Manpower Management: A Case Study on THHE Operation in the Competitive Market

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DECLARATION

I hereby declare that the case study is based on my original work except for quotations and citations that have been duly acknowledged. I also declare it has not been previously or concurrently submitted for any other degree at (UNIRAZAK) or other institution.

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Date :

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TABLE OF CONTENTS

PART 2: CASE ANALYSIS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

Bhd.	:	Berhad
Boustead	:	Boustead Heavy Industries Corporation Berhad
BDEWC	:	Brooke Dockyard and Engineering Works Corporation
Bursa Malaysia	:	Bursa Malaysia Securities Berhad
Carimin	:	Carimin Petroleum Berhad
Dayang	:	Dayang Enterprise Holdings Berhad
Destini	:	Destini Shipbuilding and Engineering Sdn Bhd
Enersea	:	Enersea Resources
ExxonMobil	:	ExxonMobil Malaysia
EPCIC	:	Engineering, Procurement, Construction, Installation, Commissioning
Labuan Shipyard	:	Labuan Shipyard and Engineering Sdn Bhd
HUC	:	Hook-Up and Commissioning
ICPS-I	:	Islamic irredeemable convertible preference shares
ICR	:	Interest Coverage Ratio
MMHE	:	Malaysia Marine and Heavy Engineering Holdings Berhad
Muhibbah	:	Muhibbah Engineering Sdn Bhd
Murphy	:	Murphy Oil Corporation
Nam Cheong	:	Nam Cheong Dockyard Sdn Bhd
Newfield	:	Newfield Malaysia Holding Inc
OPV	:	Offshore Petrol Vessels

PBJV	:	PBJV Group Sdn Bhd
PENERGY	:	Petra Energy Berhad
PETRONAS	:	PETRONAS Carigali Sdn Bhd
Pioneers	:	Pioneers Group
PN17	:	Practice Notice 17
Repsol	:	Repsol Oil and Gas Malaysia Limited
SapuraEnergy	:	Sapura Energy Berhad
Sealink	:	Sealink International Berhad
Shapadu	:	Shapadu Energy Services Sdn Bhd
Shell	:	Sarawak Shell Berhad
ShinYang	:	Shin Yang Shipyard Sdn Bhd
SigurRos	:	Sigur Ros Sdn Bhd
Sdn. Bhd.	:	Sendirian Berhad
Talisman	:	Talisman Malaysia Limited
THHE	:	TH Heavy Engineering Bhd
THF	:	THHE Fabricators Sdn Bhd
Woodside	:	Woodside Petroleum Limited

EXECUTIVE SUMMARY

This case study is based on primary research built on the interview with the General Manager Mr. Roshidi Mat Saad, Group Human Resources for TH Heavy Engineering Bhd (THHE). Secondary data was searched for articles, reports, journals and publications.

THHE was listed in January 2005 on Main Market of Bursa Malaysia, and has been actively involved in the oil and gas industry since its formation in year 2002. The company is involved in fabrication and steel fabrication and heavy engineering industry in fabrication of offshore steel structures and supporting other related offshore oil and gas engineering services in Malaysia. The group subsidiary THHE Fabricators Sdn Bhd (THF), THF is PETRONAS licensed major fabricators in Malaysia. THF business is an oligopolistic market in Malaysia and hypercompetitive among the industries in South East Asian countries.

The company's primary activities are fabrication of offshore steel structures and ship building and repair business. The PETRONAS, Shell, Repsol and other major oil operators being the owner, the company requires to develop its competitive and strategic market against the Malaysia Marine and Heavy Engineering Holdings Berhad (MMHE), Sapura Energy Berhad (SapuraEnergy) and Muhibbah Engineering Bhd (Muhibbah).

This case study was to comprehensively explore the manpower management against the growth, progress and achievement of THHE, and analyzed the expected growth of

employment rate of the company using the general business tools. The outcomes of the analysis, alternatives will be derived and recommendations will be proposed to sustain the business growth of the company.

PART 1: CASE DESCRIPTION

1.1 COMPANY BACKGROUND

THHE was listed in January 2005, and has been involved in the oil and gas industry since 2002. Since 28 April 2017, THHE had been an affected listed issuer pursuant to the amended Practice Notice 17 (“PN17”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). Its affected by the debt restructuring are THHE Fabricators Sdn Bhd (THF) and O&G Works Sdn Bhd (OGW).

The main activities of THHE are large engineering industry primarily in the fabrication of offshore steel structures and supporting other related offshore oil and gas engineering services in Malaysia. Its subsidiary, THHE Fabricators Sdn. Bhd. (THF), THF is PETRONAS licensed major fabricators in Malaysia.

In the past records, THHE managed to secure and complete numerous major offshore facilities fabrication contracts awarded by world major oil and gas players such as PETRONAS, Shell, ONGC, Talisman, Murphy, ExxonMobil, Newfield and Woodside.

THHE specializes in fabrication of major offshore steel structures like jackets, substructures and topsides, well head platforms, central processing platforms, compression platforms, modules, decks, living quarters, process skids, modular compression skids, booms, inter-platform bridges and other related engineering packages.

Hence from the successfully delivered projects under its credentials, THF has refocused itself as an integrated Engineering, Procurement, Construction, Installation, and Commissioning (EPCIC) contractor that provides a comprehensive list of services based on these principal activities:

a) Fabrication, construction and maintenance of offshore structures

b) Construction and maintenance of onshore plants

c) Offshore and onshore crane manufacturing and servicing

d) Marine operations and support services

e) Hook-up & commissioning (HUC)

f) Engineered packages

g) Ship building and Ship repair

1.2 INDUSTRY OVERVIEW

The company has the resources and manpower including the project management and execution experience to undertake complete project implementation ranging from offshore structures fabrications to offshore crane manufacturing. It strives to meet client's expectations and deliver them with pride.

The fabrication industry covers modular process and pipeline fabrication in oil and gas sector and offshore and onshore windmill projects. The marine business with slipway and floating jetting fits into ship building and ship repair industry.

There are few open yards in Malaysia and to remain competitive, the company needs to work on the human factors and skills available in the company to support this industry.

Figure 1 Top View of Pulau Indah Yard

1.3 COMPETITION

The industries involve the fabrication, construction and maintenance of offshore structures and Engineering, Procurement, Construction, Installation, and Commissioning (EPCIC) directly complementary businesses are SapuraEnergy Berhad (SapuraEnergy), Malaysia Marine and Heavy Engineering Berhad (MMHE), Brooke Dockyard and Engineering Works Corporation (BDEWC) and Muhibbah Engineering Berhad (Muhibbah).

The other competitive sectors are construction and maintenance of onshore plants, offshore and onshore crane manufacturing and servicing. In the marine sectors, the businesses comprises of marine operation and support services, ship building and repairs. Hence the competitions are Boustead Heavy Industries Corporation Berhad (Boustead), Shin Yang Shipyard Sdn Bhd, Nam Cheong Dockyards Sdn Bhd, Sealink International Berhad and Labuan Shipyard Sdn Bhd.

