

Petronas | employee health and safety case study



1. 0 Introduction

The topic that we choose for our assignment in Human Resource Management is employee safety and health. Nowadays, safety and health is a significant issue for an organization to its employees. What is meant by safety and health for employees? Firstly, safety means the condition for employees are being protected from getting any danger, risk or injury in a working environment during the working hour. Meanwhile, health means the organization's efforts to prevent its employees' from suffering physical or mental illness. In short, every organization should ensure the safety and health condition in the working environment since employee is the asset of the company. If the employees feel secure in their working environment, they will perform efficiency and effectively to achieve the company's goal. However, if the working environment is not safety and may cause them illness, it will affect the performance quality as the employees will think " why should I going to do this, this is not safe for us".

Inevitably, it is very important for an organization to ensure that their employees are working in a safe and healthy environment so that it will greatly influence the productivity and overall efficiency in any organizations. Secondly, it will also help to reduce and prevent industrial accidents. Consequently, the enforcement of employee safety and health will definitely help to reduce the absenteeism among employees. Also, it will also boost the morale among the employees inside the organization. Moreover, team spirit could be developed and the sense of belongingness among the employees could be enhanced as they are protected. As a result, the main objective of our topic is to determine the regular review of safety and health

performance in an organization. Therefore, the employees can have a better working condition to perform their specific tasks.

2.0 Content: Theory and concept

The first theory that we are going to apply for the chosen topic is Bounded Rationality. Bounded Rationality state that a decision maker makes decision at a satisfactory level rather than the maximum level because of the lack of resources and information needed. In order to implement a successful employee safety and health program in an organization, the managements have to well-planned with various choices of alternatives and decide the optimum one. Having said this, when a company intend to install employee safety and health program to replace the existed one, the switching cost involved may be much more higher than expected, that makes it difficult for the company to bear the cost. Therefore, the management shall decide the appropriate method with the sources available to fix the problems, so that both employers and employees could enjoy the benefits from the implementation of the safety and health policy activity.

Herzberg's two factor theory is the second theory that we will apply to our topic. The Herzberg's two factor theory is also known as the motivation-hygiene theory. This theory states that there are certain factors in the workplace that can cause employees satisfaction or dissatisfaction with the working environment (NetMBA, 2010). The factors that affect employees to become satisfied are the sense of achievement, recognition for their accomplishment by the top management, meaningfulness of the work, growth and promotional opportunities. On the other hand, the factors that lead employees to become dissatisfied are the strict company policy, no <https://assignbuster.com/petronas-employee-health-and-safety-case-study/>

fringe benefits, bad physical work condition and low salary. If employees are not satisfied with the working environment, it will decrease the productivity. In order to maximize the profit in an organization, the company should provide a good working environment for employees so that it can maintain the company production quality. Thus, the motivation of employee is the key factor for an organization since it is one of the several factors that significantly affect the productivity which in turns increase the profitability in an organization.

In the third place, we are going to apply Maslow hierarchy of needs in our topic. Maslow hierarchy of needs can be categorized in five independent levels of basic human needs which are physiological, safety, love or belonging, esteem and self actualization that must be satisfied in a strict sequence starting from the lowest level. Physiological needs are the lowest level of basic human needs while self actualization is the highest basic human needs. In this topic we will focus on safety level, which safety needs security of body, employment, resources, morality, family, health and property. Furthermore, safety needs for an employee plays a vital role for an organization to take the responsibility because the employees are helping the organization to generate income. In return, the company should provide a proper working environment for the employees.

In a nutshell, Bounded Rationality, Herzberg's two factor theory and Maslow hierarchy of needs are the theories that we are going to apply to our topic - employee safety and health. Keeping to the adage that " safe operations are smooth operations", these theories are extremely important for an organization to follow because it will assist the organization to increase the

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profit by providing a safety and health working environment to the employees.

