

HUMAN RESOURCES AND MARKETING MIX IN OIL&GAS INDUSTRY

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ABSTRACT: *In the actual global knowledge society, all organizations have human resources systems implemented. What will make differences between organizations? people and their capacity to adapt, to sell themselves, to sell ideas, to sell projects. The paper intends to present connection between human resources and marketing in a dynamic and complex field, in oil& gas industry. Why and what means the “4P” and how your employees can apply in their organizational life can make a difference between organizations in a knowledge society.*

Keywords: *marketing mix, human resources, knowledge society*

JEL codes: *M31, O15*

Introduction

The petroleum industry, taken as a whole, is the world's largest industry. It includes the global processes of exploring, extracting, refining, transporting, and marketing. Oil and gas are the petroleum industry's largest volume products, with oil fueling a large percentage of the world's energy consumption.

Literature review

In recent history, the oil and gas industry has been at the forefront of both economic prosperity and environmental catastrophes:

- 1960, The Organization of the Petroleum Exporting Countries, or OPEC, was formed. OPEC – a formal consortium that includes major oil producing member nations – decides oil production rates, concession rights, and negotiates oil price with multinational oil companies.
- 1973, the world's first modern oil crisis was the result of the Fourth Arab-Israeli War. OPEC members declared an oil embargo on countries that supported Israel. Prices quadrupled between 1972 and 1974.
- 1979, The Iranian Revolution resulted in a second oil crisis, as the pro-Western monarchy in Iran was overthrown and replaced by an Islamic theocracy. Additional oil crises occurred during wars involving Iran and Iraq.
- 1989, The Exxon Valdez oil tanker hit a reef in Alaska, spilling 39,000 tons of oil into the ocean. The spill devastated a large part of Alaska's coastal ecosystem and resulted in new legislation, as well as widespread opposition to oil drilling.
- 1990, during the first Gulf War, over 700 production wells were sabotaged and the valves of an oil terminal were opened, releasing approximately 8 million barrels of oil into the Persian Gulf.
- In 2010, a deepwater drilling rig exploded and sank in the Gulf of Mexico, resulting in the largest offshore oil spill in US history.

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Today's oil and gas industry impacts virtually every aspect of modern life, providing energy to four key areas: residential, commercial, industrial, and transportation and human resources.

Changing the educational needs is a consequence of globalization. Therefore, offering alternatives to your own employees regarding their career development may influence their decision of leaving the organization. A study, recently realized by the American Society of Human Resources Management in 2003, on a group of 473 specialists in human resources, showed that 87% of the employees leave the organizations of their own. As a percentage, 50% of these do not request any contractual changes while 40% leave because the staff had rejected their contractual changes (www.mindtools.com).

What does this study show us? It is clear that some adjustment of the management to the labor force's needs, no matter the level, is necessary.

One of the methods is to know and understand the labor force within the organization and adjusting the career plans for each level of the organization.

How can manage to know the entire labor force within the organization? I consider that, in any organization, one should take into consideration:

- ✓ The creation of a functional system for the identification of all employees' career anchors;
- ✓ The creation of a system for its effective monitoring and management;
- ✓ Drawing the career directions / the alternatives' identification for each employee, no matter the level and nationality, taking into account the 'career triangle';

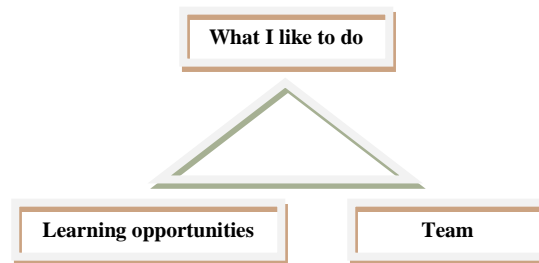


Figure 1 'Satisfaction at work' triangle (Achim, 2008)

- ✓ The existence of a counseling center for the employees, including immigrants, if it is the case;
- ✓ The integration of the two management systems, performance and career management;
- ✓ The creation of virtual learning centers.

Schein's career anchors' theory (Schein, Career, 1990) supports five distinct patterns of talents, purposes and values in his own perception, which appear as a result of the first professional experiences:

- ✓ Technical/ functional competence;
- ✓ Managerial competence;
- ✓ Safety;
- ✓ Autonomy;
- ✓ Creativity.

The term 'anchor' designates the specific nuclei of the individual that are part of his/her occupational identity.

What do these 'anchors' imply?

