

Corporate Profile and Strategic Role of ADNOC in the UAE

Posted on October 2, 2018

Corporate Profile and Economic Role of ADNOC

ADNOC is one of the leading oil and gas companies in the United Arab Emirates. ADNOC is the leading energy provider in the UAE, and it is considered a catalyst for the growth and diversification of Abu Dhabi's economy. According to the facts and figures, ADNOC produces around 3 million barrels of oil per day. Moreover, they refine crude oil and raw gas. They have a very well-established marketing and sales department for the buying and selling of petrochemical products. ("UAE Environmental Policies," 2010; "Healthy Global Economy," 2018; "ConocoPhillips and ADNOC Joint Venture," 2009; "ADNOC Humane Initiative," 2013; "Pipeline Corrosion Conference," 2013)

Sustainability Strategy and Institutional Responsibility

ADNOC ensures the future success of this petrochemical business, which is why they have planned most of their strategies before time, and they are always one step ahead. When all the concern becomes institutionalized at a global level, human beings need definitions in order to understand the beneficial financial and non-financial actions and reactions. The concept of sustainability has held unique significance throughout history. The idea of sustainability is precise and clear, which states the development of the future in order to secure it for the next generation. Every year, a sustainability report is issued by all the highly organized companies, which gives everyone a clear understanding of certain monetary and non-monetary aspects. The major portion of a sustainability report includes highlighting all the facts and figures, strengths and weaknesses, social and economic benefits, environmental aspects and ethical responsibilities of the organizations. ADNOC sustainability reports each year give a vivid idea of these aspects. Every sustainability report holds unique significance because every year, there are changes and developments that are usually quite different from the previous year. The ethics and the norms which an organization holds are really important as they define the beliefs and ideas of that organization.

Environmental Protection and Risk Management

As a petrochemical organization, the protection of the environment becomes the most important responsibility. However, as far as ADNOC is concerned, it is passionate about developing

environment-friendly products. They deliver reliable and safe products to their customers. ADNOC has reached the heights of success by keeping in mind the needs of its customers as well. As a part of the petrochemical organizations, ADNOC always measures the risk factors before starting any new projects and ruling out the impact of that project on the environment. Once they have figured out everything, they make sure they know all the procedures required to manage these environmental risks. When an organization deals at an international level, it becomes their ethical responsibility to rule out all the environmental risk factors. ("Arcadis ADNOC Consultancy Contract," 2017) The analysis of the environment does not stop. It is a continuous process for a petrochemical organization like ADNOC. In order to work in sensitive areas, executive approval is required before the project actually begins, and it is necessary to initiate the environment analysis procedure so that the company knows how to manage everything. In the past few years, ADNOC has undertaken some marine biodiversity projects around the UAE. These marine coral reefs and mangroves are more common in the UAE and also hold a unique significance as a part of the Earth's ecosystem. In order to sustain environmentally friendly products on the specific coastline, certain disciplined environment-friendly rules and strategies have been implemented. The UAE has always been on the front end when it comes to unexpected climatic changes; however, these changes are quite negotiable, which means ADNOC plays a very important role in supporting the policies which encourage the encountering of environmental risk factors in order to provide a better and safer environment for everyone. With a rapid increase in the demand for energy products, ADNOC is taking every possible step to make sure they serve their customers right, as it is an ethical responsibility to make sure the companies prioritize their customers. The changes in climate are not always friendly, which requires proper planning in order to plan any further projects. A significant portion of the money is donated by the ADNOC to certain education departments that do proper research about the risk factors related to the changing environment and deal with other domestic and foreign issues. In order to study the effect of their products on the environment, a detailed study of the warming effect of methane and nitrous oxide was observed. First of all, their individual effect on the environment was studied, and then their combined effect on the environment was analyzed. The majority of these emissions are in the form of fuel, which is either a part of the factories or the combined fuel combustion. For future reference, the ADNOC is planning and working to increase the efficiency of the energy while reducing flaring and any other harmful emissions. Moreover, the research and development team is working together to make sure that they have better monitoring technologies to control the emissions. Each year, an analysis is carried out. This analysis includes the effect of the petrochemical products on the land and water. The spill of these products is the top priority of the investigation. The first thing that needs to be done is to outline the procedure and all the primary equipment which are involved in the transportation and also the manufacturing of these products. ADNOC provides crisis management training to their employees in case of any chaos or trouble caused by any of these product wastages or misuse as well. Water is really important for this industry, and in order to make sure that there is enough water for everyone around, they use secondary sources instead of the major sources. The assessment of tradeoffs is a really important factor in this particular scenario. Moreover, the company has an even better and more organized pattern for the disposal of waste products. Of course, these products contain a very large proportion of harmful material, which is why the best thing to do is

dispose of the waste products at a place where there are no living bodies around in that area. The management of waste disposal is actually a priority because it becomes an ethical duty of the company to make sure no one's safety, health, or privacy is being compromised because of them.

