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RESEARCH THESIS

**LABOR RELATIONS ISSUES AT OIL FIELDS IN
PAKISTAN**

**SUBMITTED BY:
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ABSTRACT

‘Industrial Relations’ is a combination of various social sciences, the cumulative effect of which is to grease the wheels of the industry and society. “Labor relations” in an organization means Good Relations between the employer and the employees. Sound labor relations can only be based on human relations, and good human relations dictate that human beings should be treated humanly which includes respect for human dignity, fair dealing and concern for human beings’ physical and social needs.

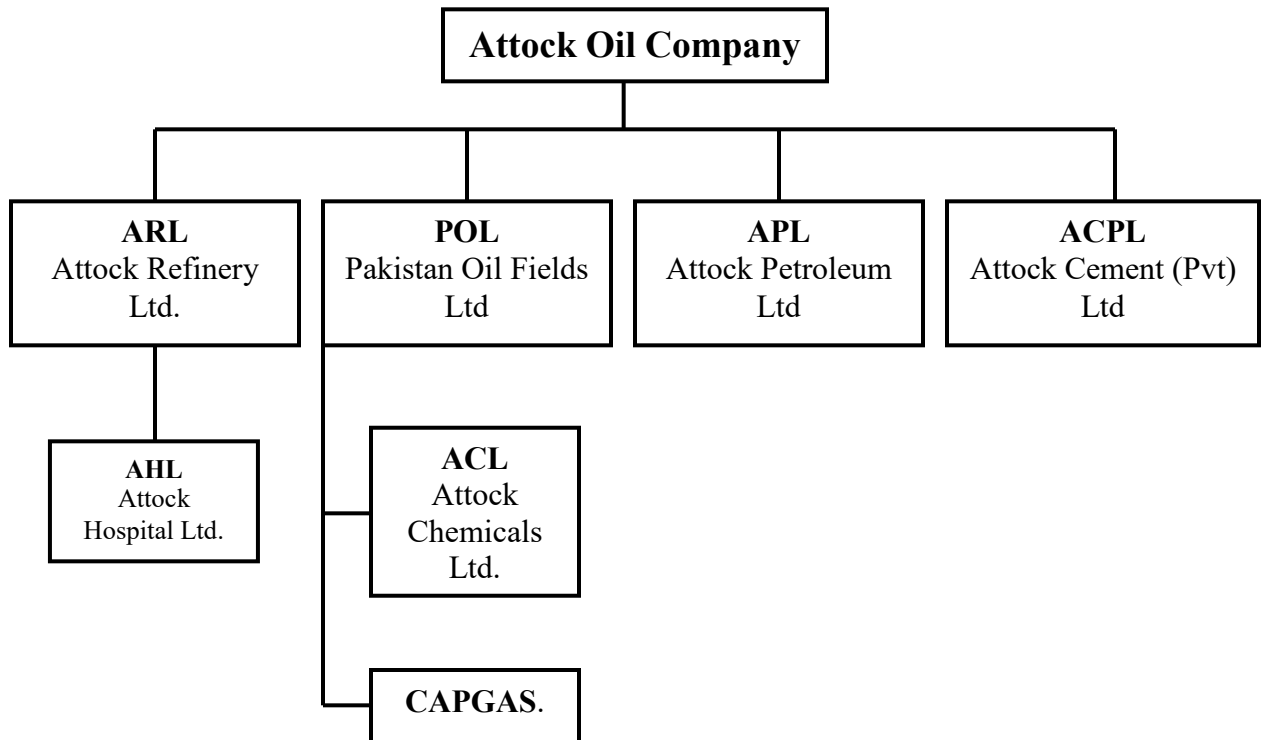
The Industrial Relations Ordinance of 1969 protects the right of industrial workers to form trade unions subject to certain restrictions which seriously curtail the formation of unions and their operations. The Essential Services Maintenance Act of 1952 restricts union activity in sectors determined to be "essential" such as government services and public utilities. Similarly, industrial workers possess the right to organize and to bargain collectively but, in practice, face disabling legal impediments. Workers' right to strike is constrained by compulsory arbitration of labor disputes, "cooling off" periods, and government authority to ban strikes determined to be potentially harmful to the economy.

The Pakistan oil industry is facing the same labor and trade union problems like other industries; rather they are more magnified as oil industry is a hardcore labor intensive industry especially on the exploration and drilling sites / oil rigs. The MNC exploration companies like OMV and Orient Petroleum Inc. do not have unions so as to avoid the problems which may arise in the remote areas especially of Internal Sindh and Baluchistan. They rather outsource their drilling operations to some service company like Halliburton, Schlumberger or Weatherford. The exploration companies in the public sector like OGDCL (Oil & Gas Development Company Limited) or Semi Govt. organizations like POL (Pakistan Oil Fields Limited) have strong unions which may obstruct the smooth working of the organization and can be so unreasonable in their demands at times. It so happens because of lack of caring, misinterpretation of interest, inadequacy of salaries or lack of justice and dependent labor courts of Pakistan. The following research highlights some of these problems in detail and stabs to recommend some solutions to ever existing strain between the management and the blue collar labor force at Oil Fields.

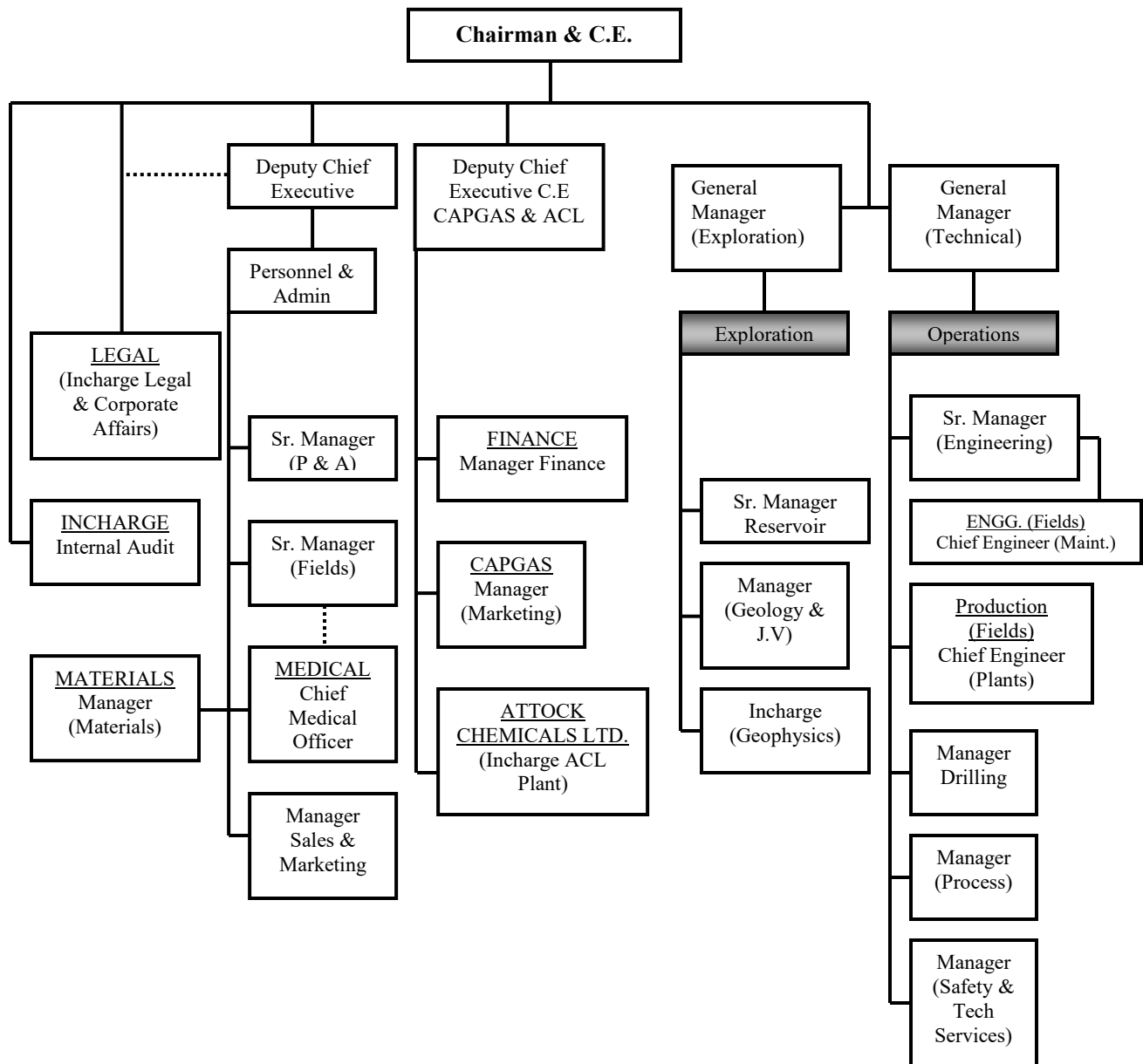
Abbreviations

ATS	..... Austrian Schilling
bbbl	..... barrel(s).....(1 barrel equals approx. 159 liters)
bbbl/d	..... barrel(s) per day
bn	.....billion
boe	.....barrel(s) of oil equivalent...(1cbm gas = 0.847 kg oil; 1bbbl = 6000 cf gas)
boe/d	.....boe per day
bcf	..... billion standard cubic feet (16 °F/ 16 °C)
bcm	..... Billion cubic meter (32° F/ 0°C)
cbm	..... Standard cubic meter
cf	..... standard cubic feet
EBIT	..... earning before interest and tax
EOR	.....enhanced oil recovery
EUR	.....Euro (1 Euro equals ATS 13.7603)
E&P	..... exploration and production
ft	.....feet
HSEQ	..... health, safety, environment and quality
MM	.....million
R&D	.....research & development
t	.....metric ton(s)
toe	.....tons of oil equivalent
ACR	..... Annual Confidential Report
POL	..... Pakistan Oil Fields Limited
OGDCL	..... Oil & Gas Development Company Limited.
NIRC	..... National Industrial Relations Commission
MENA Region	..... Middle East & North African Region
NLRA	..... National Labor Relations Act
(FLSA)	..... Fair labor Standards Act
(JIC)	..... Joint Industrial Council
OWIU	..... Oil Workers International Union

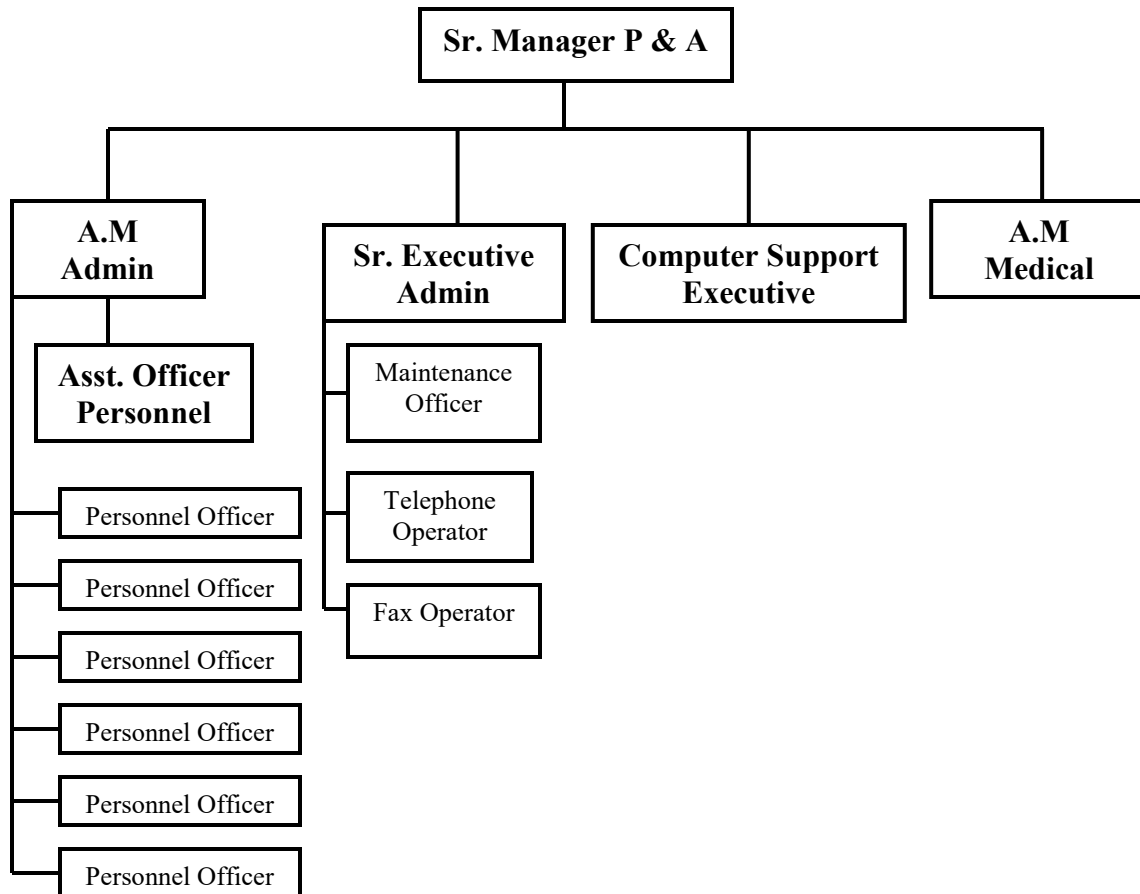
**ATTOCK GROUP OF COMPANIES
ORGANIZATION CHART**



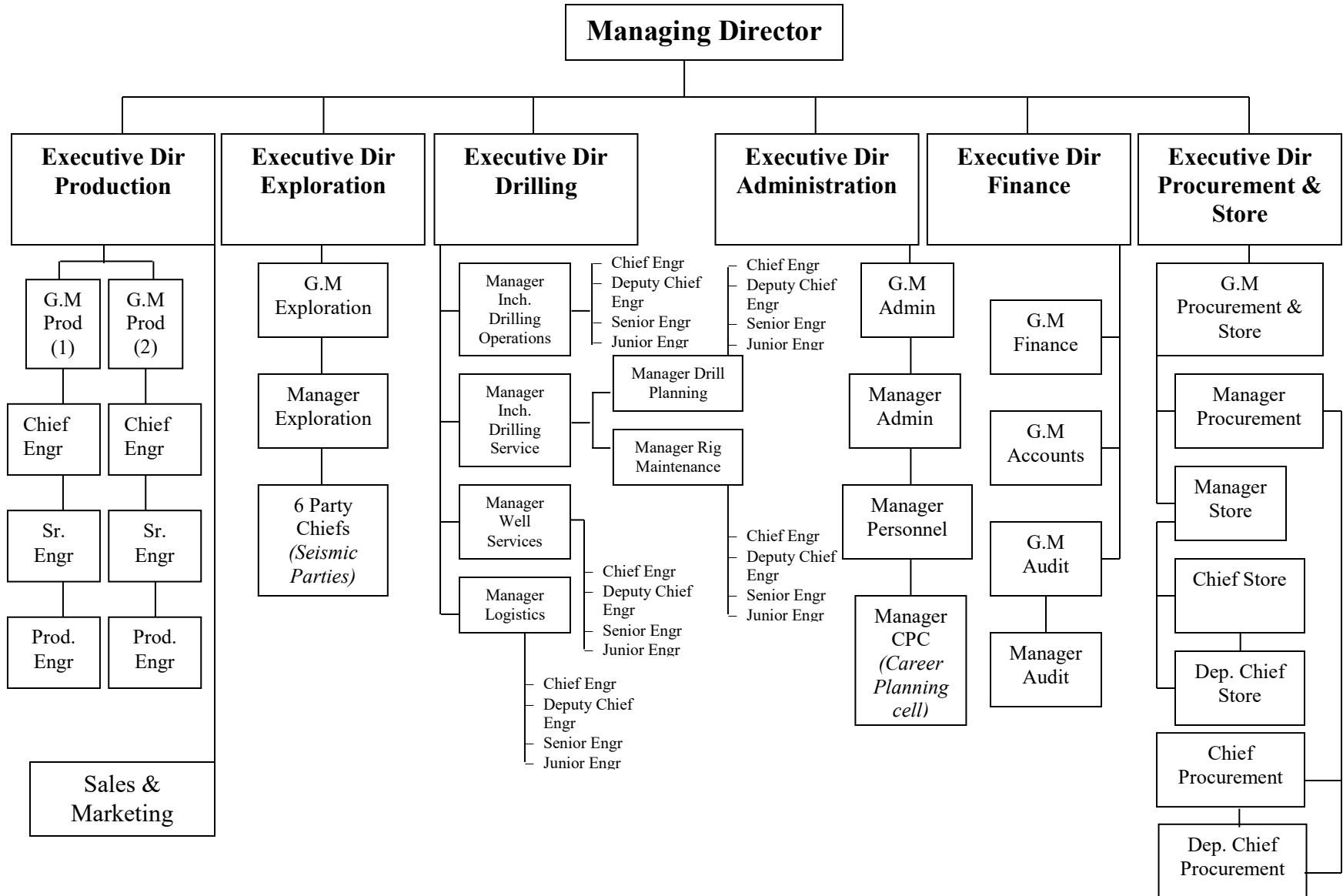
PAKISTAN OIL FIELDS ORGANIZATION CHART



**POL
HR DEPT.
DEPARTMENTAL STRUCTURE**



OGDCL ORGANIZATION CHART



PERKS & BENEFITS INDEX (POL)

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CHAPTER 1: INTRODUCTION

1.1 Oil and World Economics:

Oil plays a major role in the world economies. The development and growth of any nation is directly related to the consumption of oil and its related products. There are many countries like Saudi Arabia, Libya, and Abu-Dhabi etc, which are blessed by nature with this enormous wealth. While there are others which cannot fulfill their energy requirements from domestic production hence, have to spend heavily on import bills.

Pakistan is in the second category but it faces a more serious situation. The constant depreciation of Pak rupee, increasing demand of furnace oil for the newly-established power plants, slow rate of discovery of natural gas as compared to the increasing demand and inability to process crude produced locally — containing very high percentage of wax — and limited refining capacity have increased its import bill tremendously. Since the demand for these products is inelastic, the rate of inflation goes up with the passage of time.

1.2 Significance of the Study:

What makes some jobs better than others is better industrial and better personnel practices, which include good Labor Relations Management. If workers are treated as humans they behave as humans. Recognition of individuality and dignity of each worker is the starting point of human relations in an industry, necessary for endorsing the correct attitude in the workers which in turn increases their efficiency and teamwork. Various human problems can be solved by the proper use of industrial psychology. Workers attitude is the controlling factor in good labor relations. The workers should feel that they are an integral part of industrial operations and that their contribution is appreciated. Good Labor Management Relations are important for avoiding unrest and resentment among the workers. Inadequate wages, poor working conditions, rough handling of workers by their supervisors can turn into disputes.

In many companies managers having an experience in personnel handling are preferred for promotion to the top. Minimum requirements for working conditions have been spelled out by various labor laws and have been made a statutory obligation on the employers to implement them. Oil & Gas exploration is an auspicious area where Pakistan can attract Foreign Direct Investment in a vibrant way, but the past incidences of labor problems in the remote areas of Sindh, Baluchistan and even in Punjab have been so disappointing for the MNCs to invest in Pakistan. This is probably due to an ineffective labor policy of Pakistan and bureaucratic attitude of the Top Management of most of the companies.

1.3 Objectives and Broad Areas of Discussion:

The objective of the study is to gain an understanding of the main issues related to labor relations in the oil fields of Pakistan. The broad areas around which the whole discussion revolves are:

- An overall understanding of the important labor related issues in the context of the working of the organizations and the labor unions.
- Formation of linkage between the HR concepts and the practical problems.
- The difference of policies and dealings of Pakistani companies and MNCs pertaining to labor and unions.
- The divergence of the conditions of blue collar workers being dealt under the umbrella of union and without it.
- Where do companies face problems in terms of negotiations with the Labor Unions?
- Recommending an effective labor Relation Policy Model.

1.4 Limitations of the Study:

The purpose of the present analysis among other things is to re-assess the previous policies in the Local Companies and MNCs which are involved in exploration or

providing services to the exploration companies. As such, reliability and validity of the research findings are very decisive for the useful study and a momentous revolution in the industry. The limitation imposed on the study are basically due to the general inaccuracy and insufficiency of data from national and multinational firms engaged in the business of Exploration and production. Following difficulties were also observed during the collection of data:

- Extreme confidentiality of data and strict security measures at the national and multinational companies especially at the oil fields.
- Almost non-availability of financial data and policies about compensation and rewards management pertaining to various companies engaged in petroleum exploration and production.
- Bureaucratic attitude and reluctance of various Government officials to provide information and data which otherwise is meant for public consumption.
- No clear cut policy for the level of confidentiality of information and data in Government departments.
- In MNCs people don't even know that most of the questions asked have their answer on their company's website, but they hesitate in giving that information when orally asked for.
- Unavailability of information about the Local Companies on the web. The web sites are not properly maintained and the information given there is mostly outdated.
- Reluctance of blue collar workers in giving their honest opinion about their relations with the management and role of the union.

Despite these limitations no one is really concerned to rectify these things. Govt. officials and Multi National envoys are not even pushed to know the discrepancies in their system and how this can be fixed by research and collaborating with universities and educational institutions. The findings of this study may later be utilized to further enhance the scope of and study the actual economic effects both at micro and macro level.

1.5 Research Methodology and Plan

The Data collection for the purpose of research has been done through interviews, use of publications, compilation of questionnaires, and web research. Tables and graphs are primarily being used for comparison and evaluation as a part of Analysis.

1.5.1 Sources of Data

The study is based on extensive library and field research and content analyses of available books, reports, newsletters of different oil and gas exploration and service companies, newspapers and journals pertaining to the field of oil and gas. Primarily data is collected from POL (Pakistan Oil Fields Limited), OGDCL (Oil & Gas Development Company Limited) and Weatherford Service Company. The secondary data is collected from ministry of Petroleum and Natural Resources. Concurrently, data is also acquired from LMK (Landmark) Resources and Currentage Petroleum Exploration (Pvt.) Limited. Apart from this following means will also be used to collect data:-

- Structured /unstructured Interviews and discussion with Government officials and officials of oil companies.
- Visits of various oil and gas exploration companies and their production fields.
- Net surfing.
- Review of annual reports by Pakistan Petroleum Information Services.
- Literature Review.

