Petroleum Sector Analysis

Case Study: How to negotiate two organizational contrasting views in drilling services?

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Oil and Gas Human Resource Management Article

January 2016

About the Author

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I. Introduction

In this section I present a comprehensive case example of what organizations frequently go through.

The following case offers two contrasting perspectives of the same issue due to proposed management changes driven by organizations' need to reorganize work systems to develop competitive advantage and the possibility of opening new markets, in this case in the USA, Russia and the Middle East.

Andrew Laurenson, a senior manager at an Aberdeen based drilling service and equipment plant, is in favour of implementing a new highly automated manufacturing structure that would allow employees to work in teams to oversee production sections and to achieve higher productivity through information sharing and innovation, which represents an attractive workflow improvement and higher pay for employees.

Dissimilarly, Tim Roberts, a Union representative, is reluctant to accept Andrew's approach since he doubts the company is genuinely concerned with ameliorating labour conditions.

Tim fears there will be dismissals as workers will no longer be needed when the actual labour intensive work processes disappears with the new highly automated system.

Consequently, the company's management team is willing to evaluate several work aspects in order to implement an effective plan.

They will try to find a balanced solution to the dilemma by looking at ways to guarantee the workers will occupy a new role in the modern industrial system; better wages, and the possibility of learning new interesting production techniques by using cutting edge technology.

In order to provide solutions to reconcile these two perspectives it is necessary to analyse the above-mentioned matters by addressing the following literature.

II. Analysis from the perspective of both parties

Andrew Laurenson has addressed his arguments showing the company is willing to move from a narrow work Unitarist practice (Fox, 1966) and by Abbott in its Scientific Management theory (Taylor, 1974), to a modern Human Relations theory under the same frame of reference.

Within the Unitarist theory, employees are viewed as immature, selfish and unable to have long-term views in favour of all stakeholders requiring therefore close control and well divided industrial activities.

The Human Relations theory (Abbott, 2006) draws on the assumption that organization tension is reduced if the person achieves work fulfilment (Mayo, 1933; Maslow, 1954 and Child, 1967).

Tim Roberts, on the other hand, confirms the fact that because managers and workers have naturally different and conflicting interests, tensions cannot be avoided as stated in the Pluralist and Marxism theories (Fox, 1966).

Respectively, the company could be perceived by employees as only seeking profits, reinforcing cost reduction measures.

Workers could feel distress in the new work process and later suffer from job losses, as seen in many similar cases within the industry especially in times of severe oil price falls[1] (Deutsche Welle, 2015).

But how can identity and culture change engagement be promoted (Peter Senge, 2013) under this scenario, when in practice it is likely there will be a significant number of job losses?

By this means, Systems Theory within the Pluralist view states that work relations should be governed by a set of formal and informal rules including improvement of work benefits.

Notwithstanding, does this theory protect against necessary job losses when a company faces significant profit reduction?

Labour Processes within Marxist theory (Abbot, 2006) argue that management will often try to control output using new technology and managerial approaches with the purpose of obtaining efficient and less costly processes.

In addition to the above models, Budd and Bhave in 2006 explained employment relations using the following classification: the Egoist, the Unitarist, the Pluralist and the Critical frameworks.

It is evident that both Andrew Laurenson and Tim Roberts are trying to defend their view point resembling the Egoist theory.

Both free market dynamics and maximization of profits (Andrew's position as manager) and individual self-interest and family needs (Tim's aims) (Maslow's hierarchy of needs) are present under the actual Scottish legal framework.

In the areas of engagement practices, job satisfaction, commitment and strong sense of purpose, increase company's profitability and produce sustainable growth (Albrecht, 2015).

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[1] Schlumberger announced he intends to cut 20,000 jobs worldwide due to a fall in oil prices.

However, it would appear that Tim fears employment security so feeling fulfilled at work comes second. Is this also a concern for workers based in related companies?

It is said that there is nothing more stressful than facing change. Resistance occurs when people become afraid of losing something familiar (Tyzack, M.,2009).

According to Schein, 1960, companies should be aware that out of the main eight career anchors, Security and Stability are amongst the most important career anchors for the vast majority of people. Reason why it is basic to gather surveys and statistics in reference to this.

The CIDP, 2013 Talent Analytics and Big Data Report, argues that by collecting data it is possible to build a case for Human Resource practitioner interventions that lead to organizational change and that in turn, transform culture.