The hook-up & commissioning (HUC) companies are Dayang Enterprise Holdings Berhad, PBJV Group Sdn Bhd, Petra Energy Berhad, Enersea Resources, Pioneers Group, Sigur Ros Sdn Bhd, Carimin Petroleum Berhad, Shapadu Energy Services Sdn Bhd.

In engineered packages, it comprises of smaller companies with the capacity to undertake skid type or module that can be transported by land to required location. The skid packages are hypercompetitive market, therefore, the company has to control and manage the operational cost at the minimum level to compete in the industry.

1.4 PORTER'S FIVE FORCES MODEL

Based on the data and inputs collected from the interview, thorough observation and understanding, the Porter's Five Forces Model is to gain more knowledge and understanding of the business macro environment. The analysis will help to identify risks and future company prospects.

1.4.1 RIVALRY AMONG EXISTING COMPETITIONS

There are minimum of 4 competitors in the EPCIC industry in hyper competition markets. The competitions are diversified in the oil and gas industry with business unit venturing into the offshore drilling industry, Ship Building and Repairs and Offshore Support Vessel and Offshore Installation Vessel. The Upstream market investment by Major Oil Operators are worth RM9.9billion (PETRONAS Annual Report 2019) and attractive to the EPCIC companies in the markets. However, the standard quality requirement is ISO9001:2015, ISO14001:2015 and ISO45001:2018 for this industry. Each competitors have brand loyalty because of the repeat award of projects from major oil companies. The barriers to exit will be obligated by the proposal and decisions of shareholders within the public listed companies. Contractors who bid the lowest cost will win and limited to implementing switching cost.

1.4.2 THREAT OF NEW ENTRANTS

New players will have to invest in large capital and available infrastructure that is logistically accessible by vessel or prime movers during load out of the heavy structures. The winning company will have increase purchasing power from the large suppliers support base who is eager to be part of the suppliers to the projects. To have the approval to conduct the bidding, the new players are access for proven track records are pre-requisite.

The company has to have a PETRONAS License as the pre-requisite and available ISO standards certifications. The latest market trends on the project awards are during preliminary front end engineering and design (Pre-FEED), where Consultants and EPCIC companies will joint venture to submit Commercial Bids to tender the projects. The group who has submitted competitive bid to win contracts and no switching cost can be imposed.

1.4.3 BARGAINING POWER OF BUYERS

The major oil companies have the bargaining power because of the requirement to award to most competitive bids commercially and technically acceptable EPCIC companies because of the numbers of customers are PETRONAS, Shell, Exxon, Jadestone, Repsol and Production Sharing Company and etc. However the size of award value is a total RM9billion based on PETRONAS Annual Report 2020. The differentiation between the competitors are government linked company for example PETRONAS is a shareholder of MMHE. The project will be awarded to the most competitive by commercially and technically acceptable and high completion project capability and reduced project delays. Buyers often have the ability to substitute because of the lowest bid cost wins the project policy. Buyer’s information availability because major oil companies are the ownership of the investment before award of contracts. Contractors who bid the lowest cost will win and limited to implementing switching cost.

1.4.4 THREAT OF SUBSTITUTE PRODUCTS

There are min 4 fabricators in Malaysia having the capacity to fabricate offshore structures. The projects are price sensitive and cost of contract is relative to weight and capacity of the projects either a Wellhead platform or Central processing platform. Buyer will have preference to switching is higher when the bidding price is reasonable from other fabricators. The margin can be affected by the substitute services if client insisted to accept the proprietary design than conventional. Core business in steel fabrication and it shows saturation level at one time when the designs are replicable and the organization needs to opt for product differentiation. Fabricators are regulated to buying from PETRONAS approved vendor.

1.4.5 BARGAINING POWER OF SUPPLIERS

There are many PETRONAS approved suppliers in the market. The uniqueness of each supplier’s products are the technical and proprietary design and experts in each field. Focal company’s ability to substitute with suppliers are replaceable by pricing level but proprietary design will be specific cases due to requirements requested by client.

1.5 SWOT ANALYSIS

SWOT Analysis to gain more internal and external analysis of the business environment.

Figure 2 Internal Analysis

	Strengths		Weaknesses
S1	Commitment in providing quality products and services at competitive price.	W1	Engineering, Procurement, Construction and Commissioning projects are cyclic and affected by economic position of the world oil price.
S2	Active collaboration with clients in meeting expectations and objectives.	W2	The Project Management Team size is relatively small compared to competitions.
S3	Integrated and evolving service offerings	W3	Limited diversity of skilled team members who are permanent employees.
S4	Track record in project management and delivery	W4	Limited to diversification of business types with full utilization of internal skill sets.
S5	Continuous research and development in enhancing cost-efficiency and delivering innovations.	W5	Limited marketing strategy to improve company images.
S6	Extensive industry expertise, technical knowledge, experience and ability to provide oil and gas fabrication services.		
S7	Lower administrative expenses and competitive strengths.		

Figure 3 External Analysis

	Opportunities		Threats
O1	Diversify Shipbuilding and Repair business.	T1	Rely on external design house and technical capabilities to prepare Bid Analysis.
O2	Good relationship with key government department.	T2	Existing players who are competitive in cost and good track records with customers.
O3	Still room to improve marketing strategy.	T3	Petronas is shareholder of MMHE. Fabrication project award will be

			direct with MMHE. Eg Kasawari worth estimated RM3billion. Weights 55.6k tonnes.
O4	Good relationship with many oil operators in the region.	T4	SapuraEnergy owned SapuraOMV before changed ownership to Jadestone. Internal supply chain and fabrication available
O5	Appointment of Independent Non-Executive Directors into the organizations to improve the organization culture.	T5	Due to the Practice Notice 17, there is a limitation of project awards due to financial and legal issues.

1.6 SPECIFIC AREAS OF INTEREST

The organization was having high employee turnover rate between the year 2012 and 2015. However the employee turnover rate seem to have reduced since 2016 and remained around 100 employees. The employee intake had increased around 70% since 2021 as per Table 1.1 and it is showing sign of improvements in employee turnover rate.

Human capital plays an important model in an organization which depends on the right skill set, knowledge and attitudes of the employees to realize its long term goals. The group yearly total revenue in Table 1.2 has shown the relationship between total employee and yearly revenue. The improvement plans have to strategically design for future to include personnel succession and training and development. The team strengths are relatively important to the growth of organization. Hence analyzing the popularity of team spirit in an organization and greater opportunity to cultivate talents. An organization requires to build flexible and responsive team to counter changing environment. The team can be assembled, deployed, refocused and disbanded at any point of time due to changing environment. The democratic organizational autonomy should involve employee and encourage participation in decision making.

Table 1.1 THHE Workforce

YEAR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
WORK FORCE	104	160	463	543	553	346	121	96	84	111	107	182

Table 1.2 THHE Yearly Revenue

Year	THHE Revenue
2011	22,841,640
2012	190,374,299
2013	259,932,186
2014	344,124,303
2015	100,500,614
2016	17,775,317
2017	5,396,890
2018	2,584,694

2019	57,556,312
2020	61,919,127

The direct competition in the market has been investing into human capital to improve the group revenue as declared in the annual reports of listed company. The direct competition's administrative expenditures were 5 times higher than THHE as shown in Table 1.3.