Significance and contributions

In order to utilize individuals to achieve organization objective, we should have five human resource management functions such as staffing, human resource development, compensation, safety and health and employee and labor relations. Consequently, we know that the assignment topic that we choose is pivotal for an organization because this is one of the five human resource management functions. In addition, we know that safety and health not only for the organization to take the responsibility on the employees but also the employees themselves should aware and responsible for their own safety and health. Having said this, when the organization is providing the methods on how to use the machine in a safety way but the employees do not follow the instructions. Therefore, no matter how the organization implement the safety and health policy to employees, it is not effective if the employees do not follow the instructions given. Inevitably, it will cause danger to them and other employees in the working environment. As a result, the organization and employees should take the obligation together on safety and health.

Subsequently, it will assist the organization to increase the productivity by the workers if they are focusing on employee safety and health because employees can have a better satisfaction with the working environment which is safe and secure to perform their task. If the productivity increases, the company tends to sell more products. Thus, it will affect the overall profit of the organization. In addition, it will boost the morale among the

employees inside the organization. Team spirit could be developed and the sense of belongingness among the employees could be enhanced as they are protected. As a result, the employees tend to spend more time to perform their task in a safety and health environment to assist the organization to generate income.

In short, safety and health is not the only importance HRM function of an organization but also other HRM functions as well. This is because the relationship between these five functions is link together. Without one of them, the organization cannot operate well. Therefore, the organization should focus on all HRM functions areas.

3.0 Case Development (Practice)

The company we have chosen to be discussed in our assignment is Petroliam Nasional Bhd (PETRONAS). PETRONAS is the national oil and gas company in Malaysia. It established in 1974 and wholly-owned by the government of Malaysia (Abdul Ghani Pg. Hi. Metusin and Ooi Kee Beng, 2005).

Together with 127 direct subsidiaries and 54 associated companies, PETRONAS, a multinational corporation, has fully integrated oil and gas operations in a broad spectrum of the oil and gas value-chain and with global presence in 31 countries (S. A Zainal Abidin, O. Bekri, A. Jalaludin, 1996). In addition, it also conducts a variety of business activities include exploration, development and production of crude oil and natural gas in Malaysia and overseas; the liquefaction, sale and transportation of LNG; the processing and transmission of natural gas and the sale of natural gas products; the refining and marketing of petroleum products; the manufacture and sale of

petrochemical products; the trading of crude oil, petroleum products and petrochemical products; and shipping and logistics relating to LNG, crude oil and petroleum products.

Safety issue always is high concern in the oil and gas industry especially since the Gulf of Mexico incident happened in 2010. PETRONAS has around 44, 000 of employees. Therefore, it strives to contribute and take care of the well-being of people as well as nations, regardless wherever it operates by developing and adding value to oil and gas resources. It balances the commercial, environmental and social considerations carefully.

A report from Social Security Organization shows the construction is one of the highest fatality rate in the accidents among the industry. PETRONAS experiences the worst ever group safety record in 1998 with 31 fatalities and followed by 13 and 17 fatalities in 1999 and 2000 respectively.

To ensure the PETRONAS Corporate Policy Statement on Health, Safety and Environment (HSE) is implemented effectively, a proactive approach must be adopted in promoting Occupational Safety and Health (OSH). First of all, company HSE policy is the basis requirement to implement in PETRONAS as well as to any other organization. Thus, the legal liability of projects and the penalties imposed to owners and stakeholders are clearly outlined in the Environmental Quality Act 1974 and the Occupational Safety and Health Act 1994.

A good OSH management will be able to prevent and reduce accidents and ill health in the working environment. For example, HSE Management Procedure will be preparing for every project run by PETRONAS. This is to <https://assignbuster.com/petronas-employee-health-and-safety-case-study/>

ensure that all phases of the project and the OSH requirements are clearly defined and spelt out. The purpose of this procedure is to help the management in complying with the related local OSH Acts or rules and regulations, establishing the minimum OSH objectives to be met at the various stages of the project, developing the necessary guidelines to carry out a proactive management of consultants and contractors on OSH matters and ensuring a continuous OSH improvement for all project activities. In addition, with such procedure and policy, the management can make decisions more efficiently and effectively. In the meanwhile, it applies the Bounded Rationality theory in which the decision maker or the management makes decisions at a satisfactory level with limited resources and information. When problems occur, the management can make decisions at a limited time with the best alternative according to the procedure stated.