CHAPTER 2: LITERATURE REVIEW

2.1 Petroleum Industry in Pakistan:

At present Pakistan is an extensive user of oil and gas. It is importing more than 40 % of oil from other countries specially Iran. Pakistan requires a high and sustained growth of 7% to 8% per year in energy supply and infrastructure capacity to support its targeted growth of 7% in GDP. The country depends on imported oil for almost 40% of its commercial energy needs. Over the last 10 years Pakistan's oil production has decreased from its peak production of 65,000 bbl/d in 1990-91 to 56,000 bbl/d in 1999-2000. Pakistan is, however, among the most gas dependent economies in the world and it has a well-developed and integrated infrastructure of transporting, distributing and utilizing natural gas.

Although there is potential business particularly for new gas field developments, infrastructure and downstream plants yet foreign investors are reluctant to take the opportunities. Government of Pakistan has time and again modified and made its petroleum policy more attractive and lucrative for exploration and production companies. At present Pakistan is being identified as a low priority market for the oil and gas sector. This priority is a result of the uncertain level of investment partly reflecting national politics and economic uncertainties. However, the Petroleum Policy of Pakistan aims to boost private sector investment for enhancing indigenous oil and gas production. The policy presents many improved incentives, simplified procedures, and regulatory frameworks; however it needs to be implemented in its full spirit to produce the desired results and make Pakistan self-sufficient.

Pakistan's Sedimentary Area is 827,268 sq. km. The first wildcat well 'Kundal' was drilled during 1868 in the Punjab province of Pakistan. Oil was first discovered at Khaur (Distt. Rawalpindi, Punjab province) in 1914 by Attock Oil Company Ltd., and Natural Gas at Sui (Baluchistan province) in 1952 by Pakistan Petroleum Ltd. During the period of 1868 - June 2001, only 525 Exploratory Wells and 657 Development Wells have been drilled. The Exploration Drilling Density so far has been one well per 1628 sq. km.

Total Discoveries made during this period are 142 whereas 57 oil and 85 gas. Overall success rate has been 3.6 exploratory wells to 1 discovery.

Although Pakistan has not made many huge reserve discoveries, it enjoys an exploration Success rate of 1: 3.6 and a large potential of reserves. So far approximately 1100 exploratory, appraisal, and development wells have been drilled in the whole petroleum prospecting history of Pakistan. Therefore, there exists a great potential for further exploration activities in Pakistan. At present Pakistan is being identified as a low priority market for the oil and gas sector. This priority is a result of the uncertain level of investment partly reflecting national political and economic uncertainties although there is potential business particularly for new gas field developments, infrastructure and downstream plants.

2.1.1 Trends in Oil /Gas Sector: Recent Exploration & Production:

Exploration and development drilling activity has been fairly steady throughout the past decade with slightly greater activity on appraisal drilling and reduced activity on development drilling in the last five years. A total of 28 exploration wells were drilled during 1999 of which nine were successful (a 47% success rate). These levels are lower than 1998 when the corresponding figures were 19 out of 42 (or a 54% success rate).

2.1.2 Status of Refinery and Petrochemical Sector:

Pakistan has three main refineries with a total capacity of 140,000 b/d, Attock Refinery Ltd at Rawalpindi, National Refinery Ltd and Pakistan Refinery Ltd at Karachi.

There are petrochemical plants planned, such as Pakistan's Caustic Soda Manufacturing Association \$100 million plant to produce PVC, urea fertilizer, acetic acid and acrylic fiber. There have also been plans for a \$1.1 billion Pak-Iran refinery at Baluchistan (using heavy Iranian crude), a \$90 million refinery at Badin in Sindh province and a secondary refining hydro-cracker project under consideration by State Petroleum Refining and Petrochemical (PERAC). These are unlikely to occur without foreign investment.

2.2 Self-Sufficiency in Oil Production / Dangerous Facts:

Stopping the search for new oil reserves causes serious concerns. Can Pakistan become self sufficient in oil production? This question often draws a negative response. This situation is the result of short sighted approach to situation. Governments in the past tried to find ways to attain self-sufficiency in oil production, by relying on the Annual Reports of Multinational oil companies.

This interest in attaining self-sufficiency is triggered by the following facts:

- Discovery of Oil reserves in District Badin and the adjacent areas, like Sindh and other areas of the country
- Interest of Multinational Oil companies
- The High ratio of success in the search of new oil reserves
- The income from the Annual oil production

This state of affairs has no doubt some repercussions. But before exploring the possible outcomes, it is necessary to understand the process of search for oil and its production in some detail. Two decades earlier, we could not speculate that beneath the barren land of District Badin lie huge reserves of oil. But not surprisingly, the MNCs had singled out the area for its rich oil and gas reserves.

First break through for Union Texas came in 1980 when it discovered oil in Khas Kheli Goth, a small village in Taluka Fasil Rahoo. It took another couple of years to start the supply of oil from this oil field. Now considered to be one of the largest oil fields in the country, Khas Kheli Goth is the base camp of the Company. The supply of oil from this field continues to date. Taluka Fasil Rahoo provided another success story in 1984 when huge oil reserves were discovered in Leghari village. Oil was discovered from three more areas in the same year, thus, starting a flow of rich discoveries.

Oil was discovered in more than hundred villages. The names among others include:

Golarchi	Tajidi	Dhabi	Mari	Turk	Mazari	Southmazari
Sonro	Bukhari	Jalal	Matli	Jabo	Kaangro	Bozdar
Peer	Panero	Dubhari	Kohli	Kato	Bhati	Rindh

With the time, the Company spread its sphere of activities beyond Badin. Under new contracts, they started working with new titles like Badin connection Block 1, Eastern Sindh Block 2.

In the search for oil reserves, the success ratio came around 3:1, which surprised not only the company but also the local meteorologists. In other oil producing countries, the ratio is 9:1. Not only was the discovery rate good but the flow of production was also pretty smooth. In 1997, Badin catered to 45% of the local oil needs with daily production of 26,335 Barrels of oil. At that time Pakistan's total oil production was around 58,340. Badin was also responsible for 8% of the total national gas production. In the coming years however the company faced some setbacks, when it faced failure in its efforts to dig oil from Marvy well in Eastern Sindh and some other areas.

Apparently disheartened, the company sold the shares with considerable profit to ARCO Company. The latter also succumbed under the pressure and sold the shares to considerable profit to British Petroleum. According to the company report the daily oil production at that time was about 24,066 barrels. The external sources however believed it to exceed 28,000 barrels at that time.

After taking charge, British Oil, through efficient use of its resources, succeeded in raising the level of production to 32,000 barrels per day. It introduced a plan of action in 2001. According to the plan:

1. The local Govt. would be 50% share holder in the total oil production
2. The company would undertake digging of 4 new oil wells every year
3. Re-modeling of 14 old oil wells will be done annually
4. The company would establish 4 more oil fields and two more gas fields

It was hoped that these measures would increase the daily oil production to 45,000 barrels and an increase of 40 million cubic feet in the production of natural gas on daily basis. All these efforts were part of the steps that the company took every year to boost its production. But in its efforts to increase production, the company did not want to leave any stone unturned.

Later on, the scope of the project was further broadened ad an area of 5,777 sq. miles was included in the project for research purposes.

The SEISMIC survey was started in the year 2000, and was completed within 2 years. In January 2001, on the basis of the SEISMIC survey, preparations were completed for commencing work on the first oil well. A senior company officer with a promise of anonymity revealed that the survey can help in increasing the production of oil from 50% to 60 %.

Summing up, oil is not scarce. Enough lies underground to keep our motors humming for several decades still. All the above mentioned facts make it clear that attaining self-sufficiency in oil production by no means is an impossibility. But owing to unknown circumstances, all the plans to promote production in the fields of oil & gas have been delayed indefinitely in all the operations to this effect have been contained.

The related company instead of working on new ways to boost production is now extracting oil from the well through artificial means. The use of latest compressors and modern machinery for extracting oil was appreciated at first. These dramatic techniques allowed the company to improve oil recovery rates; their use however, resulted in drainage of oil fields all the faster.

Pakistan's energy policy went wrong somewhere in year 2000, but now it is even more so. It is argued that its policies may have become self defeating.

(Source: An article by Mohammad Haniif Zia in "Jung Sunday Magazine" dated 25th May, 2003.)

2.3 Labor Organization:

Section 2 (5) of NLRA defines 'Labor Organization' as:

"Any organization of any kind, or any agency or employee representation committee or plan, in which employee participate & which exists for the purpose, in whole or in part, of dealing with the employees concerning grievances, labor disputes, wages, rates of pay, hours of employment or conditions of work."

2.4 Early Unions in the Oil Industry

The first oil workers unions were organized in western Pennsylvania, where the industry first developed, to protect the men against Standard Oil.

At that time Rockefeller was gaining control of production through the South Improvement Co. He already was becoming the controlling factor in refineries, pipe lines and tank car transportation.

The western Pennsylvania producers organized to protect themselves against Rockefeller's domination. They shut down the fields periodically to keep the price of oil from going too low. In these periods thousands of men were thrown out of work. It was then that organization seemed to develop among the workers.

The earliest union of which there is any record was formed in the fall of 1872 in Parkers Landing, followed soon by a drillers and tool dressers union in Oil City, known as the Oil Well Workingmen's Assn.

Drillers and tool dressers met Oct. 30, 1878, at Bradford to form the Oil Well Workers Protective Union. Another union was formed in November, 1887, in Bradford. Each of the years marked a period of depression.

By 1889 the Well Drillers Union was powerful enough to negotiate an agreement of which a union today might well be proud. To protect its members against shutdowns, the union entered into a contract with the Petroleum Producers Assn., which resulted in October, 1889, in the payment of \$188,000 to the union for unemployment benefits. This represented the profits on 1,000,000 bbls. of oil the producers had set aside for unemployment compensation during a shutdown.

2.4.1 Formation of AFL-Chartered Locals

In the early days, when there was no oil workers union, workers organizing themselves applied directly to the American Federation of Labor (AFL) for membership. The AFL directly chartered "Oil Field Workers" locals. This happened before 1899, when the [Intl.](#)

[Brotherhood of Oil & Gas Well Workers](#) was formed, and after 1905, when it disappeared, until the OWIU was formed in 1918. Later, after a true union of oil workers was formed, these locals joined it and were issued new charters and local numbers.

2.4.2 History of Oil Workers International Union: Intl. Brotherhood of Oil and Gas Well Workers

The first national union of oil workers was chartered Dec. 29, 1899, as the Intl. Brotherhood of Oil & Gas Well Workers.

This International was formed by delegates from seven locals in Ohio and Indiana who went to the Detroit convention of the American Federation of Labor, Dec. 11-20, 1899, on the invitation of Pres. Samuel Gompers.

The AFL approved a resolution to help the oil well workers, “the largest body of unorganized skilled workers in the country,” in their “earnest endeavor to organize their craft.”

The seven delegates elected officers as follows: President, Ira H. Gibbons of Cygnet; Vice Presidents, John A. Dyke of Montpelier, Ind., A. C. Stillson of Bairdstown, A. L. Herriott of Bowling Green; Secretary, J. H. Mullen of Bowling Green; Treasurer, Walter Reddick of Findlay; Organizer, J. J. Magrane of Hammansburg.

The Brotherhood was strictly an oil field union, with dues of 50¢ a month and per capita of 20¢, later raised to 25¢. Conventions were held each year, usually in Bowling Green or Findlay. Members of the executive board were paid \$4 a day for lost time, with \$2 a day for hotel.

The union apparently had several thousand members at its peak, in about two dozen locals. Locals spread to western Pennsylvania and even to Coalinga and Bakersfield, Calif.

The scale in 1902 was: Drillers, \$4.00-4.50; tool dressers, \$3.00-3.50; pumpers, \$50-60 a month; roustabouts, \$2; rig-builders, \$1.75 to \$2.50.

The union was able to push wages up 50¢ a day for the 12-hour day. Overtime was discouraged. Sick benefits were a feature of the union. The Ohio Oil Co. was a principal employer.

After a strike in 1904, many active members seem to have drifted to the new fields in Kansas and California, and the International disintegrated. The charter was surrendered Dec. 9, 1905.

2.4.3 Industrial Workers of the World

The leading exponent of industrial unionism in the old days was the [Industrial Workers of the World](#) (IWW), [formed in 1905](#). It was active in the oil fields of the southwest and in California during and after the first world war: While they never succeeded in building stable unions, they were an influential force in fighting for better conditions, particularly among migratory workers such as pipe line construction crews and boom field crews.

The IWW did not believe in contracts. Instead they went in for “job action,” swift, short strikes which either achieved their purpose immediately or resulted in the crew being fired. Even when such strikes were lost, the result was salutary among superintendents who knew that conditions must be improved to hold their employees.

Many oil field workers in those days carried two cards? The AFL Oil Workers “blue card” and The IWW “red card.” The “red card” was often the ticket for a free ride on the freights, as brakemen would throw off anybody not “packing a card.”

Typical of IWW propaganda in those days was the leaflet distributed in the Goose Creek area around 1919: “Strike off the chains of wage slavery! The world is yours for the taking! Only by organizing in the One Big Union can we establish the workers’ democracy. Join the union of your class, the IWW.”

A 4-page leaflet published by the “wobblies” in Oklahoma City about 1921 exhorted oil field workers to join because they were “the worst treated body of workmen in the nation, not even excepting the coal miners.” After 1922 little was heard of the IWW in the oil fields. The organization practically disappeared by the 1930s. It gave a powerful push, however, to the principle of industrial unionism and left a legacy of songs still widely used in the labor movement, such as “Solidarity Forever” and “Hold the Fort.”

2.5 The Transition from Formal Non-Union Representation to Unionization: A Case Study

The following few pages present a contemporary case study done by Daphne Gottlieb Taras & Jason Copping. They have examined three phases in the unionization process among Imperial Oil Limited, in Canada who in 1993 decided to withdraw from a long-standing non-union representation plan: the conditions leading to the propensity to unionize: the transformation into a bargaining unit: and post-certification behaviors & practices. In the pre-campaign phase, workers experienced a significant loss of perceived power due to changes in company practices & managerial style. Elected worker delegates to the non-union representation plan spearheaded the union campaign. Subsequent union attachment was diminished by continuing loyalty to aspects of the old system.

Most research by Industrial Relations Scholars focuses on unionized worksites and assumes that unionization introduces workers to collective action for the first time. Many of the workers, whom Industrial Relations Scholars treat as “un-represented”, however participate in various employee representation plans. Such plans are common in Canada, which has few legal restrictions on non-union worksites governance schemes. In 1993, employees at Imperial Oil’s billion dollar Norman Wells Gas plant and refinery chose to end over 20 years of participation in the formal nonunion J1C, to become Local 777 of the Chemical, Energy, and Paper-workers Union *(CEP), the seventh largest union in Canada.

* Energy and Chemical Workers Union (Now CEP)

2.5.1 Nonunion Plans: Definition, Statue and Significance

Formal nonunion employee representation plans, also popularly (though inaccurately) known as company unions, are forums in which nonunion employees meet with management to discuss issues pertaining to the terms and conditions of employment, at either the plant or enterprise level. Historically, nonunion representation involved three themes:

- Efficient production and quality improvements
- Workplace democracy
- Representation; and removal of incentives for workers to join trade unions.

In Canada, nonunion plans continue to be lawful. Many Canadian plans result in the drawing up of worker-management agreements that strongly resemble collective agreements in the unionized sector. These nonunion agreements technically are individual contracts of employment that are applied collectively. Canada's nonunion plans exist outside the purview of collective bargaining laws.

2.5.2 Effects of Nonunion Representation Plans on the Propensity to Unionize

Following is a "bewildering" variety of theoretical frameworks being developed by Daphne Gottlieb Taras & Jason Copping to explain why workers Join unions. Common to these studies are three assumptions.

- i. The notion that the decision to unionize is the "first behavioral gesture in the process of attachment to a labor organization. However, two common phenomena challenge this assumption: raids, in which inter-union rivalry leads to workers voting on whether to switch from one union organization to another; and nonunion represents plans, through which workers have achieved some familiarity with the terrain of representation, negotiation, and meeting and dealing with management.
- ii. Unionization begins with the union's appearance at the worksite and ends with the election outcome. Nonunion representation occurs at the pre-election period, is a possible alternative during an election, and may continue to exert effects after the

election, the existence of a nonunion form of collective expression may be a powerful mediator during each of three possible phases of the unionization process.

- iii. There is a substantial literature on union commitment that stresses dual allegiance, whereby workers experience conflicting loyalties to their union and their employing organization.

2.5.3 The Joint Industrial Council at Norman Wells:

JICs consisted of selected (management) elected (worker) representatives in equal numbers who met regularly on matters as health, sanitation, safety and accidents, recreation, education and conciliation. JICs became involved in the wage and compensation package by proffering advice and recommendations to management.

The Norman Wells case is embedded within the larger industrial relations structures at Imperial Oil. Imperial Oil Operating Divisions (the Resources Division and Products and Chemicals Division) manage JICs and other forms of non-union representation for their wage employees. JICs are the prevailing form of representation in the upstream and exist alongside unionized operations in the downstream.

Imperial Oil's JIC is a two-tiered structure comprised of a district council and numerous local councils. The corporate level exists above the JIC. The JIC oversees the development and application of a hand-book that closely resembles a collective agreement, and convenes various important committees, including an external wage team (EWT, to monitor the competitiveness of wage rates) and a job evaluation team (JET, 10 resolve job classification issues).

2.5.4 Salient Features of JICs at Imperial Oil Limited:

- The JIC is an elaborate system of employee voice, but it has no formal bargaining relationship with management. Major decision-making remains in management's hands.

- The capacity of the JIC; to satisfy worker demands rests on a complex interaction of management paternalism, management’s desire to forestall further union organizing, and the ability of workers to persuade management that their requests have merit.
- The JIC can comment, advise, protest, or praise, but it has no direct power to reverse or initiate corporate decisions.
- Due to cost consciousness, downsizing, restructuring, and general retrenchment concerns, tensions have developed between the JIC system and the corporate level.
- JIC delegates complained bitterly to us about “take backs” in benefits and the broader uncertainties of job security in the new era of corporate control.

2.5.5 The Smoking Gun: What Broke Norman Wells from the JIC

Norman Wells was an unappealing site for union organizing. It was remote (at least 8 hours by plane from the nearest union organizer and with minimal amenities in a town of 600), and the potential bargaining unit was small relative to the size of many refineries and chemical plants.

Norman Wells became union-prone through the convergence of four issues:

- Layoffs
- Rumors about corporate implementation of a full live-in policy
- Benefits reductions
- Management style

The authors’ critical incident analysis indicated that many issues are linked to the same underlying phenomenon, corporate centralization and control. **However, overriding these three serious issues as a trigger to unionization, according to most workers, was management style.** Although the Norman Wells area manager was well known for his technical engineering expertise, many of the employees viewed him as a poor manager of people. He was seen to be inconsistent in applying policies, and unresponsive to the demands made by the employees and the local JIC. Considerable rancor developed, particularly among the overtly pro-union faction. Not only did the management style “infuriate” the elected members of the JIC, it also compounded the dissatisfaction of

wage-earners caused by the other issues. Because of the plant manager's prominence as the senior Imperial official in Norman Wells, he became the lightning rod of employee discontent, and deep rifts developed between a faction of increasingly disaffected and aggressive workers and an unapologetically hard-nosed manager. Imperial Oil senior managers acknowledge that managerial style, or at least a poor fit between autocratic managers and the need to broker relations with the JICs, incited workers to reject the JIC in favor of union certification

2.5.6 Discussion

With regard to developing a unionization model for application to the nonunion forum setting, it is evident that dissatisfaction is a necessary precondition to unionization. Norman Wells' workers would never have acted as they did had they not experienced considerable frustration with existing conditions and fear of future changes. The critical incident analysis revealed two underlying causes of discontent with the JIC.

- i. The corporate head office's preoccupation with retrenchment and centralization was incompatible with JIC norms that developed during more prosperous times. **Loss of faith in the JIC system was caused by the application of vigorous cost-control to human resource practices—to people rather than to equipment or processes.**
- ii. The incompatibility of an autocratic management style with JIC norms. Autocratic decisions are accepted (and not necessarily lauded) only when they lead to outcomes favorable to workers.

Facilitating conditions for unionization included:

- (1) Some of the contextual institutional variables within the company (its cost-cutting and centralization).
- (2) The idiosyncrasies of the potential bargaining unit (management style mismatch combined with abrasive personalities)
- (3) Attributes generated by nonunion plans themselves (the persuasiveness of legitimately elected worker leaders; their skill enhancement via JIC training; their perceived high efficacy and personal contacts within the company; the development

and, later, thwarting of expectations about worker power and influence within the JIC).

2.5.7 Conclusions by Daphne Gottlieb Taras & Jason Copping

Concluding the case study the authors offer additional caveats to avoid the pitfalls of generalizing from this case. The JIC system is in direct competition with a viable union alternative in Canada. Partly because of the shadow cast by the CEP union, employees within the JIC system enjoy substantial perquisites and a privileged status. A decided preference for a direct relationship with employees, rather than a relationship with them mediated by a “third party,” strongly motivates management, indeed propels it, to support the JIC system. In the absence of a serious union threat, management’s preoccupation with the health of the JIC would diminish. The union threat has awakened management to the need to pay more attention to workplace issues as they relate to people.

Consequently, the JIC’s most powerful tool is the threat of certification. With the Norman Wells certification, the union threat effect has increased dramatically at other JIC locals, and workers elsewhere now perceive that they are “being taken more seriously” by management, and that more effort is being expended to ensure smooth relations in the JIC system. Certainly, our post-certification interviews with senior managers at Imperial confirm that they are paying greater attention to management style issues in selecting local area managers throughout the Imperial system.

Their second caveat is that the health of a system based, at its heart, on paternalism is dependent on matching or exceeding union benefits and bestowing privileges. These nonunion plans in general do not survive rollbacks. The literature is replete with evidence that nonunion plans work well when times are good, but fail to weather economic storms. The Norman Wells study is a powerful warning to companies considering nonunion plans in order to defeat unions. Ultimately, managing a nonunion plan, with all its complexities, might be more difficult and costly than simply accepting a union and spending resources to better union-management relations.

This study demonstrates that the contemporary models of the decision to unionize cannot capture all the elements that operate when nonunion plans are in place. Models must be modified and extended, and new types of questions developed. Workers who participate in a serious non-union plan of long duration become reluctant to exit the plan without giving the company an opportunity for corrective intervention.