Table 1.3 Administrative Expenses Comparison against Strategic Groups

Year	Administration Expenses THHE	Administration expenses MMHE	Administration Expenses SapuraEnergy
2011	39,224,618	166,137,000	181,743,000
2012	29,627,996	183,451,000	288,096,000
2013	52,290,898	139,849,000	576,318,000
2014	77,278,452	225,545,000	764,578,000
2015	53,709,462	178,013,000	879,309,000
2016	47,169,112	169,532,000	671786,000
2017	53,038,392	150,185,000	548,634,000
2018	29,972,903	164,758,000	492,905,000
2019	34,616,032	159,730,000	496,846,000
2020	30,740,241	148,037,000	329,283,000

In this study, reviews of yearly revenue of THHE against competitions were tabulation to demonstrate the differences as Table 1.4. This is to demonstrate the size of expected revenue in a stable company with financial position.

Table 1.4 Competitions Revenue Comparison

Year	THHE Revenue	SapuraEnergy Revenue	MMHE Revenue
2011	22,841,640	1,900,685,000	1,907,894,000
2012	190,374,299	1,648,613,000	2,981,313,000
2013	259,932,186	5,697,102,000	2,599,870,000
2014	344,124,303	5,024,123,000	2,447,656,000
2015	100,500,614	6,324,119,000	1,994,742,000
2016	17,775,317	6,250,930,000	746,666,000
2017	5,396,890	3,586,485,000	591,325,000
2018	2,584,694	3,145,045,000	651,451,000
2019	57,556,312	2,700,193,000	578,632,000
2020	61,919,127	4,499,327,000	1,204,503,000

With an average of 80% as Table 1.5 of employees currently is contract employed and if is taken in as permanent contract.

Table 1.5 THHE Permanent and Contract Employees

Year	Permanent %	Contract %
2016	14	86
2017	14	86
2018	19	81
2019	13.51	86.49
2020	13.89	86.11

However, there are 2 types of employment contracts in the market and namely the contract of service and contract for services. The contract of services are full term basis and contract for services are project related employment contracts. The Contract of Service are employment of full time basis and they are direct and indirect roles. The direct jobs are related to business requirement and as opposed to indirect role which are hired for other businesses apart from the main business objective. The indirect roles are hired for the business that spur on by the economic growth of the relevant business.

The direct roles are mainly relevant to Key Management Team and they are Engineering, Procurement, Quality, Health, Safety and Environment (QHSE), Finance, Supply Chain Management, Legal and Secretarial Services, Human Resource and Administration, and IT Corporate Service. The Project Management Team has to be in house and direct employees of the company consists of Engineering, QHSE, Project Manager and Yard Operation and Facilities.

The permanent and contract employees are guided by Human Resource Policies, Code of Conduct and Ethics, Anti-Bribery and Corruption Policy, Remuneration Policy and Procedures, Industrial Relations- Domestic Inquiry Procedures, Administration Standard Operating and Procedures and Whistleblower policy.

According to the findings from the annual report as tabulated in Table 1.6 on the operating cash flow margin is defined as cash flow from operations over net sales. Hence, the higher the operating cash flow margin the better. If this ratio increases over time, that's an indication that your business is getting better and better at converting earnings from sales into actual cash flow. However, the above 10 year operating cash flow indicated negative signs in year 2018, 2019 and 2020.

Table 1.6 Manpower Strength and Operating Cash Flow Margin 2011 to 2020

Year	**Operating Cash Flow Margin (%)**	**Workforce Turnover Rate (%)**	**Job Type (%)**		**Number of Staff**
			Permanent	**Contract**	
2011	(3.64)	Not Available	Not available		160
2012	8.96	Not Available	Not available		463
2013	14.55	Not Available	Not available		543
2014	2.03	Not Available	Not available		553
2015	(76.45)	Not Available	Not available		346
2016	465.22	66.85	14	86	121
2017	609.37	21.49	14	86	95
2018	(6027.61)	11.58	19	81	84
2019	(35.05)	-32.14	13.51	86.49	111
2020	(31.70)	2.70	13.89	86.11	107

The administration cost and revenue shown in Table 1.7, are involved mainly the construction services, crane works and other services which involved permanent and contract workers. Are the employees hired when there is confirmed project? Should the forward planning to ensure the organization prepare for next project?

The organization should consider cross-functional teams from different work areas to accomplish a task. The Project Manager, Mechanical and Electrical site engineer have to be roped in to ensure adequate resources and diverse team to support the bid preparation of large projects. The group must have a strong commitment that are measureable, realistic and challenging to keep team members engaged.

Table 1.7 Revenue, Administrative Cost and Services

YEAR	REVENUE	ADMINISTRATIVE COST	SERVICES
2011	22,841,640	(39,224,618)	CONSTRUCTION SERVICES, OFFSHORE CRANE WORKS AND OTHERS
2012	190,374,299	(29,627,996)	CONSTRUCTION SERVICES, OFFSHORE CRANE WORKS AND OTHERS
2013	259,932,186	(52,290,898)	CONSTRUCTION SERVICES, OFFSHORE CRANE WORKS AND OTHERS
2014	344,124,303	(77,278,452)	CONSTRUCTION SERVICES, OFFSHORE CRANE WORKS AND OTHERS
2015	100,500,614	(53,709,462)	CONSTRUCTION SERVICES, OFFSHORE CRANE WORKS AND OTHERS
2016	17,775,317	(47,169,112)	CONSTRUCTION SERVICES, OFFSHORE CRANE WORKS AND

			OTHERS
2017	5,396,890	(53,038,392)	CONSTRUCTION SERVICES, OFFSHORE CRANE WORKS AND OTHERS
2018	2,584,694	(29,972,903)	CONSTRUCTION SERVICES, OFFSHORE CRANE WORKS AND OTHERS
2019	57,556,312	(34,616,032)	CONSTRUCTION SERVICES, OFFSHORE CRANE WORKS AND OTHERS
2020	61,919,127	(30,740,241)	CONSTRUCTION SERVICES, OFFSHORE CRANE WORKS AND OTHERS

Below Table 1.8 shows comparison of percentage of administrative expenses between construction services, offshore works and others.

Table 1.8 Ratio of Personnel

CONSTRUCTION SERVICES (%)	**OFFSHORE WORKS (%)**	**OTHERS (%)**
31.554	3.920	64.526
72.591	11.635	15.774
79.759	8.942	11.299
88.879	6.404	4.717
78.893	8.756	12.351
85.037	8.219	6.744
77.547	5.619	16.834
62.098	9.588	28.314
99.879	0.121	0
99.948	0.052	0

1.7 CONCLUSION

Hyper competitive analysis under conditions in which competitive advantages are quickly eroded, established rules are repeatedly flouted by iconoclastic rivals, industry boundaries are constantly breached and customer loyalty is fickle. Under such hypercompetitive conditions, sustainable competitive advantages (Williams, 1992) are replaced by a series of temporary unsustainable advantages. The extent of rivalry depends on the mindset and actions of the most hypercompetitive player in the industry and not on the number of industry players. Thus, an industry with only two competitors could still be hypercompetitive.

