

Is Trade Union Necessary in the Malaysian Oil & Gas Sector? A Case Study of Kemaman Supply Base Companies

Muhammad Hadry Mustafa *

*Graduate School of Business, USM,
Penang, Malaysia*

Email: muhammadhadry@student.usm.my

Elisha Nasruddin

*Graduate School of Business, USM,
Penang, Malaysia*

** Corresponding Author*

Abstract

Purpose: The aim of this article is to demonstrate how necessary is a trade union for the oil and gas sector in Malaysia which is not currently available and how it could play a role to guarantee good employment prospects, safe working conditions and job satisfaction, and above all, the protection of human rights.

Design/methodology/approach: The study was conducted through a case study of the oil & gas Kemaman Supply Base companies, comprising employees in management and operation positions, in Pahang, Malaysia, through non-participant observation and in-depth interviews. The data was analyzed in accordance with the four dimensions of the International Trade Union Confederation's Just Transition Framework: distributional impacts, intention, recognition, and procedural justice focusing on the requirement and necessity to have the trade union for Malaysia Oil & Gas Sector.

Findings: From distributional impacts standpoint, a trade union can assist in upholding of worker/human rights on matters such as career opportunities, working conditions, and job satisfaction. In addition, the intentions for a trade union are tuned towards specific employee welfare needs for better working conditions and equal rights. Next, from the point of social inclusion, the findings highlight the need for a transition that is fair for all stakeholders, including employees, businesses, and the government. From procedural justice standpoint, the collective bargaining process should be transparent, with no power abuse from any party.

Research Limitations: There are limitations to this study because the qualitative research concentrating on the four elements of just transition for Malaysia's oil and gas industry interviewed just ten people from the Kemaman Supply Base area. The findings may only be of interest to industry personnel and employers. It is suggested that future research could focus on the same topic, which is the rationale and ramifications for having a Trade Union in Malaysia's aforementioned industry. The future research should also focus on the route to build up the Trade Union. This should include the government, as they are responsible for the industry's regulations.

Practical Implications: This case study allows in-depth knowledge on the attitudes towards Trade Union and allows to gain a deep insight to answer the research objective. It contributes to understanding

how critical the Trade Union is in the midst of Malaysia's oil and gas transition into a low-carbon industry, with the emergence of clean energy such as solar, biomass and hydro power generation in the energy sector. Using the oil and gas industry as an example, this case shows how a trade union could strike a balance between social justice and environmental justice. The paper reaches the conclusion that employees, companies, and the government should collaborate to achieve environmental and social justice for 'just transition' to flourish within and outside.

Originality/value: The case environment demonstrated that it is necessary to build a means for trade union existence by integrating all dimensions. Nevertheless, focusing more on the social inclusion and procedural justice would be important for building a trade union in the oil and gas industry.

Keywords: collective bargaining, oil & gas sector, trade union, social justice, just transition

Classification: Case study

1. Introduction

The transformation of socio-technical systems such as the energy system is one of the most researched aspects of the transition to sustainability. As part of this growth, it has impacted global economic activities in other sectors with massive negative consequences and disappointing growth in oil-importing countries. This has had an impact not only on the supply and demand in the sector but also on the employees working in the sector. As a result of the ongoing recovery in the Malaysian oil & gas sector, many people have been laid off and forced to take pay cuts and fobbed off with unfair severance packages. The union will help these people working in the sector to protect their rights through collective bargaining.

Given the current situation in the industry, workers are forced to work under massive pressure to cope while debating the sustainability and security of their place in the companies. When oil prices rise, the increase causes some companies to take austerity measures such as cutting jobs, cutting some major expenses, reducing production, and lowering wages which leads to a reduction in the income of individuals and households (Kisswani, 2017). Understanding the impact not only affected the employee but also the company. The feasibility of a trade union to achieve balance for both parties, because of this industry's transition to a new environment is questionable.

Working people through their trade unions negotiate contracts with their employers to define their terms of employment, including wages, work life-balance, safety policies and standards. The collective bargaining process for resolving workplace problems can be practised through the trade union channel. Pay increases can be achieved through this strategy, as well. It is true that workers in unions benefit from greater pay, benefits and working conditions due to collective bargaining.

The research aimed at having an advocacy for a just transition to a new environment that includes renewable energy and a reduction in carbon emissions while minimizing the problems faced by workers and communities in Kemaman Supply Base, Terengganu, Malaysia's largest oil & gas hub, through trade union as a channel. In that manner, this study determined the extant of necessity for a trade union, and the elements that should be incorporated into its formation through collective bargaining.

2. Literature Review

2.1 Trade Union

Trade unions are groups of workers who have banded together to exert more bargaining power, to achieve common primary goals such as protecting the integrity of their profession, raising safety standards, and securing better working conditions and wages through collective bargaining power. If a proposed measure has the potential to enhance working conditions, unions will generally support it. Since energy and climate policies affect different industries differently, union opinions fluctuate depending on the sectors in which most of their members work in (Clarke and Lipsig-Mummé, 2020; Rathzel and Uzzell, 2011). The trade unions will be the driving force in assisting those who need to support the interests of their industry. Workers in all industries can avoid being lost in the transition of energy and climate policies by having a dedicated Trade union in the specific industry throughout the transition of any policies by the government.

Trade union acts as a channel to protect workers from being victimised by an employer especially during the economic desperate times with exercising collective bargaining which allows negotiations between the employer and the group of workers. Most of the countries in the world have their constitution guarantees to have the rights of their citizens to form and join a trade union with restriction limited to the countries act such as in Malaysia. Malaysia imposed laws relating to trade Unions in the Trade Union Act of 1959 and the Industrial Relations Act of 1967. These restrictive Trade Union Acts will not allow general union for workers (TRADE UNION ACT 1959 (ACT 262)). This means that to have trade union in oil & gas sector, the members must be only within the employees of specific the industry to such as the oil & gas sector.

Forming and joining trade unions in enterprises with at least seven employees is permitted by the trade unions Ordinance. Around 900,000 Malaysians or 6.3% of the country's 14 million workers were estimated to be union members as of July 2016 as stated from an interview with Malaysian trade Union Congress (MTUC) Director for Education Karupiah Somasundaram on 13 September 2016 Kuala Lumpur (Viajar, 2017). The trade union laws allow for labour representation, but the Industrial Relations Law gives employers the power to veto union registration and recognition which limits the union's ability to build associational power (Kuruvilla 1995). As a result of these limitations, trade unions tend to become more fragmented which reduces their ability to exert structural influence over their membership.

