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2018

Workforce nationalisation in Papua New Guinea: Security and logistics in resource organisations

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Chapter 1: Introduction

1.1 Introduction

Many international organisations fail to employ the capabilities of their local staff, particularly in what are deemed to be sensitive roles, such as security and logistics positions. Reliance on expatriate staff in many of these roles is commonplace, and is particularly prevalent in the oil and gas industry in Australasia. In a paper published in the *International Journal of Human Resource Management*, Tharenou and Harvey (2006) detailed their research regarding multinational companies based in the region, including the companies' employee preferences. The research found a reluctance to employ host country nationals in positions of responsibility. Of the multinational companies interviewed, 74% employed expatriate managers brought in for short-term assignments, and 92% employed foreign residents of the host country for long-term assignments. Of these, only 24% of the job descriptions for the multinational companies' expatriate managers included transferring knowledge or skills to and/or training local nationals. This finding suggests a bias towards relying on expatriate staff, and potentially indicates that only a small portion of the managerial staff brought into host countries are there to mentor and develop the local workforce. This supports my observations over the course of more than 20 years of experience working in this field and region. Further anecdotal information gathered from discussions with expatriate managers suggests that these views may be common among senior management, thereby indicating that the issue requires additional research to support anecdotal evidence with empirical data (Tung, 1998).

