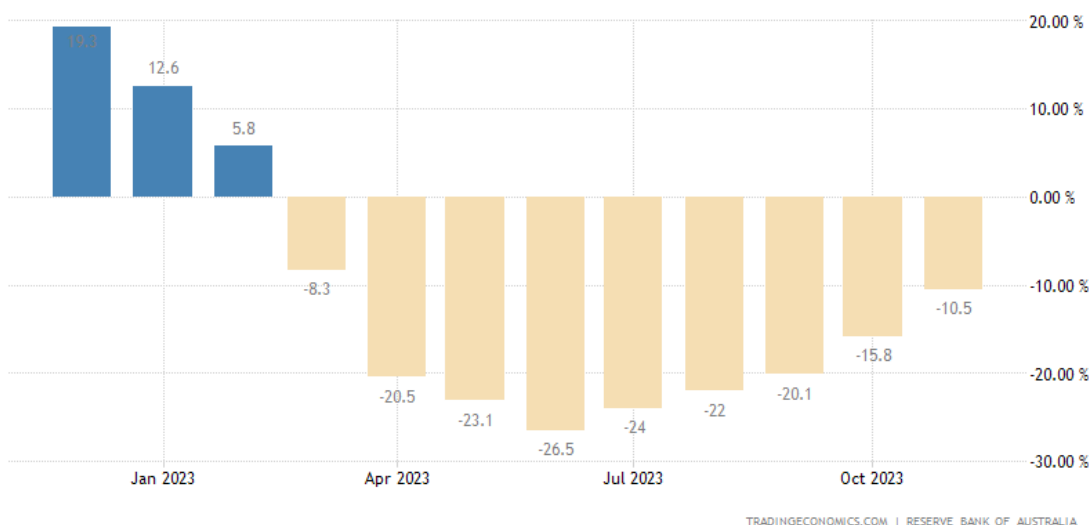


Figure 1

BHP told shareholders that the company experienced an effective inflation rate of around 10% in the 2023 financial year and was expecting the lagged impact of inflation to continue into 2024, particularly in labor costs (miningweekly.com, 2023).

Cultural environment

For many years, the mining sector and the Aboriginal community were at odds, leading to tensions. The boundaries between conflict and peace are still hazy because of the definition of what area is considered culturally valuable and what is not. Since the first English settlers arrived in Australia, the aboriginal groups have been fighting for years to own land and have the right to their traditional territories.

Unfortunately, these matters were not successfully addressed until now, and incidents are occurring from time to time. For example, in order to expand its \$4.5 billion (£2.4 billion) South Flank iron-ore mining operation in the central Pilbara region of Western Australia (WA), BHP Group was set to demolish at least 40, and possibly as many as 86, significant Aboriginal sites. Even if BHP Group reported that they are aware of strong opposition towards the project from its original owners, the issue is not likely to be solved and may cause damage to BHP Group's reputation. (www.theguardian.com, 2020).

Positive effects of global economy

Global economic events will have a direct effect on major mining and global resources companies like BHP Group. Increased demand for commodities, expanding markets, stable trade relations, and even trade wars between countries can have positive effects on the company in different ways.

For instance, since 2017, both nations' various sectors have suffered because of US/China disagreements. Tariffs have hurt US agriculture, especially soybean farmers, and semiconductor stocks have been severely damaged by worries about how US government policies will affect supply chains. There was a direct danger to US liquefied natural gas projects, and worries about future exports to China increased. As the US levied tariffs and other punitive measures against Huawei and other Chinese "national champions," worries about the nation's economy increased. Still, BHP Group was one of the few businesses that profited from this worst-case scenario. Due to its unrivaled scale, resource diversification, worldwide reach, and strong balance sheet—which is demonstrated by its A credit rating from S&P—BHP Group can readily draw in investors. These strengths have enabled the company to consistently emerge from violent commodity price cycles with an improved market position. To sum up, superior long-term staying power at a low valuation is reason enough for investors lacking in minerals and mining exposure to purchase BHP (forbes.com, 2023).

Negative effects of global economy

While BHP Group, as a major global resources company, can benefit from a positive global economic environment, a challenging global economy can also have a negative impact on the company. Supply chain disruptions, currency exchange rate fluctuations, and financial market instability are some of the many difficulties that may happen at any time.

During 2020, caused by COVID-19, BHP Group faced several difficulties, and disruption in the supply chain was one of them. In order to extract and distribute

commodities to customers worldwide, BHP depends on over 10,000 enterprises across 60 nations, which represents their heavy involvement and dependance on the global market (bhp.com, 2023).

