



India | New Delhi

## Parallel Roundtable 4: Attracting talent to a vibrant industry, integrating new generations and technologies

### Background Paper



# Disclaimer

The observations presented herein are meant as background for the dialogue at the 16<sup>th</sup> International Energy Forum. They have been prepared in collaboration with The Boston Consulting Group and should not be interpreted as the opinion of the International Energy Forum or The Boston Consulting Group on any given subject.

# Introduction

## Market Context

- The oil and gas industry faces an acute labor crisis; Human Resources management is key to address these challenges
- Experience drought from workforce getting younger requires investment in Training & Retention
- Proactive and targeted Recruitment are required to capture high-potential candidates with robust skill sets
- Technical and Project skills seen as having the greatest shortage for both IOCs and NOCs



## Session Objectives

- To discuss the key steps that the Energy industry can take to address the acute labor crisis
- To understand the key capability building steps that the Energy industry needs to take
- To discuss ways to increase woman participation in the Energy workforce
- To understand the implications of energy transition and digitization on HR in Energy

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**Key Question:** How does the industry attract and retain diverse talent in a more competitive, and advanced energy market?

# The oil and gas industry faces an acute labor crisis

90

Percent of oil and gas executives who believe that talent shortage is an issue

50

Percent of the industry workforce that will retire in the next five years

2:1

Ratio of retirees to new employees who will enter the industry workforce

49

Percent of 16-35 year olds who found a career in the oil sector "very" or "somewhat" unappealing

# Human Resources management key to address these challenges



Generational Gap



Expertise management



Digital mindset irruption



Industry attractiveness



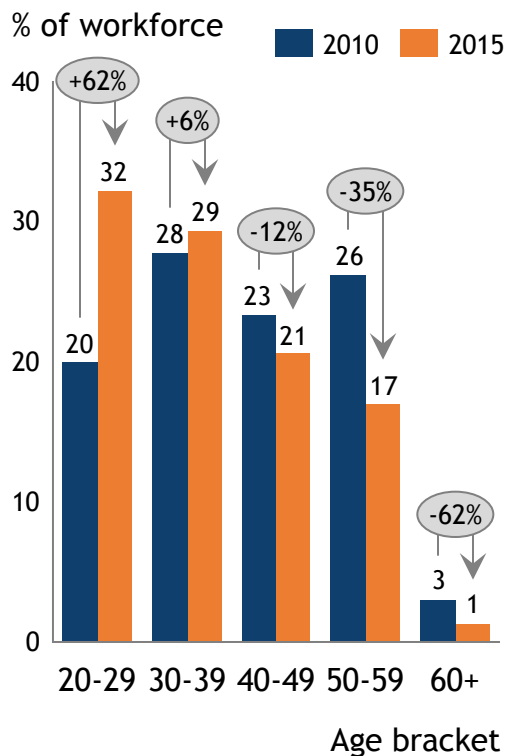
Gender diversity



# Experience drought from workforce getting younger requires investment in Training & Retention



O&G workforce becoming increasingly younger



Lower efficiency

- Efficiency gains which come as the result of cumulative experience may be lost as workforce becomes younger

Managerial shortfalls

- Lack of seasoned professions may result in shortage of talent to fill manager level positions, or under-prepared employees filling manager roles

Increase training

- New hires will require training to supplement on-the-job experience in order to maximize efficiency potential
- Pro-active management training needed to develop greater pool of manager candidates

Improve retention in order to maintain expertise

- Supplemented compensation packages, flexible schedules, etc. may be required to keep more experienced employees
- "Post-retirement" positions (fewer hours/responsibilities) could keep experienced employees in workforce during transition period



# Proactive and targeted Recruitment is required to capture high-potential candidates with robust skill sets

## Situation

Post-graduate new hires are reporting to work lacking necessary skills

- According to a training manager at a major: "For the first time we're seeing failures of basic introductory course pre-assessment tests"

On-the-job skills require years to develop

- 3 years to develop basic industry operating competence
- 10 years to develop proficiency in many profession disciplines

## Problem

Training costs rising

- Shell and Exxon have set up additional training centers to train employees on key skills they lack

Greater risk assumed

- New hires not receiving supplemental training represent a potential hazard on job sites if requisite skills not possessed