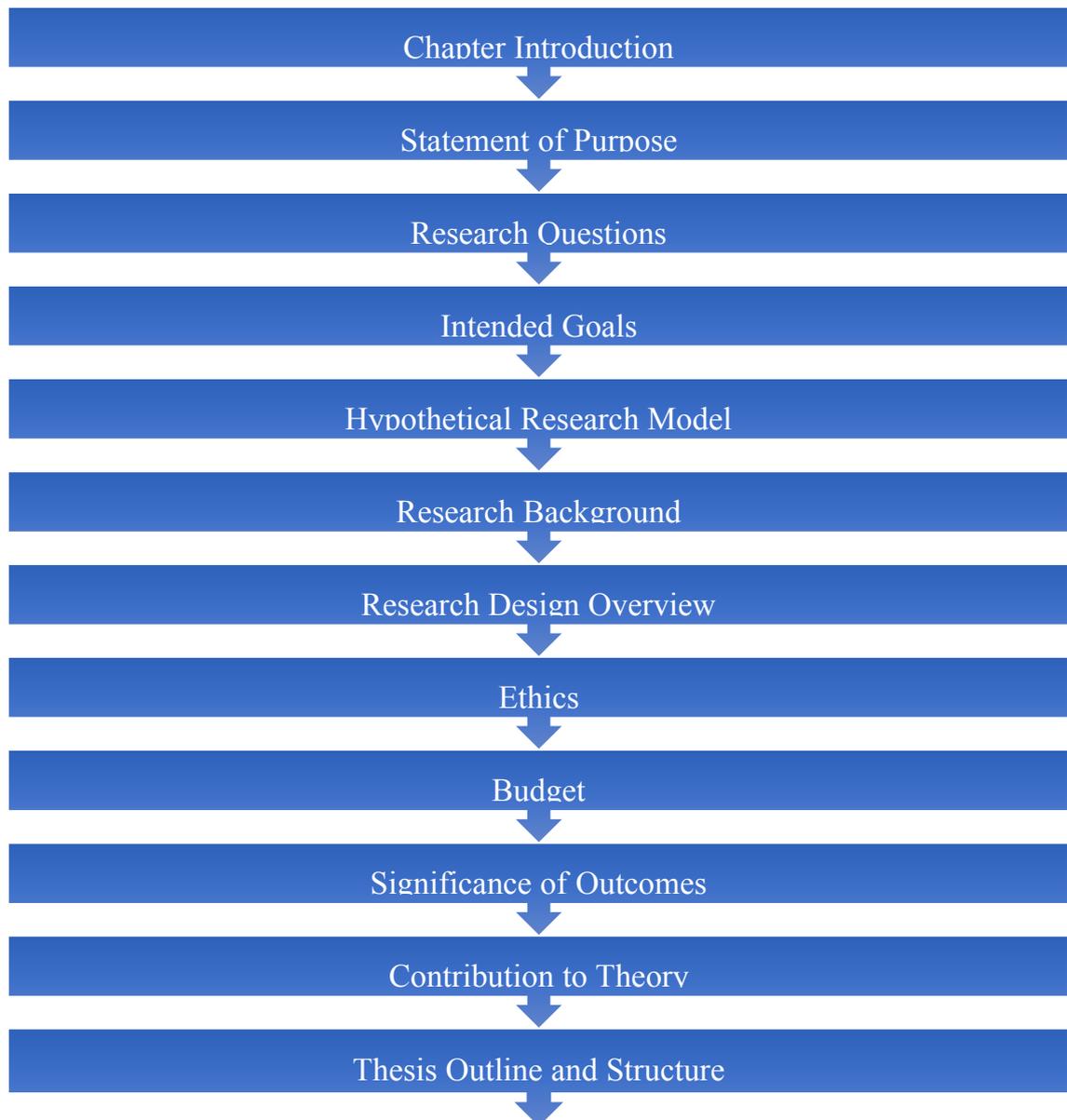


Figure 1.1: Structure of Chapter 1

1.2 Statement of Purpose

The aim of this research was to examine how companies operating in Papua New Guinea manage and develop their national logistics and security workforce, and how workforce nationalisation occurs in this context. The following research questions were addressed to achieve the research aim.

1.2.1 Major Research Question

The study's major research question was:

Which key activities promote a successful program to enable early nationalisation in a resource company operating in Papua New Guinea?

1.2.2 Minor Research Questions

The study's minor research questions were:

1. Why are oil and gas organisations dependent on expatriate staff?
2. How does the role of expatriate staff affect national staff?
3. If, through advanced activity, nationalisation was to occur earlier in the case study, what would be the approximate difference from a cost perspective between the use of expatriate and national workers?
4. Which key factors limit the early nationalisation of security and logistical workforces?
5. Which factors would enable the early nationalisation of staff?

1.3 Intended Goals

This research aimed to achieve the following goals in relation to the field of oil and gas industry nationalisation theory:

- articulate the reasons that a reliance on expatriate staff is prevalent in the industry
- demonstrate effective methods for the early nationalisation of workforces
- articulate the difference between the use of expatriate and indigenous personnel in a percentage and dollar amount
- articulate the difference in nationalisation timeframe and operational capability in the case study
- develop a theoretical roadmap to achieve early nationalisation in this field, which the industry can use to change current nationalisation practices and theory.

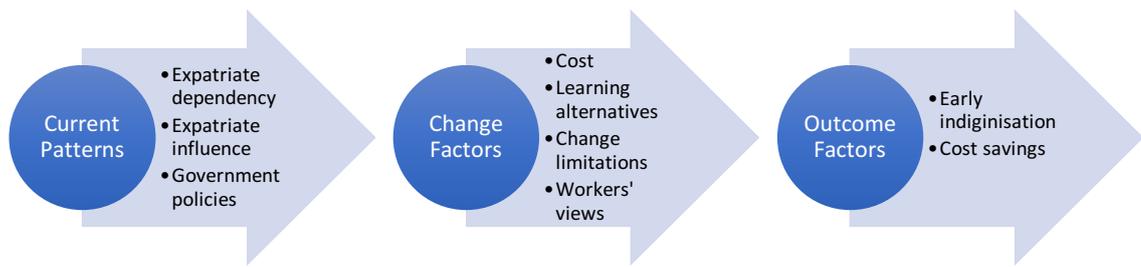


Figure 1.2: Hypothetical Research Model

1.4 Research Background

To better frame the research, it is important to outline my background as the researcher. I am an experienced manager with a strong logistical and security background who recently (through 2014) worked as the Head of Upstream Logistics and Infrastructure on the \$20 billion USD ExxonMobil Papua New Guinea Liquefied Natural Gas (PNG LNG) project in Papua New Guinea (PNG). This was a logistical- and security-driven organisation that was predominantly a national-based workforce with a strong commitment to workforce nationalisation. In this role, I was responsible for leading the upstream support teams for logistics, supply chain, catering, camps, aviation, airport, infrastructure, fuels and maintenance.

My previous role was as an advisor/manager for ExxonMobil Development Support in PNG, which oversaw the construction of the project discussed in the case study. I was responsible for developing and implementing the project journey management plans; risk assessments; transport security and safety procedures; transport management plans; and all security, training and safety initiatives over three years. I was also responsible for leadership of ground transport across the project for ExxonMobil, providing specialist advice and risk-mitigation strategies to subcontractors with 350 national staff for three years, covering 17 million kilometres without injury or serious incident.