Trade unions' structural power has been undermined by the Ministry of Human Resources expansion of the trade unions departments' authority to conduct mandatory arbitration of labour disputes and avoid strike action as a result (Viajar, 2017). While unions can bargain over wages and benefits, they are unable to do so when it comes to job transfers or terminations, making unfair labour practises difficult to protest (Kaur, 2004). Unions have the right to file labour complaints, but the trade unions department has the final say in determining whether the issues should be referred to arbitration, mediation, or the labour courts for adjudication and decision. The prohibition of trade unions from participating in political issues by disallowing them to spend money to mobilise members for anything related to political events also structurally discourages the development of coalitional and discursive power (Webster, 2015).

2.2 Trade Union Necessity in Kemaman Supply Base Companies

Employees of the enterprises located at Kemaman Supply Base are almost exclusively employed in the oil and gas industry. These workers are directly affected by the unpredictable oil and gas sector are putting their employment rights at risk. Operators and contractors alike will feel the effects of the economic slowdown caused by the oil and gas industry and will look for strategies to stay afloat in the face of this situation. To reduce operating costs and increase cash flow into corporate accounts, employees will be the main cut-off target.

This sector is pushing their personnel to go much further inclusive taking their weekends and holidays. Oil and gas workers are often being tied with benefits of traveling which supposedly to be associated with burdens on them as they are being away from home for a long time with massive probability linking to mental health issues. With the current Covid-19 pandemic issues, hours away from home are being stretched especially for the field workers who need to travel to the site performing physical installation services. A normal 1-month job would be extended to a period of 2-months with less wages being handed to the employees. This impulsive work-life will not be appropriate for physical and mental health. As a result, employers must look for new ways to work, in order to help employees achieve a better work-life balance and to establish a positive work atmosphere. There are several ways in which this type of agreement differs from the typical one and the benefits for both company and employee are substantial if it is correctly structured (Mohd Khairudin and Aziz, 2020). Work-life balance is achieved when an individual can balance the physical as well as the mental and behavioural demands of both their professional and personal lives (Weinert, Maier, Laumer and Weitzel, 2014)

2.2.1 Dilemma of Having Trade Union to Fight for Employees' Human Right for the Kemaman Supply Base Companies

The necessity to have trade union in oil & gas sector can be the mark of turnover in defending the rights of victimised employees in the sector. Considering these observations, there are a number of ambiguous reasons why oil and gas employees in Kemaman Supply Base are not banding together to create a trade union or labour union to advocate for their interests and protect their rights as they go about their daily lives. There is common reason that we may see that contributes to this result. Unions do not represent an employee for free. Paying a union for its "services" is an expense. Over the life of a multiyear collective bargaining agreement, this money can amount to tens of thousands of dollars. Periodic dues, fees, special assessments and even fines are all possible payment methods employees might use to support their union. Two and a half hours of work are normally required to pay monthly dues (Brannen, 2015).

It is common for the stated employees to feel that unions are beneficial and that they can't lose anything by bringing one into their workplace. Contrary to popular belief, federal labour regulations explicitly state that employers are not obligated to cave into union demands or make concessions of any sort. Negotiations, according to the Labor Board, are a "two-way street," and because of the collective bargaining process, employee pay, and benefits might go up, stay the same or even go down. In other words, union representation does not guarantee that workers will be better off (Brannen, 2015).

Remember that in Malaysia, trade unions are relatively weak because of the legislative policies on their establishment, structure, and membership. This is important to remember. This does not change the fact that trade unions in developing countries are notoriously weak in comparison with their Western counterparts (Caire, 1997) The right to collective bargaining can only be effectively exercised by strong and independent trade unions. Trade unions in Malaysia are further weakened by various legal restrictions and administrative controls despite their inherent weakness. Malaysia's ratification of the Collective bargaining agreement may be an accomplishment but the deliberate legislative strategy to break up the labour movement and encourage the formation of "peanut unions" has a significant negative impact on the ability to negotiate collectively (Shatsari and Hassan 2006).

The process, the parties and the outcome are the three pillars of collective bargaining. The first pillar indicates that a specific group of workers' terms and conditions of employment will be negotiated. This means that in the process, there will be in depth understanding looking at the workers has agreed upon the companies that they are bound to work for prior to move with any negotiation or moving to action on upholding the workers' rights. A single employer or an association of employers is one aspect, and a labour union is another, which is what we mean by the second pillar. This pillar notes on the confirmed stakeholders that are involved in the process of collective bargaining. The final component denotes a general understanding of collective agreement. This is also relevant to move forward positively for their future relations among the stakeholders (Shatsari and Hassan 2006). Reflecting to the oil & gas sector and to other sectors as well, in Malaysia, negotiations between employees and employers to set terms and conditions of work can go either way. If they can't come to an agreement, they can seek third-party assistance and following failure with the route, industrial conflict may ensue, and the goal of that conflict is to forge a new agreement or understanding.

Employees affiliate with labour unions for a variety of reasons. For example, it was discovered that employees join these unions to safeguard themselves against retaliation, bargain for increased salary and acquire legal counsel (Napathorn and Chanprateep, 2011). Additionally, joining these unions might help one's future employment chances (Zientara, Kujawski and Godfrey, 2015). In the United States, for example, employees join labour unions to enhance their career opportunities, working conditions and job satisfaction (Friedman, Abraham and Thomas, 2006). Additionally, according to a poll done in Malaysia by Kumar, Martinez, and Rose (2013), employees who join unions receive better salary and working conditions. Their opinions are heard as well, and they are provided with free legal assistance, training, and education. It was discovered that labour unions care about their members' health and safety (Ramasamy, 2008). They do, however, go beyond resolving employees' basic needs. These unions are not intended to serve a single objective; rather, they may assist employers economically as well. Additionally, unionised businesses are more lucrative than non-unionized businesses since the former (Filho, Chahad, Zylberstajn, and Pazello, 2008). The following table 1 summarises the number of Malaysian Trade Unions and their members in 2018. The private sector has the most unions (497), followed by the public sector or government (167 unions) and statutory bodies (87 unions). Government or public sector organisations have the most members (471,164), followed by the private sector (389,885 members) and statutory bodies (69,685 members).

Table 1: Malaysian Union by Sector 2018 from Malaysia Trade Union Affairs Department

Sector	No. of Unions	No. of Members
Government	167	471,164
Private	497	389,885
Statutory Body	87	69,685
Total	751	930,734

In general, trade union membership is low, given Malaysia's overall labour force population of 14.94 million people in October 2018. (Department of Statistics Malaysia, 2018). Current participation rates account for only 6.23 percent of the overall population. With no known Oil and Gas-specific trade union, we can observe that awareness is relatively low.