Certainly Imperial Oil's oil and gas workers, the aristocracy of the Canadian blue-collar work force, are capable of making their own choices and devising complex strategies to ensure that their needs are met. If the JIC system works, they will endorse it. If the JIC system fails them, they will act against it. If nonunion plans do not hinder workers from selecting a union if they deem it appropriate, a ban on these forms reduces their opportunities to take part in workplace democracy where they do not desire a union.

Finally, the tendency of industrial relations scholars to categorize nonunion worksites as "non-represented" and to assume that unionization ushers in the first exposure to collective action, might be mistaken, given the tremendous range and vitality of nonunion representation plans, particularly in Canada.

2.6 Pakistan—Labor Configuration:

Most development policies have impacts on employment and societies' living conditions; hence, the voice of working men and women needs to be heard. Labor unions have an essential role in promoting good working conditions and raising awareness on employment issues.

Between independence and the early 1990s, the labor force grew rapidly, reflecting the high population growth and the subsequently burgeoning proportion of the population under twenty years of age. The data available concerning employment are only estimates because few concrete facts are available. Official labor force figures represent orders of magnitude and are not precise. Observers agree, however, that relatively few women participate in the formal nonagricultural labor force.

In FY 1992, the civilian labor force was estimated at 33.8 million, compared with 26.3 million in FY 1982 and only 10.4 million in 1951. In FY 1993, about 48 percent of the civilian labor force was engaged in agriculture, 13 percent in industry, 7 percent in construction, 13 percent in trade, 5 percent in transportation and communications, and 14 percent in other services. Only about 25 percent of the official labor force is wage earner, which reflects the high levels of casual enterprise, family businesses, and self-employment.

Estimated Labor Force by Sector, Fiscal Years 1981, 1991, and 1992			
(in thousands)			
Sector	1981	1991	1992
Agriculture	13,010	16,260	16,670
Mining and manufacturing	3,480	4,080	4,210
Construction	1,200	2,030	2,090
Electric power and gas	230	190	190
Transportation and communications	1,150	1,550	1,600
Trade	2,840	3,790	3,900
Other services	2,790	3,880	4,010
Other	950	1,030	1,150
TOTAL	25,650	32,810	33,820

Let have a look at some more facts about Pakistan Labor, from an article by Z. M. Nasir, Pakistan Institute of Development Economics, PIDE

2.6.1 Information Revolution, Employment, and Industrial Relations in Pakistan

The labor force in Pakistan constitutes about 28 % of the total population. Of the 33.8 million labor force 9.38 million are in the urban and 23.7 million in the rural areas. About

one million workers enter the labor force every year. The estimated unemployment rate for the year 1999-2000 is 7.8 % which is the highest in the recent years. Total employed labor force is around 30 million of which 47 % is employed in agriculture and around 4 million persons are employed in manufacturing.

The analysis of the country's labor force shows that 12.4 % of the total employed labor force is in manufacturing sector and about 3 % of the employed labor force is organized into trade unions. It is important to note that 44.5 % of the employed labor force in Pakistan belongs to the agriculture sector, which is non-unionized. The feudal structure in the rural areas has been responsible for precluding the government and trade unions to gain any stronghold worth the name among the agricultural laborers. The workers and the employers have played their role in the socio-economic development of the country. Most of the industrial investment came from the private sector employers. The restructuring policies of the government are once again attracting the attention of the private sector to invest in the country. Government has taken the process of economic restructuring through privatization and deregulation with quite some rigor. This however has given rise to the informal sector and pattern of employment is changing rapidly.

Source: An article by Z. M. Nasir, Pakistan Institute of Development Economics, PIDE.

2.7 Trade Unionism in Pakistan:

The Industrial Relations Ordinance of 1969 protects the right of industrial workers to form trade unions subject to certain restrictions which seriously curtail the formation of unions and their operations. The Essential Services Maintenance Act of 1952 restricts union activity in sectors determined to be "essential" such as government services and public utilities. Similarly, industrial workers possess the right to organize and to bargain collectively but, in practice, face disabling legal impediments. Workers' right to strike is constrained by compulsory arbitration of labor disputes, "cooling off" periods, and government authority to ban strikes determined to be potentially harmful to the economy.

Pakistan is a member of the International Labor Organization (ILO). Although, it has ratified ILO Conventions No. 87 (Freedom of Association and Protection of the Right to Organize, 1948) and No. 98 (Right to Organize and Collective Bargaining, 1949) in the early 1950s, it has failed to consistently observe them. Impelled by serious international criticism, particularly from the ILO, the national government has made assurances to align its national labor standards with those that are accepted globally. Thus far, progress has been protracted and insubstantial.

Trade unions in Pakistan are plagued by numerous internal and external problems. Chief among them are dissension and inter-union competition. Consequently, most of the unions are woefully ineffectual. In 1994, 5.5 percent of the non-agricultural work force was unionized. Thousands of small trade unions operate nation-wide organizing workers at the plant level. These unions are especially concentrated in major urban and industrial centers such as Karachi and Lahore. Pakistan's union landscape also features trade unions that are affiliated to political parties as well as traditional, autonomous, centrist union organizations. The most prominent of the former class is the right-wing National Labor Federation (NLF) which is allied with the conservative Jamaat-i-Islami (JI) political party. The NLF, commonly accepted to be the best funded and organized union, has a national presence but owes its potency principally to its support from steel and railroad industries, Pakistan International Airlines (PIA) and the Karachi port. The other political trade union organization of note are the NWFP-based Democratic Labor Federation (DLF) affiliated to the Awami National Party (ANP), the PPP's People's Labor Bureau (PLB), and the labor wing of the Mohajir Quami Movement (need something about MQM).

The five main centrist, autonomous trade union organizations with a national presence are:

- All Pakistan Federation of Trade Unions (APFTU)
- The Pakistan National Federation of Trade Unions (PNFTU),
- Pakistan Worker's Federation (PWF),
- Pakistan Trade Union Confederation (PTUC),

- All Pakistan Federation of Labor (PFOL).

Of those mentioned, PNFTU, APFTU, and APFOL are affiliated to the International Confederation of Free Trade Unions (ICFTU). These union organizations assisted in the creation of the South Asian Regional Trade Union Council (SARTUC). Although amputated into two factions by rival leaders, the principal leftist trade is the Pakistan Trade Union Federation (PTUF). Both factions are affiliated to the World Federation of Trade Unions (WFTU) as are the leftist Baluchistan Workers Federation (BWF) and Sindh Federation of Trade Unions (SFTU).

2.8 Legislation Needed in Labor Welfare Areas: Social Compliance

KARACHI, Sept 9, 2003: Pakistan government needs to legislate in five areas of labor welfare to comply with the social standards set by the US and European countries for their trade partners in their quest of globalization, development and growth.

Social and health standards are not directly a part of the agenda of the World Trade Organization (WTO) but business leaders in Karachi expect this issue is to figure in the Cancun ministerial conference in Mexico beginning from Wednesday.

Business leaders in Karachi say that drafts of all these five laws plus Industrial Relations Ordinance were finalized in 2002. But the government promulgated only IRO 2002 on October 26 last year. The government, however, did not incorporate a wide range of recommendations proposed by a businessmen committee. Now the businessmen want the government to promulgate the five laws and also to amend the IRO 2002 to incorporate the suggestions of their committee.

The five laws which are now almost finalized after having been debated and discussed at various levels between the government and the businessmen representatives. They are:

1. Conditions of Employment
2. Wages Ordinance
3. Occupational Safety and Health Ordinance
4. Human Resource Development and Control of Employment Ordinance
5. Labor Welfare and Social Security Ordinance.

All these labor related issues were discussed in the inter-ministerial meetings and eventually in last week of August, at the last Textile Board meeting. The industries minister constituted a Committee that has committed to come out with final vetting of IRO 2002 by middle of this month.

Many businessmen feel that government feels embarrassed to enforce these laws as ordinances when general elections have been held and legislatures have been set up at the federal and provincial levels. “But neither parliament discusses such laws nor any political party has time to debate on such issues,” is a cynic remark of a business leader.

Businessmen in Pakistan consider concern of the US and European countries on labor and health standards more a protection for their domestic market rather than any love for workers. Trade organizations like All Pakistan Textile Mills Associations and other bodies are now reported to be engaging professional consultants to develop a social compliance bench mark for the exporting companies in Pakistan.

“Textile buyers are expected by their civil society and stakeholders to be responsible towards the society they are operating in and to be accountable for the activities they are undertaking,” a local textile exporter explained. He explained that his buyers informed him that the pressure groups in the US and Europe are demanding that production and services being sourced out to the developing countries like Pakistan should not lead to “environment deterioration, exploitation and inhuman bad working conditions.” Child labor, unpaid labor, engaging prisoners are now taboos in Europe and the US. Social compliance is now a vital part of business strategy for supply chains management. Many companies in Europe and the US are reported to have designed social compliance programme for their vendor companies located in countries like Pakistan.

The most important component of the compliance is legal compliance to local and labor and environmental laws, implementation of codes of conduct of the organization in the vendor factories in countries like India, China, Vietnam, Cambodia, Pakistan and Bangladesh. These codes comprise labor standards, health and safety standards, local labor laws and environment laws.

The Pakistan government has taken some steps towards environmental preservation and an ordinance in this regard was promulgated. But there is a lot to be done for labor welfare and environmental preservation for which financial and technical assistance is available from the developed countries.

(Source: An article from The Daily Dawn, 10 September 2003, by Sabihuddin Ghausi.)

2.9 Labor Reforms and ADB's (Asian Development Bank) Role in Pakistan:

Following are some of the highlights taken from a speech by **Marshuk Ali Shah**, Country Director, Pakistan Resident Mission, Asian Development Bank:

- Pakistan's Human Development Index (HDI) rank has slipped further down to 144 in the list of 175 countries, and is lower than other countries in South Asia. The single most important factor responsible for Pakistan's economic slowdown during the 1990s was the crisis in governance caused by acute political instability, large fiscal and current account deficits, deteriorating physical infrastructure and delivery of public services, excessive centralization and failure to deal with longstanding issues in intergovernmental relations, and volatile government-civil society relations.
- Recognizing the expedient need for direct efforts for poverty reduction and employment generation in the country, ADB has, along side its assistance for the reform program, continued to support substantive investment projects aimed at alleviating poverty, creating employment, and improving social sector achievements. Specifically, we have been working with the Government on labor protection and welfare issues. We are supporting the Ministry of Labor in few small

projects but we would like to develop a long-term relationship with the Ministry of Labor to promote the cause of labor protection and poverty reduction. ADB would welcome dialogue with the Government to provide assistance for implementation of new National Labor Policy, and ongoing work on consolidation, simplification and rationalizing of labor laws and regulations such as Industrial Relations Ordinance Amendment Bill, Conditions of Employment Bill, Wages Bill, Labor and Social Protection Bill.

- ADB in Pakistan is presently undertaking various initiatives to promote social protection and social safety mechanisms along with specific interventions to protect and advance labor rights. Some examples include the following:
 - **Social Protection Strategy Development Study:** A TA grant of \$350,000 has been approved in August 2003 to assist the Government in translating its policy objective of poverty reduction into effective social protection programs through identifying priority areas of intervention, with a special focus on self-sustaining protection mechanisms. A specific component of this technical assistance is related to examining the feasibility of extending health insurance at a larger scale in the country to cover sections of the population that are either not covered by existing health insurance schemes or for whom the extent of coverage is limited and inadequate. Following this TA, ADB has in its pipeline a \$50 million assistance package for a Social Health Insurance Project in 2006 to assist in the establishment of a social health insurance system in Pakistan.
 - **Labor Regulations and Implementation of Labor Policy:** ADB is currently assisting the Government in examining the existing labor regulations with a view to effecting possible improvements in the regulations and enhancing their effectiveness for the mutual benefit of both employers and workers. Work on improving labor regulations is part of the reform program proposed under the Punjab Resource Management Program, which is a \$500 million package of assistance to the Government of Punjab, spread over four years (2003-2006) to assist in the implementation of wide-ranging reforms in various economic and social sectors. Improving and strengthening of labor

laws is also proposed under the SME Sector Development Program currently under processing for \$170 million assistance this year. Finally, ADB, in the near future, will consider providing assistance to the Government for the implementation of the national labor policy.

- **ADB-ILO Memorandum of Understanding on Compliance with Core Labor Standards:** ADB and the International Labor Organization (ILO) have signed a memorandum of understanding earlier this year, whereby ADB has agreed to incorporate compliance with core labor standards in all aspects of its operations in its member countries. In Pakistan, we are conducting a review of road sector to determine the rate of violation of core labor rights and formulate policy framework, strategies and interventions required to ensure compliance of labor rights in this sector.

CHAPTER 3: FINDINGS

To see the actual situation of Labor Relation and how they are complimented with the HR practices, following three companies are chosen:

- i. POL (Pakistan Oil Fields)
- ii. OGDCL (Oil & Gas Development Company Limited)
- iii. Weatherford

3.1 Pakistan Oil Fields (POL):

3.1.1 Incorporation and Listing Status

Pakistan Oilfields Limited (POL) was incorporated in Pakistan on November 25, 1950 as a public limited company and commenced business in June 1952. It is listed on all three stock exchanges of the country and its shares are eligible for transaction through the Central Depository System (CDS).

3.1.2 History and Objectives

POL is the standard-bearer of The Attock Oil Company (AOC); the parent company of POL. AOC was founded in 1913 and made its first oil discovery in 1915 at Khaur district Attock. AOC has therefore, pioneered exploration and production of oil and gas in this region nearly a century ago.

POL was established to undertake petroleum exploration and prospecting licenses and petroleum mining leases granted by the Government of Pakistan. In pursuance of an agreement with the Government in 1978, POL took over the exploration and production business of AOC in Pakistan. Since then POL is investing independently and in Joint Ventures with various E&P companies for the search of oil and gas in the country.

3.1.3 Exploration and Production Achievements

POL'S achievements, discoveries and international exploration efforts demonstrate its resolve to aggressively explore oil and gas reserves for its growth and to meet national energy requirement.

POL discovered oil at Karsal (1960) and Meyal (1968) in the Potwar Plateau and acquired additional concessions in the Potwar region, in middle and lower Indus Basin in Sindh and Baluchistan; recent discoveries by POL include Pariwali (1994), Pindori (1995), Minwal (1996) and Turkwal (1997).

The Company has an unprecedented track record of hard work in the field of oil and gas exploration. Together with its parent company AOC, it drilled 530 wells and has produced 136 million barrel of oil, 0.5 trillion standard cubic feet of gas and 0.7 million metric tones of LPG.

3.1.4 Exploration / Development Leases

POL is presently operating nine Development and Production leases i.e. Pariwali, Meyal, Joyamair, Minwal, Dhulian, Khaur, Pindori, Turkwal and Balkassar.

The company has Joint Venture agreements with following E&P Companies:

- i. The Attock Oil Company Limited in Central Potwar (Turkwal).
- ii. Oil & Gas Development Company Limited (OGDCL) in Pindori, Chak Naurang, Gurgalot Block, Khushalgarh and Kotra.
- iii. Orient Petroleum Inc. in Dhurnal, Ratana and Bhangali.
- iv. Tullow Pakistan (Development) Limited in East Badin Extension Block-B.
- v. Lasmo Oil Pak Limited in Manchar Block.
- vi. MOL Pakistan in Tal Block.
- vii. International Joint Venture with MOL Yemen Block 48 & 49.
- viii. Pakistan Petroleum Limited in Adhi.

3.1.5 Production

POL is currently producing close to 10,160 BOPD, 43 MMSCFD of Gas, 160 M. Tons per day (T/D) of LPG 119 barrels per day (B/D) Solvent Oil, and 8 T/D of Sulphur. POL net share of production averages 5,720 BOPD, 30 MMSCFD of Gas, 105 T/D of LPG, 44 B/D Solvent Oil, and 8 T/D of Sulphur. In equivalent of oil barrels, POL is the third largest producer in Pakistan.

3.1.6 Other Activities: Liquefied Petroleum Gas (LPG) and Solvent Oil Plants

POL owns and operates plants to produce LPG and Solvent Oil at its Meyal and Pindori fields. Meyal plant has the capacity to process 75 MMSCFD of gas. It caters for gas produced at Meyal, Dhulian, Pariwali (POL fields) and Ratana (Orient Petroleum Inc. field). It produces 75 T/D of LPG and 60 B/D of Solvent Oil.

Pindori plant was installed in the year 1997 at a cost of US \$ 6.13 million with a capacity to process 16 MMSCFD of gas, producing 60 MTP/D of LPG and 830 B/D of Solvent oil. Phase I expansion of the plant has been done in year 2002 to increase its gas processing capacity to 40MMSCFD.

3.1.7 Pipelines

POL also owns and operates an extensive network of pipelines for transportation of crude oil to Attock Refinery Limited (ARL) at Morgah Rawalpindi from POL'S own fields at Meyal, Balkassar, Dhulian, Pariwali and OGDCL fields of Tut, Dakhni, and Fimkasar.

3.1.8 Khaur Crude Oil Decanting Facility (KCDF)

POL operates a state of the art decanting, metering and pumping facility for crude oil, at Khaur. The crude oil is received, from OGDCL and BPP oilfields situated in southern areas of the country, and are pumped to ARL. This facility has 30,000 BOPD decanting and storage and 20,000 BOPD pumping capacity.

3.1.9 New Acquisition

POL has acquired 11% working interest of Government of Pakistan in Adhi field through a bidding process. Adhi field is located in eastern Potwar Plateau and produces at an average rate of 2400 BOPD with 18 MMSCFD of gas and 60 MT/day of LPG.

3.1.10 Subsidiaries

POL has two subsidiaries namely CAPGAS (Private) Limited which is marketing LPG received from PPL's Adhi field. The second subsidiary is Attack Chemicals (Private) Limited which manufactures Sulphuric Acid.

3.1.11 Vision Statement

To make POL a world class financially sound and healthy Exploration & Production Oil Company that gives optimum value to it's shareholders.

3.1.12 Mission Statement

To build-up company asset base value by finding new hydrocarbon reserves through application of innovative ideas and state of the art technology.

3.1.13 Strategies

In order to achieve this objective we need to replace and increase hydrocarbon reserves as well as achieve most optimum increase in production, reduce operating cost and improve rate of return, we propose the following strategies:

- Generate and develop plays leading to prospects for exploration of oil & gas and acquire new blocks.
- Develop existing oil & gas fields for additional reserves.
- Optimize production and exploit existing fields to enhance production.
- In order to increase exposure and reduce risk; develop Joint Venture participation.
- Acquire reserves and participate in low to medium risk viable prospects in International Joint Venture with reputed and sound oil & gas companies operating

in basins of large hydrocarbon potential that are located in close proximity to Pakistan.

3.1.14 HR Practices at Pakistan Oil Fields Ltd:

a) Inception of HR Dept:

The HR dept. at POL was formed when the company incorporated on November 25, 1950, but it is named as Personnel and Admin Department (P&A). It has gradually evolved with the passage of time from transactional activities like employee services, record keeping etc. into traditional activities like training, recruitment selection, performance management etc. and is striving to spend more time doing the transformational activities like cultural change and management development.

The ratio of HR employees to the total no. of employees is estimated to be 10%.

b) Role of HR Dept. in Strategy Formulation

The HR dept. is involved in strategy formulation as per the ratification of HR Executives and they claim to have a two way integration level between Top Management and HR dept, but according to my findings HR dept. is involved in the matters concerning purely to HR like promotion or hiring or lateral transfers, but it is not consulted when going for decisions like mergers, acquisitions or altering some basic business strategy. Therefore, the level of integration between Top Management and HRD swerves between one way and two way linkage.

c) Downsizing

The company alleges that there has never been a downsizing in the company or let us say it has never been so formally declared to give a golden handshake to the people leaving or just fire away the deadwood. However when certain dept. is found to be overstaffed, then further hiring is bunged till the staffing level comes to normal with the effect of retiring employees or normal turnover.

d) Labor Forecast

There isn't any sophisticated procedure for forecasting the labor shortage or surplus, but it is an ongoing process. The understaffed departments are filled with new hires through the HR dept. as per the intimation of Departmental heads. However the surplus is dealt by putting a deadlock on hiring of new people for a certain department.

e) Recruitment

Recruitment is basically done by P&A department, in accordance to the requirements given by the departmental heads. The CVs are then short listed and the recruited candidates are informed by mail. The company mostly relies on external recruitment and the only sources of recruitment are direct applicants and sometimes a certain post is advertised in renowned newspapers.

f) Selection

After the recruitment the candidates are given a written test which is followed by an interview. The attributes like knowledge of the candidate, his/her skills and character are tested in the written test. The interviewing panel consisting of an executive from Top Management, a Line manager and the HR head asks the candidate questions assessing his/her general personality and aptitude.

If there is a need of temporary employees in some department, then the requirement is given to the P & A dept. and the department does the recruitment and selection in collaboration with the department in need. The temporary workers get their monthly wage but they are not entitled for the perks & benefits enjoyed by the permanent workers.

g) Equal Employment Opportunity Policy

The company does not have a formal and documented Equal Employment Opportunity Policy, but it ratifies that there is no discrimination on the basis of religion, race or gender while hiring people. People from every religion can be seen working at POL. There is a lot of Christian staff and even some of Hindu employees also. There is a little no. of female employees working at POL but that is not due to

any sort of discrimination to the female employees but the company does not get a substantial no. of applications from female candidates.

h) Job Placement

The employees are placed in their jobs while keeping in view their interests and skills. They can even be transferred to some other department if the departmental head thinks that a certain employee can show better performance in some other department. The Senior Manager P & A has the responsibility to keep the track of changing interests of an employee and rotate him through different jobs or departments if propitious.

i) Training

The need assessment of training is done by the departmental heads, and the requirement is given to the Personnel and Administration Dept. This training is an ongoing process in POL, it has a formal orientation plan, and newly hired people are rotated for one to two weeks in every department and they are even sent on oil fields. The technical training is given to them on the oil rigs if their job demands so. For some specialized training employees are also sent to OGTI (Oil & Gas Training Institute) or even abroad if Pakistani institutions are not offering some particular courses. External trainers are also hired to train people on-the-job and off-the-job.