## Solution

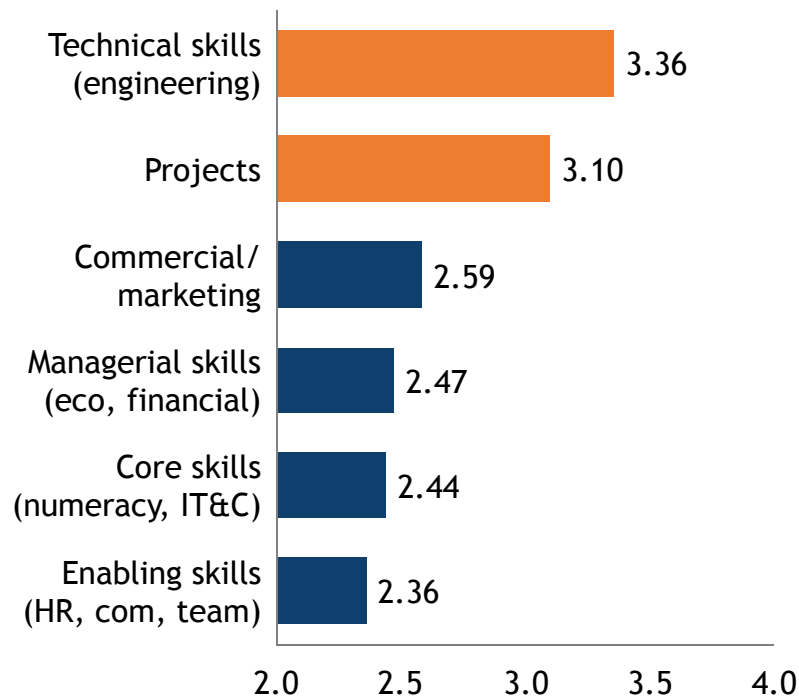
Improve recruiting efforts to garner larger share of top recruits

- Strategic recruiting and staffing plan must be developed with same rigor as financial plan
- Recruiting plan must include
  - Pro-active vs reactive efforts
  - Strategic targeting of graduate programs
  - Clear articulation of factors which differentiate company from competitors

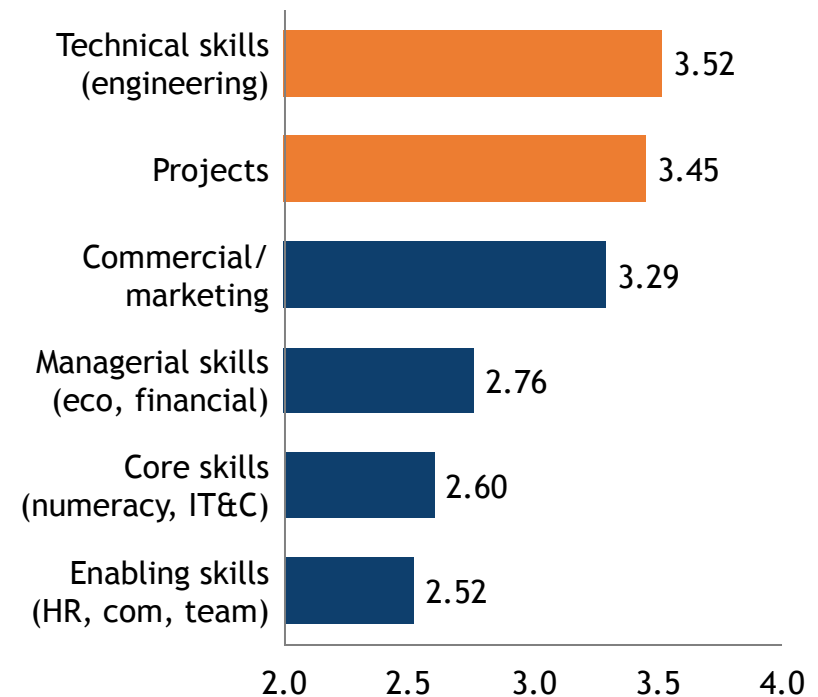


# Technical and Project skills seen as having the greatest shortage for both IOCs and NOCs

## International Oil Companies



## National Oil Companies



Scale: 0 = no shortage ; 5 = highest shortage





# Technical capability building requires integrated approach



## Experiential programs and job rotations

- Job rotations
- Stretch roles
- Career paths
- Action learning
- Task forces
- Time in field



## Incorporating into flow of daily work

- Manager routines
- Daily huddles
- Integrated strategy and talent sessions
- Checklists, tip sheets
- Pulse checks



