Leveraging the Covid-19 Crisis in Making Work-From-Home a Mainstream Practice in the Oil and Gas Industry

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Abstract

During the COVID-19 crisis, the oil and gas industry is among industries that face challenges in selling their products and struggling to manage their cash flow. The pressure to improve financial discipline within the oil and gas industry started even before the COVID-19 crisis. This paper validates the feasibility of adopting work-from-home (WFH) as a permanent practice for oil and gas companies in Indonesia and how it will help to reduce costs, enhance employee productivity, and improve their organizational agility. The survey was conducted two weeks after the start of the forced WFH “experiment.” One hundred nine executives from various oil and gas companies in Indonesia took part in the survey. The result of this study resulted in most of the large and established companies in Indonesia, in particular, the oil and gas companies, being slow in adopting this practice. The COVID-19 crisis could be the turning point for a wider and lasting adoption of WFH in the oil and gas industry. The survey results validate that business can still run even when their employees are working from home. Also, the survey results showed that a shift of opinion toward accepting WFH as the new normal exists. The survey indicates that many companies have crossed psychological and mental blocks and are receptive to the idea of making WFH part of normal HR practices.

Keywords: WFH; Management; Sustainability; Oil and Gas Industry

Introduction

The upstream oil and gas industry always held a certain level of uncertainty within its revenue stream. The industry may struggle to remain profitable in the face of issues beyond their control. One of the issues is over or under-supplied markets leading to fluctuating crude oil price (Walter, 2014). The oil and gas industry experienced many evolutionary stages and paradigm shifts in going from a low production (according to demand and output itself) to mass production (due to increase in market demands and/or to increase revenue); then to lean production (to decrease and/or control oil prices) (Garbie, 2011). Now, the industry is entering a new stage of erosion of oil price starting from 2010.

The COVID-19 crisis added more pressures on the oil and gas companies to accelerate cost reduction measures. During this crisis, crude oil prices were as low as $18 per barrel in April 2020, down $ 13/b from March, as global oil demand continued to fall and global oil inventories rose strongly; while
Natural gas prices remain low compared with historical level, 2.14/MMBtu to an average of $2.89/MMBtu, in 2021 (Eia, 2020). The traditional operating model adopted by the oil and gas companies is no longer sustainable if the low oil and gas prices continue for a long time.

Today's oil and gas organizations in Indonesia were developed in a time of resource scarcity. To exploit those resources, companies built large, complex, and expensive centralized functions. However, these functions were rigid and inflexible. Many ways that companies can reduce costs exist; ranging from cutting their CAPEX, reducing non-essential travels and business expenses, and many others. The most extreme method is reducing the workforce by personnel retrenchment. However, this may exhibit a long-term impact on the companies as they may lose important skills that may be required when a business turn around occurs. To the employees, this may result in an immediate impact on their livelihood.

One of solutions for organizations to reduce costs is by practicing work-from-home (WFH). WFH demonstrates many benefits and is a good win-win solution. WFH will also help the oil companies to be more agile in the way they operate. Despite its benefits, organizations, especially in Indonesia, were slow in adopting this practice. Many believe that it is not suitable for established or traditional corporations. From the survey that we performed, many people believe that it is not suitable for established or traditional corporations. The phases such as “cannot be” or “incompatible” are very common from those who say “no” to this practice. The other pushback for the lack of progress in practicing WFH in Indonesia is because of the “incompatibility” with the Indonesian culture. Meyer suggests that the Indonesia business communications culture requires a high degree of physical interactions that make WFH incompatible (Meyer, 2014).

However, despite the reluctance of the oil companies in adopting this, they were forced to do so because of the government's directive to mitigate the wider spread of the virus. The oil companies should not let the WFH experiment and experience that they are “forced” to undergo now go to waste. Now is the perfect time for them to review and change and be more open to new ways of working: in particular, in adopting WFH as a “mainstream” mode of employment. WFH can be one of the first among many other ways to help them to be more agile and cost-efficient in managing their operations.