Furthermore, PETRONAS enhances the governance of HSE through the restructuring of Group Health, Safety and Environment Division to enable Business Units to have greater accountability. It also proactively develops a framework to consolidate the mandatory HSE standards to be implemented Groupwide. The Herzberg's two-factor theory can be seen in this practice by developing a safety working environment with pervasive HSE culture. In addition, it can decrease the cost of common infrastructures, management systems and services. Employees will feel secure and satisfied with their working conditions and environment with international HSE standards. For example, PETRONAS won Gold Award from the Royal Society for the Prevention of Accidents (RoSPA) and Grand Award from Malaysian Society for Occupational Safety and Health (MSOSH) in 2010. Such honors

definitely will add credit to PETRONAS that lead to the increase of employee confident to company HSE condition.

To improve PETRONAS safety performance towards achieving operational excellence, it has carried out a Third Party Process Safety Assessment on its implementation across the Group. The latest external assessment and benchmarking exercise was conducted in August 2010. The assessment recognized that process safety standards and requirements have been adequately established at Group level and translated into site-specific systems and documents at operating units. Action plans have been identified to address implementation issues on specific elements such as management of change, integrity management, work planning and procedures in order to improve process safety performance.

As stated before, PETRONAS restructure its Group Health, Safety and Environment Division to enable all Business Units to have greater accountability, the objective is to raise PETRONAS' HSE performance, reduce business risks and exposure and maintain consistency in the implementation of HSE standards and requirements. Therefore, defining a clear roles and responsibilities of all personnel involved in OSH activities for those projects are necessary. Workers should and must know their duties and the knowledge that have to apply in their tasks.

The effectiveness after the implementation

Indeed, PETRONAS has exercised the human resource practices well in ensuring the safety and health of its employees. As above mentioned,

PETRONAS obeys and follows the stated laws and regulations. Besides, PETRONAS also conducts an excellent HSE management system.

However, there is still room to improve. It is because many fatal accidents have taken place in 2012. First, there are three fire accidents happened at PETRONAS sites, and two of which involved casualties. Second, the most recent incident that related to PETRONAS involved an oil tanker which caught fire and exploded at the jetty of PETRONAS Chemicals Methanol Sdn Bhd on 26 July 2012. This incident follows closely from another fire which blazed at the PETRONAS Caligali's Tukau B Platform offshore Miri on 11 June 2012. Moreover, there was a PETRONAS gas process plant in GPP Complex A in Kerteh was rocked by two explosions. Unfortunately, a worker died on the spot while 23 others were injured. There were 2000 workers at the site when the explosions occurred (Koh, 2012). Again, these accidents have indicated that it is time for PETRONAS to reevaluate the safety standards over again.

4. 0 Recommendations

Even PETRONAS has exercised its practise well in ensuring its employees are safe and health, but there are still a number of accidents that lead to the injuries and death of its employees.

It's strongly to be suggested that PETRONAS might use joint labour-management safety team approach to involve its employees in developing safety program as the employees know the potential problem in their workplace more well compare to the management. A safety programme is launched to identify and minimize the unsafe condition to prevent the accidents that might happen in the workplace. It should contains an

extensive training and enable autonomy for the employees who perform dangerous job. For example, PETRONAS might held a meeting for the employees and management to come together in order to evaluate the previous safety program and see if there is anything went wrong. If there is anything should be changed or a new program should be established, employees will be given autonomy in voice out their opinion in the meeting according to their working experience on what should be establish, what training should be provided, and what should be done. (Dessler, 2007)

Secondly, top management of PETRONAS is suggested to involve themselves in the safety activities. Instead of just giving instruction from the top to bottom, managers and supervisors in safety and health department of PETRONAS are encouraged to involve themselves directly by going to the workplace and discuss with the employees with the production scheduling before the work of the day.

