

An IEF Symposium

Tackling the Human Resources Crunch in the Petroleum Sector,

13-14 April 2009, Doha, Qatar

Concluding Statement

The International Energy Forum Secretariat held a symposium on “Tackling the human resources crunch in the petroleum industry” in Doha, 13-14 April 2009. Hosted by the Government of Qatar the event brought together representatives from oil and services companies from producing and consuming countries, as well as representatives of educational institutions.

The symposium presented a timely opportunity to address the shared concerns of petroleum industry stakeholders regarding recruitment and retention of skilled employees.

IEF Ministers and participants in the International Energy Business Forum (IEBF), the two ad hoc energy Ministerial meetings in Jeddah (June 2008) and London (December 2008) and the first IEF NOC-IOC Forum (March 2009), have identified the human resource crunch as a critical bottleneck and long-term challenge to the petroleum sector. The issue has been further complicated by myriad uncertainties introduced by negative revisions to the near-term global economic outlook.

With HR deficits ranking amongst the causal factors of delay and uncertainty in capacity expansion and other project plans, participants discussed the main reasons behind these structural skill shortages and exchanged views on potential long-term solutions.

1 - Root causes and nature of problems facing the industry

- Recruitment and retention of key personnel with the petrotechnical qualifications and experience necessary to excel in the increasingly complex technical disciplines practiced in this high-tech sector has been a contributory factor to cost escalation in the oil and gas industry since 2005.
- A recent survey places the average age of professionals in the oil industry at around 50. If current business practices remain unchanged it is likely that 50% of the industry's current skilled workforce will be lost to natural attrition through retirement within the next ten years as junior recruits comprise barely 15% of the resource base.
- Perceptions of the industry as a “sunset” sector, misconceptions about its approach to environmental concerns and competition from other high-tech industries have combined with cutbacks in technical and earth science programmes in Universities to reduce the in-flow of skilled staff to the working population. The result is an ageing workforce and a scramble for talent.
- Job security is a major concern among students, now perhaps more than ever, and the industry's reputation for vulnerability to “boom and bust” cycles presents a major obstacle to recruitment from an increasingly limited pool of resources.

- Prospective employees and the general public must be convinced of the industry's long-term prospects. Commonly held negative perceptions of the industry should be challenged by better communicating the reality of the modern oil and gas sector as a high-tech, diverse, and environmentally conscious entity, integral to the long-term future of the global economy. The industry must persuade its detractors that it is part of the solution rather than the cause of the problem.

2 – What is the industry response and are there potential long-term solutions?

- The sustainable solutions necessary to correct global structural skills imbalances are not fully provided by existing efforts which typically target individual near-term problems. Nevertheless, there is a growing understanding within the industry of the need to establish, promote and sustain long-term recruitment and retention policies in order to regain trust and build the foundations necessary to support future requirements.
- Simple proactive measures already practiced by many in the industry hold great potential if applied more widely across the sector. Key amongst these best-practices to attract, motivate and retain talent is the implementation of mentoring programmes which facilitate succession planning and knowledge transfer.
- Wider provision of Scholarships targeted at key disciplines, the sponsoring of academic chairs in the essential Earth Sciences (which are currently losing ground to Atmospheric Sciences) and support for internship schemes were cited as examples of proactive initiatives with the potential to attract, develop and retain interest in the sector as career path of choice. The promotion of “Technical Heroes” is suggested as a tool to encourage interest in the industry as a career path of choice.
- Co-operation between industry and academia on the development and delivery of targeted programmes exists, but widespread adoption and application of this best practice is essential if the talent pipeline is to deliver skill-sets commensurate with the rapidly evolving needs of the energy sector at the right place and time.
- Acceptance and understanding of the long-term nature of industry project cycles is necessary. Companies must resist short-term economic pressures to implement cuts in workforce. To maintain skills development in line with its increasingly sophisticated operations the sector is urged to establish training budgets as a fixed percentage of earnings. Potential recruits would interpret this step as a message of long-term commitment necessary to reverse the insecurity bred by historical response to downturns.

3 - Cooperation between industry, government and academia

- Participants stressed that de-bottlenecking the sector's human resource challenges requires collective, targeted and innovative cooperation between government, educational institutions and industry.
- Positive reinforcement of the image of the sector must be widely practiced and supported by co-ordinated development of curricula, employment and social policies.

The IEF Secretariat will ensure that key messages from the symposium are developed and transmitted to the IEF Ministerial meeting and International Energy Business Forum in Mexico, 29-31 March 2010.