WFH is not a new subject. It is a component of telecommuting topic. The concept of WFH was triggered by Jack Nilles (Nilles, 1975) in 1979 because of the first international oil crisis that eventually gave rise to concerns over petrol consumption, long work commutes, and traffic congestion in major metropolitan areas. Since then, WFH began to be recognized widely throughout the UK and Baruch; researchers said that WFH was expected to be the “next workplace revolution” in the 1980s (Saludin & Karia, 2013). WFH exhibits many benefits to both employers and employees. It can reduce costs to both parties, and the employee enjoys greater flexibility compared to those that are working physically in an office.

The oil and gas industry was selected for this study. The oil and gas industry is very conservative and relatively slow to respond to new ways of doing things. Take the practice of WFH, for example, it is almost an unheard practice in the industry in Indonesia. Many studies suggest that the oil and gas industry should re-invent itself because times have changed. The oil and gas organizations were developed in a time of resource scarcity. To get at those hard-to-find, difficult-to-develop resources, companies built large, complex organizations with strong, centralized functions. That time has changed, and now they should be looking at new ways of managing people and developing a more flexible employment structure to improve their agility and cost efficiencies. These could include technology-enabled remote working and flexible working hours.

There are exactly positive changes toward accepting WFH as a viable working model for oil and gas companies in Indonesia after they were forced to undergo the WFH experiment because of the COVID-19 crisis. This study highlighted and observed the positive changes toward accepting WFH as a viable working model for oil and gas companies in Indonesia after they were forced to undergo the WFH experiment due to the COVID-19 crisis for long-term importance of the company and employees.
The COVID-19 Crisis and WFH Global Experiment

The first case of COVID-19 was announced in Indonesia in early March 2020. The next two weeks, President Joko “Jokowi” Widodo called on all Indonesians to stay at home, work from home, learning from home, and worship at home as the country of 270 million people braced for the worst pandemic in recent memory (Cahya, 2020). In Jakarta, a pandemic state of emergency was officially declared. Companies across the capital were urged to allow employees to work from home. Just like other companies around the world, Indonesian companies too, were required to ask their employees to work from home. The global spread of the virus may be a moment that reveals whether organizations are ready to respond rapidly to unexpected workplace changes.

Business travel either decreased or stopped altogether. Employees may work from outside of local “business hours” and use virtual meeting tools to operate across time zones (Yost, 2020). Were they ready? Chances are probably not. But even for those open to rethinking how the work would get done, are they ready for the inevitable post-crisis question: “Why don't we do this all the time?” The coronavirus pandemic is expected to fundamentally change the way many organizations operate for the predictable future. As governments and businesses around the world tell those with symptoms to self-quarantine and everyone else to practice social distancing, remote work is our new reality. Social and physical distancing measures are strongly recommended by the WHO to slow the spread of disease by stopping chains of transmission of COVID-19 and preventing new ones from appearing (WHO, 2020).

This becomes the world's largest WFH experiment, and so far, it has not been easy for many organizations to implement. In the period of just a few weeks, the way we work, communicate, and navigate daily life drastically changed. The spread of COVID-19 across the world caused companies to completely readjust their operations to halt the spread and, quite frankly, to stay in business during these challenging times (Konya, 2020) As the benefits of remote work become apparent, will employment landscape shift for the long term? (Setiawan, 2020). When people on a team all work in the same place, the level of social distance is usually low. Even if they come from different backgrounds, people can interact formally and informally, align, and build trust (Neely, 2015).

Lenovo was among multinational companies that were quick to realize that WFH will be the new normal. They did a survey in mid-March 2020 during the Covid-19 crisis. They found that a large majority of employees surveyed across five countries—the US, Italy, German, China, and Japan—believe this may result in a long-lasting impact on how employers view remote work policies. In fact, according to this research, workers feel at least somewhat ready to make the shift to working from home if required (87%), which is becoming a likely scenario as the majority of companies either encouraged (46%) or required (26%) remote work since the COVID-19 pandemic evolved globally. Especially during these disruptive times, technology can enable them to keep moving forward. (Rabin, 2020)

