

# THE IMPACT OF ONLINE WORK ON THE OPERATING COSTS OF PETROLEUM DEVELOPMENT OMAN

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## Abstract

This study is about the effect of online work on operational costs in Petroleum Development (PDO) Oman, which is the leading company in the field of oil and gas exploration and production in the Sultanate of Oman. It is the company responsible for producing the largest proportion of oil and natural gas in the country. This research seeks to explore the benefits and problems facing the development of Petroleum Oman from the remote work policy in affecting operational costs, as remote work is a reality that imposes itself after the current crisis has passed, which will ultimately be reflected in reducing the company's financial burdens. This research will use scientific methods, both qualitative and quantitative, through interviews and distribution of survey questionnaire to selected employees of PDO, to obtain results and make recommendations for improvements of remote work in the company; and improving financial performance through reduced operational costs.

*Keywords:* online work, operational costs, remote work, PDO online work

## Introduction

Petroleum Development Oman in the Sultanate of Oman leads oil and gas exploration and production firms. The company is in charge of producing the majority of the country's crude oil and natural gas. In addition, most importantly, it focuses on achieving distinction, prosperity, and building long-term value both inside and beyond our sector. Moreover, the company aims to follow good neighborly principles and works for a sustainable strategy that considers the environment. Through free fair procurement, it also aims to negotiate with contracting firms with transparency and integrity.

## Statement of the Research Problem

After the spread of the corona virus, COVID19, the researcher has noticed that governments, companies, and individuals have been searching for alternatives to cope with the new situation. One of the alternatives implemented to reduce the spread of this renewable virus is distance working or online work. Online work is followed by government and companies to prevent its spread between their employees. However, the implementation of distance work from home, as a new strategy, has created some impacts on the companies. These impacts could be positive or negative as well as financial and/ or operational effects. PDO is one of the high prestigious companies in the petroleum field in Oman. It is believed to be affected by the current situation of the spread of COVID19. The researcher noticed that operational costs is one aspect that may be affected directly by online work from home. In lieu, the researcher decided to explore the impacts of online work on the operational costs in PDO.

## **Aim of the Study**

The study aims to explore the effect of online work on the financial performance of the company, and examines the attitude of employees in working remotely; and the issues and challenges they faced due to online work. In this study, the researcher does not present a problem, but rather a phenomenon that compels companies to work remotely. The researcher looks for the effect of remote work on operating costs in Petroleum Development Oman.

## **Research Objectives**

This research aims to achieve four objectives which are:

- 1) To evaluate how PDO is adapting to the online work approach.
- 2) To identify the operating costs of the company as being affected with the switching to online work approach.
- 3) To evaluate the impacts of online work approach on operating costs.
- 4) To evaluate the effects of online work on financial performance and on changes of operating costs.

## **Research Questions**

- 1) How PDO is adapting to the online work approach?
- 2) What are the operating costs of the company that were affected with the switching to online work approach?
- 3) What are the impacts of online work approach on operating costs?
- 4) What are the effects of online work approach on financial performance and on changes of operating costs?

## **LITERATURE REVIEW**

### **Remote work in the Corona pandemic COVID-19**

According to Ozimek (2020), the findings showed that the recruiting managers' remote work experiment went better than expected. Businesses are significantly increasing their plans for future remote hiring as a result of the perceived advantages of operating remotely, which would intensify the already upward trend of more remote work. According to Ozimek (2020) COVID-19 has wreaked havoc on the global economy by creating confusion and catastrophe. Take part in a massive trial. This experiment includes approximately half of the workers.

### **Operating Costs**

According to Szinai (2020) the analysis of a company's operational performance requires an understanding of its operating costs. Internal and external analysts must be able to define a company, consider the primary cost drivers, and evaluate management performance. The expenses paid by a company for its operational activities are referred to as running costs or operating expenditures. In other words, operating expenses are the costs borne by a company in order to carry out its business operations.

### **Importance of Operating Cost**

According to Weerasekera (2015) Operating costs are important and they can be used to evaluate a company's cost and inventory control efficiency. It highlights the amount of investment that a business would make in order to raise sales, which is the company's primary target. When a company's operating expenses as a percentage of revenue are higher than its competitors', it could mean that the company is less efficient at generating those sales. Looking at a company's opex has the disadvantage of being an actual number rather than a ratio. As a result, using it as a criterion to measure companies, though they are in the same industry, is irrational. They can, however, be very useful in the horizontal review because they can represent the company's past results.