Following this, we will need to continue expanding the oil & gas business by attracting and retaining excellent positive professional personnel as a primary stakeholder to modernise the industry. As previously stated, having the trade union assist as a significant actor will benefit the oil & gas TNCs, not to mention the local enterprises. There will be explanations given as to why these employees are not coming together to establish and protect their legal entitlements. Having pioneered the formation of a trade union can have both positive and negative consequences.

2.1 Just Transition

Just transition is a vision, unifying and position set of standards, processes and practises that builds economic and political power to transition from an extractive economy to a regenerative economy, an economic growth that dependent on the harvesting of labour, natural resources, culture and community (CJA, 2016). This involves an integrated and waste-free approach to the production and consumption cycles. The shift itself must be reasonable and fair, making reparations for past wrongs and establishing new power arrangements for the future. If the transition process is not fair, the end will never be fair. Just transition defines both the destination and the method of travel of the shift towards low carbon economy.

The principles of just transition are increasingly being incorporated into local and international policy reports and agreement with having the hope for the future implementation. There are some key aspects according to the World Resource Institute on just transition that should include income support for employees through the transition, training for adaptation to new environment, knowledge sharing with work process justification and a framework that support labour standard inclusive collective bargaining (Handler and Bazilian, 2020).

Moving towards just transition in Malaysia is not different from any other countries and region. There will be obstacles which affect multiple industry inclusive oil and gas. Adapting to the transition towards the low-carbon economy might not even create (enough) jobs in places where people are out of work in the conventional economy. Similarly, green job creation may not occur simultaneously or at the same rate as traditional job losses. Transition policies must bridge these

gaps to the greatest extent possible to minimise dislocation and hardship which reflects to human suffering (United Nations, 2020).

2.3.1 Trade Union Roles and Responsibility with the Pressure of Just Transition

Learning from the aftermath of COVID-19, all parties in every industry involved in the social protection system have been forced to re-evaluate their obligations and roles going forwards. In the event of a crisis, a system's ability to provide significant corrective and mitigation actions is largely determined by its pre-crisis social protection policies and institutions. Most of the world's poor live-in countries with a skewed view of social insurance and social aid which are traditionally seen as mutually incompatible. An all-encompassing social safety net better able to withstand shocks as demonstrated by the crisis. Trade unions were already increasing their activities before COVID-19 to assist individuals who were employed in an unregulated sector of the economy (Ford and Ward, 2021) In order to better comprehend their individual rights and obligations in relation to the entire national social protection system, they can benefit from a lifecycle and multi-tiered social security framework.

Focusing on Southeast Asia which inclusive of Malaysia, South-eastern Asian trade unions had a difficult time defending its members during COVID-19 because of the region's rural demographics, animosity and unemployment and underemployment. South-East Asian labour unions are examined in this article as they battled for survival during and after the epidemic as well as the issues they face now that COVID is over. In the wake of the massive job losses caused by COVID-19, unions saw their membership drop rapidly as they tried to persuade governments and corporations to give workers with adequate workplace safety and social security. Employers and certain governments have tried to undermine workers' rights in a number of nations where the unions operate. The epidemic has shown areas of union operations that require modification if they are to flourish in the post-COVID-19 environment. Some unions have found innovative methods to help their members. As a result of the cancellation of orders and a reduction in the availability of inputs, several nations' supply chains have been severely disrupted which significantly affected the nations' economy growth. (Ford and Ward, 2021).

Change is afoot in the world of energy. Significant cost declines in wind and solar power, the closure of large coal capacity, new trade patterns for liquefied natural gas (LNG) and demand growth in Asian economies are all examples of "energy transitions" taking place at once. During the first half of 2020, the world's oil market will experience a massive crash which will have a significant impact on how this transition will play out. The social aspects of the energy transition are both emerging and essential to a successful outcome even though the technical issues of these transitions have been well-researched. Communities are being affected in a variety of ways. Reduced air pollution and new tax revenue from renewable sources are just two of the benefits. However, the closure of large fossil fuel generation facilities and coal mines as well as the strains on public revenue associated with mine reclamation can have a negative impact on the economy (Henry, Bazilian and Markuson, 2020). While thoughtful policy design can address economic and social issues, the speed of change and the extent to which communities have a say in what comes next are important considerations.

Job losses in other parts of the energy sector, particularly in oil and gas, have been accelerated by the 2020 oil crash and the COVID-19 pandemic (Handler and Bazilian, 2020). This has been seen in Malaysia oil and gas industry. Whether or not these are permanent features of the energy landscape is unknown, but some level of consolidation and job losses were already taking place before the virus spread due to economic downfall of oil & gas sector (Barbosa, Bresciani, Graham, Nyquist and Yanosek, 2020). Emerging risk multipliers on the front lines of the shifting energy and labour landscape necessitate a "just transition" to a low-carbon energy system that prioritises secure, family-sustaining jobs and healthy communities. A just transition can be traced back to labour and environmental justice movements as well as to existing institutions, processes and policy initiatives that support its implementation.

Recent continuing occurrences, such as the COVID-19 epidemic and the global oil crunch, highlighted the critical nature of establishing and executing equitable transition policies. Reduced power consumption has had a significant impact on coal with economists forecasting that the sector will be unable to compete with cheaper renewables, will likely never recover post-pandemic (Watts and Ambrose, 2020). Therefore, the COVID-19 issue provides an unprecedented opportunity to incorporate concepts of just transition into community and economic rehabilitation initiatives. Obstacles do still exist. For instance, the pandemic has led to a loss of nearly 500,000 clean energy employment, putting a halt to growth in areas such as wind and solar (Barbosa, Bresciani, Graham, Nyquist and Yanosek, 2020). While the International Energy Agency forecasts a rebound in renewable energy beyond the pandemic's early phases, uncertainty persists (EIA, 2021).

Support for renewable energy initiatives, weatherization programmes, building retrofits, electric car production and green job development are all possible strategies. Combining energy transition and recovery projects comes with the typical limitations about financial requirements, programme execution and community engagement. However, because just transition frameworks emerged from diverse organisational coalitions and have evolved globally over the last few decades to address shifting social, environmental and energy realities, they continue to be critical for advancing a low-carbon energy system that prioritises sustainability and social and economic equity.

The transition to a low-carbon, climate-resilient economy that maximises climate benefits while minimising burdens for employees and their communities is what we see as a just transition. Different countries will have different needs, yet some policies must always be implemented worldwide. Inclusive of certain criteria, one of it is to have prudent investments in low-emission and job-generating industries and technologies. These investments must be made after thorough consultation with all affected parties and in accordance with human and labour rights as well as the principles of decent work.

