

**SUPPLY CHAIN MANAGEMENT PRACTICES IN
MALAYSIA OIL AND GAS INDUSTRY: A CASE
STUDY OF MURPHY SARAWAK OIL COMPANY
LTD.**

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UNIVERSITI UTARA MALAYSIA

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By:

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ABSTRACT

The main objective of this research is to identify and determine the level of SCM practices, and barriers or impediments to implement these practices in oil and gas industry particularly the case company, Murphy Sarawak Oil Company Ltd.. In this study, nine dimensions that being used are: strategic supplier partnership, customer relations practices, information sharing, information quality, internal lean practices, postponement, information technology, training and internal operation. Previous literatures related to SCM and its practices are reviewed to support the present study. Specifically, the case company was analysed mainly through semi-structured interviews with some of the practitioners in each departments who is actively involve in the process of SCM activities. Set of questionnaires have also been sent via email to the case company, and yielded 10 responses. The study found that among nine practices proposed, seven are identify to be implemented by the company. Such findings are necessary and lay the foundation for the eventual development of SCM practices. Among the dimensions which are sought to be implement by the company are strategic supplier partnership, customer relations practices, information sharing, information quality, information technology, training and also internal operation. Hence, the finding reveals that the other two practices which are not applicable in oil and gas industry include internal lean practices and postponement which are more relevant to be implemented in manufacturing sector. This initial findings offer some insights on the SCM practices in the case company. The result of this study also contributed to knowledge as it discovered additional dimension of the practices in the industry. Directions and recommendations are discussed on how oil and gas company can realize the benefits of SCM and to implement it effectively.

ABSTRAK

Objektif utama kajian ini adalah untuk mengkaji tahap pelaksanaan dan tahap prestasi Pengurusan Rangkaian Bekalan (PRB), dan kesannya terhadap prestasi syarikat-syarikat dari industri minyak dan gas. Sembilan pembolehubah telah digunakan di dalam kajian ini iaitu pelaksanaan rantaian bekalan, pelaksanaan dalam hubungan pelanggan, perkongsian maklumat, kualiti maklumat, pelaksanaan kejatan dalaman, penanguhan, teknologi maklumat latihan dan operasi dalaman. Kajian terdahulu mengenai RPB dikaji untuk menyokong kajian ini. Untuk tujuan mendapatkan maklumat khususnya, syarikat rujukan (Murphy Sarawak Oil Company Ltd.) telah dikaji dengan menggunakan medium wawancara bersama pekerja di setiap jabatan yang mana terlibat secara aktif dalam proses RPB. Borang selidik juga telah dihantar melalui elektronik mel kepada syarikat rujukan. Kajian ini menunjukkan daripada sembilan amalan pelaksanaan RPB yang diusulkan, tujuh amalan telah dikenalpasti sebagai pembolehubah yang dilaksanakan oleh syarikat rujukan. Hasil kajian ini adalah mencukupi dan berada di landasan asas untuk perkembangan aktiviti PRB. Di antara pembolehubah-pembolehubah yang diperlukan untuk dilaksanakan oleh syarikat adalah pelaksanaan rantaian bekalan, pelaksanaan dalam hubungan pelanggan, perkongsian maklumat, kualiti maklumat, teknologi maklumat latihan dan operasi dalaman. Oleh itu, hasil kajian ini mendedahkan terdapat dua pembolehubah yang tidak sesuai untuk dilaksanakan di dalam industri minyak dan gas iaitu pelaksanaan kejatan dalaman dan penanguhan yang mana pembolehubah-pembolehubah ini lebih sesuai dilaksanakan di dalam sektor pembuatan. Hasil penemuan awal mencadangkan beberapa pandangan terhadap amalan RPB pada syarikat rujukan. Keputusan kajian ini juga telah menyumbang kepada pembangunan ilmu di mana beberapa pembolehubah tambahan dalam pelaksanaan amalan di dalam industri minyak dan gas Negara. Hala tuju dan cadangan telah dibincangkan secara menyeluruh ke atas bagaimana syarikat minyak dan gas boleh menyumbang ke arah kebaikan RPB dan pelaksanaan secara berkesan.

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter provides an overview of supply chain management practices in oil and gas industry in Malaysia. It starts with a background of the study, followed by problem statement, research objectives and also research questions. Several contributions of this study are discussed in the next section followed by explanation of the terms used in this study.

1.1 Background of the Study

Thirty-six years ago the Malaysian Parliament passed the Petroleum Development Act (1974) and laid down the groundwork for the development of the oil and gas industry in the country. Since then, the industry has developed to become one of the most important economics sector with multi billion dollar industry which taken advantage of the most demanding and challenging of technological advances. The Oil & Gas (O&G) industry has seen no small amount of attention during recent months, not only because of the increase of crude prices, but also the simultaneous rise of petrol prices due to reduction in government subsidies. Hence, news of discoveries of new potentially

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