### **Adapting to the Remote Work Approach**

According to Fleming & Pretti (2019) it's more important than ever to understand the dynamics of working from home (also known as remote working) as the context for work-integrated learning experiences. Thousands of students who were collaborating for organizations around the world were forced to operate from home as a result of the COVID-19 pandemic, with little to no time to prepare.

### **Impact on Operating Costs of Online Work**

According to Mouselli (2014) the internal control advantages include not only cost savings, but also improved protection by minimizing the number of trips to the facility, whether it is a substation for power transmission or storage, or a substation for a renewable energy station. Data centers, other businesses, or transit charging points, and decreasing the number of trips to the site increases the operator's efficiency and decreases risk, resulting in a decrease in the prices of the services provided.

### **Efficiency in Online Work in reducing the company's operating costs**

According to Diener (2020), leasing office space, paying utility costs, and keeping a physical office may all put a strain on finances. Allowing the workers to work remotely can help to reduce costs total. Working remotely is becoming increasingly popular in the United States. In 2005, 1.8 million employees in the United States reported they worked from home for half of the week. This number has risen to 3.9 million by 2015, and it has continued to rise since then.

### **Technology and Modern Technologies in Online Work**

According to Howley (2020), technology has a significant influence on online work. Almost any business activity may now be aided by an application, software, or platform, whether it's to support remote employee collaboration, improve customer satisfaction, strengthen corporate culture, increase revenue, or reduce costly inefficiency. If you aren't taking advantage of the benefits of technology, your business can quickly become stagnant or even worse, fall behind the competition.

## **Research Methodology**

### **Research Design and Research Methods**

The research design defines the criteria for the project. It defines exactly what will be included and what will not be included. It also defines the criteria by which the researcher evaluates the results and draws conclusions. The reliability and validity of a study depends on how the data were collected, measured, analyzed and interpreted. Therefore, both qualitative and quantitative data

will be used in this research, as they are appropriate research methods for the subject of the study, and thus successfully complete them.

### Population of the Study

The population of the project participants are PDO staff which consists of managers and staff of the Accounting and Finance Department who are familiar with the financial issues of the market and who are responsible for the company's cost and revenue calculations. The total population of the accounting department is 120.

### Sampling Technique and Sample Size

Financial officials and accountants are the population of the study. The target employee population is 120 this means that 49 or more measurements / surveys are required to obtain a 95% confidence level and that the true value is within 10% of the measured value surveyed. In this study, the researcher applies the random technique for choosing the sample group.

## DATA ANALYSIS

### Do you agree that online work is better than the usual work?

Table 1: Working online and normal work

Options	Responses	Percentage
Strongly disagree	4	7.4%
Disagree	10	18.5%
Neutral	20	37%
Agree	10	18.5%
Strongly agree	10	18.5%

In general, employees are neutral between remote work and regular work. This is because the employees in the accounting department at Petroleum Development Oman do not differentiate their work except it is the usual work, which is to come to the workplace or work remotely. Work from any location and at any time. Employees will now operate from about anywhere at any time of day. The traditional working day of 9 to 5 is no longer valid. You'd be in control of your own timetable and maybe more effective as a result. Working from home and the versatility it provides could be a good fit for the worker. Worker can do errands, drive the kids, attend school or sporting events, and so forth, as long as they finished the job and met any deadlines. Working remotely helps one to focus on the task at hand without being distracted by workplace gossip. They have the time to get into the zone and focus on finishing the task. (Soroui, 2021)

### 4.2.2 Are the operating costs of the company affected when switching to online work policy?

Table 2: Operating costs when switching to online work

Options	Responses	Percentage
Yes	42	77.8%
No	12	22.2%

A remote work policy is an important component of a successful contingency plan for ensuring organizational stability, efficiency, and job security. It is written in accordance with relevant national laws and rules, collective bargaining agreements, and the company's policies or terms and conditions of employment, and is subject to change in relation to emerging directives and requirements. (Berendt, 2018)

**4.2.3 Do you agree that technology and modern technologies have helped the transition to online work?**

Table3: Technology

Options	Responses	Percentage
Strongly disagree	7	13%
Disagree	0	0%
Neutral	11	20.4%
Agree	21	38.9%
Strongly agree	15	27.8%

Online work represents a necessary choice in these years to avoid stopping work in the company and through responses that technology represents a major role in the company’s taking a remote work policy through cloud services, communications, artificial intelligence technologies, visual communication software, file-sharing platforms and virtual private networks. Technology has a significant influence on online work. Almost any business activity may now be aided by an application, software, or platform, whether it's to support remote employee collaboration, improve customer satisfaction, strengthen corporate culture, increase revenue, or reduce costly inefficiency. If you aren’t taking advantage of the benefits of technology, your business can quickly become stagnant or even worse, fall behind the competition. In a world where organizations are rapidly investing in new workplace technologies and adopting the latest and greatest business tools, this can be incredibly detrimental. Ignoring future workplace trends and being hesitant to integrate technology in the office might offer the rivals a significant edge over your company. This may have a detrimental impact on employee morale, income, and give your company a bad image among customers. (Howley, 2020)