Next, having social discourse and democratic consultation with social partners (labour unions and companies) and other interested parties along with early research and assessment of climate policy's social and employment implications will fairly help the Malaysia oil and gas transitioning to low carbon energy sector. Training and skill development for the employees, employers and government are essential for the deployment of new technologies and the promotion of industrial

change. Moving forward with the just transition active labour market policies, as well as social protection is needed in line with having trade union as a managing party on both sides weather the employees or the companies. Thus, along with this, there will be plans for local economic diversification that support good work and community stability during the transition. Communities should not be allowed to manage the transition's effects on their own as this will not result in a fair distribution of resources. There are there the responsibilities of the trade union itself to be accountable having a drive and manage the transition balance.

3. Method

The qualitative study applied the Just Transition Framework to understand its implications having trade union within the industry with International Trade Union Confederation Guide. While having that in place, the research analysed employee issues raised regarding collective bargaining's role in upholding the social justice and in creating environmental stability within the industry. A qualitative research approach would be suited for direct contacts with the study participants, employing qualitative interviews to examine subjective experiences, discover significant ideas and analyse the abstract character of perceptions and experiences about the research issue (Aspers & Corte, 2019). The research was conducted in the organizations operating within the Kemaman Supply Base vicinity. These organizations are the oil & gas Petroleum Arrangement Contractors (PACs), Production Sharing Contractors (PSCs) and the support services. Purposive sampling was conducted undertaking participants from the stated organizations. Ten respondents with minimum two years' experiences are highly skilled, professional employees who work in highly compensated, highly complex job areas which are from project management, engineering, sales, and operations which meet the criteria (Robinson, 2013). The participants were chosen based on the importance of having perspectives in different roles and hierarchies that provide different perspectives in building up trade unions, in the midst of the green transition initiatives in Malaysia, for the targeted industry. Participants in collective bargaining have different perspectives based on the limitations of power they have in addressing their needs and rights in building a balance between employees, employers, and the government. The ten participants are representing the oil and gas industry which should be incorporated in the trade union (see Table 2). They are the most vulnerable people in the transitioning industry to a low-carbon sector which may result in job loss and exploitation.

Table 2: Summary of the participants in the research

No	Alias of Participants	Gender	Position	Background
1	Participant 1	M	Product Line Coordinator	Representative of Managerial from Support Services Company
2	Participant 2	M	Head Production Technologist	Representative of Managerial from PSC company
3	Participant 3	M	Operations Engineer	Representative of Operations from PSC company

4	Participant 4	M	Operations Support Engineer	Representative of Operations from Support Services Company
5	Participant 5	F	Product Line Manager	Representative of Managerial from Support Services Company
6	Participant 6	M	Applications Engineer	Representative of Operations from Support Services Company
7	Participant 7	F	Head of Operations	Representative of Managerial from PSC company
8	Participant 8	M	Unit Manager	Representative of Managerial from PSC company
9	Participant 9	M	Field Engineer	Representative of Operations from Support Services Company
10	Participant 10	M	Field Technician	Representative of Operations from Support Services Company

In-depth interviews were carried out with total of 10 participants emphasizing qualitative research technique that involves interviewing a small number of people, in order to learn about their opinions on a specific topic, programme or problem (Boyce and Neale, 2006). All interviews were recorded with agreement from participants, conducted within office hours to minimize work interruption. Qualitative content analysis referenced from methods by (Krippendorff, 2018) were employed in this research. The data collection process took 6 weeks to be completed with each interview session lasting from 30 to 60 minutes. Four core questions were raised during the session: 1) What are the perceptions of high-skilled employees on having trade union as a channel to protect and advance their interests in the workplace? 2) What are the perceptions of these employees on instilling motivation among themselves to use the trade union as a channel building self-confidence on the job security and other interest in their companies? 3) What obstacles stand in the way of oil & gas workers forming a union to protect and defend their rights? 4) What are the retributions required of the oil & gas sector and how could collective bargaining function in the name of upholding social justice and move towards just transition?

The Just Transition Framework developed by the Centre for Strategic and International Studies (CSIS) and Climate Investment Funds (CIF) is adopted in this research. There are various framework studies as they are developed by the trade union movements in the just transition process (Wang and Lo, 2021). CJA and CSIS are one of the full frameworks adopted on this study. Through this strategy, the framework aims to facilitate a broader comprehension and inclusive participation in just transition. The framework applies the fundamental disciplines of political economics with social, environmental, and climatic justice using terminology that is both understandable and straightforward (Cahill and Margaret, 2020). Thematic analysis was based on the four dimensions of Just Transition Framework as shown in Figure 1.

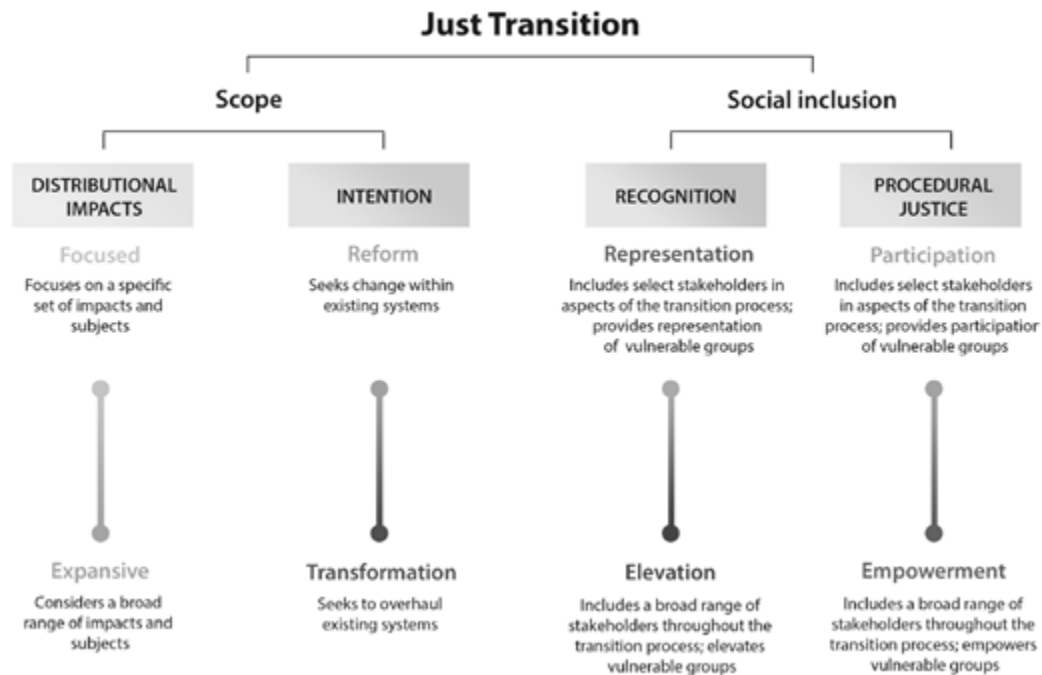


Figure 1: Source from Centre for Strategic and International Studies (CSIS) and Climate Investment Funds (CIF)

Definitions of just transition are characterized by the general aspects of scope and social inclusion. Scope comprises the range of distributional effects connected in transitions and the underlying goals of transition planning, whereas social inclusion evaluates the broad scope of recognition and procedural justice features (Cahill and Margaret, 2020). These dimensions collectively describe both the impact and the process of transitions.