Because the temporary advantage goes to the player who is a step ahead on the ladder of escalating rivalry, firms have an incentive to be the first to break existing collusive agreements, placing them in a situation resembling the prisoner's dilemma (Rapoport 1989). Perfect competition cannot be sustained because it generates only marginal profits that do not provide the wherewithal to reinvest in innovation research needed to develop future competitive advantage.

Oligopolistic cooperation does not produce excess profits because of the relative ease of entry for new (maybe international) competitors who could break tacitly collusive arrangements. Firms drive the industry toward hyper competition by competing in any if the four arenas which are cost and quality, timing and know-how, strongholds and deep pockets.

In the competitive markets, the company is required to deliver quality of products or goods similar to the competitors market with lower cost and provide higher level of benefits. The organization has to be a differentiator by cost and advances over the competitions. Despite the aggressive competitions in the market, the differentiation will create better values for the company to win more projects and improve the overall employees size and turnover rate.

Hence due to inconsistent projects in the fabrication market, the human resource management has been difficult because the timing of projects and availability of diverse team in the market. The diverse professional employees have to be shared among the players in the market and may affect quality of employees. It will also increase the cost of hiring if the project requires qualities of manpower which may be limited. Therefore, internal hire and training of specific professional team is necessary to reduce sudden loss of qualified team.

PART 2: CASE ANALYSIS

2.1 CASE SYNOPSIS

The listed company has been actively involved in oil and gas industry since 2002 in the construction sectors. Since 2002, the organization has been generating large order book and the administration expenses were in manageable range. It has been employing 84 to 553 personnel between 2010 and 2021.

The purpose of this study is to investigate the impact of company's financial position against the intention to improve intake of employees. Did the economic crises impact the financial position of the company before the process of separation or merely precautionary action to reduce financial burden? THHE has not considered to hire more permanent and contract staff in next 3 years 2022, 2023 and 2024 due to the uncertainties of available projects in the market.

The employees were faithful and worked towards the success of the company during good time and any decision to let go of employees will have to be considered seriously. Thus, by managing the present employees and planning for cost reductions which includes salary and operational cost and protecting the employee's welfare, the company can focus to plan for future development.

It would be good to understand the study and intention is related to maintain the size of employees and it is deliberated within organizational decision to reduce the workforce that is intended to improve organizational performance.

Table 2.1 and Figure 4 is the actual investment cost on personnel for the company against the revenue in each year. Table 2.4 and Figure 5 is the summarize performance of the company in relation to employee turnover rate against permanent and contract staff. The intake of permanent staff fluctuates and contract staff was consistent. Figure 6 represents the employees demographic on age.

Table 2.2 is the representation of actual data collection for THHE yearly revenue against Administration Expenses. In order to have a comparison of administration expenses with competitors, Table 2.3 is actual data collected from annual reports of MMHE and SapuraEnergy.

Table 2.1 Percentage of Administration cost against Revenue

Year	**Administrative cost against Revenue**
2011	172%
2012	16%
2013	20%
2014	22%
2015	53%
2016	265%
2017	983%
2018	1160%

2019	60%
2020	50%

Table 2.2 Yearly THHE Revenue against Administration Expenses

Year	THHE Revenue	Administration Expenses
2011	22,841,640	39,224,618
2012	190,374,299	29,627,996
2013	259,932,186	52,290,898
2014	344,124,303	77,278,452
2015	100,500,614	53,709,462
2016	17,775,317	47,169,112
2017	5,396,890	53,038,392
2018	2,584,694	29,972,903
2019	57,556,312	34,616,032
2020	61,919,127	30,740,241

Table 2.3 Administration Expenses of MMHE and SapuraEnergy

Year	Administration expenses MMHE	Administration Expenses SapuraEnergy
2011	166,137,000	181,743,000
2012	183,451,000	288,096,000
2013	139,849,000	576,318,000
2014	225,545,000	764,578,000
2015	178,013,000	53,709,462
2016	169,532,000	47,169,112

2017	150,185,000	548,634,000
2018	164,758,000	492,905,000
2019	159,730,000	496,846,000
2020	148,037,000	329,283,000