**4.2.4 How do you rate the average operating costs of the company when starting to online work?**

Table 4: Average operating costs

Options	Responses	Percentage
High	13	24.1%
Medium	35	64.8%
Low	6	11.1%

Through the responses of the employees, the researcher concludes that the average operating costs when the company switches to remote work is average, meaning that it is neither high nor low, as the researcher expects to be low due to the reduction of several costs and obligations.

The online work advantages include not only cost savings, but also improved protection by minimizing the number of trips to the facility. Decreasing the number of trips to the site will increase the operator's efficiency and decreases risk, resulting in a decrease in the prices of the services provided. (Mouselli, 2014)

## **RESEARCH FINDINGS, CONCLUSIONS and RECOMMENDATIONS**

### **To evaluate how PDO is adapting to the online work approach.**

Most businesses will rely heavily on advanced technologies such as Fourth Industrial Revolution techniques and artificial intelligence in the conduct of their businesses, as most major institutions and companies seek to take advantage of these technologies and platforms now, and also after "Covid-19," as most major institutions and companies seek to take advantage of these technologies and platforms. Working remotely to improve the efficiency of its business, reduce its costs and increase its productivity. PDO has depended on innovation, modern technologies such as artificial intelligence, evidence analysis, systems development, and cyber security, as well as changes in employment contracts, particularly those involving talents from outside the country. As a result, competencies will not need to travel to a certain nation to deliver their knowledge; instead, they will be able to give services remotely and from anywhere, with flexible work contracts and, most importantly, work that is done outside of working hours. Although the transition to remote working can be challenging at times, PDO has successfully adapted to this quickly and innovatively and is constantly seeking unique and innovative ways and means of remote collaboration.

### **To identify the operating costs of the company as being affected with the switching to online work approach**

Consider how much it costs to hire the people needed to sell and fulfill client orders, as well as how much it costs to keep the lights on in the office or factory. Rent and lease payments, office supplies, electricity expenditures, bank charges, and staff salary are examples of these sorts of costs. Legal and accounting fees, as well as sales and marketing charges, entertainment charges, and travel expenditures, may be included in these figures. This information should be organized in an accounting system so that reports and financial statements may be generated quickly. The researcher reached several conclusions through the previous review and discussion of the results of the study because the main problem that led to this research is that the remote work policy helps in reducing the operating costs of companies.

### **To evaluate the impacts of online work approach on operating costs.**

This research seeks to explore the benefits and problems facing PDO's development from the remote work policy in affecting operational costs, as remote work is a reality that imposes itself after the end of the current crisis, which will ultimately be reflected in the reduction of the company's work. Financial burdens, and ultimately it would reduce operational costs. The researcher used scientific methods to obtain results and make recommendations for improvements.

### **To evaluate the effects of online work on financial performance and on changes of operating costs.**

Specific financial formulae and ratios are computed as part of a financial performance study, which, when compared to historical and industry measurements, give insight into a company's financial state and performance. Through the employees' responses, the company's financial performance is affected when operating costs decrease, as this is positive for the company by

exploiting this to cover the company's financial burden. Moreover, remote work is important at the present time.

## Recommendations

The researcher recommends the following based on the findings of the study:

Support online work by providing all employee needs to work from home. For example, providing computers and their accessories to all employees, installing company systems in the devices and also increasing employee bonuses. Work environment the opportunity to work from home is frequently the work environment that provides workers with the most job satisfaction and work-life balance. If you can't provide your workers the option to work from home, make sure they have a pleasant working environment at your office. Modern technology and applications are important to support the improvement of online work, so the organizations that care about them should take care of them. For example, applications and technologies for working from home allow companies to effectively manage various aspects of their business activities, whether in the cloud or from any location, as these technologies are characterized by providing a package of communication and collaboration applications between team members and enhance productivity. Save data and reports from internet problems which are piracy and hacker. As it implements the highest security standards and processes to assist in preventing the leaking of any sensitive information received, it provides a high degree of security and confidentiality connected to the collection and use of personal information to its customers. Databases are also called safe data containers since they efficiently save and store data while also helping to safeguard and reorganize it, making them indispensable in huge corporations and institutions. It has a large storage capacity that can handle a significant amount of data.

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