

**A FEASIBILITY STUDY FOR THE PRIVATISATION OF
PDB'S BULK LPG ROADTANKER OPERATIONS IN THE
CENTRAL REGION**

**A Graduation Exercise Submitted In A Partial Fulfilment Of
The Bachelor Business Administration (Transport)**

**By
Khadijah Sairah Ibrahim**

**Bachelor Business Administration (Transport)
School of Business and Management
MARA Institute of Technology
Shah Alam, Selangor
Darul Ehsan**

APRIL 1997

ACKNOWLEDGMENT

First and foremost, I would like to express my utmost gratitude to the Almighty, God for giving me the strength and willpower to complete this thesis. Without His willingness this thesis could not be materialised.

I am very grateful to the organizational members of Petronas Dagangan Berhad, especially Encik Haznan Hussein of Human Resource Department, for accepting me as a family member and having rendered so much assistance during the six-month practical attachment.

I am also very grateful to the management and staff of Supply and Operation Department, especially Encik Miza Mohamad who had persistently guided and assisted me in gathering relevant data for the study and thesis preparation.

My heartiest thanks to Encik Yusoff Sulaiman, BBA(Transport)/CIT Course Tutor; Puan Rosena and Puan Norminsham, Senior Transport Lecturers; whose advice and guidance could never be forgotten. Your dedication to the students of MARA Institute of Technology is invaluable.

To my parents, parents-in-law and families, a million thanks for your support and encouragement. To my beloved husband, your love and devotion have made me stronger in persevering this challenging life.

Last but not least, I wish to thank all my friends and those who had given their moral support in materialising this thesis.

TABLE OF CONTENTS

	Page
Acknowledgment	i
List of Abbreviations	v
List of Figures	viii
List of Tables	x
Abstract	xi
1.0 CHAPTER ONE : INTRODUCTION	
1.1 Background and Scope of The Study	2
1.2 Objective of The Study	6
1.3 Problem Statement	7
1.4 Research Questions	8
1.5 Limitations	9
1.6 Literature Review	10
1.7 Methodology	19
2.0 CHAPTER TWO : SCENARIO ESTABLISHMENT	
2.1 Overview of Petronas Dagangan Berhad	22
2.2 The Present Bulk LPG Roadtanker Operations	29
2.3 The Future Plan For Bulk LPG Roadtanker Operations	34
3.0 CHAPTER THREE : FINDINGS	
3.1 LPG Sales Plan For 1996/1997 - 2000/2001	37
3.2 Roadtanker Requirement Projections	40
3.3 Cost Incurred by PDB on Company-Owned Roadtanker Operations	44
3.4 Financial Savings Projections	56
3.5 Roadtanker Privatisation Options	60

	Page	
4.0	CHAPTER FOUR : DATA ANALYSIS	
4.1	Cost Reduction	66
4.2	Reduction in Administrative Tasks	72
4.3	Improvement of Roadtanker's Operational Efficiency	78
4.4	Customer Satisfaction	86
4.5	Product Safety and Security	88
5.0	CHAPTER FIVE : RECOMMENDATIONS	
5.1	Privatisation of Bulk LPG Roadtanker Operations in the Central Region	100
5.2	Privatisation Concept	104
5.3	Selection of Third Party Companies	107
5.4	Implementation Procedure	112
5.5	Options For The Roadtanker Drivers	113
6.0	CHAPTER SIX : CONCLUSIONS	116
	BIBLIOGRAPHY	122
	APPENDICES	126
Appendix 1	Percent Done Forecast	
Appendix 2	Article - "Restructuring Management towards Better Customer Service: A Case Study."	
Appendix 3	Article - "Independent report makes clear case for Contract Hire."	
Appendix 4	PDQ of Logistics Executive	
Appendix 5	PDQ of Management Executive, LPG Roadtanker Operations Planning	
Appendix 6	PDQ of Management Executive (HRM)	
Appendix 7	Rationale for Outsourcing	

ABSTRACT

Privatisation and the steps towards it, for instance corporatisation, is intended to make an organisation places greater emphasis on commercial criteria and to pursue the profit objective more strongly. In attempting to pursue profit, Petronas Dagangan Berhad (PDB) proposed to fully privatised its roadtanker operations, which engaged in the distribution of PETRONAS bulk petroleum products, in Malaysia.

The roadtanker operations will be privatised to a few selected private hauliers or a Consortium or Joint-Venture (JV) Company. The whole activities of PDB roadtanker from the driver upwards are the interested areas of privatisation.

In this study, attempt was made to analyse the operational and cost efficiency of privatising the bulk LPG roadtanker operations in the Central Region. A financial analysis was conducted to further support the full privatisation of PDB roadtanker operations. Based on the financial savings projected within the next five years, it was found that PDB would benefit from this privatisation by enjoying an average savings before tax amounting to RM 0.7 million per annum.

The interests of the affected roadtanker drivers upon the privatisation will not be neglected. They are retrained or given an attractive retrenchment package or even join the Consortium or JV Company to remain in employment.