Methods

Balancing Quantitative and Qualitative Research Approach

In this research, we used a multi-strategy approach by integrating quantitative and qualitative methods for this single case study. The two research methods do not conflict with each other; instead, they help in producing fruitful results when used together. The first phase is using quantitative method with descriptive statistic approach to oversee the behavior of sample data (Sharma, 2019). The second phase is using qualitative approach to add human voice to the statistical data obtained and the trend this results in.
First Phase Result

The quantitative survey was to clarify the common practice between physical meeting/traditional work and WFH before and during Covid-19 crisis. This survey conducted through survey monkey provided rapid answers to straightforward questions and is based on people’s immediate answers to questions. Completion time for the survey ranged from five to seven minutes. Survey questions were constructed based on Erin Meyer’s study (2014), which found that Indonesia exhibits high-context culture. The high-context culture makes it hard for Indonesians to practice WFH as it limits physical interactions and communications.

The survey participants are those who are working in the oil and gas companies in Indonesia. The variety of job positions, gender, and age groups ensure no biasedness toward a specific group occurs. For job positions, for example, the participants include CEOs, Vice Presidents, Head of Departments, Mid-level managers, as well as non-managerial level employees. For the quantitative survey, a URL was placed in the specific web-page that the survey population was directed to. This web-based survey program provides a survey completion progress bar so that the total number of survey questionnaires completed can be easily read.

Table 1. Characteristics of Respondent

<table>
<thead>
<tr>
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<th>Respondent profile</th>
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<tbody>
<tr>
<td><strong>Company Type</strong></td>
<td>Multinational</td>
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<tr>
<td></td>
<td>32 (29%)</td>
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<tr>
<td><strong>Job classification</strong></td>
<td>Senior Management</td>
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<td></td>
<td>29 (27%)</td>
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<tr>
<td><strong>Age Group</strong></td>
<td>25–34</td>
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<td></td>
<td>20 (18%)</td>
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<tr>
<td><strong>Gender</strong></td>
<td>Male</td>
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<tr>
<td></td>
<td>65 (60%)</td>
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The author involved 109 employees of oil and gas companies from various types of companies classified into job position, gender, and age of groups to ensure no biasedness toward a specific group occurs as to answer these hypothesis statements:

(1) I believe WFH is only suitable for a start-up company
(2) I believe physical meetings are more effective than virtual meetings
(3) I believe we should make a major decision in a physical meeting only
(4) I believe that Indonesian business culture makes it difficult for employees to WFH.

Response options were presented on a 5-point Likert-style scale ranging between 1 (“strongly disagree”) and 5 (“strongly agree”), with higher values reflecting greater reported levels of perceived anonymity. Meanwhile, the second phase consisted of views from three management levels from oil and gas companies to validate the measure result from survey, through three questions:
(1) From the survey, most of the executives in the oil and gas industry did not believe in adopting WFH before the COVID-19 crisis. Why is this so?

(2) There is a significant shift toward supporting the WFH practice just after two weeks of the “forced WFH experiment.” In your opinion, what are the reasons for this?

(3) What’s the benefits of WFH to the employees and employers that stand out the most? Will it help your company achieve greater organization agility?

(4) Many of the respondents believe WFH will be the new normal. What should companies do to make this a sustainable practice?

A shift in opinion toward accepting WFH practices was found from all the respondents. The support for WFH adoption is quite overwhelming and is incongruent irrespective of companies, age group, job classification, and gender. For all the four statements, an apparent change was found in accepting WFH practices after they undergo the WFH experience due to the COVID 19 lockdown. The following are the analysis of all the respondents for each of the four statements.

Our survey converts the Likert responses into numerical points to enable us to do some calculations on it. “Strong Agree” is equal to one and “Strongly Disagree” was given five. This enables us to calculate the average score for each statement. The spider chart below summarizes the responses.

![Figure 1a. The Results of the Questionnaire](image)
The survey result (in both Fig. 1a and Fig. 1b) is very overwhelming. It indicated that the shift of opinion toward accepting WFH as the new normal was consistent across all the categories. No differences were found between the type of companies, job position, age group or gender. Each of the group was giving similar responses.

