

Chapter 7

Conclusion

7.0 Summary

As we set sail through the 21st Century amid the current regional economic crisis, the journey beyond the millennium is expected to be a very challenging one. For the petroleum industry in particular, the major difficulties facing it includes, among others, the plunging oil prices to historic lows, declining demand and intensified competition with the entry of new players. In order to survive, companies will have to constantly strive to stay ahead of their competitors at all times. The journey forward is therefore not going to be easy. "But go forward we must for the sake of the nation and for PETRONAS," said Mohd Hassan Marican¹⁴⁹. For this reason, PETRONAS would need to continue to invest in productive activities both locally and overseas, despite the current difficulties, to ensure our future growth and survival as well as to add value to the Group's resources and business chain while at the same time generate future export revenue for the nation and reduce the outflow of funds used for imports.

PETRONAS has involved in numerous partnerships, joint ventures, technology acquisition plans, and many other key technology capability development mechanisms to

¹⁴⁹ Tan Sri Dato' Mohd. Hassan Marican, President of PETRONAS. Source: 'Thriving in the Competitive World of the New Millenium', Petronas Senada, vol 1, 1999

equip it with the needed capabilities. This is absolutely necessary to be competitive in the oil market. Another aspect in which PETRONAS is starting to take note is the relentless advances of technology. Just as PETRONAS started out life having to master the technical disciplines of the oil and gas business, now it is obliged to acquire new skills and applications, a new breed of culture, and unprecedented human empowerment to enter the digital knowledge economy. PETRONAS has embarked on e-commerce, which it sees as the next logical evolution to stay competitive. The latest transformation will redefine the whole value chain. It will call for more innovative means of managing e-commerce, e-procurement and the deepening of customer relations in the Information Age.

What actually does it take to realize to acquire capabilities for PETRONAS in the new era?

The answer lies in the staff themselves as the key driver of PETRONAS' future growth. For PETRONAS to continue to thrive in the competitive world of the new millennium, it will require all staff to be innovative and efficient, versatile to change in keeping abreast with the latest developments around the world, united with a strong team spirit especially in sharing and manifesting common objectives and values, and to move in one accord towards the same direction with a positive attitude and right perspective.

Besides that a dynamic management which knows the importance of staff development has been an able factor which has quickened the pace of technological capabilities accumulation. While acknowledging the dedication, professionalism and commitment of

all staff in helping to bring PETRONAS to the level of success it has achieved thus far, it also important to remember that PETRONAS could not afford to sit back basking in the achievements of yesterday. It has to continuously upgrade and improve itself to be competitive in the market.

In a speech delivered by Hassan Marican he mentioned that "As the analogy of 'the sailing ship hit by a storm' goes, value adders are those who help the ship sail on; value maintainers, those who throw the water out to keep the ship afloat; value destroyers, those who make holes in the ship causing it to sink; and passengers, those who rest their luck on other people's efforts. Hopefully all of us, staff of PETRONAS are value adders and none, value destroyers or passengers in the PETRONAS ship"

Building organisational capabilities by developing the right core competencies for and motivating every category of staff, both executives and nonexecutives, to meet PETRONAS' commitment to be a learning organisation - "one that is skilled in acquiring, creating, transferring and retaining knowledge as well as transforming that knowledge into improved performance or innovative products and services."

This study has shown that through deliberate and conscious effort, PETRONAS has managed to gain capabilities that is needed to become an operator, a successful world player and will indeed realized its dream of being a "leading oil and gas multinational of choice".

7.1 Further Recommendations

More information regarding technology transfer and technology capability development mechanisms should be made available by PETRONAS, to give a better insight on how PETRONAS has managed to acquire capabilities, especially in the outset of its operations. Latest technology in petroleum industry are also not patented as it might give an advantage to the competitors, thus the process of acquiring latest technological capabilities cannot be explained. Hopefully, the technology behind the 4D seismic, horizontal drilling and deepwater production systems will be available to public soon, and a new generation of technology acquisition mechanisms can be seen.