

# Management styles in the oil and gas industry

## Introduction

OPITO – The Oil & Gas Academy is the focal point for skills, learning and workforce development for the oil and gas industry. Its role is to help employers to develop a safe and competent workforce. The production of oil and gas is a key industry in the **primary sector** and in the UK supports nearly half a million jobs. Of these, 380,000 work in oil and gas extraction from the area of the North Sea known as the UK Continental Shelf (UKCS). A further 100,000 jobs are involved in the export of oilfield goods and services. The industry makes an annual direct tax contribution to the United Kingdom in excess of £10 billion.

The **skills** and **competencies** of this workforce are vital to ensure safe and reliable oil and gas extraction. Only by having a safe and skilled workforce can the UK oil and gas energy supply be sustained and security of supply be maintained. Over the years the industry has built up considerable expertise. This has been exported across the global exploration and production networks through the movement of people. However the need for continuing staff training and skills development is essential as the UK industry will exist for several decades to come. The needs of the industry, technology and work practices are ever-changing. Therefore it is vital that all learning reflects the changes in the business.

The role of OPITO - The Oil & Gas Academy is to work collectively with industry employers and trade unions to establish common industry standards of safety and competence. It also works with schools, colleges and universities to promote STEM subjects (science, technology, engineering and mathematics) to students and show why the oil and gas industry is an exciting and rewarding career choice. The Academy works with employers to identify training needs both for essential knowledge, like health and safety and for developmental needs such as technical and leadership skills. Once these are agreed, the Academy provides the link to a quality-assured learning network, for example, colleges and training providers who deliver the relevant courses. The Academy also works in partnership with many different organisations, including government, trade and enterprise bodies to support the industry's development.

The oil and gas industry provides a wide range of career opportunities. Some are offshore, working directly out on the rigs drilling for oil and gas and on fixed installation oil and gas production platforms as part of the extraction process. For example, Drilling Engineer McCay works with high-tech drilling machinery exploring potential reservoirs of oil under the sea floor. Paul Mallinson is a Control Room Operator responsible for the day to day running of a floating production storage vessel. Other roles are in commercial activities working onshore, such as in buying and selling oil and gas or as part of the legal teams setting up contracts.

This case study examines how different management styles may be necessary to support the variety of job roles within the oil and gas industry.

## Management and leadership

**Management** is about getting things done. Managers work in different ways to achieve many diverse and often specific objectives. Theorists have tried to identify the functions and processes that all managers carry out. The oil and gas industry contains many layers of management within many types of organisation. Hierarchies are organisations that are structured in layers. The managers in the higher levels have more seniority than those further down.



### CURRICULUM TOPICS

- Management styles
- Leadership
- Skills and competencies
- Motivation

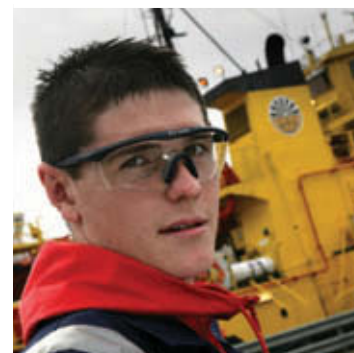
### GLOSSARY

**Primary sector:** the first stage of production concerned with growing or extracting raw materials.

**Skills:** specific abilities, attributes and techniques.

**Competencies:** areas of activity in which a firm is particularly strong.

**Management:** organising human and physical resources to achieve business aims and objectives.





**GLOSSARY**

**Learning supply chain:** a regular supply of competent and skilled employees with a readily available supply of learning or training opportunities.

**Leadership:** the ability to inspire others to achieve an organisation's goals.

**Culture:** the typical pattern of doing things in an organisation.

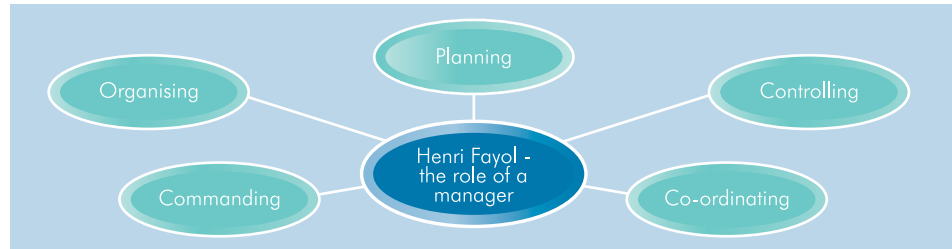
**Objectives:** the end purposes that an organisation or individual seeks to achieve.