The Intervention Strategy Model (ISM) could provide a well-structured research methodology by taking into consideration current company systems and sub-systems to help map and define culture change.

By addressing matters such as: What is the problem? What needs to change and why? (Martin, Paton & McCalman, 2005, 2015). Martin and Beaumont (2001, 2010)'s Strategic Change model is considered to be complementary to the ISM model if systems change is implemented in other countries.

Beginning with this evaluation there could be a more comprehensive communication strategy to help produce employees' understanding, buy in, and engagement with culture change.

It will be important to help senior managers avoid spending time thinking that past circumstances will apply equally to new ones (Halo Effect) particularly.

Not necessarily if there is a proposal from the management to increase salaries, employees and team workers would be willing to accept the system change (Rosenzweig, 2007).

III.   Can these viewpoints be reconciled?

According to Moyes (2009), people tend to be more willing to do things if they thought about it themselves, rather than being told. Hence, allowing employees to have a saying in the change and coaching them through the process could help others become more accepting towards changes in the company's culture.

First, according to Ford and Ford (1995), the systems change discourse could be initiated by all levels of management, facilitating information about the need for a modification of activities.

Second, the managers would be seeking for the employees understanding of the initial message delivered by the management team. It will be key to ask for their opinions in order to involve them in the process, and to make way for future discussions. Third, the performance talks or how to implement the change plan that would propel required actions to obtain the foreseen outcomes. Finally, the closure conversations to celebrate achievements or discuss around the reasons why the completion of the culture change programme has not been completed, by communicating the results and new facts.

Once the aforementioned data is gathered, the company should take care of the corresponding unpleasant situation for employees so fear is mitigated by a stronger development of meaning and trust systems (Schein). Taken-for-granted beliefs, thoughts and perceptions do drive cultures (House et all, 2004) and employees actions (Martin, 2015).

Intra-organizational trust studies (Siebert, Martin, et al, date?) could also assist in replicating culture change methods. Particularly, when there is a perception of distrust regarding the reasons behind why the change system was promoted.

According to Schneider and Barsoux (2003), there is no doubt that implementing managers need to be flexible when considering multiple perspectives during the implementation phase. Scenario planning and problem solving exercises would be fundamental when making work-related changes (Schneider and Barsoux, 2003).

IV.   What approaches to change management might help?

If the company establishes a sense of urgency by stressing the possible negative outcomes and communicating the existing organizations' concerns in a convincing and considerate manner, this action would allow open communication and the possibility of speaking up to power (Abbot, 2006). In doing so, it would be possible to get to know workers' interests, re-build trust, and dissipate fears (Martin, 2015; Groen, 2002; Courpasson & Clegg, 2006; Neves, 2010).

Once the above is done, there could be sufficient data to model employees believes and expectations using for instance the Employment Value Proposition (EVP) model (Reddington, 2015).

The workers then will observe the company has made sufficient efforts to try to manage change acceptance in a proper way, therefore both their legal and psychological contracts are enhanced to an optimum balance between employers' and employees' contribution such as employees job security versus job engagement.

Employees' worries and resistance can improve the change discourse if well managed, so that there is more information available to be able to stablish new strategies to overcome anxieties effectively and transform them in the execution phase (Ford, Jeffrey and Ford, Laurie, 2010).

V.   Conclusion

Letting people speak up about their fears, and proposing ideas that are in line with the company's values, mission and vision would help them become more committed to the organizations' decisions. Perceptions of trust towards managers and the organization as a whole could also be transformed.

Going back to the examples of Andrew in his role of senior manager and Tim as an employee of the company, it is possible that with sufficient open, profound and respectful discussions around the type and magnitude of concerns, could transform worries into opportunities (Canato, Anna and Ravasi, Davide , 2015).

Additionally, the EVP and Intervention Strategy Model (ISM) (Martin, Paton & McCalman, 2005, 2015), could provide a well-structured research methodology, and help detect potential unbalances.

Change champions might also be encountered participating in the implementation phase (Martin, 2015) and assisting in maintaining positive "momentums" towards the new culture enactment.

Job losses cannot be avoided when there are significant external factors, but peace of mind and trust amongst workers can be managed.

In any case, it will be important to continue on monitoring reactions from all parties, especially managers so they are truly committed and willing to have a key role in the programme. In a long lasting inclusive culture systems change, it needs to be perceived as being beneficial to all stakeholders.

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