The scope of distributional consequences or the subject and event that has been affecting the oil and gas transition. Impacts on human and environmental well-being might be economic, social, or physical. While most consequences are the product of structural changes brought about by policy or market pressures, some people also include physical effects of climate change in the purview of just transition. This is seen as a proper opportunity to have just transition as the current perception of the participant. Looking at this, we can feel see inflated demand of having a channel during the impact of transitioning oil and gas industry in Malaysia. These repercussions of transitioning industry in Malaysia can affect everyone, from entire populations to subpopulations, businesses, generations, or nature. Specific subjects, on the other hand, are usually classified according to certain criteria, such as equality, morality, worth or deservingness (Cahill and Margaret, 2020). The scope of definitions might range from a limited set to a wide variety of distributional affects and topics. For instance, a concept may focus on the economic impact on employees in the fossil fuel industry due to direct job loss, or it may reflect more widely the distributional consequences on more contracts worker with less security rather than permanent positions.

The goal or ideological inclination, for transforming existing economic and political systems through just transition is also included in having trade union in the industry. The speed and scope of the changes required to solve climate change challenges are unprecedented, but parties can

disagree on how to achieve such change through equitable transitions (Cahill and Margaret, 2020). Reform, on the one hand denotes a desire to bring about change within legacy systems. In general, these actors support market-driven reform and aim to change norms and standards to "green" the capitalist system. Transformation, on the other hand denotes a desire to reform existing economic and political structures that are deemed incompatible with long-term development and social equality (Cahill and Margaret, 2020). This strategy necessitates fundamentally altered human-environment relationships as well as alternate economic development paths. In this context, just transition is often seen as an opportunity to correct systemic forms of oppression, such as racism, patriarchy and classism while still focusing on workers and communities.

Accurate portrayal necessitates recognition. The relationship between recognition and social rank, and by extension, unrecognised and social subjugation, underpins recognition as a form of justice. As a result, at the very least, acknowledgment entails the representation of groups vulnerable to transitional repercussions. Of course, representation should correctly reflect these groups' interests, values, and diversity (Cahill and Margaret, 2020). Meaningful involvement, including that of particularly vulnerable populations or marginalised groups, is a requirement of procedural justice. Participation that is meaningful necessitates some level of importance in the decision-making process.

Consultations, meaningful social interaction, and involvement in formal negotiations are all possibilities. Procedural justice, at its most fundamental level, challenges and fights imbalance of power relations that allow for varied degrees of influence in decision-making processes. Through equitable transition processes, procedural justice can bring empowerment and ownership to many communities.

Based on these four dimensions, we aimed to understand the perceptions regarding the need for trade unions. The next section will discuss the introduce the findings in context and, proceeded with the theme analyses.

4. Findings

The interpreted findings from this case study will demonstrate below how trade union could be galvanised as a means or channel to solve employee and environmental concerns of the largest oil and gas hub in Malaysia. Pangkalan Bekalan Kemaman Sdn Bhd (PBKSB) is the owner and operator of the Kemaman Supply Base, a fully integrated oil & gas supply base located in Terengganu, Malaysia. When it originally opened its doors in 1982, the base which is in Terengganu's Kemaman District, covered a total land area of 30 ha. As a result of these efforts, it has grown into the largest petroleum supply base in Peninsular Malaysia with a total land area of 200 hectares and an additional 60 hectares of land set aside for future development. As part of the Malaysian government's Warehousing and Manufacturing scheme, the entire KSB complex has been granted a single licence by the Royal Customs of Malaysia. Consequently, taxes and fees on imported oil field equipment entering KSB and then being shipped to offshore locations are postponed for a period of time.

PACs, PSCs and more than 200 support service businesses have a presence and facilities within Kemaman Supply Base. These enterprises provide a diverse range of oilfield trade specialisations allowing KSB to function as a truly integrated supply base. Kemaman Supply Base is also known as one of the biggest hubs in Southeast Asia's oil and gas Exploration and production activities. Companies operates within the supply base are the core to Malaysia's oil & gas sector. Production sharing companies such as Shell, ExxonMobil, PTTEP and Enquest Petroleum operates within the vicinity managing production and exploration in oil and gas blocks offshore east coast of peninsular Malaysia. Apart from these PSCs operating in the area, there are over 200 support service contractors ranging from main contractor directly to the PSCs and sub-contractors working through the main contractors to provide their services. Giant contractors such as Halliburton, Schlumberger, Weatherford and Technip FMC provide various services ranging from production level to drilling and exploration level.

The case indicates that there are external issues which complicates the well-being of the employees. Oil price change has been the prime problem that turns over the global and local economy and the workforce. Every downturn increases the unemployment rate, salary reduction, stagnant wages, and benefits removal. Following an increase in the price of oil, workers with a lengthy history in the labour are more likely to see a decrease in their pay. Politicians, leaders, and governments have a difficult time dealing with the issue of employment and workforce. Volatile crude oil prices have the potential to slow down the economy and raise unemployment and interest rates (Kisswani, 2017). Within this current context, employees have been forced to work under massive pressure to cope up with the situation, while at the same time are becoming concerned about their work security in the companies. When oil prices rise, the pressure for this sector increases, causing possibility for the need to consider cost-cutting measures such as a reduction in employment, cutting some major expenses, reductions in output, and reductions in wages that would in the end, result in reducing individual and household incomes.

The section below integrates both findings and discussion, so as to provide a cohesive discussion of the interpreted findings, which examined the nature of requirements for a trade union in the Malaysian oil & gas sector. As indicated in the methodology section, the findings were acquired through conversations with 10 participants working at Kemaman supply base. The sections below will proceed with four themes of findings, interpreted based on the dimensions of the Just Transition Framework.

