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PETRONAS REALIGNS TO MEET NEW CHALLENGES

By: M.Jegathesan

KUALA LUMPUR, May 22 (Bernama) -- National oil company, Petronas has undergone a corporate reengineering to enhance its capability to meet changing business needs and generate foreign-based revenue.

A company official, who requested anonymity, told Bernama that the Boston Consulting Group of the United States had proposed the change after undertaking the Corporate Strategy Study (CSS) from last August to February 1996.

Besides identifying business opportunities for the company worldwide, he said the study also suggested the need for Petronas to realign into four core business areas, the source said.

They are Exploration and Production (EMP), Gas, Petrolchemical and Refining and Marketing.

The source also said that four new divisions have been created namely Human Resource Management, Finance, Technology and Services.

"It is the vision of the company to generate about 30 percent of the revenue from foreign operations after the year 2000, hence the dire need for the change," the source said.

The source said the implementation of the change took place in March, adding that CSS revealed about 100 business initiatives in specific areas that could be carried out.

"We have to go global and become international players. We cannot continue to depend on domestic production for our revenue," the source said.

The source said that the change would also give more muscle to the respective heads of the divisions who would now be more accountable, decentralise power from the centre and hasten the decision making process.

"In the oil business, decisions, sometimes will have to be made immediately and the previous structure did not offer the cutting edge," the source said.

The source said among the promising overseas ventures were the Ruby oilfield and the Dai Hung oilfield in Vietnam, adding that Petronas may acquire some equity in a gas processing plant (which is yet to be built) there.

"Our success in Vietnam could be attributed directly to Prime Minister Datuk Seri Dr Mahathir Mohamad's hardwork to enhance close ties between the two countries," the source said.

Malaysia had strongly supported the entry of Vietnam into Asean, as the regional grouping's seventh member.

To-date, Petronas had formed subsidiaries in the Middle East and Australia to build gas pipelines and owns petrol stations in Cambodia.

The source also said that Petronas' staff were reluctant to take-up overseas assignments.

"We are working on new remuneration schemes to entice them. For now, an oversea posting is viewed as a punishment since no additional benefits are provided," the source added. -- BERNAMA

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