These training programs are evaluated on time series basis, plus the employees are required to submit a report of what they have learned during a training course. The training does not have a direct link to compensation of an employee but after training if the employee shows an enhancement in the performance he can have a better salary package, better bonus and even an early promotion.

j) Performance Management

Performance Appraisal at POL is done on annual basis. The performance of individuals is evaluated on the basis of objectives and goals assigned to the incumbent, so we can say the MBO (Management by Objectives) approach is followed. The appraisal is done by departmental head and a review committee, which

fills a form for the appraisal of a particular employee (See Annexure B-4). This three leaf appraisal form is a confidential document, and an employee whose appraisal is done only gets the information about the areas where he/she needs improvement or he/she gets a better essence of it in the form of better compensation package in result of a better performance rating.

There are four steps in which appraisal is conducted:

- Step 1: Appraise the elements of performance. (In relation to different parameters. See figure below)
- Step 2: Appraise the over all performance.
- Step 3: Analyze performance and identify development needs.
- Step 4: Comments of review committee.

PERFORMANCE APPRAISAL SYSTEM AT POL

APPRAISAL CODE

1. Outstanding or exceptional performance. (usually less than 10% of the total)
2. Performance which is definitely better than normally expected. (Usually no more than 25 % of the group).
3. Performance which typically meets the requirement of the position. (Typically a majority).
4. Performance which requires certain improvements.
5. Inadequate performance.

STEP 1: Appraise the elements of performance

A: What he/she accomplishes.

(*Results of the employee and of his/her subordinates*)

- Quality of work
- Quantity of work
- Cost objectives
- Profit objectives
- Developing people

B: How he/she works.

(*Sound **Methods** in getting his/her job done*)

- Planning
- Organizing
- Delegating
- Working with others
- Communicating
- Analysis

C: What he/she is.

(*Personal Qualities*)

- Leadership
- Judgment
- Initiative
- Drive
- Dependability

D: What he/she knows?

(*Employee's **knowledge** in his/her functional and related fields*)

- Assigned work
 - Related work
- Company philosophy and objectives
- Development in profession or field

STEP 2: Appraise overall performance

Over all performance is rated according to the appraisal code

STEP 3: Analyze performance and identify development needs

Ten to fifteen lines are written on the appraisal form, to analyze performance and identify the development needs

STEP 4: Comments of review committee

Review committee gives its comments in five to seven lines

k) Dealing with Turnover

POL endeavor to retain good employees. Good employees are compensated with a better salary package, and adding more responsibilities to their job while acknowledging their effort by giving them a timely promotion, technical training if required and giving more benefits and better bonuses.

On the other hand dysfunctional employees are also handled with utmost care. The departmental head and immediate boss analyze a person who is found to be dysfunctional and superfluous and seeks for the cause of his/her behavior and tries to solve it through number of tactics for example. Transfer to some other place / department / job, training him/her in some specific area if needed, giving counseling. When some is found to be insurmountable after applying all these tactics he/she is guided to give his resignation or he/she is simply terminated.

l) Compensation

The company does not follow “Lead the Market Pay Strategy”. The salaries of job holders are set in accordance with market pay levels. For this an annual “market pay survey” is conducted, to keep a balance between market pay levels and the company’s compensation structure.

The compensable factors are considered to be:

- Knowledge
- Skills
- Performance
- Interpersonal relationship
- Seniority

Every job is evaluated according to these factors. The pay structure is both individual based and group based, this means that an employees performance is judged on individual basis as well how interlinked his/her job is with others especially if he/she is working in a group. In this case the performance is judged on comparative basis as per the performance appraisal system (See Annexure: B-4). This performance rating has a direct linkage with the compensation package. A better performer can get even

5 basic salaries as a bonus and a poor performer may not get any bonus. The bonuses are even better if the company makes more profit. The employees are however not involved in making a compensation policy.

m) Perks & Benefits

[\(See annexure B-5\)](#)

n) Promotions

The ultimate criterion for promotion is performance, and not seniority. An employee may get his/her retirement on the same seat where he/she was appointed just because he/she could not show any performance above satisfactory level. However when a vacancy at a higher cadre is found: the immediate subordinate of the person leaving that job is analyzed on preferential basis, and if he/she is competent to hold that job he/she gets promoted to that job.

The star players and employees, who get higher education while being on their current job, may also get promotion so as to retain them for the benefit of the company.

o) Structural / Technological / Cultural Change

POL asserts to inject the latest technology when ever it comes to market. But as per my findings the technology on the exploration and drilling side might be sophisticated but on the managerial side there is still no database or any information system except an internal LAN and email system .

POL claims that there has been no structural change ([See AnnexureB-2](#)) since its inception and not even the cultural change is brought up deliberately; however change is inevitable.

- **Culture of POL (sub bullet)**

POL's culture is somewhat formal if you visit the head office. But it varies from department to department as per the whims of departmental head and the way he/she manages the power distance amongst the members of the department.

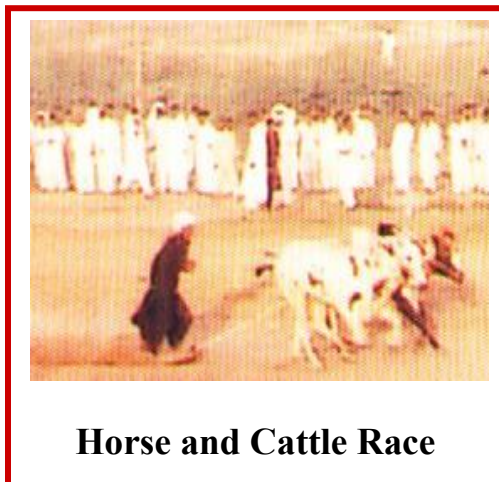
Let us have a look at some of the POL's rituals and ceremonies to get a glimpse of POL's culture.



Swimming Gala



Mehfil-e-Mushaira



Horse and Cattle Race



Award Ceremony

p) Managing Change

Whenever any sort of change is to be brought the employees are communicated before hand to make themselves prepared for the change. P & A (Personnel and Administration) dept. plays a vital role in bringing up this change by communicating it to the employees and giving them pre-training if needed. The employees' personal record and performance rating are re-considered to decide who needs training and who does not. As being a formal organization the decision for change is hardly

discussed with the job incumbents. However once it is brought, they are given counseling and every help that they might need to cope up with the change.

q) Grievance Procedure

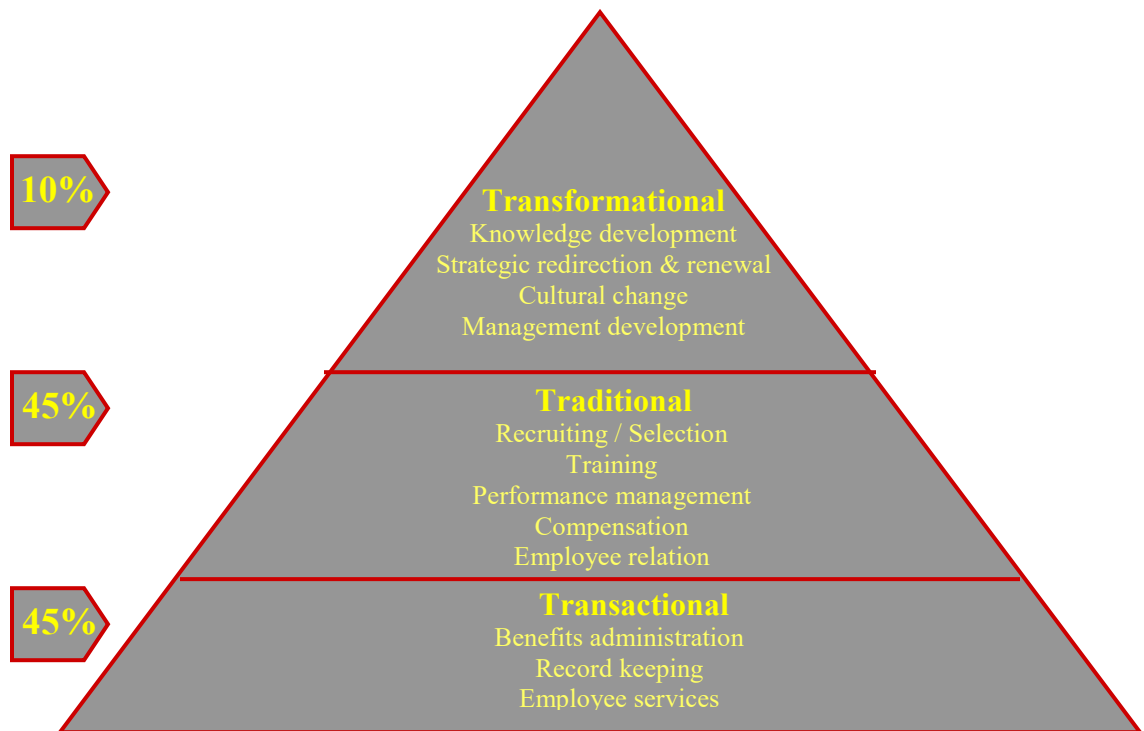
There is no proper appointment like grievance handling officer or incharge, but this task is delegated to the departmental heads and immediate supervisors. If an employee has any sort of grievance he/she can discuss it with his/her supervisor, or departmental head, and if required his case may be referred to higher authorities, but this seldom happens.

r) Expatriates

As POL being a Local Pakistani company; its operations are so handled within the country and there is no room for sending someone on expatriate assignment.

s) Ratio of Time Spent on Different Activities

The ratio of time spent on different activities can be seen by having a look at the figure below:



t) Outsourcing of HR Activities

No HR activity is outsourced but done by regular P & A employees.

u) Software in use for HR Activities

Following is a list of softwares being used at POL for HR Activities:

- MS office
- Lotus 123
- MS Visio
- Project Management
- Oracle

Apart from these there is an internal email and LAN (Local area network) System.

v) HRIS (Human Resource Information System)

As said earlier there is no Human Resource Information System, but recently employees received some training to use Oracle Database System. This will help POL develop a sophisticated Data base in the near future.

3.1.15 Labor Relations at POL

a. Management's View about Labor Relations at POL (Khaur Production Field)

In an interview with Mr. Usman Aslam, Assistant Executive Admin, I got following information regarding the labor relation issues at Khaur; a POL's Oil and Gas production field.

There are three unions overall in POL, and after every two years there is a referendum between the three unions as to which union is going to be the CBA (Collective Bargaining Agency). From this time onwards the CBA will be elected for three years as per the requirement of Govt. The current CBA is continuously being CBA since the beginning, as it is having the largest number of employees as its union members. The unions select their own president and general secretary who may not be an

employee of POL. There are approximately 500 employees in union across POL, and some of them are serving in POL since 40 years. As POL is now moving towards outsourcing its drilling and production activities to service companies like Schlumberger, Weatherford etc, so the union members have to get retired one day and there will be no union in POL. No new hiring is being done since 1979 onwards.

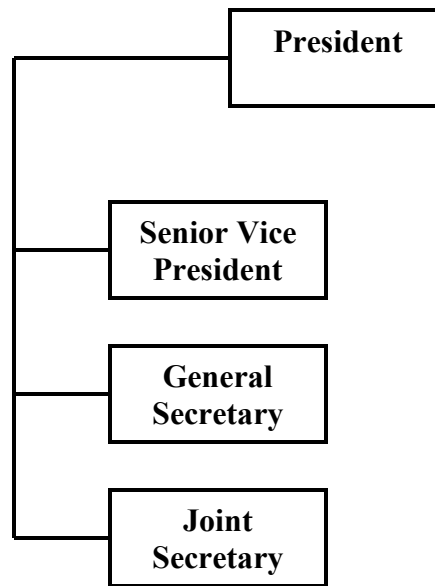
In spite of all this policies being made at higher levels; the management in direct relation to labor and CBA thinks that it is healthy to have a union as union at POL has never tried to obstruct the smooth working of the organization, and gives better results at times which otherwise would not have been possible. This depends upon how the work is delegated and how the problem is communicated to the union and its President and General Secretary.

The union occasionally takes a tough stance when negotiations are taking place, but the decision of management is mostly upheld if it is justified also, this means if the demand of CBA is unjustified it is not going to be admitted and fulfilled by the management in any case. Once CBA admits that a particular task is going to bear fruitful results for them and for the organization they join their hands together for it, thus resulting in high synergy and highly cooperative environment. Because of these norms the relations between management and CBA and of CBA with all other employees are usually cordial. To keep these relations healthy sometimes management has to make certain compromises, so as to keep up good spirit of work and enthusiasm in the workers and giving them a feeling of comfort and that they are cared for.

As far as new ideas are concerned there is no suggestion box for it. The ideas are very rarely given but they are welcomed and reported to administration for any necessary action. CBA's suggestions are given due weight age while deciding things like overtime, Job Design, public holidays etc. but final decision lies with management. But in the case of discipline union cannot do anything, or lets quote it otherwise that they do not do anything themselves as they know what is wrong is wrong and they

have nothing to support their fellowmen at this instance. In case of handling with individual grievances workmen have this forum of CBA or they can give their application directly to the administration which then take a crack at finding a better solution for his/her problem.

The hierarchy of the union is given below:



b. Procedure of forming a Collective Bargaining Agreement:

There is a three step procedure in forming a collective bargaining agreement:

- i. Charter of demands presented to management by CBA
- ii. Negotiations between CBA and Management Representative
- iii. Signing of agreement

The longest of the three is the second step where negotiations take place between CBA and Management. It may take five or six months or even a year to reach to an agreement, but once it is signed there is immediate implementation of it. This decision was implemented for two years previously, now it will be for three years as per Govt. legislation. After elections of CBA after three years, the new CBA will present its charter of demands. It may demand to uphold the previous decision for the problem being solved through negotiations between former CBA and Management

or propose a new solution for the same problem previously solved, and management has to negotiate on it. Whenever union is justified it has been able to defend the rights of its workers. This is the reason that there has never been lock out at any oil field of POL. However management quotes an example of early 90's when POL downsized some of security guards. There had been a lot of defense from workers for it, but there wasn't any strike as an organization like POL cannot afford strike for a single day, since its products i.e. oil & gas are extensively demanded in Pakistan and Govt. of Pakistan has its stake in it, so it ensures the regular supply of oil & gas, through out the country.

c. Facilities for Labor working at Oil Field

POL gives numerous facilities to its workers including free medical for the employees, his/her spouse, and three children up to the age of 22 years and to the parents of the employees. Four employees go to Hajj every year and five go to Umra on discovery of a well. POL has its own school for the children of employees at oil fields. Scholarships are given to the children of the employees so that they can continue their education up to bachelor level. Canteen for tea and lunch, flour, kerosene oil, firewood and ice in summer is given to the employees at a very nominal rate. These things are available at a fair price shop in the vicinity. Long service awards are also given to the workers. These were to name just a few; while a list of facilities and allowances are attached as an annexure. (See Annexure B-5)

d. Privileges of CBA President and General Secretary:

CBA's President, Vice President, General Secretary and Joint Secretary have certain privileges as they are the bridge between management and the workmen. They can come to the office of Executive Incharge of Labor Relations, at any time, to discuss any problem concerning labor. On the advice CBA President, Vice President or General Secretary of some particular worker or workers may be transferred to some other department or place, if he is found to be dysfunctional or troublesome.

These CBA leaders have separate offices and vehicles. They enjoy a better status than normal employees and cared for when they visit Management Incharge of Labor

Relations. The Senior Executive Admin or Assistance Executive Admin stands up to shake hand with any CBA Leader when he comes to the office. If CBA leaders are also the employees of POL they are not exempted to work but practically they seldom do any work, but look after the workers problems and tries to solve them; which indeed is a full time work, however CBA leaders do not receive any training for understanding the working of unions and interpersonal relationships.

e. CBA's Executives View about Labor Relations at POL (Khaur Production Field)

I had a detailed view of what management says about the type of industrial relations at Khaur oil field. Now let's have a look at it from the perspective of CBA Executives. For this I met Mr. Robin John, Senior Vice President of Current CBA at POL. He has been on this seat since sixteen years or so, because he has the trust of workers and has delivered what is expected from him as a leader. Mr. Robin John says that very good relations exist between CBA and Management, however when there is some internal problem within the union members, union leaders try to solve it there before it reaches to administration. He confirms that management gives a separate office and vehicle to CBA executives, and people go to Hajj and Umra as said by the management earlier. He also confirmed the time of reaching an agreement and its implementation as told by management. As per the company laws 5 % of the total strength of union can be admitted from outside of the organization and they do not work for POL but only look after the union matters. The current President of CBA is not an employee of the organization so he only looks for union matters, other executives are POL's employees so they have to work and have their discussions and meetings about labor problems after work hours.

The scholarships given to the children of workmen is now unlimited before it was only Rs. 5000. The current CEO Mr. Shoaib Malik recently visited Khaur oil field and realized that the salaries of workmen are not satisfactory so he gave Rs. 500 to each and every employee at Khaur oil Field from his own pocket. This has been a

source of great satisfaction for employees, because its not just money but it gave a feeling of warmth to the workers that they are cared for.

There has never been file suit against management from CBA in the past; however there have been two instances when CBA had to get into a file suit against the other two unions, but every time CBA won the suit. While talking about the instance of firing security guards Mr. Robin said there was a partial lock out as the people with those security guards agitated a lot and did not work for some days, but the whole work force did not go on strike. Only due to squabble in the work area administration closed some of the operational areas. The covert thing about this whole incidence is that not only management fired those security guards but CBA was involved in expelling them out of the organization. The reason could be any; perhaps they were the members of some other union, or there might have been some personal grudges between the security guards and CBA executives. Apart from this Mr. Robin also states another example of expulsion of an employee who was innocent in view of CBA but it could not do anything as after all administration at POL is a bit formal at some places. So he was forced to resign, otherwise he would have been terminated.

f. Employees' View about Labor Relations at POL (Khaur Production Field)

While talking about blue-collar workers we have to keep in mind that they are not that highly educated and have limited vision about the development of the organization, but they are rather concerned about their own benefits, until and unless they are communicated in such a manner that they understand that company's welfare will be ultimately there welfare. For getting there view about over all industrial relations at Khaur Oil Field I interviewed en employee from engineering dept, one senior foreman and a driver. While talking about the benefits given to them by the company they told that company has given them residence facility in the company quarters, where utility charges are free, however if an employee is having his own house he is given utility allowances, but they are not satisfied with that, e.g. for electricity only 30 units are free and this entitlement is of 1970s and current need is

much more, while officers get more units. Now this is not something very odd to know as officers and executives do have more entitlement of everything and more facilities as per their appointment.

Workers are so delighted to have Rs. 500 from the CEO of Pakistan Oil Fields Limited on his recent visit to Khaur as they feel that their salaries are not satisfactory and they hardly can manage to get with the expenses in such inflation now a days. They do get bonuses and over time but no pension is given to the workmen after retirement. Retired employees get into turmoil after they are retired as management would not even like to see them then. Every one knows that one day he/she has to get retired but if they are told that they are going to get retired in an affectionate manner it would be better for them, but practically they are informed in their houses that they don't need to come from tomorrow; this gives an abrupt shock to the employee.

While talking about the working conditions they told that smoking is not allowed at the work place anywhere keeping in view the nature of products which are highly combustible. They have no relaxation in extreme conditions like chilling cold and dazzling summer days. No matter there is heavy rain or thunder storm they have to work sometimes even after the duty ours, especially the maintenance dept. employees, but that is in evitable, if Gas and Oil pipeline is damaged it has to be immediately repaired or it will be a total fiasco. People working directly with oil and gas products, get so stinky that the smell of oil and gas never leaves their clothes and body where ever they go. They quoted an incidence where an employee lost his hand on his job and he was given a sum of Rs. 100,000 as a compensation, on the other hand another employee died in an accident when a boiler bust during his job, his family was given some money as a compensation but management should have given employment to his son, which they did not. However when management needs some task to be completed by some particular person they go for a carrot approach and offer his son an employment at the oil field.

Because of these problems workmen feel that CBA is the only forum which can support them and secure their rights and bargain with management as their

descendent. People have their trust in the current CBA and they don't think that their leaders are tools in hands of management to exploit them. The situations would get more bitter if union is banned as the people won't have any platform to speak their heart out. In spite of all this employees do agree that the clauses agreed in the collective bargaining agreement are implemented at the right time, but employees' demands are much more than this.

Employees need that their contribution should be recognized monetarily by giving them special increments and non-monetarily by acknowledging them in company ceremonies and festivals. The scholarship is only given to an employee, whose salary is less than Rs. 5000, but a person getting more than this amount of salary may have five children to raise and he needs scholarship for their better education. Employees also demand they should be entitled to have conveyance facility for their family at least once a month, especially on days like Eids, where officers do get this facility whenever they want. They should be entitled to more free electricity units as the prevailing scales are set long-long ago, where inflation has multiplied several times. Company has a lot of land assets; it would be so good if the company makes houses for the people retiring from their job but practically the company owned quarter is even snatched back from an employee leaving the organization after his/her retirement.

Now looking at these demands we can see that some of them are very justified but some are not, and Management has to keep a fit between fulfilling the justified demands and communicating it well to the workers that: *"why can't management fulfill their particular demand"*.

3.2 OGDCL (Oil & Gas Development Company Limited):

3.2.1 Evolution and Background

The Oil & Gas Development Company Limited (OGDCL) was created under an Ordinance in 1961, with the responsibility to undertake a well thought out and systematic exploratory Programme and promote Pakistan's oil and gas prospects. In 1997, it was converted into a Public Limited Company and is now governed by the Companies Ordinance 1984.

At present OGDCL's exploration team under the committed technical leadership is at the verge of defining a series of new prospects to upgrade exploratory drilling efforts, and it is envisaged that OGDCL professionals will harvest many successes in lieu of their efforts in the coming days. The exploration team is geared-up through strengthening of seismic crews, interdepartmental mobilization of manpower and equipment, introduction of state of the art interpretation facility on workstation and reorganization of exploration department. The sustained and concerted efforts resulted into recent discoveries and success in appraisal of discovered fields.

OGDCL has exploration acreages in all parts of Indus Basin. Presently the company's concession portfolio comprises over 20,842 sq. kms, which constitutes about 13% of the total exploration and development area granted by the government to the petroleum sector in the country. An application for four new blocks (6994.55 sq.kms) is pending with DGPC for grant. In addition OGDCL is partner in a number of nonoperated joint venture concessions. Today OGDCL's professionals have fair knowledge of different sedimentary basins of Pakistan (onshore and offshore), and they are capable to handle any exploratory project, as they have a large data base and more than four decades of experience in research and exploration.