For the five years previous to this, I worked in Iraq as a Security and Logistics Manager, and as a Deputy Country Manager for the last two years. I was part of a management team that ran multiple contracts in Iraq in the early twenty-first century, including during the 2005 elections. It was during this time that I completed my Bachelor of Science in Security at Edith Cowan University. I have a Master's of Business

Administration (MBA) from the Australian Institute of Business, with the focus of my study being logistics and security in austere environments, such as PNG and Iraq. I also have Australian diplomas in workplace health and safety, occupational health and safety, security and risk management, government (workplace inspections), government (security), training and assessment, and adult vocational education. I am currently the director of a consulting business that specialises in capacity building and providing strategic advice on workforce nationalisation programs and security management to organisations.

I started my career in the Australian Army in 1993 as a paratrooper in the 3rd Battalion, and progressed in the army from soldier to captain, serving on multiple operational deployments always in infantry units. I have been a member of training teams deployed to PNG to train and assist the PNG Defence Force, and, in 2000, I attended the Australian Defence Force School of Languages Tok Pisin course. I have been involved in mentoring programs and workforce nationalisation program development and implementation since 2000. I am a passionate supporter of workplace nationalisation in PNG and view my role in organisations as a facilitator of that nationalisation, as it is articulated in every expatriate's work permit conditions.

1.5 Observation

During the past 20 years, I have had the opportunity to work with, train and be trained by well over 20 different nationalities, and have become well accustomed to operating in a cross-cultural environment. During the last 10 years of working overseas in the civilian sector in developing countries, particularly PNG, I have observed a reliance on expatriate staff and other country nationals to fill many roles in organisations that have the potential to be filled by national staff in the security and logistical fields. In my experience, during the construction phase of projects, large companies avoid committing any time or money to medium- or long-term training and development, instead relying on short-term, fly-in staff and only offering local staff semi-skilled and unskilled jobs. When projects are completed and transition to a steady state, this leaves a large gap in skilled staff, which is again filled with rotational expatriate staff, thereby creating localised unemployment and frustration among locals.

With mixed results, many companies have invested a great deal of time and money into programs to develop local business opportunities and to fund schools and hospitals; however, they have neglected capacity development in local workforces. Some companies run detailed nationalisation plans for semi-skilled or unskilled staff that are almost always aimed well below the supervisor level, and rarely cover security and logistics departments, instead focusing on technical areas, such as petroleum operations that only require minimal staff. However, these reports are anecdotal, based on my own experiences, and without any real support from validated research. Using reflective practice, I was able to review what I have learnt over the previous decade and ask myself what has occurred, what I could have done better, and what I can do to improve the situation for those who come next. This is how my journey started—to discover whether my personal observations have any substance, and, through the rigours of PhD research, to aim to roadmap and develop the best workforce nationalisation practices for the resource industry in PNG.

1.6 Design and Methodology

1.6.1 Research Design Overview

The proposed research was undertaken using a mixed-methods approach that employed a case study, qualitative interviews and a survey. My extensive experience in the industry enabled access to a sufficient number of research participants with relevant experience, thereby ensuring an adequate number of participants in the sample group for the survey and the smaller semi-structured interviews. The qualitative research sample was selected intentionally according to the needs of the study—a practice commonly referred to as ‘purposive sampling’ or ‘purposeful selection’. The purposive sample used throughout the research comprised individuals recently (within the past six years) exposed to security and logistics workforces in the resource industry in PNG. In purposive sampling, the researcher specifies the characteristics of a population of interest and then seeks to locate individuals who have those characteristics (Johnson & Christensen, 2008). Therefore, the respondents for the semi-structured interviews were selected from the main sample, based on additional specific criteria further detailed in the instrument design. Specifically, the respondents were selected because their high degree of experience could provide extensive information about the issues of importance to the research (Coyne, 1997). The sample size was determined first by

examining how many participants were able to meet the set criteria, and then by determining how many could be contacted. The estimated number was reduced once contact details and experience were verified.