4.1 Distributional Impacts Theme: Trade Union impact during the low carbon transition.

Pertaining to the first dimension under the distributional impacts which is geared towards expansive (looking on broad range of impacts and subjects), it directs to the consequences of the impact having trade union towards, in the end, the transitioning of oil and gas sector into low carbon industry. The participants emphasized how the presence of a trade union in the business could facilitate a change in their work-life balance which in turn affects their social life and physical health. Educating employees on how to build such a union and use it correctly will help to keep them from running into dead ends, in order to survive, by understanding that they have access to other options during the transition of the industry to low-carbon industry.

“We need to educate the people to extend as such union exist. With having opportunity like this, we can see hope and outcome results are the things that keeps the employees happy. Proper usage and functions of the channel (Trade Union) will lead to work life balance during these changing hard times...” (Participant 3)

Another participant highlighted the consequences of having a trade union in the just transition and emphasized the effects of having a trade union to assist the stakeholders including the employees, employer and government in adjusting to the transition of oil and gas to the new energy sector. In the event of the transition:

“Having the trade union will help to fight on the dying industry that are getting smaller due to rise of renewable energy. The trade union will help the people through process of environment change.” (Participant 2)

Amid an industry shift, participants encounter numerous employment transfers from permanent to contract roles as well as the loss of job privileges. The personnel in this industry are concerned about these developments that have resulted from transition. In light of this, employees are seeking assistance in bringing their issue to light and confirming that they have access to justice, keeping in mind the balance between employers and employees.

“I do see many employees are being affected by this (Transitioning Oil and Gas Industry). Oil and gas industry tends to have a lot of experience people but most of them are working on contract basis. They are willing to take this due to no present choice to move with better perks. If there is a body to regulate the standard to have and direct the industry players to not hire people on short term basis will help to protect their likelihood and employment.” (Participant 8)

Taking into account the impact of the recent pandemic which resulted in massive job losses in the industry, the participant echoed the other participant's emphasis on the need for a trade union to assist industry employees such as those at The Kemaman Supply Base in surviving in these changing environments.

“... recent pandemic issue, losing jobs and employees are force to change into new direction. Having trade union could not only help on the survival but also help on the transition of their lives. It could play as a help to push to new environment not only sustaining the people in the industry yet also as advisors to change into new opportunities.” (Participant 2)

4.2 Intentions Theme: Trade Union serve goal of the stakeholders

There should be a clear intention why the trade union should be formed under the intention theme. Based on the findings of the interviews, employees are compelled to determine what they are fighting for seeking transformation on the current system which does not rely on any appointed bodies such as the trade union itself. In this instance, it is clear that the participant desires to have their voices heard in an industry in-transition. The requirement for the trade union to serve as a mediator for their opinions and concerns to be taken into consideration in the transitional industry is something they can rely on to successfully address any problem affecting their livelihood.

“If they have such bodies (Trade Union) in place and they are functioning to their utmost ethical behaviour that would be great as voices are needed in this industry at the moment during the change of industry era.” (Participant 1)

According to one participant, employees at Kemaman Supply Base companies attempted to speak up individually about social justice issues but were not heard. Their intention is to address their concern about the justice they deserve.

“Dissatisfaction is the key.... I believe we tried to voice out, but it is not being heard. Having what you called as collective bargaining as a mediator can help on your working conditions in this era.” (Participant 10)

A participant stated that employee dissatisfaction leads to a loss of motivation and a decline in job performance productivity. The issue will eventually rise to a higher degree resulting in employment losses and significant turnover rates for the company.

In order to create a fair system, it was also emphasized that trade unions were essential. The objective of having a regulator and educating employees during the transition period will positively impact their social equality inside the industry's system. With the assistance of the trade union, they are searching for a survival plan in a climate that is always changing.

“It is important to have a body that regulates and take charge of steering the industry players to have a set of rules and standard protecting the employees' livelihood and their employment.” (Participant 1)

In addition, there are issues regarding the existing strategy, which highlights trade union as a participant. As was emphasised, the employees' intentions should align with the trade union, which is obligated to fight for the employees and not merely support the demands of companies and the government to advance their own interests.

“Having employees to move having a trade union will be pointing towards conundrum as they are not sure whether to trade union will stay in line with employees’ justice or bound to the companies in the industry needs” (Participant 7)

In this term, there should be a clear intention a guideline for the trade union to exist in the industry gearing towards the transformation.

4.3 Social Inclusion Theme: The identification of the Trade Union members

Regarding the social inclusion factor, a just transition with trade union presence was considered. The trade union's representation should include all stakeholders, including employees, employers, and the government itself. This will create a power balance so that the outcome of a conflict is fair and unbiased. This opinion is shared by the participant, who seeks equal rights in relation to contemporary challenges with social justice in the industry.

“Having trade union is good but the intention must work with a clear stand being a representative catering industry, employees and the employers.” (Participant 5)

Another participant's view is that the custodian of Malaysia's oil and gas should be the accountable party in terms of the trade union. This will aid in motivating and educating communities and employees about the functions and good existence of trade unions.

“To have a trade union in the industry, bodies such as Malaysian Oil and Gas service Council (MOGSC), National Petroleum Advisory Council and Petronas should drive with alliance of the employees of the oil and gas in Malaysia. It helps protecting the and adds value to the well-being of the employees, partners (oil and gas companies) and the surrounding communities.” (Participant 9).

“With regards to Union, it was not documented properly before looking at the previous year towards the end of oil and gas era. When oil and gas started it was started with engineers and technician without proper business management and safety segments. Then only collectable data was collected.” (Participant 10)

In addition, this demonstrates that all parties should be involved in greater data collection in order to evaluate the values and justice required by all parties as the trade union is built towards a just transition in the future.

4.4 Procedural Justice Theme: Trade Unions as a counterbalance to power monopolies.

In terms of procedural justice, trade union will assist in establishing a balance in the transitioning industry. All participants in the sector should have equal rights to promote justice and equality. The social justice should not only be reflected in the employees but in all industry stakeholders as well.

“.. in having negotiations. I can see trade union create balance for the employees, companies and the government. Players in the industry will gain only what they deserve taking the ‘Cake’ example. ... by having all parties involved in trade union can create this balance as people are selfish in a way.” (Participant 2)

Balance in power relations by having fair empowerment throughout the climate transition is the key to a just decision-making process. A participant emphasized that a significant power imbalance may prevent employees from voicing their concerns directly. trade unions should provide the necessary balance to encourage employees to abandon their safety nets and voice their concerns. Without full transparency, however, it may be difficult for people to trust the union. According to one participant, employees require a transparent trade union to combat any abusive monopoly in the industry.

