



Talent wars

The contest for human resources heats up

Exploration and production companies around the world have routinely relied on the talent and dynamism within their workforces – and on the game-changing technologies they have developed – for working in remote conditions and difficult terrains. It is the engineering and technical staff who have been tasked with creating innovative new ways of boosting the productivity of existing fields, and finding and developing new reserves.

Increasing numbers of those people are nearing retirement, especially in the USA and Europe. Additionally, as entry into the workforce has been stifled by the industry's prolonged period of contraction, there are fears about the vitality of this mechanism. Indeed, the US upstream oil and gas sector has shed over a million jobs since the 1981 oil price peak.

Many US higher education colleges are finding it difficult to attract students to science and engineering courses. NASA,

for example, has predicted that US colleges will have produced only 198,000 technically based graduates to replace the two million experienced professionals due to retire between 1998 and 2008.

Courses such as IT, marketing and leisure, leading to careers in the service sector, are becoming more popular. Students with a talent for maths or science are increasingly taking this route, rather than developing their potential to be the next generation of engineers.

“The industry faces significant challenges over the next five years in recruiting and managing its workforce, with important consequences,” says Denise McCourt, director of the general membership segment for the American Petroleum Institute (API). “Skill shortages are projected in fields that are absolutely crucial to technological progress.”

In the light of reports of a critical-talent challenge across all industries worldwide,

API recently polled 22 US oil companies, including integrated companies, independent producers and service companies. Several serious workforce issues were uncovered, along with the extent of the problems facing the sector.

The survey revealed that most companies had found petroleum engineers, engineering analysts or technicians, geologists and geophysicists to be in particularly short supply. They had also experienced a lack of multi-skilled maintenance craftspeople, geosciences analysts and engineers.

The sample companies estimated that nearly a quarter of their employees in these roles would be eligible for retirement before 2009, and said they expected to hire more than 22,000 new workers to replace them.

Where they will come from is another example of the continued globalisation of workforces. In 2003, for example, there were only 1500 students enrolled on

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petroleum engineering programmes in the USA, but the firms in the API sample (17% of the industry) expect to need more than 5000 engineers in the next five years.

Elsewhere, Asian universities are producing almost as many technical graduates as Europe and the USA combined. The shortage of qualified professionals emerging in large, developed countries could lead to the rise of an unprecedented global talent market, with resource-rich countries such as India, Russia and China taking leadership roles.

McCourt indicates that energy companies in the West are starting to take proactive steps to build the talent pipeline, both internally and externally, before institutional knowledge is lost.

Internally, proactive measures could include recruitment and mentoring programmes, attracting and retaining talent, and facilitating knowledge transfer and succession planning.

Replenishing the talent pipeline

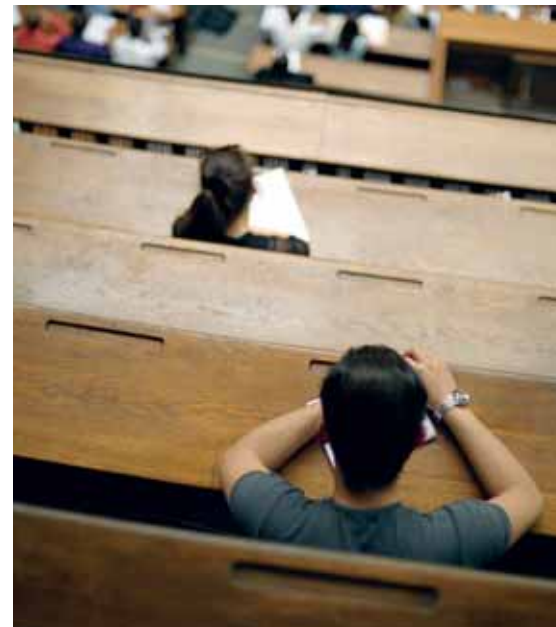
However, the external pipeline also needs to be strengthened to increase the flow of students into the relevant educational programmes. McCourt suggests that industry collaboration is the key. “The emphasis has to be on growing the talent pool,” she says. “Individual companies can have some impact by, for example, sponsoring university programmes or partnering with technical colleges to

strengthen or steer their curriculums, but if the industry works together and with governments, education systems and communities, then we can deal with the root causes.”

In addition, McCourt suggests that more initiatives should be developed that share information and connect with future talent, such as science and engineering fairs or field trips to operating facilities. These could help to revive excitement among new entrants and persuade them that the industry can deliver a rewarding and satisfying career.

“When you consider all these issues in combination, it is clear that the oil and gas industries are facing multiple workforce challenges unlike anything we have ever seen before,” says McCourt.

“Companies that recognise the challenges – and act now – will find themselves in a much better position as the talent wars heat up. But the industry also has to pull together to develop and replenish its talent pipeline.”



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