Presently OGDCL is 100% owner in two concessions. In addition, it is the operator as well as a working interest owner in 15 concessions, and 1 partner in another 19 concessions operated by other oil companies. OGDCL continues to offer excellent

facilities for joint venture collaboration to some renowned local and foreign oil companies.

It has an extensive database. Services of the Company's highly qualified and skilled expertise in the fields of geology and geophysics are frequently availed by the local and foreign oil companies. It also leases out its drilling rigs to the private sector and carries out seismic surveys and data processing on contract for these companies on extremely competitive rates.

3.2.2 Manpower

During the last 40 years it has grown into a technically and commercially viable organization and possesses the largest professional / technical human resource base in the country's oil and gas industry. It has developed a highly qualified pool of professionals who can undertake and supervise almost all phases of oil and gas exploration and production from carrying out preliminary geological surveys to operation of oil and gas processing plants.

3.2.3 Equipment Base

OGDCL has also developed a sound equipment and operational base which includes nine Drilling rigs, two Work over Rigs, a Geological Field Party, six Seismic Parties, five Engineering Field Parties, a Gas Gathering and Pipeline Construction Party, Seismic Data Processing Centre, Geological Analysis Laboratory.

3.2.4 Wireline Logging Units

OGDCL Wireline logging is equipped with top of the line Baker Atlas (USA) ECLIPS acquisition system which integrates state-of-the-art advances in digital data acquisition, multi task computing and graphic technologies, capable of offering the following:

- Formation Reservoir Evaluation Services
- Production and Reservoir Monitoring Services
- Log Data Processing Services

- Perforating Services
- Completion Services

The Company also operates nine oil and gas Processing Plants, a mini-refinery and an LPG and Sulphur Recovery Plant, Cementing Units and Data Logging Units.

3.2.5 The Company's Standing in the Sector

OGDCL holds the fifth largest gas reserves in the world and the largest share of oil and gas reserves in the country, i.e. 49% of total oil and 37% of total gas reserves. Its percentage share of the total oil and gas production in Pakistan is 38% and 25% respectively. On the basis of its activities since inception, the Company has made 49 discoveries with a success ratio of 1:3. OGDCL's updated estimates for remaining recoverable oil and gas reserves as on 1st July 2002, stood at 10,357 billion standard cubic feet (BSCF) of gas and 149 standard million barrels of oil. Till June, 2002, OGDCL has drilled 164 exploratory and 228 development wells, and has produced about 128 million BBL of oil and 2.325 TCF of gas.

3.2.6 Mission Statement of OGDCL:

“To adopt and maintain a distinct commercial orientation with a balanced, efficient and competitive structure to meaningfully explore and exploit indigenous resources for optimum production of oil and gas besides seeking opportunities abroad.”

The corporate goals & objective of the Corporation are as follows

- To Develop Oil & Gas Discoveries into full fledged producing fields.
- To Optimize the Field Production Rates for maximum ultimate recovery from the oil & gas fields.
- To Evaluate the Hydrocarbon Reserves & undertake the Economic Evaluation of oil & gas fields.

3.2.7 HR Practices at Oil & Gas Development Company Limited:

a. Inception of HR Dept.

The HR dept. at OGDCL was formed when the company incorporated in, 1961, but it is named as Personnel and Admin Department (P&A). It has gradually evolved with the passage of time with the changing Govt. policies and internal requirement, as it grew considerably in late 80s. It had more successful discoveries which demanded for more employees. Due to its strong Unions which number in three, it has changed a lot. CBA's negotiations and bargaining for demands has revolutionized the way the company's admin department worked.

The ratio of HR employees to the total no. of employees is estimated to be 5 %

b. Role of HR Dept. in Strategy Formulation

HR dept. is involved in the matters concerning purely to HR like promotion or hiring or lateral transfers, but it is not consulted when going for decisions like mergers, acquisitions or altering some basic business strategy. As being a Govt. organization it has almost all of its procedures governed by Govt. legislation and Company's Ordinance 1984. The Personnel & Administration Dept. has to carry out what ever is decided at upper management levels or as the Govt. rules suggest. Therefore, the level of integration between Top Management and HRD swings over administrative and one way linkage.

c. Downsizing

The company claims that there has never been a downsizing in the company. Once the company tried for it but due to CBA's pressure it was not successful.

d. Labor Forecast

There isn't any sophisticated procedure for forecasting the labor shortage or surplus, but it is an ongoing process. As like all Govt. Institutions OGDCL is also over staffed. In the 2nd era of People's Party being in the establishment, a lot of people were inducted in OGDCL. It was all result of a bungling strategy to reduce unemployment in the country, but actually over doing with the companies to creep in

the heart of unemployed poor people. There were even more than one appointments for a single vacancy. So it left no room for forecasting when hiring is done in such a lumbering way, without even knowing the present configuration of the company and its needs for labor. Once the Head of Audit Department wrote a letter to higher authorities that he wants only qualified people in his department and it is over staffed, but his application is still under process.

e. Temporary Workers / Outsourcing / Overtimes:

- **Casual Workers Become Permanent**

Earlier there were 2750 Temporary Workers but with an effect of negotiations between Management and CBA it is decided that all of these workers will be permanent by the end of year 2005. It was decided to be done in four phases, out of which the first phase execution resulted in making 642 workers permanent. Minister for Petroleum and Natural Resources Ch. Nouraz Shakoore Khan distributed confirmation letters among 642 casual employees of Oil & Gas Development Company Limited (OGDCL)/ at a function held on August 20/ 2003 at OGDCL House Auditorium.

Responding to the demands of the employees regarding bonus and workers housing colony, the Minister announced award for all employees the occasion and assured on Ministry's full support to the construction of workers residential colony besides other matters.

Speaking on the occasion, the Minister hoped that the employees, who had been made permanent, would perform their duties with full honesty and dedication and would work hard for the progress and prosperity of the country and the Company. This would help to pave the way for other casual workers to be made permanent.

Earlier, throwing light on the regularization strategy, the Managing Director Najam Kamal Hyder said that in 1990 a strategy of regularization was evolved by

the then Minister for Petroleum and Natural Resources to regularize 5000 work charge employees but the process was delayed due to some technical hurdles in 1997. In September 2002, the 16th Agreement was signed and this regularization process took place under that Agreement, he said. Abdullah Yousaf, Secretary Petroleum and Natural Resources and Afzal Khan Chairman Board of Directors were also present in the ceremony.

The Company, with the workforce of more than 10,000 workers is engaged across the country in the exploration of oil and gas reservoirs to make the country self sufficient in energy sector. He added that it is producing about more than 22,000 barrels oil, 800 million cubic feet gas, and 200 metric ton sulphur per day. About 34 billion Rupees was paid as tax to the government last year. The President CBA, Muhammad Aslam and General Secretary Sher Khan also spoke on the occasion. He said that the regularization of 642 employees of OGDCL is a great achievement of the present government. He expressed satisfaction over the mutual initiative of the Ministry of Petroleum & Natural Resources and OGDCL management in the welfare of the workers.

- **Outsourcing**

Despite having a sophisticated technology and skilled workforce, the company still has to hire some service company for some specialized service. The companies may include:

- Shulumberger
- Halliburton
- Weatherford

- **Overtime**

The need for overtime is judged by the departmental head and in some cases its approval is needed from higher authorities. The workers are paid handsomely for their overtime.

- **Retirement**

For a worker to get retired the age limit is 60 years. He can also be retired if he is declared medically unfit for service or he can himself apply for retirement if he has completed 25 years of his continuous service at OGDCL. If there is some disciplinary case against any employee, he can be forced to resign or terminated in extreme cases. The amount for compensation package for leaving employees is calculated as per Govt. scales and amount of pension is set accordingly, but it needs to be approved by M.D.

The outgoing employees are warmly given a farewell specially the officers.

- **Farewell Ceremony Held in the Honor of Outgoing Officers**

A Farewell dinner was hosted in the honor of Mr. Shamim Ahmed Bhatti A/Executive Director (Production), Mozafar Ali Khan A,G,M. Production-1 and Mr. Khurshid Akhtar A/Manager (Exploration) on their retirement on July 17th, 2003 in Islamabad.

Speakers on the occasion while lauding their services said that the officers like those or outgoing experts have worked hard for the uplift of the Company. Chairman OGDCL Board Mr. M. Afzal Khan and MD OGDCL Mr. Najam K. Hyder presented shields to all three outgoing offices.

f. Recruitment

OGDCL prefers internal recruitment to external recruitment so that employees can pave their way to a bright career with OGDCL. The vacancies are usually filled within the organization either through promotion or through internal transfers, however if the suitable candidates are not available then vacancies are advertised in the newspapers. The requirement for the workforce is forwarded to M.D by Executive directors of different departments for approval, and after that the job is advertised in the newspapers. The CVs are short listed by P&A department, in accordance to the requirements given by the Executive Directors.

The following rudiments must be fulfilled to become qualify for a job in OGDCL:

- A candidate for appointment to a post either by direct recruitment or by transfer must possess the requisite educational qualifications and experience.

- A candidate for appointment shall be a citizen of Pakistan.
- The candidate needs to have a medical examination, and he /she must be in good mental and physical health and free from any defect that might impede in discharge of his/her duties.

g. Selection

The candidates who come for an interview are given a written test which is followed by an interview. The attributes like knowledge of the candidate, his/her skills and character are tested in the written test. The interviewing panel consisting of an executive from Top Management (some times M.D himself), Line manager i.e. Executive Director of the concerned department. Along with job related question. Some general knowledge questions and some queries about assessing his/her general personality and aptitude are also given.

Apart from all this for a worker to join OGDCL, needs to submit:

- Certificate of domicile
- Attested photocopies of his educational certificates and experience documents, which should be verified by the Manager Personnel of the OGDCL.
- Matriculation certificate, municipal birth certificate OR Army discharge certificate may also checked to verify the age of a candidate. These documents are matched to see that the date of birth once declared/or recorded shall not be changed/altered.
- A formal affidavit from court is to be submitted, in which the selected candidate takes an oath; not to indulge in any political activity and abide by the rules and regulations of the company.
- His criminal record; checked and verified from the Police Station.

h. Job Placement

After a scrupulous Job Analysis and design the general behavior and aptitude is checked, by the General Managers and Executive directors in connection with the feedback of immediate supervisors and foremen, to place an employee in a particular

job. For transferring an employee from one job to another, the final authority lies with the M.D who gets the information from Executive Director of that department.

i. Equal Employment Opportunity Policy

There is a lot of Christian staff and even some of Hindu employees also. The company does not have a formal and documented Equal Employment Opportunity Policy, but it endorses that there is no discrimination on the basis of religion, race or gender while hiring people. People from every religion can be seen working at OGDCL. There are just 10 to 15 females working at OGDCL, but they are fairly treated and do not have any problem in working in an environment mostly inhabited by males.

j. Training

The requirement for training is given by executive directors of the departments. OGDCL has its own training institute which announces courses through out the year, and the employees are send there for training.

- **Oil & Gas Training Institute**

The Oil & Gas Training Institute was established mainly to provide a wide range of Upstream Training Programs to meet the training needs of OGDCL and other E&P Companies working in Pakistan. In conformity with the consistently growing needs of training in Pakistan’s Petroleum Sector, this premier institute has also expanded and earned recognition.



OGTI provides basic training to the petroleum industry graduates and technicians enabling them to start their career, as well as refresher and advance training to experienced professionals in all the streams of petroleum in general, and upstream in particular. It also offers training courses to people from outside OGDCL. Some foreigners may come, pay the fees for particular training course; however, for OGDCL employees it is free.

Two satellite campuses of OGTI have been setup at Dakhni and Fimkassar Oil Fields to impart training in production, processing and plant operations to about 120 trainees. There is a separate rig for the unskilled employees to learn.

- A drilling training school at Sadqal Field near Fateh Jang is being established shortly.
- Establishment of Advance Instrumentation Lab is in progress.
- There will be a library (over 5000 technical books & journals)
- There will be an Audio Visual Library (over 200 films)
- A Hostel near every oil field
- Cafeteria is always there at every oil field.

Prominent Features of OGTI Courses

- Salient Training Disciplines**
- Petroleum Exploration
 - Oil Well Drilling
 - Mechanical Engineering
 - Reservoir Engineering
 - Production Engineering
 - Hydrocarbon Processing/Refining
 - Gas Transmission and Distribution
 - Instrumentation and Process Control
 - Environment/Health/Safety
 - Petroleum Management

- Facilities**
- Four Specious Classrooms
 - Auditorium with 112 seat capacity
 - Two Computer Lab
 - Exploration Lab
 - Drilling Lab
 - Production Lab
 - Instrumentation Lab
 - Electrical Lab
 - Mechanical Lab

OGTI Capacity
OGTI has a capability to train people in the listed disciplines per year:

Full time trainees	120
Refresher courses	100
Seminars	012
Internees (2 months)	060

Enhanced Functions & Facilities

- Shorts courses conducted from 1981 to 2002. No. of Courses and Participants are shown in the chart year wise.
- Total no. of Fresh Trainees (Two Year Training Program 1988-1998.> **231**
- Total no. of Fresh Trainees (One Year Training Program 2001-2002)> **257**
- Special Trainees from Sui/Dera Bugti (One Year Training Program) from PPL, SNGPL, SSGC and OGDCL.> **22**
- Lasmo professionals trained at OGTI.> **68**
- PPEPCA seminars 2001-2002.> **4**

The employees are not sent abroad for special training now that OGDCL has its own training institute, but yes in the beginning people were sent abroad for training. Now some foreign agency may come for some specialized training course or some expert (Pakistani) from any oil field may be called to give some briefing to the unskilled workers on the job i.e. Oil Field. Employees themselves do apply for some particular training course but their approval is given by the Executive Director of the department after a careful assessment. After the completion of a particular course a certificate is given to the employee and a carbon copy is mailed to OGDCL head office, thus providing the feedback about the employee as he/ she performed during the course. The training program is evaluated on Time Series basis.

As the employee compensation package is decided as per the Govt. scales so getting trained does not have any effect of his compensation. However after training if he / she performs better he / she may get promoted on preferential basis and have the compensation accordingly.

– **Adventure Learning**

OGDCL arranges recreational trips for the employees and officers. Officers and employees go separately for the picnics and transport plus food items are arranged by OGDCL. This helps building a team work and cooperating environment.

k. Performance Management

Performance Appraisal at OGDCL is done on annual basis. There is no formal approach in use like MBO or 360⁰ evaluation, but the performance of individuals is evaluated by departmental head who fills a form for the appraisal of a particular employee see figure below. It has an employee's own leaf to be filled in by him. He fills his personal data himself, his training record and the training which he got during the period under consideration. The teams are assessed according to the target given to them, and how each individual performed on comparative basis. The departmental heads give their demand seeing the strength of the department and get the appraisal forms from the ACR (Annual Confidential Report) Dept. As it is a confidential report

so its annexure is not available in this project report; however some glimpses of it can be understood by having a look at the following figure.

Attributes	Very good	Good	Average	Below average	Poor
<ul style="list-style-type: none"> ▪ Intelligence ▪ Personal assistance rendered ▪ Energy applied in work ▪ Behavior with others ▪ Integrity ▪ Communication ▪ Sense of responsibility ▪ Initiative and drive ▪ Regularity / punctuality ▪ Amenability to discipline ▪ Trustworthiness in confidential matters ▪ Do you consider him/her fit for promotion ▪ ----- Some job related parameters ▪ General remarks 					

This confidential report is signed by three persons:

- i. Reporting officer
- ii. Intermediate officer
- iii. Counter signing officer (Head of Department)

After his countersignature, the Head of department maintains a copy of the report and a copy is forwarded to the Personnel department. This ACR will be recorded for the period ending 31st December each year. Reporting officer / supervisor to ensure that the subordinate has served under him for the period not less than three months.

l. Succession Planning

There is a proper Career Planning Cell at OGDCL for counseling of employees to plan for their long run career with OGDCL. They are given advice as to how should they plan for themselves keeping in view the strategic needs of the company.

m. Dealing with Turnover

OGDCL endeavor to retain good employees; however it is overstaffed in most of the departments, but star players are given importance so as to retain them for the betterment of the organization. As they get a good performance rating their names are given for further promotion thus compensating them in a way they deserve. In OGDCL mostly technical staff leaves the organization. So for their retention they are given extra awards like one extra basic salary. On every new field discovered, all the employees are given one extra basic salary as an award, but practically out of nine awards only two are given and seven are still pending.

The dysfunctional employees are also analyzed and cared to turn them back from their un-acceptable behavior. The departmental head and immediate boss analyze a person who is found to be dysfunctional and try to solve the problem confronting him. When someone is found to be un-manageable his performance rating is accordingly given and as per the Ordinance 2000 guidelines for special powers for dealing with such employees are deployed.

n. Compensation

The company does not follow “Lead the Market Pay Strategy”, and no Market pay survey is done , as the job holders are compensated as per the Govt. scales. There is no employee of the month/year policy in practice.

The employees are entitled pension & gratuity, general provident fund, contributory provident fund group insurance etc. The employees are allowed to draw daily and traveling allowances for official duties. OGDCL also provides advances to its regular employees for purchase of conveyance. The amount of advance however depends on the employee pay group and length of service. The employees are given one basic pay as the

cash reward on the discovery of oil or other natural resources. The officer's share 5% of profit/loss and 5% of annual profits are distributed among employees having salaries less than Rs 4000. For more Perks & Benefits, see the list attached as [Annexure C-2](#).

o. Promotions

The performance rating of individuals has a direct link with the promotion of an employee. The performance appraisal form has a section asking for the eligibility of an employee for the promotion. On the basis of which he can be promoted to a higher grade thus getting a higher scale and better salary. The star players and employees, who get higher education while being on their current job, may also get promotion so as to retain them for the benefit of the company.

p. Structural / Technological / Cultural Change

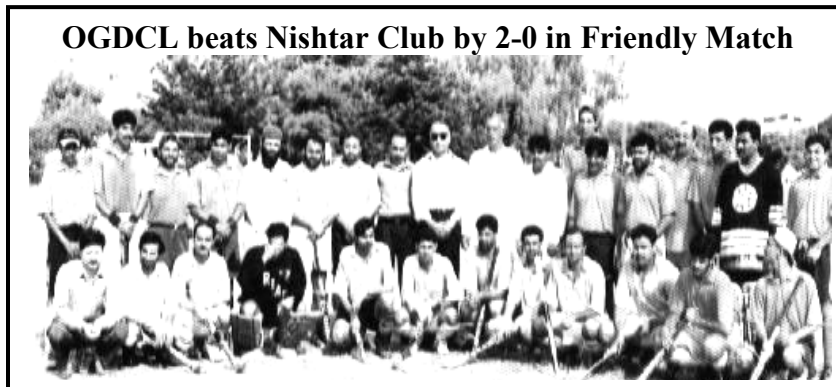
OGDCL claims to inject the latest technology when ever it comes to market. But as per my findings the technology on the exploration and drilling side might be sophisticated but on the managerial side there is still no database or any information system and each computer in admin department has its own data base being fed in every computer and they are not even linked.

OGDCL structure ([See Annexure C-1](#)) has changed a lot since its inception as the company has grown tremendously in the last 20 years or so. It has multiplied its workforce, in accordance to the increasing no. of discoveries.

– Culture of OGDCL (sub bullet)

OGDCL's culture is a bit informal if you visit the head office. People can be seen roaming here and there from one department to another. There is no dress code and people may be seen dressed shabbily. Nonetheless at the higher management cadre there is quiet formality in communicating with others and walking in directly into someone's office.

Apart from this employees normally have cordial relations; nonetheless variations can always be there. Employees and officers go to recreational trips, they meet frankly in Eid-Milan Parties, and participate in annual sports gala. (see picture below).



q. Managing Change

There is no proper procedure to socialize the employees before hand for any sort of change which is yet to come. P & A (Personnel and Administration) dept. however tries to bring up this change by communicating it to the employees and giving them pre-training if needed. The employees' personal record and performance rating are re-considered to decide who needs training and who does not and they are sent to OGTI (Oil & Gas Training Institute).

r. Grievance Procedure

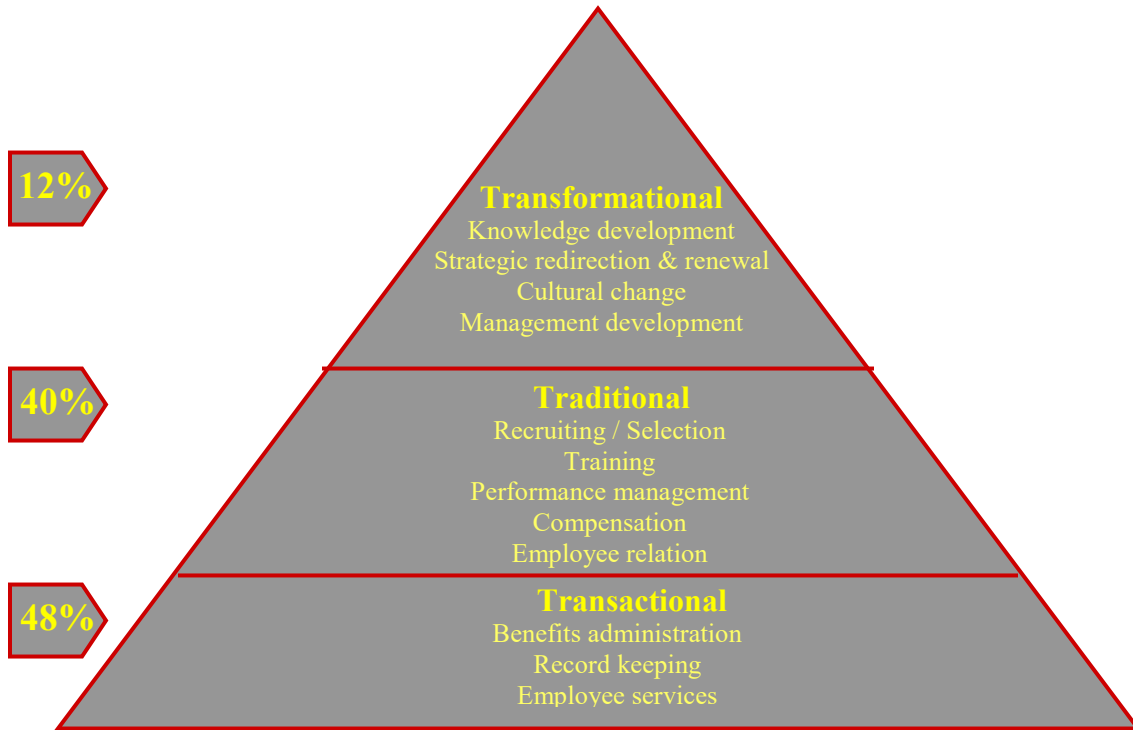
Reporting officers and supervisors have the responsibility to handle the grievances of individuals. If an employee has any sort of grievance he/she can discuss it with his/her supervisor, or departmental head, and if required his case may be referred to higher authorities, but this rarely happens.

s. Expatriates

Like POL, OGDCL being a Local Pakistani company; and its operations are so handled within the country and there is no room for sending some one on expatriate assignment.

t. Ratio of Time Spent on Different Activities

The ratio of time spent on different activities at OGDCL can be seen by having a look at the figure below:



u. Outsourcing of HR Activities

No HR activity is outsourced but done by regular P & A employees.

v. Software in use for HR Activities

Only Ms. Office is used for carrying out admin work. The so called data base is fed in the computers that are not linked and are updated on daily basis. In these circumstances there is no room left for Human Resource Information System.