- ✓ Those who have developed a technical/ functional competence are career-oriented, depending on the work nature, and they cannot transfer to a field too distant from the basic one;
- ✓ The person that has developed a managerial competence is oriented towards reaching positions that offer responsibilities accordingly. Important is the perspective offered by the occupied position, not the activity contents. What counts is the opportunity to develop

analytical abilities, interpersonal competences, and other experiences useful for a future manager;

- ✓ Safety is an anchor activating by focusing on a stable position, safe from all points of view. The future evolution is clearly set, both professionally and materially;
- ✓ Those who have developed autonomy as an anchor will not stay too long in a specialized field;
- ✓ Will not intend to remain in a place where things are clear and planned on a long term, where the promotion scheme is set and inflexible. This type of person needs freedom and an environment without any constraints. Independence and freedom are more important than promotion itself;
- ✓ Creativity manifests itself as an anchor when the individuals are focused on creating something that represents their exclusive accomplishment; satisfaction comes only from the possibility of building, inventing something new, genuine.

The differences resulting from these theories that identify patterns are meant to emphasize the fact that people are not alike, and so the slogan 'all should be treated alike' must be reconsidered. Furthermore, in the context of free circulation within the E.U., of the global migration phenomenon, it is possible for the Romanian employee to have to work in a team with the one abroad.

The career plans, the performances' evaluation have to be reconsidering taking into account the mobility of the qualified and non-qualified labor force.

An equal behavior may prevent the capitalization of resources so different in each of us. What means a chance for an individual (the task of creating and implementing a system, for instance) may be a frustrating situation and a feeling of helplessness for another (a creative individual versus a technical one). Similarly, not all people have the capacity and will to lead; in such a situation, those who lack this kind of abilities will be frustrated and incapable of fulfilling the role expected from them.

Treating people differently within the organization is necessary, namely:

- ✓ Understanding and identifying the individual differences;
- ✓ Understanding the cultural differences;
- ✓ Identifying the key positions and the congruent situational factors;
- ✓ Developing the people's ways of adjusting to the professional environment factors;
- ✓ Creating a common space in order to remove the cultural barriers.

From this point of view it is important for each organization to keep its valuable people, through the managers who, in their turn, should be capable of developing the people they lead.

In a personal discussion with a manager about what one should do in order to succeed in one's career, about what luck represents in one's career, he said that 'luck is a chance, but the chance should find you prepared'.

How well prepared are the Romanians in the Romanian organization, in oil and gas companies? How prepared are they to work in a team with immigrants? These are only a few questions to which the management should have answers in order to influence people's leaving from organizations, whether it is emigration, temporary work abroad or changing the organization with another one in Romania.

'Leadership and management have become more important than ever. The commentators and numerous gurus have proclaimed this for years, maybe because it justified their existence. Now it is reality.' (Ridderstrale, Nordstrom, 2007)

It is the stage when the emphasis lies on raising the human potential and on the social relationships within the organization. The decisions made about the human resources have a particular importance on the economic and social plan.

In the short presentation of the human resources management evolution is emphasized the classical approach of human resources. This is a global approach of the employees, as masses

present within the organization, highlighted through the phrases 'labor force', 'man power'; and even the training programs were conceived only to raise people's productivity.

But there has been the need of passing from a global approach of the employees as a mass, to an individual one.

In the present context the employee is approached individually, by concentrating on the development of some individual skills.

This has been influenced by the international economic crisis which made it obvious that the renewal of human resources management systems represented the only way to avoid being at a loss.

Thus, the human resources professional must have competences centered on knowing the people in order to represent a support for a management adapted to the current conditions.

He or she must be a support for the employees subject to the changes generated by the working technologies' fast evolution through computers, in the actual context of globalization in a knowledge society.

In oil and gas industry, the challenges are very higher and the people capacity to sell themselves is very important; It is important for organization capacity also to sell itself in front of their employees but in the same time it is about employee and management capacity to sell their ideas. In this context, marketing mix has to be applied in all levels: employee's level, management level and with clients also. The successful organization is the one that will have the capacity to apply "4P" at all organization levels.

"Putting the right product in the right place, at the right price, at the right time" is similar like "Identify the right people, at the right time, in the right bus" (Scholtes, 1998).

"The 4 Ps is one way – probably the best-known way – of defining the marketing mix, and was first expressed in 1960 by E J McCarthy.

The 4Ps are:

- *Product (or Service)*
- *Place*
- *Price*
- *Promotion*

The 4Ps model is just one of many marketing mix lists that have been developed over the years. And, whilst the questions we have listed above are key, they are just a subset of the detailed probing that may be required to optimize your marketing mix. Amongst the other marketing mix models have been developed over the years is Boom and Bitner's 7Ps, sometimes called the extended marketing mix, which include the first 4 Ps, plus people, processes and physical layout decisions" (Scholtes, 1998)

The difference between organizations will be the capacity to keep their employees through marketing tools and human resources tools.

As such, one of the reasons for which the employees leave the organization is that, at their working place, they do not think there are any preoccupations from the management's , the supervisors' part, for their work's appreciation and their development as individuals.