Figure 4 Administrative Cost versus Revenue Percentage

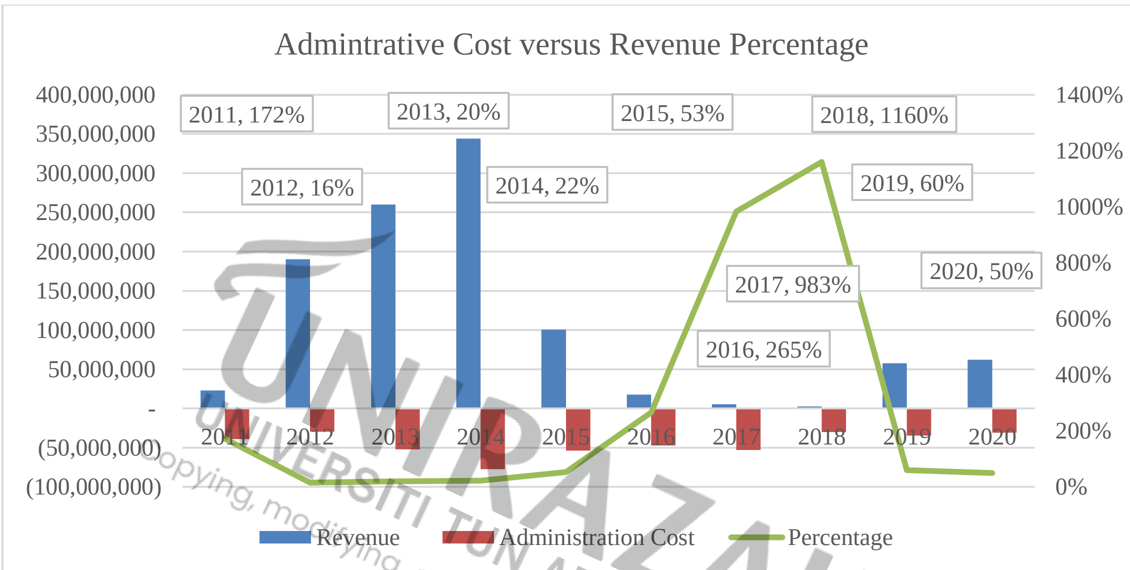


Figure 5 Workforce Turnover Rate, Permanent and Contract Staff

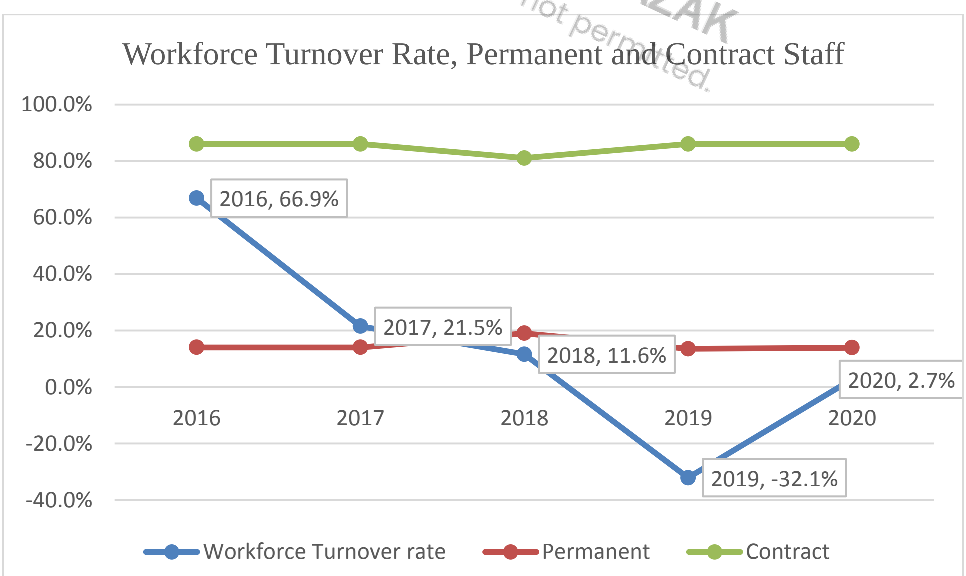
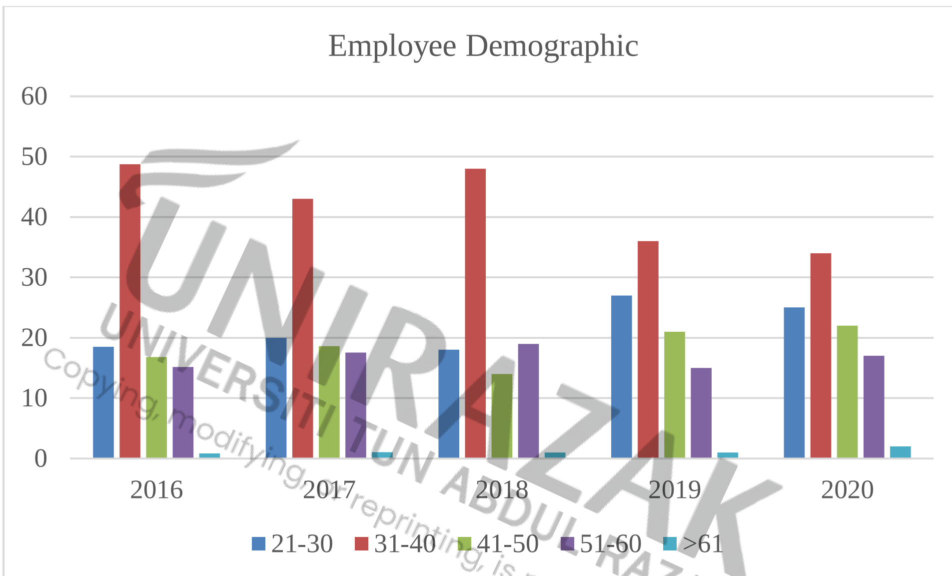


Table 2.4 Workforce Turnover Rate, Permanent and Contract Staff Percentage

YEAR	Workforce Turnover rate	Permanent	Contract
2016	66.9%	14%	86%
2017	21.5%	14%	86%
2018	11.6%	19%	81%
2019	-32.1%	14%	86%
2020	2.7%	14%	86%

Figure 6 THHE Employee Demographic



2.2 PROBLEM RECOGNITION

Historical data show the past fabrication and constructions were planned for the oil and gas offshore platforms. Due to the inconsistent number of project available in the markets as Table 2.5 and large projects been awarded to competitors at a competitive price and due to commitment to faster delivery of projects, the personnel planning can be difficult and contract staff will be temporarily hired to fill the position.

Due to the Practice Notice 17, there is a limitation of projects awards due to financial and legal issues. THHE was having performing poorly 2011 to 2016 as per Table 2.11, with Interest Coverage Ratio for 2011 (2.04), 2012 (1.68), 2013 (0.13), 2014 (4.64), 2015 (1.51) and 2016 (1.93).

Table 2.5 Historical data of Offshore Platform Invested

	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Offshore platform	117	160	181	190	355	N/A	383	419	429	430
Yearly New Built Platforms	43	21	9	165	28	N/A	36	10	8	8

In 2020 was planned with 11 new structures as opposed to actual is 8 new platforms to be built. (Petronas Base Case Scenario). The projects were shared between MHB and SapuraEnergy. THHE was not part of the projects awarded by Petronas. THHE were not having fabrication works since 2015. In between 2012 and 2015, THHE was awarded with offshore structure fabrications and the employees were increased from 110 to average of 500 employees to complete the projects and the operating cash flow margin was healthy as shown in Table 2.6.

The Engineering, Procurement, Construction, Installation and Commissioning projects are cyclic and affected by economic position of the world oil prices. The Project Management team size is relatively small compared to competitions. There is a limited to have a diversified skilled team who are permanent employees and contribute to the diversification of new business. Furthermore, the marketing strategy of the group branding has to be improved to promote diversified business model of THHE.

Table 2.6 Operating Cash Flow against Numbers of Staff between 2012 and 2015

Year	Operating Cash Flow Margin (%)	Numbers of Staff
2012	8.96	463
2013	14.55	543
2014	2.03	553
2015	(76.45)	346

MMHE has total yard size 2,005,539 square meter compared to 226,624 square meter. The MMHE yard is approximately 8.8 times of THHE yard. MMHE Annual Fabrication Capacity is 129700 Metric Tonnes and has a capacity of 2625 workforces in year 2020 nationwide as per Table 2.8 reference. Therefore, THHE has more room to grow as per Table 2.7.

Table 2.7 Comparison of Revenue between THHE, SapuraEnergy and MMHE

Year	THHE Revenue	SapuraEnergy Revenue	MMHE Revenue
2011	22,841,640	1,900,685,000	1,907,894,000
2012	190,374,299	1,648,613,000	2,981,313,000
2013	259,932,186	5,697,102,000	2,599,870,000
2014	344,124,303	5,024,123,000	2,447,656,000
2015	100,500,614	6,324,119,000	1,994,742,000
2016	17,775,317	6,250,930,000	746,666,000
2017	5,396,890	3,586,485,000	591,325,000
2018	2,584,694	3,145,045,000	651,451,000
2019	57,556,312	2,700,193,000	578,632,000
2020	61,919,127	4,499,327,000	1,204,503,000

Table 2.8 THHE, SapuraEnergy and MMHE Workforce

Year	THHE Workforce	SapuraEnergy Workforce	MMHE Workforce
2016	121	Not Available	2835
2017	96	Not Available	2107
2018	84	Not Available	2071
2019	111	4355	2134
2020	107	4194	2625

2.3 PROBLEM DEFINITION

Financially THHE was recording a large revenue as per Table 2.7 and have limited specialized employees per Table 2.8 in the field of fabrication comparing to MMHE and SapuraEnergy. THHE has to propose regularization plan before 22 Oct 2021 and debt restructuring is for THHE Fabricators Sdn Bhd and O&G Works Sdn Bhd.

MMHE has annual capacity of 129,700MT and THHE in proportion will be able to handle 14,730MT. With MMHE recorded 2020 revenue as per Table 2.9 of RM1,204,503,000 for 129,700MT, it is equivalent of RM9300 per metric tonnes of capacity. Hence with the capacity of 14,730MT x RM9300/MT = RM136, 989,000 annual revenue expected for THHE in ideal conditions.