3.2.8 Labor Relations at OGDCL

a. Management's View about Labor Relations at OGDCL (Missa Kaswal Production Field)

In an interview with Field Manager of Missa Kaswal Production Field of OGDCL, ensuing information regarding the labor relation issues at that field was gotten.

There are three unions registered with NIRC (National Industrial Relations Commission) in OGDCL:

- i. Mazdoor Itihad Union
- ii. Employees Union
- iii. Friends Alliance

Until now there used to be a referendum between the three unions as to which union is going to be the CBA (Collective Bargaining Agency) for the next two years, but from now onwards it will be for three years, as per the requirement of Govt. earlier the referendum was won by Employees Union, but this time Mazdoor Itihad Union won the referendum. The unions have their own election within the small groups and the agreed upon executive body of a union vie for the referendum. Unions may elect their own president and general secretary who may not be an employee of OGDCL but currently each member of the executive body of CBA is an OGDCL employee. There are approximately 10,000 employees eligible to vote when referendum is done. Though OGDCL sometimes outsource its drilling and production activities to service companies like Schlumberger, Weatherford, Halliburton etc, still the Unions and its members have a strong standing in the company and may influence management for their demands in a voltage bearing way.

b. Workforce Configuration:

The workforce at OGDCL is a mix of permanent and temporary employees. Permanent employees get the salaries as per the Govt. scales, and even temporary workers have their monthly salaries. As said earlier, out of 2750 temporary employees, 642 were regularized, on August 20, 2003, and remaining will be

regularized by the end of 2005 in three phases. At oil fields OGDCL hires some local unskilled workers for some non-technical work, because the regional inhabitants there or their landlords agitate that their people should get something if the company gets something out of their land. These workers are paid their monthly wages and their contracts expire when the operation at the particular field stops, and OGDCL's drilling or production team leaves that field.

The field manager thinks that it is healthy to have a union as the workers have a platform where they can raise the voice of their own. Nonetheless a manager incharge of handling labor issues has to negotiate with workers and union leaders all the time, but after all he is an employee of OGDCL, and has to keep a balance between employees and management's interest. Moreover, he has to make decisions after consulting the higher authorities, not alone, so to handle the negotiations and the demands so what if they are so unjustified at times; it is pretty simple for him. But union in management's view should not cross its limits, like always creating fuss and the workplace. They should rather help management in creating a peaceful atmosphere. They should have a sense of responsibility in discharge of their duties in a diligent way and they should try to visualize themselves alongwith the company in the nearest future as having the company focus would ultimately result in employees' own welfare. So in crux of it; CBA should not do undue favors of its members, but it should be reasonable and rational in its demands.

c. Union and Managements Kinship

The CBA at OGDCL sometimes tries to obstruct the smooth working of the organization, but it is mostly due to misinterpretation and impatience of some people who tend to be the rolling stones which ultimately turns into a conflict thus deteriorating the easy going and healthy environment. For these kind of circumstances management has some tools to deploy and those are the special powers given by Ordinance 2000 to control the union or otherwise it would be a Law & Order situation. Though CBA takes a tough stance against management, but whenever there is some disciplinary case against anyone, it is not backed by CBA;

however it appeals for a lenient behavior from the management side and tries to give a moral support to their colleagues being convicted. The situations never went so bad that the company has to go for a lock out but there is an incidence, back in 1991, when CBA went on strike against the management in support of termination of some employees. Due to unreasonable agitation of CBA, it was banned for 11 months and the union members were not permitted in the 2 K.m. circumference of the head office, until the case was filed in the labor court. All this turmoil ended in re-employment of the terminated employees the area limit was dissolved for the union members to come in and things ultimately came to normal.

Now-a-days management knows that there have been some internal discrepancies between the union members and the management has some weak points against the union. It sounds being sarcastic of the management, but this is what this game is all about.

About the workflow of some job, workers sometimes give their ideas, which are communicated to the concerned authorities, but the final decision lies with the management. There is no suggestion box as documented in the policies but some times when a new Managing Director is posted on this seat he may keep a suggestion box. At oil fields the workers are cared for. They have their uniform washed for free, they have good food, they get free shoes twice a year or more if they need so, they are provided with all the safety equipment. The assistant managers and above who are posted at oil fields have air conditioners and heaters in their rooms. The labor below the managers and assistants level live in tents if brick & mortar residence is not available, they have proper arrangements for heating and cooling by air coolers in extreme seasons, assistants and managers however live in *Karwans.

* Karwan is a long 24 wheeler bus which has all the facilities of a normal room like bed, washroom, a small kitchen, AC, heaters etc.

d. Procedure of Forming a Collective Bargaining Agreement

Following is the procedure of forming a collective bargaining agreement:

- CBA is formed after referendum
- The CBA is asked whether it wants to negotiate on the charter of demands given by the previous union when it was CBA or it wants to negotiate on their own charter of demand

The negotiations may take 6 months or even a year and the agreed demands are positively implemented as per the ratification of management. The current CBA was formed on 19th of July, 2001 and the negotiations started in Nov 2001.

The CBA has mostly been able to defend the employees but the agreement is sometime immediately implemented and sometimes lately. In all these negotiations process the management has to make some compromises to maintain the smooth working of the organization.

e. Privileges of CBA President and General Secretary:

CBA's President, Vice President, General Secretary and Joint Secretary have certain privileges as they are handed over some extra responsibilities other than their work. The executive body of CBA is not exempted for their work but they are a little relaxed, after all they are the registered negotiators at NIRC (National Industrial Relations Commission). They can come to the office of Executive Incharge of Labor Relations, at any time, to discuss any problem concerning labor. These CBA leaders have separate offices and vehicles. They enjoy a better status than normal employees and are cared for when they visit Management Incharge of Labor Relations. The Senior Executive Admin or Assistance Executive Admin stands up to shake hand with any CBA Leader when he comes to the office. OGDCL arranged a 3 days seminar on interpersonal relationship skills for the executive body of CBA, where an advocate of high court delivered a lecture and attendants did some cross questioning with him and with some officers who attended the seminar. This has also helped the management in a way that if they have better relations with executives of CBA they can communicate well with all the employees through these executives, because the employees have

their trust in their leaders and they can be molded in such an easy way that would not have been possible if management directly interacts with employees and convey the same message to them.

Though CBA is an authentic platform for employees to creep their way in to the management's interests still at OGDCL if an employee has certain grievance, the CBA is not the only way for him to go; he can discuss his problem, with his supervisor and then to higher authorities stepwise if he feels so.

f. CBA's Executives View about Labor Relations at OGDCL

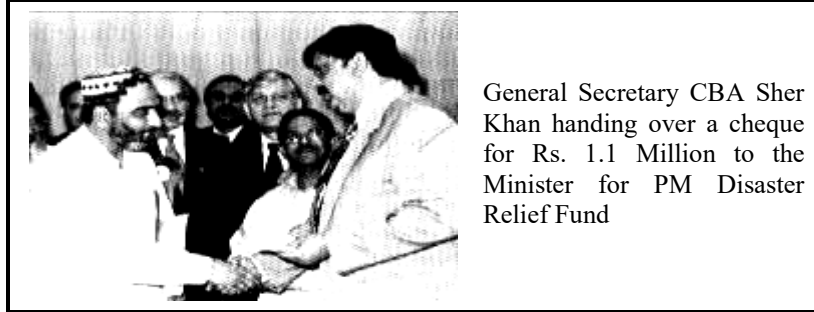
On the basis of an interview with Mr. Malik Akhlaq, the deputy General Secretary of CBA (Mazdoor Itihad Union) at OGDCL, following information was obtained.

The union leaders have very good relations with the employees, but fairly speaking every employee has a different level of trust for a leader, but majority do trust the leaders, that is why they are elected for this seat to compete for the referendum between the three unions.

OGDCL has given a separate office for all the CBA executives, and one small bus is allotted for the executive members and members. These executives don't get any extra allowance for their duties being doubled by handling the work of union alongwith doing the work they are hired for. CBA collects Rs. 5 per member every month for the unforeseen needs of the workers.

g. OGDCL's Workers Donate Rs. 1.1 Million for Flood Affected People

OGDCL workers donated a sum of Rs. 1.1 million for the flood affected people. General Secretary CBA Union Sher Khan presented a Cheque of Rs. 1.1 million amount to the Federal Minister for Petroleum and Natural Resources Ch. Nouraz Shakoor, at OGDCL House, for the rehabilitation of Rood victims. Federal Secretary P&NR Abdullah Yousaf, Chairman OGDCL Board of Directors Muhammad Afzal Khan/ Managing Director Mr. Najam Kamal Hyder and President CBA Union Muhammad Aslam were present on this occasion.



General Secretary CBA Sher Khan handing over a cheque for Rs. 1.1 Million to the Minister for PM Disaster Relief Fund

The Minister for Petroleum and Natural Resources thanked the workers for their contribution towards the Prime Ministers Disaster Relief Fund.

h. Nouraz Shakoor Presents Rs. 15 Million Cheque to Prime Minister for flood victims

The Minister for Petroleum and Natural Resources Ch. Nouraz Shakoor presented a Cheque of Rs.15 million to the Prime Minister Mir Zafarullah Khan Jamali, Jointly contributed by OGDCL/ SNGPL and SSGC towards the Prime Minister's Disaster Relief Fund.



Mr. Nouraz Shakoor is presenting cheque of 15 million for the flood relief to the Prime Minister

The Prime Minister thanked the Minister for his efforts in mobilizing the oil; and gas sector for contributing towards the Prime Minister's Disaster Relief Fund. He reiterated early relief and complete rehabilitation of the flood affected people of Baluchistan and Sindh. Minister for Petroleum and Natural Resources Nouraz Shakoor also briefed the Prime Minister about the oil and gas exploration activities in the country.

The last union which was elected to be the CBA did not win this time because it could not fulfill the demand of negotiating in a way that casual workers become regularized, however it took 6 months for this. The Mazdoor Itehad union i.e. the

current CBA has this credit to negotiate on this matter more effectively and now in four phases 2750 workers will be regularized, out of which one phase is already over, resulting in regularization of 642 employees in three phases uptill 2nd May, 2005.

Mr. Akhlaq further told that union members are not allowed to participate in the national politics, if some found to be involved in it, he is convicted for a disciplinary action and the necessary action is taken accordingly. While talking about the implementation of the agreement, he said that sometimes the agreed upon clauses of the agreement may not get implemented, and are deliberately delayed and ultimately waved off. In the meantime there comes the time for inter-group elections and then for referendum and people get into re-establishment of CBA and start campaigns for the union leaders and for the union of their choice to be the CBA.

i. Employees' View about Labor Relations at OGDCL

To get an overview of Labor Relations at oil fields of OGDCL, an LDC, (lower divisional clerk), a shift incharge, a P.S.O (Plant shift operator) and a J.P.O (junior plant operator) were interviewed.

They told that as compared to other Govt. Organizations, their salaries are quite better because of some extra benefits that they get, but as compared to other Multi National Oil Companies their salary is not that satisfying. They do get paid for the overtime they do, they will get pension after their retirement according to the Govt. scales. Each year they get a bonus in the form of one basic salary. OGDCL has a policy to give award to every employee on each new discovery. If we go about nine discoveries back, the employees got only two awards and seven are still pending.

The working conditions for them are good but they have to work in extreme seasons in June-July and December-January. They give suggestions to their supervisor or manager incharge about the work and they try to look into that but obviously it is not a binding on them to follow. They are not allowed to smoke in their workplace, but they do it in their rooms as Oil field is a sensitive area to lit anything and everybody realizes it.

They have a free medical for themselves, their parents and children upto the age of 18 and they have to give a surety bond which is a prescribed form, alongwith documents like birth certificate of children to confirm their age. They are given training relating to their job. They receive their preliminary training at OGTI (Oil& Gas Training Institute), where there is a spare Rig to learn. The rest of the work is learnt at their job where some expert from some other oil field may be called to teach them.

In accordance with the OGDCL's policy, 22 Staff members will be performing Hajj at the expense of the Company/ in the year 2004. In this connection a Hajj Draw was arranged at OGDCL House, Islamabad on the 4th of August/ 2003 to select the employees. M.D. OGDCL Najam Kamal Hyder was the chief guest on the occasion.

This scheme was introduced by the OGDCL in 1985 and more than 200 lucky employees have availed this opportunity so far. Hajj seats are reserved annually for government employees and autonomous bodies. OGDCL will spend Rs. 2.5 million in this regard for the employees who have to perform Hajj in the year 2003-2004 .

MD OGDCL also extended hearty congratulations to the winners of the draw. He wished them the completion of their Hajj and its rites in a dedicated and Islamic way. He further added that all lucky winners of Hajj draw must pray for the prosperity of the country and the progress of OGDCL.

The employees think that the union is a great relief for them and situations would have been bitter if there was no union. They can talk to management in a bit assertive way, and have their demands fulfilled. If we talk of the comparison of facilities and compensation packages of blue collar workers and management, there is a vast difference and no need to mention as to who is better off. They sometimes do feel that the union leaders are the tools in the hands of management as their duties are relaxed, management does not pin-points them, and by pleasing them in this way they use them for their purpose but it has never been proved.

3.3 Weatherford – A Tradition of Service & Innovation

3.3.1 Rationale for Choosing an Oil & Gas Service Company:

If we have a look at most of the Oil & Gas rigs in Pakistan we see that mostly the drilling and exploration operations are outsourced to the service companies like Schlumberger, Baker Hughes, Halliburton, Weatherford etc. There are numerous reasons for that:

- The Oil being an extensively demanded product; it earns a substantial sum of revenues for a company being in this business, so it has proved to be a feasible strategy to outsource the drilling operations to some Multinational Service Company.
- The service companies have those capabilities to provide state-of-art technology and procedures, and consequently delivering that optimum quality of service which is not available in Pakistan. So the Exploration Companies feel it a cut above to outsource than to produce these services within the company.
- Pakistan has huge amount of Oil & Gas reserves in the Tribal areas, and the experiences of the companies with the un-skilled labor available there have not been so good. The unions there are backed by politicians and land lords whose land is producing so called black gold for the explorations companies, and these unions have attested themselves as a brutal labor force who can even shoot their officers incharge and have no charge on them. In these circumstances company looks for outsourcing the drilling operations to some Multinational Service Company, and hiring just a small proportion of un-skilled labor from the tribal areas.
- The skilled and un-skilled blue collar workers from the multinational companies receive a dual care. Firstly, the service companies having lesser staff, can care more effectively for their workers, and secondly the exploration company hiring the service company gives an utmost care to the workers from the service company. A satisfied lot of workers are efficient and undisruptive and thus deliver an optimum level of service needed by the exploration company.
- Due to bad experiences with the unions, the multination exploration companies have not allowed unions, and they have almost no permanent worker and a negligible managerial staff on their rigs. e.g. now a days shlumberger has the

contract of drilling and exploring the Sawan and Miano Oil field of OMV. Apart from the MNC Oil Companies the local companies like POL and OGDCL are moving towards outsourcing the drilling and exploration operations to service companies. So to get an overview of how a Pakistani blue collar worker is treated under a foreign patronage, and how the HR Practices and procedures of a company headquartered at some foreign location effect him/her, the Weatherford—a Multinational Service company is chosen.

Lets see what turns this research takes while this scrutiny asks for a service company to be taken under consideration.

3.3.2 Weatherford—A Prologue:

Weatherford International Ltd. is one of the leading oilfield service companies in the world. Since its beginning in 1941 as the Weatherford Spring Company, it has maintained a culture of service and innovation. Its capabilities span the drilling, completion and production cycles of oil and gas. In total it employs more than 15,000 people in more than 440 locations across more than 100 countries.

The Weatherford of today was formed in 1998 from the merger of EVI, Inc., a leading manufacturer of drill stem products, premium tubulars, completion products and artificial lift systems, and Weatherford Enterra, Inc., a leading provider of drilling and cementing products, well installation and intervention services, and compression products and services. Since the merger, the new Weatherford has rationalized and refocused itself on customer needs in the drilling, completion and production segments of the oil and gas industry. Acquisitions since the merger have added significantly greater technological and service capabilities to its product and service lines, particularly for under-balanced drilling services, expandable tubulars, intelligent well systems and production optimization systems.

In addition, two public oilfield equipment companies have been formed from specialized sets of Weatherford products and services. In April 2000, Grant Prideco, Inc., a leading

worldwide producer of drill pipe and premium tubulars, was distributed to shareholders. Weatherford did not retain an ownership position in Grant Prideco. In February 2001, Weatherford Global Compression Services was merged into Universal Compression Holdings, Inc. Weatherford maintains a 45% ownership position in Universal's common stock for investment purposes.

Weatherford's enterprise value (market value + debt - cash) is approximately \$6 billion and the Company ranks fourth in size among the large diversified upstream service companies behind Schlumberger, Baker Hughes and Halliburton

3.3.3 Our Mission

Weatherford's mission is:

"To be the company of choice for an extensive range of oilfield products, services and technologies that will help our customers produce oil more efficiently and profitably. By anticipating and exceeding our customer's short and long-term requirements, we expect to achieve superior profitability, growth and return to our shareholders and expanding opportunities for our employees".

3.3.4 Key Strategies

We will accomplish our mission through the following strategies

– **Growth:**

Weatherford constantly evaluates opportunities to develop, acquire and distribute, through our worldwide infrastructure, unique technologies that will give us market leadership positions in high-growth industry segments.

– **Performance:**

Weatherford is focused on the delivery of superior service and product quality in industry segments where we add the highest value to our customers' operations and our shareholder's bottom line.

– **Innovation:**

Weatherford continually seeks new ways of doing business to advance our capabilities and differentiate us from our competitors.

– **An Entrepreneurial Workforce:**

Weatherford expects employees to play a significant role in the future of the Company. To balance this responsibility and accountability, we equip employees with the tools, knowledge and training they need to excel in their jobs.

– **A Commitment to Quality:**

Weatherford is committed to a significant, ongoing quality process that will involve all employees at all facilities worldwide. The quality process will seek to increase efficiency and profitability through improved procedures and reduced errors. We believe that by applying the concepts of quality, the products and services we provide will continue to be superior to those of our competitors.

3.3.5 Goals

Weatherford's strategic goals focus on its primary stakeholders. It strives to provide above average returns for our stockholders, the highest quality products and services for our customers, rewarding careers and safe working environments for our employees. It also endeavors to be an upstanding corporate citizen in the communities where it operates.

Weatherford revenues have doubled during the last 5 years. The company's continued growth at an above average rate will be based on the leveraging of our extensive global footprint, the continuous improvement of our products and services, the successful commercialization of "step-change" technologies and strategic acquisitions.

3.3.6 Global Diversity and Infrastructure

In addition to the diversity of its over 15,000 personnel, one of Weatherford's greatest assets is its global infrastructure. With approximately 440 locations, over 290 of them

The ratio of HR employees to the total no. of employees is estimated to be 1:25 in Pakistan.

b. Role of HR Dept. in Strategy Formulation

The HR dept. is involved in strategy formulation only if it is concerned with some HR issue. The HR dept. is not consulted in case of mergers, acquisition or even joint ventures. Therefore, the level of integration between Top Management and HRD swings between administrative linkage and one way linkage.

c. Downsizing

There has never been a downsizing in the company. People however can be fired if they are found to be guilty of breaking laws & regulations, making fuss at the workplace or hindering anyone's work.

d. Labor Forecast

There isn't any sophisticated procedure for forecasting the labor shortage or surplus, but it is an ongoing process. The understaffed departments are filled with new hires through the HR dept. as per the intimation of Departmental heads. However the surplus is dealt by putting a deadlock on hiring of new people for a certain department.

e. Recruitment Policy and Procedure

– ***Policy Statement***

Weatherford wishes to recruit the most suited employee to a vacancy that will meet the organization's current business needs and long term objectives. Whilst, the company will seek promote the internal development of employees, Weatherford will recruit internally and externally, as appropriate. The aim is to attract suitable candidates to apply for employment vacancies, by making it known through appropriate recruitment channels that such vacancies exist. The company will then

seek to match the applicant with the requirements of the vacant position and make an informed selection decision to obtain the most suited person to the job.

– ***Purpose***

The purpose of this policy is to provide clear, concise guidance to recruiting Managers and Supervisors on the recruitment and selection of personnel, highlighting specific responsibilities. It demonstrates company commitment towards employing candidates who are suited to the business needs of the Company. This document outlines the Company policy and the procedures to be followed.

– ***Policy Details***

Candidates will not be discriminated against on the grounds of race, religion, color, national/ethnic origin, sex, disability or age. The company will adhere to the prevailing legislation governing the recruitment process. HR will direct and provide guidance to managers in this area.

– ***Job Analysis***

The recruiting Line Manager should analyze the requirements to ascertain if it is appropriate to replace or create a new role, giving consideration to budgeting and planning. Other alternatives such as reallocation of resources, part-time working, contract work etc should always be considered as options. Once all information has been gathered, the manger will make the decision of whether or not to proceed to recruitment approval stage.

– ***Job Description/ Person Specification***

Using the information gathered in the Job Analysis stage, the Manager/Supervisor should write a Job Description and Person Specification using Weatherford Job Description Form ([See Annexure D-4](#)). A Job Description must be approved and signed off to Department Manager level. A copy of the approved Job Description/Person Specification should be forwarded to HR. HR will provide guidance, where required, on how to write a Job Description/Person Specification. The purpose of the Job Description is to provide a clear outline to all concerned of the

key responsibilities of the role, the interfaces and working relationships and job dimensions i.e. budget responsibility, number of people managed etc.