“There is a huge monopoly that is obvious in the oil and gas companies. The reason is the workers are unable to raise the concerns as there are no governing act to rely upon to.” (Participant 1)

Considering the offered facts, it is essential to consider all aspects to determine the significance of trade unions in the industry. Considering the implications of having a trade union in the Malaysian oil and gas industry, it is evident that all industry stakeholders should be able to voice their concerns openly as the business moves toward a just transition. With regards to the path for achieving this goal, we can observe all responsible parties need to be seated in an environment where balanced power is evident and the channel for is open for each of them to express themselves, knowing that they are all equal in the trade union seat.

5. Discussion and Conclusion

With reference to the four dimensions of a just transition, it is evident that it is necessary to build a means for Trade Union existence by integrating all components without excluding any scope or social inclusions. Focusing more on the Social Inclusion and Procedural Justice, it will help to understand more on building the Trade Union in the Malaysia oil and gas industry. Following on from the Just Transition review, which stated that the industry would transition to a new low-carbon industry, Trade Unions will be the balance pursuing fair change and upholding the rights of all stakeholders, including employees, employers, and the government. All 10 participants, who are employees of Kemaman Supply Base firms, are in line to have a Trade Union in the industry serve as a mediator acknowledging all the voices of the Malaysian oil and gas industry's stakeholders. The present climate shift of the sector, which is heading towards new laws and regulations, has had a significant impact on the industry's stakeholders. Job losses, loss of employee privileges, and even economic downturn due to the decline of this industry can be avoided if Trade Unions play their role in upholding social justice as Malaysian industry moves

towards a zero-carbon society. Consequently, from a distributional impact standpoint, having a Trade Union can assist the social environment and the upholding of human rights as highlighted earlier that joining labour unions may enhance their career opportunities, working conditions, and job satisfaction (Friedman, B.A., Abraham, S.E., & Thomas, R.K. 2006)). The intentions are clear in line with the need employees who join unions wants a just and equal right to have a better working conditions and equal rights (Kumar, Martinez, and Rose, 2013).

In addition, there should be a unified voice that may serve as a mediator or a forum for gathering and analysing the demands of all stakeholders. From the point of social inclusion, it is essential to move in the correct direction with a transition that is fair for all stakeholders, including employees, businesses, and the government. All the stakeholder plays their own part in building the Trade Union due to the different knowledge, power and intention which then will create equality for the transition. Looking on the Procedural Justice, the collective bargaining process should be conducted in a transparent manner, with no power abuse from any party. It is essential that all parties have access to their own justice without monopolising power. There will be periods when global events will influence the economic decline of the oil and gas sector (Barbosa, R., Bresciani, G., Graham, P. Nyquist, S, & Yanosek, Y.,2020). During these times, it is imperative to achieve a transitional equilibrium with catering. Respect and acknowledge the efforts of stakeholders surviving the energy transition and global crisis, as evidenced by the results (ACTU, 2016).

In the event of environmental change, Trade Unions will be the means of establishing social protection and exercising positive human rights through adaptation and mitigation. By looking through achieving sustainable performance, Trade Union helps by having social dialogue to discuss and make decisions for the sustainability performance of Malaysia oil and gas industry. Trade Union have focused on a number of priority thematic areas, as well as the overall implementation process, through their own in-depth monitoring process at the national level. Consequently, the Malaysian oil and gas industry should contemplate and initiate the formation of a Trade Union through collective bargaining. The parties involved should band together to achieve justice.

The industry is preparing for a change, with oil and gas transitioning into the overall energy sector. The transition to the new industry is going toward cleaner, lower-carbon energy sources. This qualitative study examined how collective bargaining through a trade union could be manifest within the oil & gas sector in Malaysia. This case study has demonstrated how a trade union within the oil & gas sector could help create a balance between social justice and environmental justice. This article concludes that, for, 'just transition' to flourish within and without, the stakeholders which include employees, employers, and the government should work together to achieve environmental and social justice. The formation of a trade union through collective bargaining that prioritises union education and awareness, and that emphasises social protection and continuous engagement on social and environmental justice, is imperative. It is timely for the Malaysian oil & gas sector to have a trade union, to ensure that human rights and the environment are protected during the transition to a more sustainable post-growth economy.

References

- Aminuddin, M. (2009). Employment Relations in Malaysia: Past, Present and Future, *New Zealand Journal of Asian Studies*, 304-317.
- Allain-Dupré, D., Chatry, I. (2020). *The Territorial Impact Of Covid-19: Managing The Crisis Across Levels Of Government*. OECD. 1-80
- Bamberg, M. (2012). *Narrative analysis*. In H. Cooper (Ed.), *APA handbook of research methods in psychology*. American Psychological Association. 77-94.
- Barbosa, R., Bresciani, G., Graham, P., Nyquist, S., & Yanosek, Y. (May, 2020). *Oil and gas after COVID-19: The day of reckoning or a new age of opportunity?* McKinsey & Co. Retrieved January 3, 2022, from <https://www.mckinsey.com/industries/oil-and-gas/our-insights/oil-and-gas-after-covid-19-the-day-of-reckoning-or-a-new-age-of-opportunity>
- Brannen, D. A.(2015). *Why in the world would any employee not want to be in a union?* Retrieved January 10, 2022, from <https://exclusive.multibriefs.com/content/why-in-the-world-would-any-employee-not-want-to-be-in-a-union/business-management-services-risk-management>
- Boyce, C. and Neale, P. (May, 2006). *A Guide for Designing and Conducting In-Depth Interviews for Evaluation Input*. 1-16.
- Cahill, B. & Margaret, M. (2020). Just Transition Concepts and Relevance for Climate Action. Center for Strategic and International Studies. 1-14.
- Claire, G. (1997). “*Freedom of Association and Economic Development*”, Geneva, ILO, 78: *Trade Union weakness in developing countries*.
- Che Abdul Rahman, M. R., Ibrahim, I. A. & Madinah, D. (2020). *Are highly unionised industries socially responsible to their employees?* Malaysian Journal of Society and Space. 1-13
- Christopher, L. O. (2020). *Lawyers Who Know Asia. Oil Regulations in Malaysia*. Rajah & Tann Asia. Retrieved August 31, 2021, from <https://www.christopherleeong.com/media/2534/oil-regulation-2016-malaysia.pdf>
- Weinert, C., Maier, C., Laumer, S. & Weitzel, T. (2014). *Does teleworking negatively influence IT professionals? An empirical analysis of IT personnel’s telework-enabled stress*. Proceedings of the 52nd ACM Conference on Computers and People Research. 139-147.
- Climate Justice Alliance (2020). *Just Transition Principles*. Retrieved April 10, 2022, from <https://climatejusticealliance.org/just-transition/>
- Clarke, L., Lipsig-Mummé, C., (2020). *Future conditional: from just transition to radical transformation?* Eur. J. Ind. Relat. 26 (4), 351-366.
- Department of Statistics Malaysia (2018). *The BNM Quarterly report Q4 2020*. Bank Negara Malaysia. Retrieved November 20, 2021 from https://www.bnm.gov.my/documents/20124/2294076/4Q2020_GDP_Slides.pdf
- Energy Information Administration, EIA, (2021). *Country Analysis Executive Summary: Malaysia*. U.S Independent Statistic & Analysis, 1-15
- Filho, N.A., Chahad, J.P., Zylberstajn, H., & Pazello, E.T. (2008). *Trade unions and the economic performance of Brazilian establishments*. JEL Classification. 55-72
- Friedman, B.A., Abraham, S.E., & Thomas, R.K. (2006). *Factors related to employees’ desire to join and leave unions*. Industrial Relations 107-111