Table 2.9 MMHE Actual Revenue versus THHE Expected Revenue

	MMHE Revenue (RM)	THHE Expected Revenue(RM)
2011	1,907,894,000	216,806,136.40
2012	2,981,313,000	338,785,568.20
2013	2,599,870,000	295,439,772.70
2014	2,447,656,000	278,142,727.30
2015	1,994,742,000	226,675,227.30
2016	746,666,000	226,675,227.30
2017	591,325,000	67,196,022.73
2018	651,451,000	74,028,522.73
2019	578,632,000	65,753,636.36
2020	1,204,503,000	136,875,340

2.4 PROBLEM DIAGNOSIS

THHE had been awarded projects at the lower oil price and the oil price Table 2.10 spiked had resulted the increase of cost of materials. Due to the spike of oil price and increase material cost, the profit was affected and consequently increase the financial liability although the Operating Cash Flow margin Table 2.12 was positive between 2011 to 2016 except 2011 and 2015 which were negative.

Table 2.10 Brent Crude- Historical Annual Data

Year	Average Closing Price	Year Open	Year High	Year Low	Year Close	Annual % Change
2021	$68.78	$50.37	$84.67	$50.37	$84.13	64.25%
2020	$41.96	$67.05	$70.25	$9.12	$51.22	-24.42%
2019	$64.28	$54.06	$74.94	$53.23	$67.77	34.01%
2018	$71.34	$66.65	$86.07	$50.57	$50.57	-24.22%
2017	$54.71	$56.82	$66.80	$44.82	$66.73	17.44%

Year	Average Closing Price	Year Open	Year High	Year Low	Year Close	Annual % Change
2016	$45.13	$37.22	$56.82	$27.88	$56.82	52.41%
2015	$53.03	$55.38	$66.33	$36.11	$37.28	-32.55%
2014	$98.97	$107.94	$115.19	$55.27	$55.27	-49.73%
2013	$108.56	$112.98	$118.90	$96.84	$109.95	-0.77%
2012	$111.57	$111.12	$128.14	$88.69	$110.80	2.51%
2011	$111.26	$95.82	$126.64	$93.52	$108.09	15.94%
2010	$79.61	$79.05	93.63	67.18	93.23	19.66%

Table 2.12 THHE Operating Cash Flow Margin

Year	THHE Operating Cash Flow Margin (%)
2011	(3.64)
2012	8.96
2013	14.55
2014	2.03
2015	(76.45)
2016	465.22
2017	609.37
2018	(6027.61)
2019	(35.05)
2020	(31.70)

Due to the organization financial stability, this study has included the Interest Coverage Ratio (ICR) and ICR is a solvency check for the organization. In simple words, the ratio measures the number of times interest can be paid with the given earnings of the company. However the result Table 2.11 has shown that THHE was not financially stable and resulted in Practice Notice 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The subsidiary companies affected by the debt restructuring are THHE Fabricators Sdn Bhd (THF) and O&G Works Sdn Bhd (OGW). Therefore with the proposed regularization plan, THHE will be back into business. The proposed regularization plan is expected to be presented by 22 Oct 2021.

Table 2.11 Interest Coverage Ratio of THHE

Year	Interest Coverage Ratio
2011	(2.04)
2012	(1.68)
2013	(0.13)
2014	(4.64)
2015	(1.51)
2016	(1.93)
2017	4.38
2018	3.48
2019	4.15
2020	(1.37)

THHE requires projection of expected revenue to continue investing personnel specialization and plan to ensure sustainability. The organization has to consider adaptability of employees to innovate and flexible to take on the challenges. The team should have a detail orientation which expects the employees to exhibit precision, analysis and attention to detail when they bid for projects and project execution to ensure safety and cost is uphold and ensuring organization makes profit. Hence the organization can focus on result oriented when they undertake any projects and consider people and customer relationship within and outside the organizations. Then it has to consider a team collaboration to make the best of the outcome of the projects without cost overrun and uphold the integrity of customer facing employees. Management concerned with high productivity, regardless of the impact on employee morale or turnover.

The organization culture is difficult to change and notable change can take a long time. It is essential for survival of the company. Culture as an asset because it can contribute to an organization bottom line. There are many cases of business success stories because of excellent organization cultures.

THHE has to consider types of business risk examples Strategic Risk, Compliance Risk, Operational Risk and Reputational Risk.

2.5 ANALYSIS

The interview was organized between Group Human Resources General Manager Mr. Roshidi Mat Saad and the data were collected.

There are no expected 3-5 years projections available during the interview. The manpower increased to 182 personnel for 2021 and 2020 was 107 personnel. Increased personnel due to ongoing shipbuilding projects. Tender preparations are mandatory to be prepared by permanent employees. Due to confidentiality and secrecy issues, contract employees are not involved in costing and pricing of final bid proposal. Company will ensure key permanent employees will be handling important projects and maintaining the key personnel.

The hiring cost for Contract for Services for direct roles will increase based on availability of projects. The Contract of Services are direct and indirect employees. Direct roles are Key Management Team, Engineering, Procurement, Quality, Health, Safety and Environment (QHSE), Finance, Supply Chain Management, Legal and Secretarial Services, Human Resource and Administration and IT Corporate Service. Permanent and contract employees are quided by Human Resource Policies, Code of Conduct and Ethics, Anti-Bribery and Corruption Policy, Remuneration Policy and Procedure, Industrial Relations- Domestic Inquiry Procedures, Administration Standard Procedures and Whistleblower Policy.

The level of manpower requirement is direct relations to total revenue of the company. Strategic groups have larger revenue and manpower compared to THHE as shown in Table 2.7 and 2.8.

Table 2.7 Comparison of Revenue between THHE, SapuraEnergy and MMHE

Year	**THHE Revenue**	**SapuraEnergy Revenue**	**MMHE Revenue**
2011	22,841,640	1,900,685,000	1,907,894,000
2012	190,374,299	1,648,613,000	2,981,313,000
2013	259,932,186	5,697,102,000	2,599,870,000
2014	344,124,303	5,024,123,000	2,447,656,000
2015	100,500,614	6,324,119,000	1,994,742,000
2016	17,775,317	6,250,930,000	746,666,000
2017	5,396,890	3,586,485,000	591,325,000
2018	2,584,694	3,145,045,000	651,451,000
2019	57,556,312	2,700,193,000	578,632,000
2020	61,919,127	4,499,327,000	1,204,503,000

Table 2.8 THHE, SapuraEnergy, MMHE Workforce

Year	**THHE Workforce**	**SapuraEnergy Workforce**	**MMHE Workforce**
2016	121	Not Available	2835
2017	96	Not Available	2107
2018	84	Not Available	2071
2019	111	4355	2134
2020	107	4194	2625

The advantages of hiring a permanent employee will instill loyalty and an organization making commitment to hire an employee can result in obtaining loyalty from employees. This loyalty can result in higher productivity. Hence loyal staff members will be more amenable to taking on additional roles where required and this provides various learning opportunities for staff and a flexible, diverse workforce for the company.