Second Phase Result—Qualitative approach

The results from the first survey were used as an input for the second stage, where we adopted a qualitative research conducted in April 2020. Three senior people from the oil and gas industry were selected to take part in this survey:

1. Noor Syarifudin, Director Exploration and Production, PT. Pertamina E&P International
2. Irman, Senior Project Manager, NOC, Malaysia
3. Ronny, Senior Manager Audit and Compliance, PT. Medco Indonesia

They were asked to answer the following research questions:

1. From the survey, most of the executives in the oil and gas industry did believe in adopting WFH before the COVID-19 crisis. Why is this so?
2. There is a significant shift toward supporting the WFH practice just after two weeks of the “forced WFH experiment.” In your opinion, what are the reasons for this?
3. What are the benefits of WFH to the employees and employers that stand out the most? Will it help your company achieve greater working agility?
4. Many of the respondents believe WFH will be the new normal. What should companies do to make this a sustainable practice?

Confirming the Justifications of WFH Proponents

Noor states “just for a simple reason, there is no experience in practicing WFH before the COVID-19 crisis in the oil and gas industry.” In his view, changing habit needs a lot of energy, particularly for habits that were performed for years or the entire career. WFH has been discussed for years, yet people are not easy to kick it off. Many excuses given against its implementation exist. Some of the reasons include limited technical support, data security, or even losing social life. The COVID-19 crisis served as the catalyst in accelerating the idea, since companies were forced to implement it because of the pandemic.

Irman viewed that a common belief existed that people would perform their work effectively when they are working from home. Managers would want to demonstrate a certain level of control. WFH would limit their ability to monitor the performance of their subordinates. Ronny said that the O&G community exhibits high-level engagement with external stakeholders, such as government officials. Meeting face to face with these stakeholders is the practice of the industry, which will not be easily changed. The sources confirm the result of the survey and agree with the findings that WFH can be adopted by the oil and gas industries. However, they noted a number of challenges that need to be addressed.

Also, the survey pushed the respondents to address Indonesia business communications culture as a potential challenge to the long-term adoption of WFH. The Indonesia business culture is categorized as a high context in communication, as described by Erin Meyer. Meyer analyzed how people in certain cultures interacted, communicated, and made major decisions. From high-context culture, Indonesian people might perceive a low-context communicator as inappropriately stating the obvious (p. 30) Face to face meeting was preferable and more comfortable.

For a high-context business culture, learning to listen is important for one to understand what is meant instead of what was said, and this means reflecting more, asking more clarifying questions, and making an effort to be more receptive to body language cues. By searching for implicit cues, people can begin to “read the air” more accurately. With practice, they can learn to read the “no” between the lines (p. 34). The high-context nature of Indonesia business culture, as described by Meyer, would make WFH incompatible. However, the response to the last statement did not seem to indicate that this will be a barrier.

Based on the survey results, we found that a significant change was found in attitude toward accepting WFH as an acceptable mode of employment. This is somewhat surprising as the substantial shift in the respondent views happened just after two weeks. The survey result supported what Metselaar and Cozijnen (1997) use the variables “wanting, needing, and be able” to change, to declare the attitude of an employee (wanting to change), the subjective norm (need to change), and the behavior control of an employee (be able to change) regarding the change process.

Positive Results of the Forced WFH Experiment

Noor asserts that the actual WFH experience helps to dispel the negative perceptions about WFH before the forced locked down. Many found that they were able to perform their work from home without any drop in productivity. This positive experience turned many of the WFH skeptics into WFH supporters or at least reduced strong objections. At the start, things were a bit chaotic because of lack of preparation, either technically or mentally. Within just a few days, most people started to find their own daily rhythm and to feel comfortable with this new normal.
Irman believes the current technology such as Teams meeting, Skype, WhatsApp can help in making WFH more effective. He says that it is now proven that WFH exhibits little impact on productivity except on very specific areas, for instance, engineering work that involve specialized software or when people are required to work with huge data. Irman says he does not doubt the feasibility of WFH as reliable work option that companies can consider for their employees.