The purpose of the Person Specification is to outline the kind of person best suited to the person in terms of qualifications, skills and competence levels, work experience differentiating between essential and preferred criteria.

- **Recruitment Request Form:** Once the decision has been made to recruit, the line manager should complete a "Recruitment Request Form" and forward it to the Region Manager/ Vice President for approval. Once approval has been received the Line Manager should discuss the vacancy with their HR Manager or Assistant to agree a way forward, providing them with a current Job Description and Person Specification.

- **Sourcing Candidates:** HR will assist in sourcing candidates internally and externally. Internal adverts will be sent electronically to all employees, Supervisors responsible for staff that do not have PC access, should display these on staff notice boards. Internal candidates should advise their existing manager of their intention to apply or interview for an alternative position within the company.

HR will maintain a database of unsolicited CV and this database will be searched for suitable candidates. Where no suitable candidates can be identified from either of these sources the vacancies will be advertised externally, this may occur concurrently with internal advertising. HR, using the Job Description and Personal Specification will compile the advertisement. HR will collate and respond to all short-listed CV's and application forms.

- **Short-Listing:** The Manager and HR will short list applicants by benchmarking against the requirements for the job as laid out in the Job Description and Person Specification. This will avoid potential for discrimination. Those candidates, who do not meet the specified minimum requirements, will be advised by HR that their application has been unsuccessful. Their application form/CV will be retained on

file by HR for up to six months. Applicants who meet the minimum requirements will be reviewed and the most appropriate candidates will be invited for interview. Unlike internal candidates, unsuccessful external candidates will **not** be given reasons for non-selection.

f. Selection

Experienced Managers who are competent at interviewing and who have a basic knowledge of employment law with regard to interviewing, may carry out interviews themselves. Advice and support should be sought from HR. However, where appropriate HR will form part of the interview panel and decision making process. Selection questions will be devised against the Job Description/Person specification. Predominately, questions will focus on experiences, qualifications, competencies, aptitude, and ability to fit into the team and the company and attitude along with other relevant areas of questioning as appropriate. For internal candidates this will include competency assessments, performance reviews and attendance records over a period of time.

Internal candidates will be given reasons for non-selection in order that they may use such feedback to form a development plan with their manager. HR will advise unsuccessful candidates.

– **Other Selection Tools**

- **Medical and Drug Screen:** All potential employees will be required to undergo and pass a medical and drug screen test to the company's satisfaction.
- **Reference check:** Where possible HR will obtain reference checks, it should be noted however that it may not be possible in all instances to obtain references. References may be obtained in writing or verbally. Verbal references should be documented in writing, signed by the recipient, and retained on file.
- **Personality Assessment:** where appropriate, HR will carry out a Personality assessment using an appropriate tool.

- Permit to Work Compliance with local visa / work permit requirements as per the local labor law.

Candidates will be selected based on the information gathered as a result of the recruitment process. Those conducting the recruitment process (recruiting Manager with or without HR) will make the recruitment decision. Candidates who do not meet the specification will be advised by HR. that they have been unsuccessful.

– **Making the Offer**

Once the suitable candidate has been selected for the job, a Request for Job Offer Form should be completed by the Line Manager, authorized by the Region Manager/ Vice President and forwarded to the HR department. HR will compile and issue the offer of employment. Authority levels: All job offers must be approved at Region Manager Level. Only HR Department is authorized to compile and issue job offers which will be in accordance with Company policy and prevailing legislation.

– **Induction**

The principle responsibility for induction lies with the line manger of the position. Additionally HR will compile and issue a pack of documentation with regard to benefit plans and HR related company policies. (Health Safety and Environmental Department) HSE will conduct induction sessions for all new employees outlining company Health, Safety and Environmental policy and procedures.

– **Responsibility**

Responsibility for review of Recruitment Policy and Procedure - Region HR Manager
- Middle East & North Africa Responsibility for implementation and approval - Business Unit HR Manager and Department Manager. Ultimate approval for funding to be authorized by Region Manager or VP - MENA (Middle & East North AFRICA) Region.

SIGNED _____ DATE _____

Michael Pert - Region HR Manager, MENA

SIGNED _____ DATE _____

Ramzi AI-Heureithi - Vice President, MENA - DIS

SIGNED _____ DATE _____

Scott Aitken- Vice President- Eastern Hemisphere

g. Training and Development Policy and Procedure

– *Policy Statement*

In order to meet ever-changing business needs and goals, and to ensure that the company provides a safe and high quality service to customers, thus retaining competitive advantage, the company is committed to investing in the ongoing training and development of staff.

The company aim is to provide cost effective, quality training, which is directly linked to the needs of the business. The company seeks to ensure employees have the knowledge, skills and competence to enable maximization of performance in their current role and to fulfill their recognized potential with the company in the longer term. The aim is to ensure that all employees keep pace with technology, the industry, customer requirements, systems and processes and regulations which govern our business.

This policy mainly applies to permanent staff. However, temporary staff will be given training, where necessary, to carry out the function for which they have been temporarily employed; specifically any training necessary to comply with company and/or legislative Health and Safety policies and procedures. Training for temporary staff will normally consist of in-house, on-the-job training from an experienced colleague or Supervisor.

– ***Purpose***

Weatherford Completion Systems through the documenting of this procedure will;

- Determine competency needs for personnel performing activities affecting quality;
- Provide training to satisfy these needs;
- Evaluate the effectiveness of the training provided;
- Ensure that its employees are aware of the relevance and importance of their activities and how they contribute to the achievement of the quality objectives;
- Maintain appropriate records of education, experience, training and qualifications in accordance with Quality procedures Manual.

– ***Scope***

The objective for Weatherford Completion Systems administrative management is to provide personnel with knowledge and skills, which together with experience improve their competence.

– ***Responsibility***

- Each Manager shall ensure that their employees are trained and qualified to perform their job function.
- Quality Assurance shall be accountable for the Quality System Indoctrination.
- The HSE Representative shall be accountable for the Health, Safety and Environmental Indoctrination and record.

– ***Procedures***

Determination of Competency Needs

- Determination of competency will be made by the department managers for personnel in their respective areas. The following should be considered during the determination of competence:

- Future demands related to strategic and operational plans and objectives.
- Anticipated management and workforce succession needs.
- Changes to Weatherford Completion Systems processes, tools and equipment.
- Evaluation of the competence of individual people to perform defined activities.
- Statutory and regulatory requirements, and standards, affecting Weatherford Completion Systems and interested parties.

– ***Training for Verification Activities***

- Inspection Activities:

Qualifications: Previous documented work experience with the applicable Quality Control related activity or trainee status. This shall be reviewed and approved by the Quality Manager and / or the Quality Control lead-person.

- Quality System Training

- All Weatherford Completion Systems employees shall be trained to understand and implement the ISO-9001 quality system as applicable to the position and all personnel will be trained regarding the Quality Policy.
- Training records are maintained by Quality Assurance at the optional request by the applicable department.

– ***New Employee Orientation***

New employees shall be trained during an orientation program to include an introduction to the Weatherford Completion Systems quality policy statement and quality system.

– ***Job Training***

Each department manager shall ensure training is performed with employees under their supervision. The training is to insure the employee understands the job

requirements and has the ability to meet the job requirements. On the job training does not require documentation that will be retained in employee training files.

– ***Training Quality Records***

The following training records shall be retained as quality records;

- Employee Training Record
- Employee Status Change and
- Training Certificates (as applicable).

Safety training is documented, maintained, and scheduled as a separate function at Weatherford Completion Systems. Quality Assurance is responsible for the retention of all Weatherford Completion Systems Quality Systems training records. (See [Annexure D-5](#))

h. Job Description and Placement

The employees are placed in their jobs according to their interests and skills. There is a proper Job description form which lists down all the responsibilities of the Job to be performed by an individual. (See [Annexure D-4](#)).

i. Performance Management

Performance Appraisal at Weatherford is done on annual basis. The performance of individuals is evaluated on the basis of objectives and goals assigned to the incumbent, so we can say the MBO (Management by Objectives) approach is followed.

Then performance appraisal is done in following steps:

1. The employees' personal data is written on the first leaf of performance appraisal form.
2. On the second and third leaf, the employees' performance is evaluated through different parameters by his supervisor.
3. The fourth leaf asks for employees own review, and whether he wants a meeting with the appraising authority for fine tuning himself or argue if he is not satisfied with his appraisal.

4. On the fifth leaf the manager / supervisor gives his comments on the review of employee. (See Annexure D-6)

j. Compensation

In Pakistan Weatherford employees are compensated with a good salary package and less of benefits and perks. No market pay survey is done but the salaries are set according to the international rules. Due to a good amount of salary people are satisfied with their job thus compensating the need for extra perks & benefits. The compensable factors are considered to be:

- Knowledge
- Skills
- Performance
- Interpersonal relationship
- Seniority

The pay structure is individual based, this means that an employees performance is judged on individual basis and not in comparison with his group members if he happens to work with them. His communication skills and interpersonal relationship has some weightage assigned in the performance appraisal form but over all performance is absolute and not relative. (See annexure D-6) Employees are however given transport to come on work, they have their medical free for themselves only, they have their accident insurance and if someone is injured during his duty hours, he is compensated handsomely for this.

k. Non-Monetary Compensation

Stock options are given to employees but this is not practiced in Pakistan as the company's shares are not sold in the Pakistani Stock Market. Employees are given better bonuses if they performed well during the year, thus getting a good performance rating. That also depends of how much profit the company made. The employee of the year is awarded monetarily on the annual function of the company in Pakistan.

l. Promotions

The only criterion for promotion in Weatherford, Pakistan is a vacant post at the top. If someone leaves the job his immediate subordinate will be posted to his seat.

m. Structural / Technological / Cultural Change

The Weatherford of today was formed in 1998 and since then there has been no structural change or cultural change, (See Annexure D-1, D-2 and D-3). However Weatherford remains updated with latest technology whenever it comes to the market and injects it into the procedures. The employees are given training and even sent abroad for training if needed.

n. Culture of Weatherford

Weatherford's culture is formal at some places and informal at others. If you visit the Pakistani head office of Weatherford at plot# 386, I/9 industrial area Islamabad, you will see that no one calls "sir" to anyone one and no use of job titles is heard when people are seen communicating with each other. However when some senior executive from abroad comes for the visit of Pakistan he is just called by Mr. (his last name). But its culture is formal in a sense that people are not involved in any kind of policy, they are never seen agitating for anything because they are a kind of prohibited of this thing. If a person creates any kind of disturbance in the workplace he is fired in the next moment. Whenever going for a change in some procedure or injecting new technology, the employees are not concerned, a mere fax can alter the way and process of a job previously done in some other way.

o. Grievance Procedure

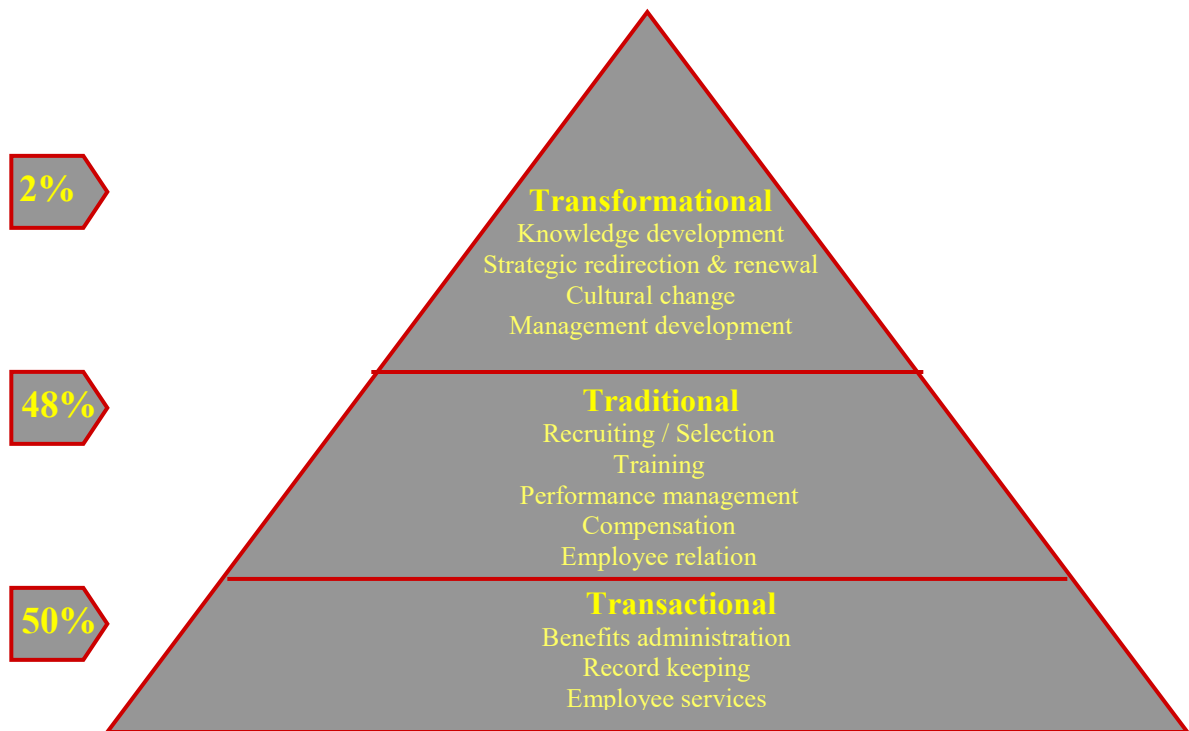
There is no proper appointment like grievance handling officer or incharge, but this task is delegated to the departmental heads and immediate supervisors. If an employee has any sort of grievance he/she can discuss it with his/her supervisor, or departmental head, and if required his case may be referred to higher authorities, but this seldom happens.

p. Expatriates

The employees are not sent on temporary expatriate assignments but they rather could be transferred to some other location, or some other country for an indefinite period of time. Their willingness to go there especially in some other country is however assessed and they are asked before sending them to that location.

q. Ratio of Time Spent on Different Activities

The ratio of time spent on different activities in Pakistan can be seen by having a look at the figure below:



r. Outsourcing of HR Activities

No HR activity is outsourced but done by regular employees.

s. Software in use for HR Activities

Following is a list of softwares being used at POL for HR Activities:

- MS office
- MS Visio
- Adobe (whole family)
- AutoCAD
- Some customized softwares.

Apart from these there is an intranet between the Pakistani office and the head office.

t. HRIS (Human Resource Information System)

There is no Human Resource Information System in Pakistan. There is just a nominal database of records of employees which is maintained by one person throughout the year.

3.3.9 Labor Relations at Weatherford

a. Management’s View about Labor Relations at Weatherford

To get a summary of labor relations at Weatherford service company Mr. Arif Sheikh, the Operations Coordinator gave an interview and revealed the following things.

The total strength of Weatherford Company is about 85 to 90 people, out of which 20 are the managers, about 50 are the technical and skilled people including engineers and about 10 helpers like security people and peons etc. they are all salaried employees. The culture of Weatherford Company is a bit formal. People are given some guidelines on their hiring alongwith a handbook for them. Let’s have a look at the letter of the Chairman which is given at the first page of the handbook.

CHAIRMAN'S LETTER

Welcome to Weatherford. You have joined a fast-moving organization that provides employees with growth opportunities, job satisfaction, attractive compensation, competitive benefits, and the chance to make direct contributions to our future success. This handbook outlines the terms of your partnership with us, what you can expect from Weatherford and what we expect and offer you in return.

Our commitments to you are simple and straightforward:

- Individual development. Our goal is to attract and retain the highest quality employees. We want you to succeed, and are committed to providing you with the skills and knowledge you need to thrive in today's fluid business environment. In return, we want you to actively manage your career: where do you want to be, how can you improve your performance and how can we help you get there?
- Competitive pay for competitive performance: Weatherford has reshaped and decentralized its operations to give employees more authority and responsibility, and we make sure you are rewarded for superior performance. In return, we expect you to strive to achieve the organization's goals and contribute to the company's bottom line. In the end, this is what will help us grow our competitive advantage.
- A safe place to work: We will provide you with a safe and clean working environment. In return, we expect you to perform your work to the highest standards of quality and safety.

These topics - as well as many others - are discussed in much greater detail in the following pages. We encourage you to become familiar with the information contained in this manual, if you have questions that are not covered in this content, please direct them to your supervisor or to your appropriate Human Resources representative.

We are hopeful that your association with us will be mutually rewarding.

Sincerely,



Bernard J. Duroc-Danner
Chairman, President and Chief Executive Officer

(The information contained herein is set forth merely as a guideline and each matter will be decided on an individual basis. Further, the Company (Weatherford International, Inc.) reserves the right to change any guidelines, compensation or Benefits at any time without notice. All references in this handbook will be to the "Company", meaning Weatherford. Policies contained in this handbook are summarized and reference should be made to the actual policy in the Management Guide for specific information or interpretation.)

The workforce at Weatherford Company does not try to obstruct the working of the organization, as they are already so few in number and they are mostly concerned to their work and no one has time to do any tomfoolery. The management thinks that it is not healthy to have a union in a company like Weatherford. The policies and procedures of the company are so good that workers are already quite satisfied of their jobs and so the top management of Weatherford Company does not want to have a union keeping in view the past experiences of some of the multi national company who tried to have a union in their company but it resulted in some very bad incidences.

The compensation packages of the people working at Weatherford Company are so good, but they have less of allowances and benefits as of the other companies previously discussed. There has never been a lockout or strike on the company as said earlier the workers are satisfied of their job and working conditions, plus the workers are given a pre-warning on the day of their hiring in a very mild way that if they want to do their job here in Weatherford Company, then they will have to be obedient and diligent in their attitude and conduct. But it is a mutual relationship; if the workers are cared for why would they go for any sort of complaints and make fuss in the workplace. They do their job painstakingly and give their ideas about their job which are assessed and implemented if feasible. Pakistani management is never involved making any major decisions but it all comes from the Head Office. No one is allowed to challenge the appointment of anyone and pin-point him in his work, but yes the supervisor can give his guidance to do the work properly in a positive manner.

Though management has to follow all the rules and regulations as advised by the Head Office and as the documented policies say, but they still try to accommodate the workers, so as to maintain the smooth working of the organization. When people interact with each other there could be a difference in opinion and interest which could transform into a conflict. At Weatherford if two people have some sort of dispute with each other they are guided to see their immediate senior to solve the problem through discussion, but if they are found to be fighting with each other and hitting each other physically, then both of them are out of Weatherford in the very next moment.

At oil fields the Weatherford Company provides its people with uniform and technical & safety equipment. Food, residence and sometimes transport is even provided by the company which hired Weatherford as a service company. If Weatherford arranges for transport it charges its hiring company for it. There is a vast difference between the facilities provided by multinational companies like OMV, Lasmo, British Petroleum etc. And local companies like POL and OGDCL. The facilities provided by MNC's are far better than local companies.

b. Employees' View about Labor Relations at Weatherford

To review the labor relations at Weatherford Service Company lets go through the summary of an interview with Mr. Amir Latif (services coordinator), Mr. Ahmed Masood (applications engineer) and Amjad Ali Zaidi (office boy).

They think that their salaries are quite good. If they were in some public Sector Organization the situations would not have been as better as now. They think that the management is fair in its dealing as it goes through the policies and procedures of the company which are already employee friendly. Their working conditions are good with all the safety precautions necessary for a particular job. Internationally people get free medical for themselves only and not for their children or parents. Smoking is not allowed anywhere in the office e or field but people do smoke sneakily. After a one-two month training the remaining of the work is learnt on the job, through assigned mentors who teach the newly hired people about the technicalities right there on the field.

The workers are so cared that they think that they don't need any union as it would have obstructed the smooth working of the organization, when their company is already looking after them agreeably. So why should they go for a union. This is also because of the lesser strength of the overall company and people go to the fields in small crews like 6 to 15 people and mostly their work is independent of each other and everyone is concerned with his on work.

CHAPTER 4: ANALYSIS

4.1 Analysis of POL (HR Practices & Labor Relations):

If we critically analyze POL regarding its HR practices and Labor relations, we see that due its parent company i.e. AOC (Attock Oil Company) being incorporated in England, it has some dual features of Local Companies and MNCs as POL itself is incorporated in Pakistan as a subsidiary of AOC. It gets formal if you move up through the management levels. You can see people talking at a very low pitch of their voice at the Top Management floors, and on the same time people will be even seen shouting at the lower level i.e. floors where public dealing is done like Sales and Marketing Dept.

As this era of innovation suggests; there should be a uniformity in the culture of different departments and Management levels, so that people can feel it a place of their own where they can move around, can talk to anyone, anytime thus minimizing the possibility of hindrance in any task, and contributing to an optimum level of productivity with consistency.

The Level of integration between HR Dept. i.e. P & A (Personnel & Admin) Dept. in POL revolves around one way and two way linkage. HR Dept. is involved in every strategy, especially regarding people and administration matters. The HR Manager also sits with Top Management in every decision but has a little power to influence those decisions made at the top. The companies around the globe moving towards a more integrated form of relationship between top management and HR Dept, are experiencing a substantial enhancement in performance of the company and an escalating rate of productivity. If the HR Dept. is involved in decisions like mergers, acquisitions, injecting some new technology or Business Process Re-engineering, it will shape the graph of prosperity of a company in a more promising way. If we say that the ‘change is inevitable, and businesses cannot survive without it;’ then it can also be said with conformity that ‘a mis-coordinated change can prove to be an ultimate liability for a firm,’ and how it can be coordinated; the answer is ‘coordination of Human Resources with every other resource, each and every procedure, and each and every new decision.’ This discussion ask for a company to strive for a two way linkage and then gradually

achieving an integrative linkage level between top management and HR. Dept, so that all the procedures and resources are knit in an effective and timely fashion.

Since POL has its own salary packages, it has that leverage to attract skilled labor in Oil field who would prefer to join POL rather than going for some other oil company in the public sector. It has even better perks & benefits (*see annexure B-5*). Moreover it has linked its compensation and reward system directly with the performance, so workers are motivated to work, as they know that they have to deliver more to get more. For this they are sent to training and they put their heart in their training sessions to have the skills required to do their work more efficiently and effectively. But what your workers actually demand from you is a pretty skewed term. The individual differences and expectations can be sought by involving the incumbents in making a compensation policy. If their expectations are known and they are compensated according to their contribution to the company, then the company would be in a position to develop a highly motivated lot of people who would fight for highest level of performance and help fabricating a sustainable growing posture of the company.