The company will benefit from the permanent employee and the biggest draw card to permanent employment is that of job security and company benefits. These benefits often include a performance based bonus, medical aid contribution, car allowance and garage card, preferential rates at financial institutions, training, sick leave, holiday pay, provident fund, and death and disability benefit. These additional parts of the cost-to-company can dramatically reduce the employees' outgoing expenditure and increase their monthly disposable income.

In contrast the advantages of hiring a contractor will reduce costs: The attraction of hiring an independent contractor is the reduction of costs associated with expenses, payroll, benefits, and other cost-to-company overheads. This is especially true in the short term.

With no medical aid contribution, this advantage merits will have separate mention. A significant burden, especially on smaller businesses, is the cost of employee health benefits. According to a national survey conducted by Mercer on employer sponsored health plans, the average total cost of health benefits for a U.S. employee was $10,558 per annum in 2012. In South Africa, private healthcare policies vary considerably in price, depending on their scope and the percentage coverage, but generally cost from R1,000 to R2,000 per month for basic coverage, although these costs are significantly higher for comprehensive cover. Many companies pay a percentage of employees' health insurance costs, ranging from 50 to 100 percent, and extend the coverage to the employees' immediate family members.

Indeed hiring an independent consultant offers flexibility to the changing work demands of your company. With a contractor, an organisation has the ability to grasp added opportunities as they arise, and during slow periods, have greater cost control. A contract workforce often comes fully trained and highly specialised. If you went through the process of adding staff to your organisation, you have to follow the rules prescribed by human resources with regard to coaching, disciplining, documenting, and terminating employees. It is rarely as easy as sending a contractor home for good – put simply, if the resource does not fit into the organisation, s/he is easy to remove and replace.

The time and costs spent sourcing to hiring contractors are no lengthy and costly recruiting process. You will more likely move rapidly through the entire process; from job posting, to candidate review, to interview, to hiring, within a matter of hours or days.

Contract resources do not have to be managed by the company (line management function) and the traditional HR function is taken care of by the individual themselves or the contracting house, where applicable. The company only needs to manage the contract resource from an output perspective.

However the disadvantages of hiring a permanent employee is the additional extra overhead has to incur. Each additional employee augments the costs of employee benefits and payroll to the company. In smaller companies, adding to the staff complement may eventually require a larger office space and the purchase of equipment.

In the case of separation, it can be very difficult to dismiss someone, and the looming threat of time-consuming and tiresome. Performance management of employees is an ongoing process, whereas independent contractors will often require less management due to more motivation from being self-employed.

The disadvantages of hiring a contractor is the higher rates charged by a contractor is often significantly higher than the salary paid to a permanent employee, as they do not get to enjoy the additional benefits offered to full time employees and need to cover all their expenses themselves. For the business, hiring a contractor may work out to be cheaper as a short term solution, but in the long run it is often less expensive to permanently employ.

There is also possible loss of intellectual property when hiring contractors. It brings the added risk of loss of intellectual property when the contractor leaves. Historical experience, contractors tend to get antsy, “check-out”, and start looking for alternative positions long before their contract comes to an end. The anxiety is compounded as many larger companies tend to renew contracts at the last minute.

More importantly the lack of Return on Investment (ROI) in some circumstances, it may make financial sense to choose a contractor over a permanent employee, as the company is not committed in the long term, there is also the question of the unquantifiable investments made through time spent on the resource. All resources, contract or otherwise, have to get to know the organisation, and should a contractor be replaced, this process has to start all over again.

2.6 ALTERNATIVE SOLUTIONS

THHE will have to keep the overheads at the minimum of 182 employees until the fabrication market pick up and continue to renewing the contract of services yearly to its employees. This is the time to consider evaluation of past projects with overrun cost to study the consequences of new design methods that could save additional cost and increase the profit margins.

Most importantly it helps to remodel the conventional design which may weigh less, cost effective and low operation management at offshore or onshore due to hazard environment which may require to shut down the production and it will loss productive time when revenue is utmost important to avoid any liquidated damages.

THHE was an affected listed issuer pursuant to the amended Practice Notice 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The subsidiary companies were affected by the debt restructuring are THHE

Fabricators Sdn Bhd (THF) and O&G Works Sdn Bhd (OGW). The proceeds were utilized on capital expenditure, working capital, repayment of debt, and defray estimated expenses in relation to the corporate exercises. In September 2015, total gross proceeds of RM275,000,000 was raised from the issuance of 1,100,000,000 Islamic irredeemable convertible preference shares (ICPS-i) at an issue price of RM0.25 for each ICPS-i on the basis of 16 ICPS-i for every 15 existing ordinary shares of RM0.25 each held in the Company. However the proceed should focus on the repayment of debt to ensure THF is on track. THF has huge lists of EPCIC track records that will be able to keep THHE afloat if the project costing and design is well controlled to ensure no overrun of cost that may affect the profit margin.

The engineering department has to be innovative on new design that is cost effective and within the requirement of PETRONAS Technical Standard (PTS). Even though there is a new proven design in the market which prevent downtime on failure and maintenance, THF team has to discuss with PETRONAS design team to highlight the importance of new design because PTS has to be updated in this fast pace technology advancement. Therefore, the corporate level should encourage and acquire new technology that will help to deliver cost effective fabrication in Malaysia and be the pioneer in introducing new innovative design to major oil companies. The initiative will help THHE to become a differentiator focus and leader in fabrication and not just cost effective project but deliver quality workmanship and uphold engineering expertise.

The strategic business model is to diversify into related steel structure fabrication industry and with the joint share of THHE Fabricators Sdn Bhd ("THF") and Destini Shipbuilding and Engineering Sdn Bhd, ("Destini") being awarded a Letter of Award from the Government of Malaysia on 18 January 2017 for the Supply, Delivery, Testing and Commissioning of 3 units of Offshore Petrol Vessels ("OPVs") for the Malaysian Maritime Enforcement Agency. The contract value was RM738.9million. Prior to the award, THF and Destini have updated the quality standard required by the marine industry. Due to the cost effective human capital at this stage, the group is in good position to win projects with correct cost in place. This project will enable the group to understand the strategic model of marine design and fabrication. It will be the footprint to go international market and promote the group with the innovation. Furthermore, the existing engineering team in THF is deployable to assist the new team and hire contract staff to support the mechanical and electrical installation which are prepared according to the Construction Drawing. These efforts will maintain the existing team with work and keeping them for future oil and gas projects because the key management team is the heart of the company to deliver successful project deliverables.

Indeed the workable business model with Main Contractors for India's Oil and Natural Gas Corporation ("ONGC") for international projects such as AFCONS Infrastructure Ltd ("AFCONS") to secure the subcontract of USD9.7million for the fabrication of piles related to Offshore Process Platform for the development of KG-DWN-98/2NELP Block offshore east coast of India in 2019. It helps to dampen the impact of administration cost because of the existing team due to the fact that THF and OGW are not in position to acquire main projects from major oil companies due to confidence to deliver project successfully due to PN17 status.