**Management style:** patterns of behaviour adopted when carrying out a leadership role.

Everything from geological exploration, drilling, technical and scientific support, human resources, finance, maintenance, welding, sales, logistics, safety and emergency planning falls within management responsibilities.

Henri Fayol, an early theorist, said that management had the following elements:

- Planning – looking ahead, consulting with others, setting objectives for staff
- Organising – arranging people and things so that objectives can be achieved
- Commanding – giving instructions to workers
- Coordinating – bringing activities together into a common approach
- Controlling – measuring what is happening and adjusting activities to achieve goals.



The skills and aptitudes of oil and gas employees must be appropriate for their job roles at every level:

- Technical and scientific skills are needed in drilling and exploration to manage complex equipment and processes.
- Human skills are needed in managing staff.
- Practical skills are needed in production operations, mechanical installation, electrical plant maintenance and instrumentation and control systems.

The Academy has created a **learning supply chain** to stimulate the movement of people within the industry and ensure they have the right learning, skills, competence, attitudes and behaviours to work safely and effectively. The supply chain starts by working with schools, colleges and universities to encourage new entrants into the industry. It then links with learning, training and development partners to ensure the employees have the required skills for roles throughout the industry.

**Leadership** differs from management. Leadership encompasses the skills and qualities needed to inspire others to achieve goals. Leaders can see the heart of a problem and suggest (sometimes unusual) solutions; they have a positive self image; they tend to be creative; they are often experts in a field and can sense change and respond accordingly. Many managers are also leaders, but people in the oil and gas industry are encouraged to show leadership at every level. The industry has an inclusive and involving **culture** so that even the newest Trainee Instrument Technician may spot a better way of doing something and will be able to influence positive change.

### Management style

Managers are human and they do not always operate according to set principles. Every manager has **objectives** to achieve. They must answer for the success or failure of his or her area of work. OPITO – The Oil & Gas Academy sets out to supply the oil and gas industry with people of high skills and aptitudes. Managers can only achieve their objectives through their staff. As Fayol suggested, managers will need to instruct workers and organise resources to ensure objectives are met. It is therefore important that employees are well managed.

How do managers get the best out of their staff? **Management style** is very important. Early industrial managers felt that, as they were paying wages, they had a right to expect workers to work hard. F W Taylor, who founded the scientific approach to management, saw pay as the primary motivator - more money paid in wages meant more work done. This was a principle that was quickly found not to work. Some workers did not work harder just for more cash. Instead, it was found that there were psychological reasons why some people were hard-working and others less so. There were human factors involved. Theorists like Maslow thought that workers had many individual needs, such as safety or a sense of achievement.



Douglas McGregor found that managers fell into one of two types: those who held 'Theory X' or those who held 'Theory Y'.

Theory X	Theory Y
<p>Managers feel that workers:</p> <ul style="list-style-type: none"> <li>• are naturally lazy and dislike work</li> <li>• are motivated only by money</li> <li>• avoid responsibility and want to be directed.</li> </ul>	<p>Managers feel that workers:</p> <ul style="list-style-type: none"> <li>• enjoy work</li> <li>• are motivated by a range of factors such as esteem</li> <li>• like to make their own decisions</li> <li>• are ambitious.</li> </ul>

According to Theory Y, workers are responsible people who enjoy having control over their work. These two differing positions would have an effect upon the style a manager adopted.

In the oil and gas industry, a variety of management styles may be used in different contexts:

- A manager working offshore might be supervising important or dangerous high voltage maintenance work. In this context matters that are basic to health and safety are not open to debate. The manager will simply instruct workers in an autocratic style.
- In another context a manager who is based onshore could be coordinating the supply of LPG, gas or oil from the fields to buyers. Here, managers can be more democratic consulting or discussing with colleagues the best ways to proceed.

## Autocratic and democratic

**Autocratic** management is where decisions are made at a higher level without consultation or input from below. An autocratic manager decides what is best and instructs others. In the oil and gas industry, an autocratic style of management is often necessary. This occurs especially when matters of safety are concerned, for example, adhering to the Minimum Industry Safety Standard (MIST) which applies across the entire UK offshore oil and gas sector. The MIST standard deals with assessing risk, manual handling, working safely, working at height or lifting. It also specifies the hazards in the offshore environment. Employers view these basic safety principles as critical to safe working, therefore they are applied to all offshore workers.

A key role in the industry is the Offshore Installations Manager (OIM). This experienced manager has vital responsibilities such as the safety and well-being of everyone on board the installation. Employees must comply with instruction at all times due to the nature of the work. An offshore facility must be fit for its purpose; the working environment on it must be managed; every worker must have completed the correct safety training. In this context the management style must be autocratic. Rules and procedures must be followed to assure safety.