Social Responsibility and Workforce Development

ADNOC has always been concerned about social responsibility since the beginning of the company. ADNOC believes in empowering its people and the resources that are available to the company. The company deals at a higher level, which means that there are not enough trained employees who are professionally suitable for the kind of jobs they offer. ADNOC has always focused on giving the right people the right jobs because they believe in perfection in everything they do in this company. It is both an ethical and business strategy to train the employees so that they are suitable for the jobs they are supposed to do. They believe in developing a long-term strategy for training at the workplace. The training programs are viewed regularly, and structured features are implemented for the employees. The most important issue is the relationship between the employee and the employer. ADNOC puts greater emphasis on maintaining good relations with the management and the employees. A proper strategy is applied to make sure that the employees get suitable career development, and not only that, but they also mention all the underlying problems that the employees deal with both in their professional and personal lives. Each year, the performance review of the employees is comparatively better than the previous year's performance. The nature of this petrochemical industry requires a high level of consistency and commitment at the work site, which is why the company hires professionals very carefully, and there is a whole procedure they have to follow. Another important element of this company is its management and all the issues it deals with in its day-to-day dealings.

Employee Rights and Grievance Management

There have been certain cases where the management at the ADNOC needed the grievance for employee confidentiality purposes. There is a committee that has been specifically formulated to deal with human rights and employee security. This committee oversees all the issues related to the labour and the employees. ADNOC uses the UAE laws for Labor as a template to implement these laws in the company. The principles have been formulated to make true and fair decisions. These principles are also used during investment making decisions. The labour association in the company is also another important element that is used to practice all the ethical codes and norms in order to avoid problems related to the human rights department. To make sure that the employees have proper information about these human rights principles and issues, they are currently providing training to staff members. As an international organization, it becomes an utmost duty of the part of the organization to make sure everyone follows all the implied rules. Child labour is strictly prohibited in ADNOC. Moreover, if any of these human rights are violated, the company firmly takes a step to make sure nothing like that happens ever again on the part of the employee and the company. Other

than that, ADNOC does not believe in hiring anyone who is underage or not legally allowed to work anywhere. According to the sustainability reports of the past five years, there was no evidence of any cases which involved human rights violations, child labour or forced underaged labour. Moreover, there is no racial discrimination allowed, and a lot of people who belong to different sects, religions, and identities work at ADNOC. The company provides security to their employees at work sites since there are a lot of harmful products that are used and produced. It is because of the support from the ADNOC that the armed forces of the UAE are able to receive the cargo on time and also without any damages. There were no claims of negligence from any clients which they have been dealing with for the past few years.

Employee Retention and Training Costs

As the company has been hiring and firing too many employees in the past years due to professionalism issues and there are not too many employees who are efficient enough to fit in the working environment, the company is spending a considerable amount of money as an indirect expense on the training of these employees. They need to stick to the employee retention plans in order to avoid the high turnover rate and spending the same amount of money over and over again on employee training. It is a known fact that if the company hires new employees more often, the productivity of the company also slows down, which is not what they want. They need to balance and compromise by adjusting the expectations they have from the employee as soon as he starts working since perfection can never be achieved overnight. Moreover, they should adjust the emigrant workers in their company as well. It will not only help keep migrant workers satisfied but also create a much-needed balance in the company.

Strategic Evaluation and Recommendations

The analysis of the sustainability reports of each year, ADNOC has a really good financial performance, the revenue generation and the profit generation have not really been an issue as ADNOC is considered the backbone of the economy of the UAE however there are certain issues which can be a threat to the goodwill of the company. The company needs to focus more on employee retention instead of spending money on the overheads and increasing their indirect expense. It can be referred to as a management issue that the management department needs to review and make adjustments for future reference. Training and skills departments should not overlook migrants as they, too, require the same amount of effort, and as has already been mentioned, this is a much-needed adjustment in order to create balance in the company. ADNOC needs to make sure that they find a suitable man for the job so that the employees become the asset they hope for and not a liability to the company.

References:

- UAE made significant progress towards establishing its own environmental policies, Al Hamili. (2010, March 2). WAM – United Arab Emirates News Agency. Retrieved from http://www.highbeam.com/doc/1G1-220094541.html?refid=easy_hf
- Arcadis Lands Major Adnoc Project Consultancy Contract. (2017, June 12). TradeArabia (Manama, Bahrain). Retrieved, from http://www.highbeam.com/doc/1G1-500601635.html?refid=easy_hf
- Healthy Global Economy Pushing Up Energy Demand: ADNOC CEO. (2018, January 12). WAM – United Arab Emirates News Agency. Retrieved, from http://www.highbeam.com/doc/1G1-522626065.html?refid=easy_hf
- ConocoPhillips and Abu Dhabi National Oil Company sign the Shah gas field joint venture and field entry agreements. (2009, July 12). Mena Report. Retrieved, from http://www.highbeam.com/doc/1G1-203464408.html?refid=easy_hf
- Adnoc Honoured for Humane Initiative. (2013, December 25). Khaleej Times (Dubai, United Arab Emirates). Retrieved, from http://www.highbeam.com/doc/1G1-353938454.html?refid=easy_hf
- Abu Dhabi will host the International Conference on Corrosion of Oil and Gas Pipelines on Sunday. (2013, February 23). WAM – United Arab Emirates News Agency. Retrieved, from http://www.highbeam.com/doc/1G1-320035063.html?refid=easy_hf