Creating and sustaining culture with leaders hiring employees who are in line with the goals and objectives. Employees should be indoctrinated to accept the organization culture that demonstrate professionalism and integrity in fulfilling the project obligation. To keeping the organization culture alive, hiring management has to identify and hire individuals with the knowledge, skills set and abilities to perform successfully. Hiring permanent and contract staff have difference in performance and attitude.

“We prefer to recruit permanent staff as we have found they offer higher levels of commitment,” said Ben Dale-Gough, Site Operations Manager at D&G Brigton. The theory is permanent staff accepts the company’s goals and values, the employees are aligned with the mission in order to progress within the organization with their transferrable skills. Hence the business model allows the organization to forecast future projects and expectation and benefits of employing permanent employees.

The permanent staff can increase customer service level and continues to learn about the company’s products and services. Hence they will be an asset with invaluable experience in dealing with different types of customers.

When deciding between outside help and internal staff increases, always keep in mind the additional costs associated with the hiring of employees, and the higher costs of employing a contractor in the long term. Once the cost factor is weighted, remember the intangibles, like flexibility and loyalty, to the organization. Recorded placement ratio is 80:20, permanent versus contract placements.

In our experience, contracting excels when there is a specific, once-off project, with firm timelines. Similarly, if there is unlikely to be any post-project work requirements, then it certainly makes sense to hire a contractor.

On the other hand, well selected permanent employees frequently prove to be more reliable, work harder, and offer a higher degree of commitment to the organization. Whether you choose to hire a full-time employee or an independent contractor, remember, it all comes down to finding the right people who "fit" your organization.

From the interview and information, Legal Advisory Industrial Dispute Department of Malaysian Employers Federation (MEF), any continuously renewed contract can be considered as a permanent employee of the company. Regardless if being given a cooling period or not, it can remain as a dispute and can be considered as a continuous contract since he is appointed as a key personnel in the company. This means that he gains the same benefit as a permanent employee and is protected under the employment labour laws.

2.7 EVALUATION OF ALTERNATIVES

THHE will have to keep the overheads at the minimum of 182 employees until the fabrication market pick up and continue to renewing the contract of services yearly to its employees. This is the time to consider evaluation of past projects with overrun cost to study the consequences of new design methods that could save additional cost and increase the profit margins. Due to the fact that most designs are in accordance with PETRONAS Technical Standard (PTS), the standard has to be updated frequent in line with the innovation of new proven technology that reduce downtime and maintenance cost. Most importantly it helps to remodel the conventional design which may weigh less, cost effective and low operation management at offshore or onshore due to the hazard environment which may require to shut down the production and it will lose productive time when revenue is utmost important to avoid any liquidated damages .

In addition, THHE has to prioritize the submission of the Proposed Regularisation Plan on 22 October 2021 to ensure THF and OGW are active and in preparation to the surge of EPCIC work due to the expected world oil price to increase and major oil companies will be investing heavily in anticipation of huge revenue in short time frame. THHE will however require to propose capital reconstruction exercise involving the proposed issuance of new ICPS-I and a capital reduction and amalgamation exercise for which the quantum has been finalized and proposed acquisition of a subsidiary and/or asset which will be identified later.

The strategic business model is to diversify into related steel structure fabrication industry that will increase the revenue and increase the operating profits. THHE has to explore steel fabrication works for commercial vessel, locomotive manufacturing, rail tracks, windmill turbine steel structure and etc. The offshore and onshore windmill projects are booming at the moment and annual investments in the industry are projected to grow to USD94bn by 2023 according to Deloitte Global Results.

2.8 RECOMMENDATIONS

Diversify to other industries with the next business strategy as per the THHE Destini Sdn Bhd business model. Moving forward the restructuring process for THHE and OGW have to be acted wisely to ensure the track records of the company is not lost due to closing of business entity.

Theories of Economic Organization. Contingency theory provides a motivation for an organization in misfit to move into fit: to gain the higher performance that fit produces (Burns and Stalker 1961; Woodward 1965)

An increase in the degree of technological advance (Woodward 1965) requires surplus resources to pay for the new capital equipment and employee training. Diversification involves acquiring a new business or internally generating new products or services (Rumelt 1974), so that diversification requires surplus resources to acquire firms or to pay internal development cost (Chandler 1962).

Competitor Analysis and Interfirm Rivalry. Theory-based constructs: market commonality, developed from the literature on multiple-point competition, and resource similarity, derived from the resource-based theory of the firm. The joint consideration of these two constructs shows the complementarity of these two prominent but contrasting strategy theories. Each firm has a unique market profile and strategic resource endowment, and a pair-wise comparison with a given competitor along these two dimensions will help to illuminate the prebattle competitive tension between these two firms and to predict how a focal firm may interact with each of its competitors. The idea of competitive asymmetry is introduced, that is, the notion that a given pair of firms may not pose an equal degree of threat to each other. To illustrate competitor mapping, measures of these two constructs are proposed, and an example is offered. The article ends with a number of implications for research and practice.

Hold discussion with oil operators on the Umbrella contract with the support of Ministry of Finance to organize a minimum projects to support the oil and gas fabrication industries. The umbrella contract will be able to sustain the existing overheads. The formation of business level cooperative strategies with complementary alliances creating sharing of resources and projects among the strategic groups due to inconsistency of fabrications projects availability as shown below from PETRONAS projects.

2.9 IMPLEMENTATION PLAN

Formation of business strategic alliances and diversification to be assigned to strategic business unit lead by the corporate level management. The corporate management will have to emphasize and update the mission statement and design the new vision for the company's long term goals of an organization. The mission will remain underutilized when the improvement on organisation's success productivity and performance if do not focus on the mission statement.

The scope of an organization's activities has to be refocused with the concerns on THF and OGW on the outcome of restructuring. The differentiation and advantages over the competitions have to be clearly emphasized to the strategic business unit to ensure to address the changes in the business environment and customers are well informed of the new vision. The organization has to rebuild the resources and competency to fit the organization. It is to ensure the support with values and expectations as part of the strategic changes to the organization.

The changes are expected to be complex and stakeholders may foresee uncertainty to the future of the organization. The complexity will affect the routine operational decisions and it has to be integrated and it will involve immediate changes.

2.10 CONCLUSION

Manpower management by Human Resource Department in line with the organization when the company is financially and operationally managed quality to minimum damaging image. When the external parties make known of the complexity of the organization culture, it will have strong impact and reluctant to award in future any large projects when company is having the financial issue and more critical it relates to a Bursa listed company. It has to follow the standard rules and regulation to ensure investors and shareholders are protected from any discrepancies or default that could jeopardise image of an image of Bursa Malaysia. The company was already having financial issue since 2011 when the company was listed. It continued to have challenging issue to overcome the interest financing. The lower ratio indicated that less operating profits are available to meet the interest payments and is vulnerable to volatile interest rate.

Manpower management and planning are related to conditions of the company whether likely to acquire new projects with low profits, it will have impact over the operating profits and cost control over the selection of candidate. However project costing is crucial at the bidding stages to ensure avoiding low bid and later found out was a loss making project due to wrongly included primarily cost.

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The undersigned certify that the above candidate has fulfilled the condition of the project paper prepared in partial fulfilment for the degree of Master of Business Administration.

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