The sources agree that some policies such as WFH cannot be appreciated until the employees receive the experience of going through it. The COVID-19 virus forced this experience to take place, and many people realized the benefits during this period. The results of the survey are consistent with the findings of Brian Balboa (2020) on April 2020. His survey focused on oil and gas workers that approved of company responses to economic challenges. They gathered data from 408 energy workers through the online survey. On average, participants demonstrated 16 years of experience in the industry. One of the topics raised in the survey is that their oil and gas companies provided “fast and efficient technology” for working remotely according to 83% of workers. Supervisors also worked effectively with employees to resolve conflicts between work and family life (according to 71% of workers). In a follow-up survey released in May 2020, researchers found 70% of industry workers would prefer to keep working from home if their office reopened in the next month. When asked separately about a furlough option, 20% were willing to take an unpaid furlough to avoid a physical return to their office space (Balboa, 2020)

**Benefits of WFH**

Noor stated the most important finding is that we are now gaining experience and more knowledge on this new practice. This will help us to fine-tune the protocol and procedures in the future and voluntary WFH whenever it will be implemented. It is valid for both sides: employees and employers. Within the disruptive era, any breakthrough solution to adapt to this new normal condition will be an important capital in facing future challenges.

Irman believes that with WFH, employees will gain more time with their family. It will also promote a better work-life balance. For the employers, WFH would reduce operating cost in running the business. Companies will require less office space and other costs, such as transportations and meal allowances. Conversely, Ronny stated that for the employees, the efficient and flexible way of working from home without losing long hours on traffic may also improve employees' productivities. For employers, an opportunity to reduce office cost and expect higher employee productivity should occur. The benefits that were highlighted by the sources are consistent with some of the findings by many studies and organizations that practiced it in the past.

**Considerations in Establishing WFH as a Permanent Practices: A Reasoning Recommendation**

The success and acceptance of WFH practice during the COVID-19 crisis should motivate companies to make it more sustainable in the long term. According to Noor, the forced WFH experience due to the lockdown is the first experience of massive WFH that was implemented without comprehensive preparations. Hence, if we experience some technical glitch, then it is quite normal. The important thing is how we will react to these technical glitches: for example, network and firewall problems in accessing certain applications and new virtual meeting procedures. Gaining these learning lessons by experience will help the companies to establish better systems and procedures to mitigate the risk.

Irman believes the feasibility of WFH is now proven. To make this a permanent practice, companies should look into any possible impact on employee performance. Also, he highlighted his
concerns on the potential lack of communications between employees, which could lead to lower productivity. Ronny mentioned company should invest more on the remote working facilities. He suggests that companies should focus on ICT infrastructure and enhance their cloud computing capabilities and 3rd party services. The sources noted a number of areas that must be addressed to make WFH policy sustainable in the long term. The recommendations of these areas are outlined in the following section.

Overall, results are encouraging and support the notion that working from home is likely to demonstrate more benefits than detrimental outcomes. Remote work was linked to improved worker autonomy and lower work-family conflict. Interestingly, the quality of workplace relations was not negatively affected by remote work. In sum, research evidence supports that negative outcomes of remote work are less prevalent that commonly believed and that companies that follow their employee’s preferences may obtain some benefits.

The survey respondents mainly highlight ICT readiness as the main challenge in making WFH a permanent practice. However, while technology capabilities are important, other areas must be considered for WFH to be adopted as a permanent practice, especially for the oil and gas companies in Indonesia. The areas are listed below:

- **Health Safety and Environment**
  
  We need to ensure that the HSE aspect of working from home is addressed in the same way as when an employee is working in the office. For ergonomic work stations, companies can provide suitable chairs for their employees to work comfortably without affecting their ergonomics. Companies should also update their HSE policies and procedures to include HSE aspects that are associated with WFH arrangements: for example, what would be the procedures if there are accidents when they are working at home. COVID-19 brought a new safety culture as it pertains to direct supervisor–employee system that supervisors would strongly support and enforce protocols intended to mitigate the likelihood of COVID-19 transmission were more willing to return.