I think that now, more than ever, in the context of passing from a knowledge-based economy [6] on the background of globalization, the employees feel the need to be treated as distinct individuals, not as masses.

It is very important in this change management to identify a person that has the capacity of being a promoter of change through the "4 P" also. It is estimated that one organization's adjustment to change night last up to 5 years, and change must begin at the level of the organizational culture.

It has been noticed that the organizations, which know how to involve their personnel in the company's problems, have had better results in a shorter period. Defining some key skills and

projecting a training program for their development is very important in the change management process.

The new human resources management implies, except for the roles' clarification, creating a favorable environment for the opening towards the exterior, establishing a communication system able to respond to the employees' participation needs, stimulating creativity, acknowledging the merits. In order to fulfill these objectives, before requesting anything from the subordinates, the managers themselves should change their behavior. In order to further promote change, the managerial team should understand and believe in it.

The success of implementing a successful human resources management depends on the managers' capacity, at all company levels, to keep up with change.

In the current context, the human resources professional has the mission to support the company in its confrontations with the future's challenges, since he/she is the one having the necessary knowledge, abilities and instruments to come up with efficient solutions, original forms of work organization, and to promote the new relationship among managers. The new objective of this new strategic management system is represented by the conciliation between the individual goals and those of the organization in order to create more competitive and more human organizations. The new human resources manager is a resource for the employees, a change agent, an administrative expert and a strategic expert for the organization. He/she has to develop a unique human resources strategy and position itself through marketing tool in the organization. Also, he/she has to have the ability to use 4 of 7 P customized for the organization and each level from the whole organization.

Competition means distinguishing between staff reduction, which in Romania is still the main method of reducing costs, and reorganization, which implies a re-dimensioning of the organizational structure, since the new structure is more appropriate for the company's strategy (Aubrey, 2000).

Unfortunately, in our country, in the development stage of human resources management, still inchoative in many Romanian companies, reorganization is often done according to different reasons, cost reduction being the main one.

Recent theories about business strategies define human resources as being the supporter of competition advantages. As I have mentioned above, all organizations have access to high technology now, to material resources. What is the difference then? The human resource, the competitive advantage a company can have. Competition could imitate anything, except for the value brought by the human resource in that organization. Therefore, human resources could be a special source, an important source of competitive advantages.

There is another important advantage. It is hard to imitate, especially in oil and gas industry. A well-implemented human resources strategy cannot be copied by another organization. In order to imitate it, one must know how all system's elements interact. The connection to what organizational culture means, cannot be copied. Also, the politics developed in time cannot be imitated.

A competitor can understand if the system is valuable, but it is risky to implement it immediately, since there are limits given by the managerial competence, the culture, and the interpersonal relationships within the organization.

Conclusions

But what can be done in such conditions? Having a competitive human resources strategy will make the difference between organizations. How is this possible?

People want more: they want recognition, appreciation for the work they did. Work itself has gained a new dimension in people's life. It is the object of a trade: reward offered according to the work done; but it also has a social function: the working place offers opportunities to get to know new people, to make new friends. For the most employees work means a social status, offers

distinction, integration in society. It has an intrinsic value for the individual. Work gives the individual self-respect and identity;

If at the beginning labor force was seen as a mass of physical energy that produced money, now it has been replaced by machines. Now, labor force is the one that makes the difference and is capable to bring prosperity to the organizations. In this context, motivation can support this value through the behaviors it induces.

I think that human resources management is not ready yet for the employees' avalanche of knowledge, in the context of moving to a knowledge-based economy.

In oil and gas industry at international level biggest trends are:

- ✓ Increased usage in energy from China and India;
- ✓ increased investment in deep-water;
- ✓ drilling operations versifying into biofuels developing non-conventional oil;
- ✓ At international level energy consumption is expected to rise by approximately 33 percent by 2030.

The growing demand for energy is largely the result of an expanding population, predominantly in the emerging economies of China and India. Both countries are expecting substantial increases in economic output, which will result in a much higher average standard of living. Based on this the connection between human resources and marketing has a major role in a multicultural and knowledge society.

The connection between a strategic human resources management, innovation and marketing should be done by the organization based on a knowledge management (Chung, Huang).

I consider that the managers and their attitudes have a primary role, in this context of globalization, in keeping both the qualified and un-qualified labor force within the organization.

The organization should create capabilities of raising managers, supervisors with such an approach towards the labor force.

They have to be educated as such, and in turn, they have to be followed by the subordinates. In the new 'funky' business, the authors of the book emphasize that <People should be treated like the celebrities, like the Hollywood stars or the sports champions, like some ladies full of pretensions. You offend them on your own risk. You have lost one, and all of them leave. Stars attract stars; losers attract losers. All of us are actors in the great game of attraction (Schein, Career,1990).

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