The case study concerned a recent project in PNG and provided public information on workforce composition, nationalisation plans and other key performance indicators (KPIs) for which the government requires annual reports. The data generated by the case study were used to create a base context of the size and complexity of the problem and to anchor further research. The case study was quantitative, as only the existing data from KPIs were addressed in this phase of the research to create a baseline for the research to progress. Case study and qualitative interviewing are methods commonly employed in organisational research (Strang, 2015; Saunders, Lewis, & Thornhill, 2012). Therefore, these were appropriate methods for the purposes and goals of this study. Moving into the qualitative phase of the research, a sample group was selected, some of whom would participate in semi-structured interviews. The semi-structured interviews helped finalise the survey questions and enabled a deeper understanding of some of the factors prior to the survey. Although all participants were known to the researcher, they were documented anonymously. All records of names and personal details were removed, and each participant was coded alphabetically (Punch, 2005).

1.6.2 Data Analytic Strategy Overview

This research employed a mixed-methods approach, where each method addressed a different aspect of the research, as follows:

- case study: data analysis of the resource company KPIs
- interviews: 10 semi-structured participant interviews to obtain perspectives on the key subjects and themes
- survey: 100 respondents to provide detailed confirmation of possible themes identified earlier.

The mixed-methods approach offered the research more depth and allowed the data to be triangulated. A mixed-methods approach is useful when neither a quantitative nor qualitative approach alone can address the problem adequately; thus, the strengths of both approaches are combined to provide the best answer (Creswell, 2003). As discussed in the introduction, this study's use of three different approaches to collect

data enabled a much greater understanding of the problem. The mixed-methods approach offers enormous potential to generate new ways to understand the complexities and contexts of social experience, and to enhance capacities for social explanation and generalisation. Such an approach can both draw on and extend some of the best principles of enquiry. In addition, the process will benefit from the researcher's attempt to develop constructivist epistemologies and to engage with difficult methodological issues, especially those dealing with questions of interpretation and explanation (Mason, 2006).

1.6.3 Ethics

This research obtained ethics approval. The research conforms with Chapter 4.8 of the *National Statement on Ethics in Research*. There were no major ethical considerations in this research that could harm or affect an individual. However, there are some potential ethical issues that could affect the quality of data or results; therefore, these had to be considered. One issue was the potential loss or corruption of data. This was addressed through strong control measures, such as the use of a single computer, a hard drive backup with two locations for storage, scans of hard copies, and physical security measures. The physical security measures included tethering laptops, locking hard drives in a safe, protecting the laptop with a password, and encrypting data. The semi-structured interview participants were not identified in the research, and the research was not controversial—any input from participants would not be deemed negative in the industry. Therefore, the potential for controversy was not a consideration for additional attention in this research.

The final ethics consideration was the potential for respondents to the survey to return a non-constructive or purposively negative response. On occasion, this occurs with surveys; therefore, any responses that were well outside the given range were set aside and documented separately in the findings. This situation was an ethics consideration because, with such a small sample as a result of the purposive sample selection, a defective response from even one or two respondents could compromise the research results. Any other ethical issues encountered were documented and passed onto both the supervisor and ethics committee for guidance before recommencing research. On 24 June 2017, 'low risk' approval was granted with no additional measures required.

1.6.4 Budget

The budget for this research was \$7,290 Aud. The major cost, which covered travel and accommodation in Port Moresby, was in excess of \$4,800 Aud. The majority of the information was gathered online or in person in Australia. Two one-week trips were budgeted for trips to Port Moresby to conduct the interviews and gather information. The research budget was self-funded by the researcher, with the university fees covered by the Australian Government's higher degrees by research funding.

1.6.5 Research Methods Summary

The research instrument design and data analytic strategy were refined and expanded as the research progressed, and are covered in Chapter 3. It was intended to serve as a compass to guide the data collection by providing direction and structure in the early phase of the research. The use of a mixed-methods approach and triangulation of data underpinned the strategy. Including only quantitative or qualitative methods would fall short of the major approaches being used today in the social and human sciences (Creswell, 2003).

First, by conducting a case study of a relevant organisation, the research gained perspective through the production and interpretation of quantitative data. This helped develop a sense of the size and percentages of the concepts being explored. Effectively, the data were secondary data that will be presented simply in graph form as part of the data analysis. Second, the semi-structured interviews of the key subjects were used to further explore the problem in more detail, address all of the research questions, and help develop the final survey questions in full. Third, once all information from the first two phases was analysed, the survey was finalised and used to complete the triangulation of the principal information. It will be presented in an overview format. Meeting the research goals was the reason for undertaking the study, and it was important that these be addressed individually to ensure that the study remained focused on the purpose of the results, which was to advance the current body of knowledge on indigenous workforce nationalisation programs in logistics and security mentoring programs among resource organisations in PNG.