**Democratic** management on the other hand tries to involve employees to find out their opinions before reaching a decision. Certain matters can be decided through discussion and consultation. As an example, there may be a complex decision to be made about shutting down a piece of equipment and the effect of this on other production systems. Here, a top down approach would be unwise. This is because other members of the team might have ideas - or specific information - that will assist in getting to the right decision. An engineer, for instance, might have knowledge that tells the OIM that shutting down equipment is essential to ensure production in the long term but that it may create a potential risk not yet fully assessed. In this situation information is being passed up through the hierarchy to aid the decision making.

OPITO – The Oil & Gas Academy uses an industry-wide, employer-led Skills Forum to get feedback and input from many people in the industry. This ensures its work continues to be aligned to the changing or emerging needs of the workplace. In this, the Academy uses a proactive democratic style by providing current and relevant information about the Academy's work. It then uses a responsive democratic style by evaluating requirements for skills and training that will address the needs of the whole industry.



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### GLOSSARY

**Autocratic:** a manager who takes decisions without consultation or discussion.

**Democratic:** a manager who attempts to gain the opinions of others before taking a decision.



THE OIL & GAS ACADEMY

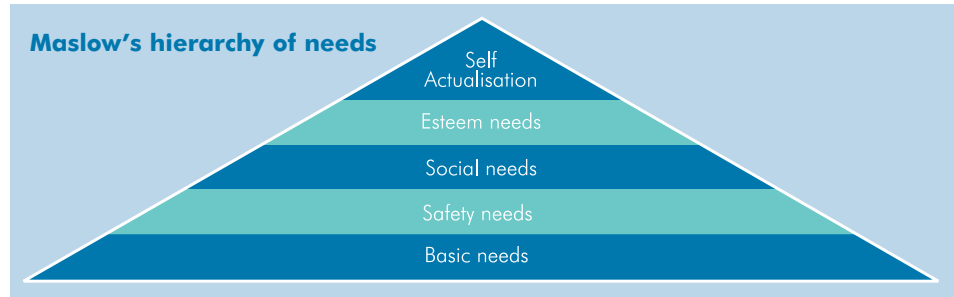


**GLOSSARY**

**Paternalistic:** an autocratic approach to management where decisions are intended to be in the best interests of the workforce.

## Paternalistic

Sometimes managers need to adopt a **paternalistic** style. This means that they may make decisions without consultation or participation, but they have the employees' best interests at heart. If the decision is presented in this way, although employees are not involved in making the decision, they are less likely to feel unhappy about it. In the oil and gas industry it is important to create for every employee a well-rounded, safe, rewarding and challenging work environment. In this way employees will be motivated to work at their best and actively contribute to creating that safe working and living environment. Abraham Maslow claimed that all workers have a 'hierarchy of needs'. After the basic and safety needs (for example, for food or accommodation) have been met, higher order needs for things like social interaction and self development, need to be addressed. For example, giving responsibility can increase motivation as it implies trust.



The Academy and the oil and gas industry respond to the individual learning and development needs of employees, using at times a paternalistic management style. This helps all staff to develop and grow into competent, flexible and motivated people. Young engineering technicians can join the industry through the Upstream Oil & Gas Technician Training Scheme. In this scheme, suitable recruits are given a choice of career paths and guided through training. The best young talent is selected based on an assessment of their practicality, open-mindedness, team working and vision.

Once young people are employed, they are given many benefits designed to help them develop into the sort of employees the entire industry needs. Responsibility and a capacity to view the bigger picture are encouraged. Individuals are challenged to meet problems and solve them. These things help to grow personal confidence and allow young technicians to see that management gives them trust as well as excellent rewards.

## Conclusion

The oil and gas industry employs people in a very wide variety of job roles, both offshore and onshore, in all sorts of specialisms and professions. People can be employed in jobs as different as drilling to find oil under the North Sea, to negotiating and implementing legal agreements for the development of oil and gas fields. In managing such a diverse range of staff, appropriate management styles are vital to ensure safety and best solutions.

To provide an ongoing supply of suitable people, OPITO – The Oil & Gas Academy helps to encourage young people to consider the oil and gas industry as an exciting career choice. It also makes sure that the industry standards which are critical to workforce safety and competence reflect the needs of the workplace. All industry members need to apply their learning to the high levels expected by the employers, trade unions and the Health & Safety Executive.

## Questions

1. What are said to be the main tasks of any manager?
2. Why do different management styles have an effect on workers?
3. Analyse the ways in which management styles are used in different contexts in the oil and gas industry. Why does this happen?
4. In your view, what are the advantages for staff and for management in having OPITO - The Oil & Gas Academy?



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