- Ford, M. and Ward, K. (2021). *South-East Asian unions respond to the pressure of COVID-19*. International Journal of Labour Research. 82-89
- Gaard, G. (2015). *Ecofeminism and Climate Change*. Women's Studies International Forum 49. 20–33.
- Handler, B. & Bazilian, M. (2020). *Economic impacts of the 2020 oil market crash*. *World Oil*. 241 (5). Retrieved December 30, 2021, from <https://www.worldoil.com/magazine/2020/may-2020/features/economic-impacts-of-the-2020-oil-market-crash>
- Henry, S. M., Bazilian, D. M., Markuson, C. (2020). *Just transitions: Histories and futures in a post-COVID world*. 1-4
- Hernandez, M., Isabel, S., Vazquez, D.G., Barcik, A., & Dziwinski, P. (2016). *The effect of internal side of social responsibility on firm competitive success in the business service industry*.
- International Trade Union Confederation (ITUC) (2015). “*Climate Justice: There Are No Jobs on a Dead Planet*.” Frontlines Briefing. 4-15
- Jobstreet (August, 2020). *JobStreet Covid -19 Job Report Malaysia*. Retrieved 21 December 2021 from <https://www.jobstreet.com.my/en/cms/employer/wp-content/themes/jobstreet-employer/assets/loa/report/my/JobStreet-COVID-19-Job-Report-Malaysia-Sept-2020.pdf>
- Kaur, A. (2004). *Workers, Employment Relations, and Standards in Industrialising Southeast Asia Labour*. Australian National University, 10-49
- Kisswani, A. (2017). *Public Policy and Leadership, University of Nevada. The Effect of Oil Prices on Workforce in Selected Organization for Economic Cooperation and Development (OECD) Countries*. University of Nevada, Las Vegas. 1-10
- Krippendorff, K. (2018). *Content Analysis. An Introduction to Its Methodology*. The Annenberg School for Communication, University of Pennsylvania
- Kumar, N., Martinez, L.M., & Rose, R.C. (2013). *Workplace industrial relations in a developing environment: barriers to renewal within unions in Malaysia*. Asia Pacific Journal of Human Resources 35-38
- Kuruvilla, S. C. (1995). *Industrialization Strategy and Industrial Relations Policy in Malaysia* 37-63
- Mohd Khairudin, N. N. A. & Aziz, N. (2020). *The correlation between telecommuting and work life balance in oil and gas industry*. J. Phys.: Conf. Ser. 1529 022057. 1-7
- Napathorn, C. & Chanprateep, S. (2011). *What types of factors can influence the strength of labour unions in companies and state enterprises in Thailand?* International Journal of Business and Management. 1-13
- Normann, H.E., Silje M., & Tellmann, S.M. (2021). *Trade unions' interpretation of a just transition in a fossil fuel economy*. TIK Centre for Technology, Innovation and Culture, University of Oslo. 1-14.
- Rathzel, N., Uzzell, D. (2011). *Trade Unions and climate change: the jobs versus environment dilemma*. Glob. Environ. Chang. 21 (4), 1215–1223.
- Ramasamy, N. (2008). *The future of the Trade Union movement in Malaysia*, Universiti Putra Malaysia. 1-11
- Robinson, O. C. (2013). *Sampling in Interview-Based Qualitative Research: A Theoretical and Practical Guide*. 1-18

- Shatsari, R. S. and Hassan, Kamal H. (2006). *The Right to Collective Bargaining in Malaysia in the Context of ILO Standards*. *Asian Journal of Comparative Law*, Vol. 1. 1-20
- Syed Mohamad, S. J. A. N., Osman, Z., Kamarudin, A., Mohd Arshad, A. N. and Rahim, N. (2017). *Assessing the Business Development Strategy: A Case Study at an Oil and Gas Company in Malaysia*. UiTM.
- United Nations (2020). *Just Transition of the Workforce, and the Creation of Decent Work and Quality Jobs*. Framework Convention on Climate Change 11-61
- United Nations (2020). *COVID-19 and Human Rights We are all in this together*. <https://unsdg.un.org/sites/default/files/2020-04/COVID-19-and-Human-Rights.pdf>
- Velicu, I. & Barca, S. (2020). *The Just Transition and its work of inequality*. Sustainability: Science, Practice and Policy. 1-5.
- Viajar, V. D. (2017). *Organizing Migrant Domestic Workers in Malaysia: Challenges in Revitalization*. 1-18
- Wang, X and Lo, K. (2021) *Just transition: A conceptual review*. Department of Geography, Hong Kong Baptist University, Hong Kong, China. 1-11.
- Watts, J. and Ambrose, J. (2020) *Coal industry will never recover after coronavirus pandemic*, Retrieved 10 November 2021 from <https://www.theguardian.com/environment/2020/may/17/coal-industry-will-never-recover-after-coronavirus-pandemic-say-experts>
- Webster, E. (2015). *Labour after Globalization. Old and New Sources of Power. In Labour and Transnational Action in Times of Crisis*. 1-15
- Weissbrodt, D. (2014). *Human Rights Standards Concerning Transnational Corporations and Other Business Entities*, 23 Minn. J. Int'l L. p.135.
- Zientara, P., Kujawski, L., & Godfery, P.B. (2015). *Corporate social responsibility and employee attitudes: evidence from a study of Polish hotel employees*. *Journal of Sustainable Tourism*. 859-880.