BHP Group paid its global suppliers a total of US\$20 billion in 2019 for the supplies, machinery, and services needed to run their business safely around-the-clock during COVID-19. As it is crucial to have an operating partner, they had to pay outstanding invoices, reduce payment terms from 30 days to 7 days, and also set up a \$6 million labor hire fund for sick leave and travel support to help reduce their economic burden. (bhp.com, 2020).

Leaders' business solutions to challenges

- Recently activists throughout Australia have been active in raising concerns about the harmful effects of the mining industry on nature. Protestors were opposing uranium mining in regions like Western Australia and going against projects like coal mining and Adani Carmichael in 2019.

In the case of the Adani coal mine, concerns about the environment and the possible effects on the Great Barrier Reef prompted protests from environmental activists, Indigenous organizations, and concerned citizens. Environmentalists fear that if all of the coal in the basin is burned, Australia's yearly carbon emissions will rise and climate change will quicken. Some worry that Doongmabulla Springs, which serves as a crucial habitat for the critically endangered black-throated finch, may be dried up by the mine. As a result, Australia is experiencing a sudden shift towards clean energy.

In 2020, BHP has signed a five-year contract under which it will source wind and solar energy to meet up to half of its coal mining operations in Queensland. It is BHP's first major renewable energy off-take agreement in Australia. It's been on the cards for more than a year, since BHP first revealed it was reviewing its energy supply contracts, and comes on the heels of its decision last year to switch to 100% renewables for its massive copper operations in Chile by the mid-2020s, canceling the existing contract with a coal generator in that country. BHP claims that the "firm renewable power purchasing agreement" will meet half of its electricity needs across its Queensland coal mines, reduce the company's Australian "Scope 2 emissions" by 20% from FY2020 levels, and displace an estimated 1.7 million metric tons of CO₂e between 2021 and 2025, equivalent to the annual emissions of approximately 400,000 combustion engine cars (psmag.com, 2019).

- Climate change is a material governance and strategic issue that almost all recognizable companies have, and BHP Group is no exception. In today's world,

every segment of society—including business, government, investors, scientists, and consumers—has a role to play, and obviously BHP recognizes the role they have to play to help the world achieve its decarbonization ambitions.

To support the net-zero transition that the world must take, BHP plans to continue to pursue sustainable provision of their products. By 2030, the target is to reduce operational greenhouse gas emissions by at least 30% from FY2020 levels. Also, they have the ambitious goal of achieving net zero operational greenhouse gas emissions. Reduction of emissions in sectors like steelmaking (by 30%), shipping (by 40%), and net zero for the operational greenhouse gas emissions of the direct suppliers are also expected (bhp.com, 2023).

CONCLUSION

In this article, I aimed to discuss the BHP Group in detail based on the PESTEL analysis and fully cover the company's influence in the mining market and how it is affected by the global economy. According to the analysis, BHP Group is very successful in its political, social, technological, and economic policies; however, the company occasionally faces problems in the global market and has not reached desirable stability. Also, it should be mentioned that BHP Group was quite successful in addressing environmental issues and adapting to the new legal and climate policies in both Australia and on a global scale, respectively.

In conclusion, I can say that BHP Group is a mining giant that has a noticeable advantage, whether it's in resources, a productive workforce, financial opportunities, or social status, and these factors will possibly secure the leadership in the market for several years ahead.

REFERENCES

1. Adams, T. (2023). China's Outsized Effect on the Australian Mining Industry. GRT.
2. Allam, L. and Wahlquist, C. (2020). BHP to destroy at least 40 Aboriginal sites, up to 15,000 years old, to expand Pilbara mine. The Guardian, 10 June.
3. Australia: largest metals and mining company by market cap 2022. (2023). Statista. <https://www.statista.com/statistics/1241687/australia-largest-metal-mining-companies-by-market-capitalization/>
4. Boadle, A. (2015). Brazil sues BHP, Vale for \$US5 billion in damages for Samarco mine disaster. The Sydney Morning Herald.
5. Conrad, R. (2019). BHP Group: Trade War Winner. Forbes.

6. Davies, R. (2016). Brazilians hit by fatal dam disaster to protest at BHP Billiton AGM. The Guardian, 20 October.
7. Dunlevy, L. (2019). Protesters Demonstrate Against a Proposed Coal Mine in Australia (in Photos). Pacific Standard.
8. Hardcastle, B. (2023). Australia's Critical Minerals Strategy 2023-2030. www.allens.com.au.
9. Iannucci, E. (2023). Commodity prices fell BHP revenues. Mining Weekly.
10. Johnson, S. (2023). Victims of Brazil dam disaster accuse mining giant BHP of 'environmental racism'. The Guardian, 14 July.