1.7 Significance of Outcomes

One of the more significant outcomes was establishing a theoretical research outcome model—a body of knowledge created with the potential to reduce expatriate costs through early nationalisation. Other benefits of early nationalisation could include reductions in localised unemployment, petty crime, radicalisation of unemployed youth and travel costs. Local employees would work for longer terms because of their residential status, thereby positively affecting workforce retention. Employing locals also instils a greater sense of community ownership of the project, injects more money into the local economy at a grassroots level, and creates training and support infrastructure that would be transferable to future projects in the country.

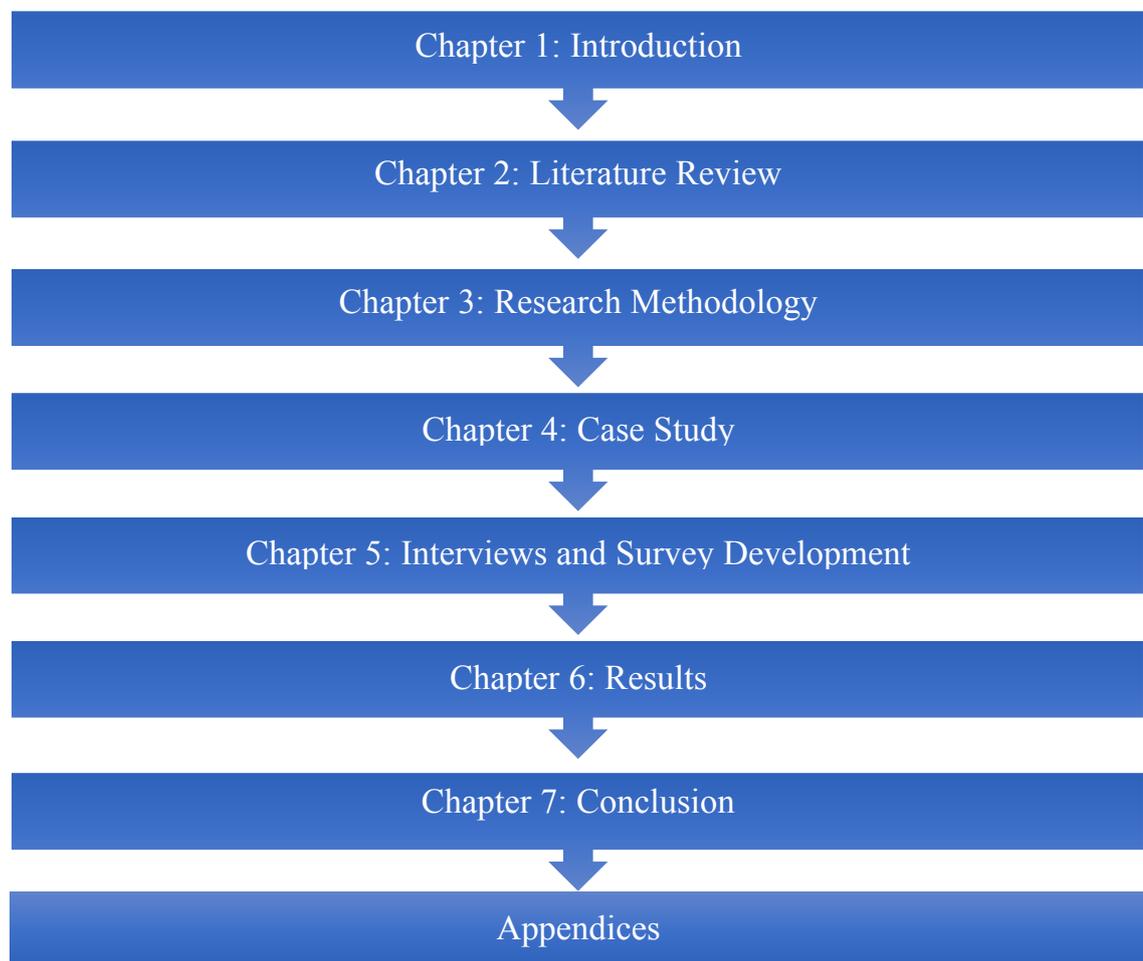


Figure 1.3: Thesis Structure