Toolbox meetings are the meetings which held in a workplace involving the supervisors and employees to discuss about the work hazard and safety awareness. Toolbox meetings are suggested to be held in every time before the work at the workplace. The SHELL companies in the same industry with PETRONAS, practise it in this way: the supervisor and other employees will first discuss in the general safety with the employees and after this, employees are grouped into a smaller group to discuss in detail about the job procedure of the day, the hazards of the job, the precautions that should be taken to prevent anything bad happen in the workplace and what should be done in order to protect themselves for the duties that they are going to perform after this. The toolbox meeting is not only being held in each time

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before the work, but also should be held if there is any changing in hazard found. (Steve Beckett)

Evacuation plans should be enhanced in PETRONAS as the accidents happened in the workplace often has caused death and injuries on its employees. An evacuation plan should include the three main things: an early detection of problems, the methods to communicate the emergency externally and the communication plans to initiates an evacuation. For example, an initial alarm to alerts the employees on emergency and following by the instruction given on what to do in next. This minimizes the number of death and injuries cause by fire and exploitation effectively(Dessler, 2007).

Furthermore, PETRONAS is recommended to establish behavioural-based safety programme which it is to identify its employees' working behaviour, understand the way they work and advice and lastly train them to avoid the working behaviour that might lead to accidents (Dessler, 2007).

PETRONAS may use Human Resource Internet-Based System to manage their safety programme for it is more efficient and more effective in the way to communicate the safety and health information to its employees from the whole organization. The HRIS included the material safety data sheets from OSHA which stated the precaution that should be taken by employees when performing their duties and what to do in dealing with the accidents. The data sheet based on the new OSHA information can be uploaded and communicate faster to the employees if HRIS is to be used. In the other hand, PETRONAS might create also its own training websites which will allow

the company to communicate the safety issues to its employee in the form of video, PowerPoint presentation sheets and etc. By this, PETRONAS will be able to organize and deliver the individual course to its employees according to their needs in anywhere and anytime (Dessler, 2007).

5.0 Conclusion

Employee Safety and Health is a significant issue for every organization because employee consider as asset of the organization. Working environment is very important for every employee. It to ensure that provides a safety place for employee to prevent getting any danger or injury.

Organization also need to concern employee health to prevent its employees' from suffering physical or mental illness. The employee safety and health is high concern especially in the oil and gas industry. PETRONAS is a multinational corporation that has integrated oil and gas operations in a broad spectrum of the oil and gas value-chain.

Employee has safety and health condition can perform the job efficiency and effectively and achieve the company's goal. Safety and health can impact the productivity and overall efficiency in organization. Organization's can put efforts to develop the team spirit among employees and to enhance as they are protected in the working environment. It can help organization to prevent industrial accidents and to reduce the absenteeism among employees.

An important theory and concept such as Bounded Rationality, Herzberg's two factor theory and Maslow hierarchy of needs for an organization to apply in order to increase the profit by providing a safety and health working

environment to the employees. The organization and employees should take the obligation together on the safety and health. Employees themselves should aware and responsible for their own safety and health in the working environment.

PETRONAS conducts a variety of business activities in 31 countries.

PETRONAS obeys and follow the stated laws and regulations and conducts an excellent HSE management system to ensure the safety and health of its employees. PETRONAS strives to contribute the commercial, environmental and social considerations carefully. A proactive approach adopted in by Occupational Safety and Health (OSH) to ensure the PETRONAS Corporate Policy Statement on Health, Safety and Environment (HSE) is implemented effectively. HSE policy is the basis requirement to implement in PETRONAS. OSH management can make decision at a limited time with the best alternatives according to the procedure stated.

PETRONAS is restructuring the Group Health, Safety and Environment Division to enable Business Units to have greater accountability. It developed a framework to consolidate the mandatory HSE standard to be implemented in a safety working environment. Employee will feel secure and satisfied with their working condition and environment international HSE standards such as Gold Award from the Royal Society for the Prevention of Accidents (RoSPA) and Grand Award from Malaysian Society for Occupational Safety and Health (MSOSH) in year 2010. It will lead to increase the employee confident during working time with company HSE conditions.

The objective of implementation in HSE performance is to reduce business risks and exposure and maintain consistency. Employees must know their duties and knowledge in order to apply in their tasks. Therefore, PETRONAS enable to have greater accountability.