- **Performance Management**
  
  Performance appraisal may need to be more result-oriented and outcome focus. Since managers may not be able to monitor their subordinates physically, the performance appraisal will need to be more outcome-based rather than activity-based.

- **Information Security**
  
  Since employees are accessing company’s information from home, some guidelines must exist to ensure the information that they are viewing or accessing is not shared with others in their house. The position of the work area in the house should not be in the common area where the computer screen can be easily seen by others.

- **Rewards and Compensation**
  
  Employees who are working from home would be able to save a lot of costs and time. The reduction in their costs and time savings can be traded off by lowering their salaries and allowances. The pay and allowances for the WFH employees can be reduced between 20–30% in exchange for better work flexibility and enhanced work-life balance that can be expected from WFH arrangements.
• **Morale and Motivation**

Working in isolation may affect employees’ morale and motivation. One way to address this is to provide informal gatherings where people meet and interact physically.

• **Ethics**

One of the main concerns that management demonstrates regarding WFH is whether the employees will abuse the office hours on non-work-related matters. Companies need to establish proper guidelines on the “DOs” and “DON'Ts,” for those who are working from home.

• **ICT Infrastructure**

The ICT infrastructure must be reviewed to ensure the WFH employees/ ICT experience is comparable to the one they are experiencing in the office. Given the importance of the internet in the business world today, companies need to ensure the employees are provided or are able to access fast and stable internet connections. This should not be an issue for people who are working in major cities only. Therefore, ensuring that employees are not traveling to remote areas or their home town during weekdays or working hours is important.

• **Delimitation**

Flexible policies accommodating worker perspectives are likely to be most effective in enhancing employee productivity and well-being. Finally, some businesses cannot afford to have employees working from home in the long term. Corporates are already bringing some of their staff back into their offices. The Indonesian government reopened offices on June 8, 2020, entering a transition period after passing almost 3 months in a mode of large-scale social restrictions. Companies should apply adequate Covid-19 protocols as part of the new safety culture (Paat, 2020). Meanwhile, as an industry that places Health, Safety and Environment (HSE) as first priority, the oil and gas industry is required to still consider strong factors about the return to the physical workplace. Some factors discussed in the industry are as follows:

• Workers with children, having children under 2 years old, and not having adequate childcare need to be addressed to avoid alienating parents, particularly women energy workers
• Pre-existing health condition–as the higher risk of developing covid-19 conditions
• Living in a multigenerational household may more urgently need dispensation from returning to the physical work environment–employee who lived with children and older family members were significantly
• Do not have a private transportation meanwhile using public transportation will put individual at the risk

Implementing and communicating the presence of enhance workspace cleaning protocols and applying alternating day schedule is expected to be more likely to be effective organizational strategies (Spitzmueller, 2020). Another important concern in mitigating return is allowing employees with pre-existing conditions to return to the office later than employees with no increased risk of COVID-19 complications.
Again, many companies will need the office still for some reasons, but a large portion of the technology can likely continue operating and growing just fine without an office in the future. It is unlikely that a return to the old normal is going to happen anytime soon. New office layouts are likely needed to distance people, masks may still be required, and regular commitments to temperature checking or testing could still be necessary.

Conclusion

The COVID-19 crisis is causing many negative impacts on the business and economies around the world. However, some positive may also come out of it; for example, it hastens the need for companies to complete their digital transformation initiatives and opens up new ideas or old ideas that many people thought was not possible in the past. Despite the benefits of WFH practice, it failed to gain tractions to be accepted in the mainstream HR practice. However, the mandatory lockdowns due to the COVID-19 are forcing companies around the world to practice it.

Based on the surveys that we conducted, the feedback has been positive. The writer outlined several areas that companies must address to make it sustainable as a permanent practice. In the context of the oil and gas industry, the success of the forced WFH experiment illustrates the importance of the industry to explore new ideas and practices that are more agile and cost-effective. The days of high oil prices may not come back so soon, if ever, but they need to change and do so quickly. Some changes are harder to implement than others, but one change that can be done very quickly is to make WFH a normal practice. This practice is proven to work in the past. It was proven to work during the COVID-19 crisis and for the future.

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References


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