Now if we look at the issues related to blue collar workers at the oil fields we see that first thing that the old employees feel while they look backward at their career with POL, is that they have given their blood to this company in the past 40 years or so, but in comparison to this they have made nothing for themselves and for their family and not even a prestigious place in the company. They feel like being a blue collar worker and they are going to die as blue collar worker, like one of the worker at oil fields said in his interview “We are employed like an ‘Army Sepahee’ and will retire as a ‘Subedar’ or so, but those white collar Managers—they are employed as lieutenants and may retire as Chief of the army Staff”. Despite of all this they do feel that they are well off as compared to many other companies, but not to neglect that there could have been better options that could have availed but now there is no use cryin.....!!!!

No matter management has a lot of constraints and limitations, and it cannot fulfill each and every demand of individuals, but acknowledging some, gives a feeling of warmth and it costs nothing. If the employees are given due importance and appreciation in return of their efforts, it could accumulate some commitment with the job and with the

company, and no one will be pushed to say that, “there could have been a better option for me.” The culture, the SOPs, the policies and procedure should be harmonized with Human resources in way that makes the company a best option for each and every individual attached with it.

As far as union activity is concerned employees feel that they have a resort of their problems and a vent through which they can pour in their interests on the desk of Management in a bit assertive way, but believing that the final decision lies with the management, this buttress starts to melt. When there are some orders from the top it has to be implemented, no matter employees have their right to bargain for their interests but “bargain” itself signifies that you should be ready to cut a deal and obviously there is no fixed proportion of what one has to loose and what he is going to get, especially when you are not the law maker but a follower. Here if an order is reshaped in a way that it looks like a welfare note from top management, then everyone will own his/her stake in it. This can be done by molding it, so that it is not felt like an enforced law, rather it should be bent in the workers interest through feedback from lowest possible level of workers.

As the employees and management say that once agreed the demands are fulfilled in a positive way. So it gives a bit of relief to the workers, while in other organizations the agreed upon clauses may not be implemented and waved off in some cases. This is the reason that the history of POL with regard to labor relations is in a mint condition to say that there has never been a strike or lockout in the company. It validates that if workers are dealt with humanity and they behave like humans. The grant of 500 rupees to every employee working at the Khaur Oil Field from the pocket of the Chief Executive, is a standing example to prove this.

4.2 Analysis of OGDCL (HR Practices & Labor Relations):

Would it be sarcastic to say that during my research at OGDCL I could not find the Company’s Mission, Vision and Goals? The only answer that about 10 people from different departments gave was, “*Oh. Man! It was lying here a weak before, I don’t know where it has gone*”. So you can get a preview of what Pakistani Organizations in public

sector look like; OGDCL is one of them. There is a lot of overstaffing in most of the departments, as said earlier in the findings section. Some politicians and big business tycoons had an aim to buy PPL (Pakistan petroleum Limited) but the workers won the suit for getting the ownership at preferential basis as those politicians and business men had no background in oil fields. To get some backing from the people in the oil field they injected a lot of people in OGDCL through their influence, so that they can re-moot the case in the court to buy PPL. All this resulted in stuffing a single vacancy with more than one appointments. This is the reason why OGDCL, having a huge network of drilling and exploration, went in total loss, and even had to take loans to discharge its liabilities.

Now if a company confronts a problem of overstaffing, then downsizing or right sizing is not the only situation, because it minimizes the job security of the workers who survive and instills a feeling of resentment and disloyalty among the workers. If the processes are reengineered it will reveal some new ways of doing the same tasks, consequently new roles and duties are created, and at this time the company has a leverage to deploy its redundant workforce (which is proving to be a deadwood for the company), to the new jobs and giving them responsibilities which they would love to do. This will make their job more interesting, less boring. Now here if personality analysis is done along with job analysis then people will be put in to the jobs for which they are made for. This will scratch off the rusty nuts of the whole machinery and will save the cost of external hiring to the company.

If one asks about the HR. Dept. in OGDCL, the answer is no it has only an Admin Department. However it has a proper Career Planning Cell but it is not that functional to provide the real counseling needed to fine-tune anyone's career path. If a worker's long term plans are streamlined with the strategic needs of the organization then it will drastically boost up the progress of both. A strategically oriented relationship is the need of an organization like OGDCL to plunge out from this mud-track of decreasing motivation and overstaffing.

The performance appraisal system at OGDCL has no direct linkage with the compensation package. If you are an employee of this organization, you need training to do your work, if you have an enhancement in your performance you will have a better

performance rating, while its not going to have any effect on your compensation package, however your name will be remembered to promote you to a higher position, but if there is a post vacant up there, due to some other reason. If you are not compensating an employee in accordance with the effort that he/she is putting in, how long is he going to stay with your organization? If there is no difference in status of a high performer and a low performer, who is going to perform at even a bare minimum level? In these circumstances the whole Performance Appraisal System would be a sheer liability to go through. The Performance Appraisal System should be tightly fixed with the compensation system so as to excavate the supreme cache of performance of an employee. This becomes more demanding when you are appraising a person who has to do a kind of job which is most risky in terms of health and safety, and which is among the most arduous jobs. So at this time if a worker is not retained through the tool of an effective performance appraisal system you will loose him on the very first option he gets.

The blue collar workers at OGDCL are called “rough necks”, and they could be treated roughly as their titles suggest. On the other hand it has very strong unions that may diverge management to their workers interest, and can create a bit of fuss at the working place. Back in 1991 CBA was banned for 11 months due to their agitation for some employees being terminated, but CBA won the case and the employees were re-employed. This shows a hold and powers of CBA, as it is registered in NIRC (National Industrial Relations Commission) and CBA executives are registered authorities to bargain for the workers rights with management. But should this environment be declared conducive for good industrial relations. A genuinely conducive environment calls for a collaboration of Management and Unions in every matter. The platform of CBA should be a bridge between Management and workers, which should be tied with the ropes of cooperation and understanding rather than a pivot of war. A company like OGDCL needs a dialogue between management and the workers on continual basis, so that both the parties understand each others’ interests and demands.

At oil fields workers do have all the facilities to work their on oil fields, including their allowances, concessions and safety arrangements (*See Annexure C-2*). They have free

medical for themselves and for their families, they have their pensions and gratuities after retirement, and they have bonuses and awards when company makes profit or discovers a new well, but as earlier said seven awards are still pending. The workers even had to fight a lot for the two awards that they got. When workers have to fight for their rights and when an organization is not fulfilling its commitments then it is assembling its own way to doom. In these situations workers have their trust in their leaders who bargain on their behalf and fight for their right. The credit of regularization of 642 workers goes to the current CBA. But as workers say that some agreed upon clauses may not be implemented, even after the court decision, one can conclude that most of the employees would like to leave OGDCL and go to some other Multi National Company, here in Pakistan or abroad at their first chance. OGDCL has to do a lot to win back the hearts of its people, and retain them for the benefit of the company.

4.3 Analysis of Weatherford (HR Practices & Labor Relations):

Weatherford being a Multi National Company has all its pure HR functions concentrated in Dubai (*Annexure D-2 and AnnexureD-3*), only the transactional activities (Benefits administration, Record keeping, Employee services) and traditional activities (Recruitment/Selection, Training, Performance management, Compensation, Employee relation) are handled in Pakistan by some three to four people. These activities are even governed by the procedures available at Company's intranet or otherwise communicated through emails, faxes or phone calls. As Weatherford is not that highly staffed organization it has some room to monitor each and every activity going on in the company. The workers' profile can be build more specifically if individual idiosyncrasies are known and how appropriate or peculiar someone could be for a particular job. More of transformational task needs to be delegated to the Weatherford—Pakistan so that HR people have some authority and autonomy to deal with the contingencies which may arise during the course of their duties.

At oil fields most of the facilities are provided by the company which hires Weatherford for its services. The technical equipment, uniforms and safety arrangements are the

responsibility of Weatherford. The workers don't have a long list of perks and benefits but they still have lucrative salary packages, which they can't expect from the Local Companies. As the latest research on compensation advocates the monetary rewards can have a fruitful effect for 45 days or so, but the actual satisfaction from job comes from the bond that develops between the person and the job if he gets it according to his interests and skills. Apart from this the working conditions and impact of the workers contribution on the company's success is a determinant of high involvement and motivation from the workers.

At Weatherford the individual differences and grievances are handled with utmost care that they don't feel like having a union to bargain for their interests. This shows that if the workers are cared for and compensated well they will be motivated to work at their full potential and will contribute to the prosperity of the organization and will earn a better career for themselves, in the long run.

4.4 Overall Problems Confronting Blue-Collar Workers Particularly in Oil & Gas Industry:

The oil & gas industry, especially on the exploration and drilling side is considered to be a strenuous and laborious field. The workers always feel that they are not being compensated in way they should have been, and they are putting a lot of effort to earn a meager amount of salaries, while the workers of some other industry are earning more and not putting in as much effort as required from a worker of Oil Field. Following are some of the problems confronting to the workers of oil field in particular:

4.4.1 Lack of Education: The unskilled labor related to oil field in Pakistan is mostly not well educated. The skilled labor in most cases is even not educated to a required extent. This creates lack of understanding and vision in the workforce, which fallouts into a source of conflict between management and labor. This misinterpretation of interests is entirety due to lack of education, because of which a latent dispute turns into an ultimate devastation of relations between labor and management.

4.4.2 Political Backing to Union Leaders: The oil fields in the internal Sindh and Baluchistan, are characterized with a kind of unions which never see anything beyond their nose. This is because of the backing of political parties and land lords of those areas. While creating a lot of problems for the management, the union leaders also force their union members to go for strikes and create fuss at the workplace. This may earn some personal benefits to the union leaders but the workers, who blindly follow, are always on the suffering end.

4.4.3 Formal Managerial Policies: No matter how strong the unions are in any oil company, the managerial policies tend to be formal and stern. It happens once in a blue moon that workers are given some intimation about some new policy or a changed procedure. Workers know that they won't get any benefit for agitating for a particular matter and ultimately will have to follow what management says. This creates a state of dissatisfaction and unrest in the workers.

4.4.4 Career Mis-Management: It is observed during this scrutiny of labor related to Oil fields, that regardless of getting skills and training during their job at oil fields the workers cannot be so perfectly placed in some other industry, except that they become workaholic. If they are provided with a proper counseling then they will be able to fine tune their career, but practically a typical blue-collar worker has nothing on his profile and the company he is leaving does not assist him in getting a better job, rather the company takes him as a threat, as the worker may join a competitor of the company which he is leaving. So the employees has nothing on his profile but a mere word of mouth, and is at the stake of the next employer to believe in him or not.

4.4.5 Life after Retirement: In most companies workers don't even get pension after they retire, except OGDCL which goes as per the Govt. policies in compensating the employee after retirement. The workers get so worn-out after spending some 25 to 30 years in the oil fields that they are left with no

strength to adopt some other profession after retirement. It gives a last kick to the moral of the worker when their contribution is not even acknowledged.

4.4.6 Stress and Strain Bearing Job: One of the main reasons why the offshore environment is potentially stressful is because the workforce live and work in a restricted location for a significant period of time without a break. Life offshore has been described as dangerous, arduous and socially isolating. The environment is characterized by constant noise and activity, in sometimes crowded and unnatural living conditions. A wide range of hazardous duties are carried out in a confined space and in an environment which has the potential for the rapid escalation of hydro-carbon related incidents. The element of uncertainty which is inherent in the industry brings added pressure, since each new discovery area brings previously un-encountered problems. For example, one of the most commonly reported sources of stress offshore is the need to travel by helicopter. But another efficient way of transporting offshore workers to and from the offshore environment has yet to be discovered.

○ **The Cost of Stress:**

The financial benefits of the industry can be seriously eroded by the costs of mismanaged stress, which is liable to give rise to a number of costly effects, such as ill-health, premature death, forced early retirement, absenteeism, high labor turnover, poor job performance, poor productivity, unsatisfactory employee relations, job dissatisfaction, a higher rate of accidents, alcohol problems, drug abuse, marital disharmony and divorce, increased insurance premiums and litigation.

4.4.7 The Health Problems of the Workforce: Globalization has had an impact on the health, safety, well being and culture of populations worldwide, as have new technologies, workplace organization, work practices, mobility and demographic trends. All of this has been associated with new types of diseases and health concerns among the working population and their families, together with an increased awareness of health issues on the Oil fields. As the labor related top oil field has to be mobilized at different

locations through out the year, they have to cope with all types of health problems including personal health and avoiding the likely hazards attached with their task.

- **Identification of Health Hazards:** The process of identifying health hazards is made simpler by considering 5 generic hazard categories:
 - **Geographical Location**
 - Temperature and climate (extreme heat, cold, wet)
 - Altitude
 - Humidity and air quality
 - Daylight (extremes of dark or light)
 - Transport and communication infrastructure
 - Location in relation to available health services and facilities (distance and access).
 - Standard of healthcare facilities
 - Competency of healthcare staff
 - Security
 - The potential for natural calamities.
 - **Physical**
 - Noise
 - Vibration (hand-arm, whole body)
 - Ergonomics/manual handling
 - Pressure (vessels, diving)
 - Ionizing and non-ionizing radiation
 - Sharp objects
 - Thermal work environment
 - Transport during work
 - **Chemical**
 - Toxic chemicals
 - Dusts, mists and fumes
 - Sensitizers (that cause skin and respiratory reactions)

- Carcinogens
- **Biological**
 - Wildlife (animals, reptiles, insects, plants)
 - Sexually transmitted disease (prostitution, camp Followers)
 - Endemic/epidemic diseases (due to viruses, bacteria, fungi, parasites)
 - Occupational illnesses (due to viruses, bacteria, fungi, parasites)
 - Food and drink
 - Hygiene (catering, accommodation, toilet facilities, waste disposal)
- **Psycho-social**
 - Isolation (degree of access to social support)
 - Communication problems (business and family contacts)
 - Culture, local laws, religion and language
 - Job design (content, workload)
 - Job organization (shift patterns, sleep deprivation, rotations, jet lag)
 - Leisure and recreation opportunities
 - Stress factors
 - Substance abuse
 - Smoking

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion:

Summing up all this discussion I would like to say, that organizations cannot survive if the people working there are alienated. A worker is a basic structural and functional unit of any industry, and not the Machines. Pakistan at this stage is in dire need of industrial revolution to cope up with the threat of WTO, which is yet to come. A company has to be so concerned about what its internal customers expect from it.

Pakistan biggest dilemma is the Dependability of its courts, in every matter, especially concerning Labor issues. If there is a suit against company from the workers, the judiciary will always be inclined towards the Company's management, probably due to workers not having enough finances to fight there case; they cant even bribe for a legal work, which obviously is not a system. But the thing is that why should the matter go to court!!!!!!..? The integration of HR dept. with the top management in every matter can be collateral to align every procedure with the Human Resources. The management and workers should have a culture of dialogue on continual basis, in this way the problems of workers will come to surface more timely and in a good environment, and on the other hand workers will get to know how management has to carry out all the work, and what are their limitations and restrictions. If this environment could be set once, the management and workers will go hand in hand to server the company and set it to the path of prosperity and in the meanwhile guarantying their own success and a bright future in the longer run.

As discussed in the fourth chapter the labor relations at Oil & Gas Fields in Pakistan is infected with problems like lack of education, political backing to unions leaders, stern managerial policies, mis-managed careers, insecure life after retirement, stress on job and health problems. Following are some of the recommendations which can counter the problems that have come to surface during my scrutiny.

5.2 Recommendations:

On the basis of my research on “Labor Relation issues at Oil Fields in Pakistan”, I have come across a no. of problems which may be countered by following some recommendation that are given below:

- First of all there should be a consistency in policies from the Govt. to avoid anxiety and worries for producers and for the workers. The once agreed and fruit bearing procedures should be adhered to develop an environment of trust and cooperation between the management and the employees.
- Conducting a job evaluation survey for each job Coupled with a market Pay Survey in the facility to establish what the labor market in the area is paying for these occupations. Employers may choose to use “benchmark” positions for the sake of efficiency and economy.
- Training HR staff that makes starting salary decisions in how to apply the company policy on starting salaries, in a way that compliments workers expectations, rather exceeding them. A properly trained HR staff can recommend policies that are employees friendly, but it should be coupled with an integrative linkage between top management and HR Dept. The company should strive for managing the policy implementation in a way that every one accepts it by heart. A bottom-up approach should be followed to get the feedback from the lowest possible cadre. Individual ideas should be welcomed and properly screened and if implemented the person giving that idea should be given a credit for it.
- The ongoing compensation system should be tied to performance directly so that workers put in their heart to their work thus contributing to company’s success.
- If the pay is directly linked to performance then Company should strive for:
 - Developing a performance rating system, with measurable criteria, that clearly differentiates between levels of performance.
 - Ensuring that any subjective elements, such as “initiative”, are operationally defined by providing concrete examples of what the element means.

- Ensuring that all rating managers are trained in the consistent and uniform application of the elements in the assessment of an individual worker's performance.
 - Examining the impact of compensation decisions on minorities and women to assure that they do not have disparate impact on either of these groups.
- Complying to Fair Labor Standards Act (FLSA) featuring:
 - Wage and Hour Requirements
 - Minimum Wage
 - Maximum Hours
 - Overtime Compensation
 - Federal Child Labor Restrictions
 - Entitlement of Overtime Pay
 - Salary, classification, job title, job description, actual duties and responsibilities
 - Compensatory time
 - Deductions for salaried employee's pay
 - Travel time
- Management should take keen interest in the matters concerning CBA. The most frequent issue being discussed in most of the negotiations is of salary. If CBA is successful in having the salaries increased, then managers can also have an increment in their salaries especially in Govt. Organizations.
- The management should have good relations with the union leaders and they should be cared for, as they are the bridge between management and the workers. They can even act as good liaisons, if management wants to communicate any matter or policy to the workers. Once the union leaders understand that a particular policy can ultimately be fruit bearing for their workers interest it could have a buttering effect on the workers, as workers have their trust in the union leaders.
- There should be a platform where union leaders, workers and even management representatives can sit together and share some ideas. This will culminate into an environment of trust and friendship between the management and the workers.

- There should be a suggestion box where employees can give individual ideas, and a deaf ear should not be turned to wards these ideas, rather they should be checked daily and management should discuss it with their seniors, peers and even with the people giving those ideas.
- There should be a transparency in the system. This asks for fair dealing of management with labor, with an aim to go hand-in-hand for the prosperity of the organization. If there is a proper flow of communication between different departments, especially at the blue-collar workers cadre, it will facilitate and grease the wheel of industry in an effective way.
- A proper flow of communication should also be coupled with a proper way of communication. If the workers are corresponded well about a particular situation they will respond in a behavior demanded from the. Lets take a current example of the issue of Pakistan Television and other private channels like, Geo TV, ARY Digital, etc. on the matter of Pakistan—India Cricket series, where private channels were exploiting PTV for the Live Transmission of the Matches. There stepped the PTV's employees union and fought for their organization in public, and in newspapers and won the PTV interest back for it.
- The Govt. can play a role where the stubborn and intractable union leaders are destructing the smooth working of the organization. It should authenticate the Management with special powers to deal these leaders and it should be backed with Law and order authorities.
- As part of the initial feasibility study prior to the start of an operation, a full assessment of health risks and available medical support infrastructure in the area of operation should be performed. This should include health risks associated with all company activities including the effects on employees, their families and local communities.
- The risk of developing occupational illnesses as a result of influences in the working and living environment should be identified and evaluated in all phases of an operation. This should take into account the potential effects of the location as well as, physical, chemical, biological and psychosocial factors.
 - Programmes should be established to ensure:

- Application of the principles of occupational health to the design, construction and operation of facilities.
- Identification and management of health hazards in accordance with risk assessment criteria.
- Provision of advice and proposals for hazard reduction and other corrective or mitigating actions
- Provision of relevant occupational as well as non occupational health education, training and information to managers, employees and contractor personnel
- Appropriate health surveillance with the purpose of confirming the effectiveness of control measures and identifying biological and adverse health effects
- A preventative medical care facility may be set up to provide the following:
 - Clinical health surveillance of locally hired employees
 - Immunizations
 - Evaluation of health aspects of catering, living accommodation, waste disposal and water testing
 - Support for evaluation and management of occupational health risks
 - Arrangements for first aid and training. The training should only be given by a health professional competent and certified to give such training.
 - Briefing new arrivals on local health risks
- Before assignment, international staff and dependants should undergo a medical evaluation (where legally permissible) and briefing. This is to ensure that the individual is fit for the assignment and, just as important, that he has been briefed on the hazards of the location and the nature and quality of available medical services. Information supplied should be relevant, recorded and up to date.
- Educating the workforce is actually investing in the long term future of an organization. If the workers are supported to go for primary and secondary education it will help them mold their careers in line with the company's requirements. The company will have the advantage of creating the competencies within the

organization and this will assist in career development of individuals and succession planning for the company. Another benefit attached with getting the people educated is that a literate workforce will be more change-pro and will understand the company's point of view more easily. This will help in creating a cooperative environment between the management and the workers.

- A proper career planning cell is the solution to counter the problem of career mismanagement in the oil & gas Industry. It should be in contact with the supervisors and Line Mangers to get an updated information of the workforce, so that they are guided on the right path to meet the strategic needs of the organization and helping the workers feel that they are growing as the company is growing. The company should refer the employee with a big heart to any other organization if the employee wants to join it, because of any reason.
- The retired employees should be given an utmost care, as said earlier that they have a very little room to go for any other job after a tiring 30 years job in the oil fields. They should have pensions at a good scale along with gratuity. They should be given a warm farewell and their whole tenure with the organization should be enlightened in front of everyone in the annual ritual ceremonies and they should be acknowledged and compensated for their services.
- Awareness about stress arises from a reliable, systematic analysis of the problem, which then provides a basis for effective action. An accurate and participative diagnosis of the costs of mismanaged stress has the advantage of ensuring commitment to subsequent stress management and prevention initiatives. In this respect, it is essential that: The costs of mismanaged stress are recognized; it is acknowledged that stress can only be successfully dealt with if it is considered from both a preventive and a curative perspective. While it is the responsibility of the organization and the individual to prevent stress wherever possible, not all stress can be eliminated and it is therefore also necessary to find effective ways of coping with stress when it occurs; and the prevention of stress requires the accurate identification of its source.

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