## Coaching and mentoring

- Peer groups
- Individual workgroups
- Mentors
- Subject matter experts



## Feedback and assessment

- Informal feedback
- 1:1 check in after major deliverables
- Awards, rewards
- Formal reviews
- Performance consequences

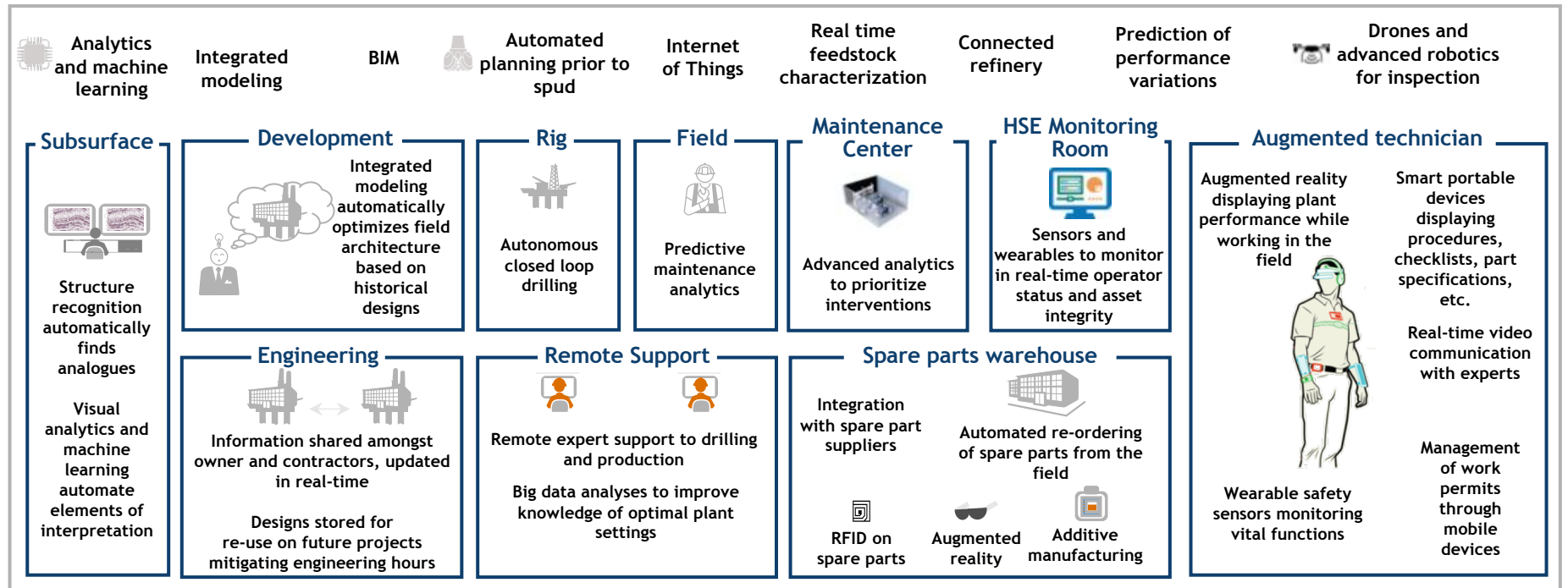
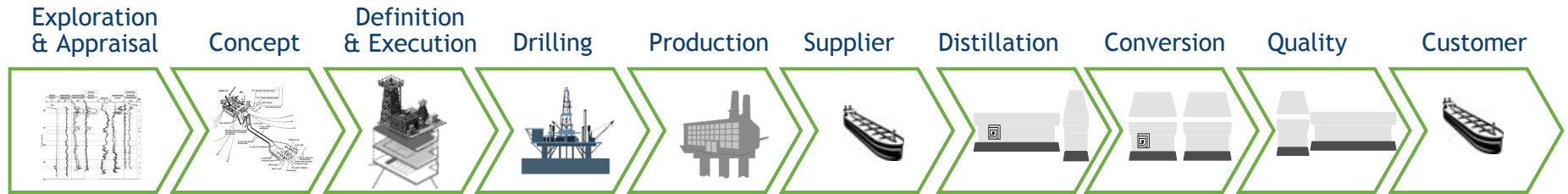


## Formal learning

- On-demand targeted e-learning
- Workshops
- Defined role-based learning paths
- Conferences
- External visits

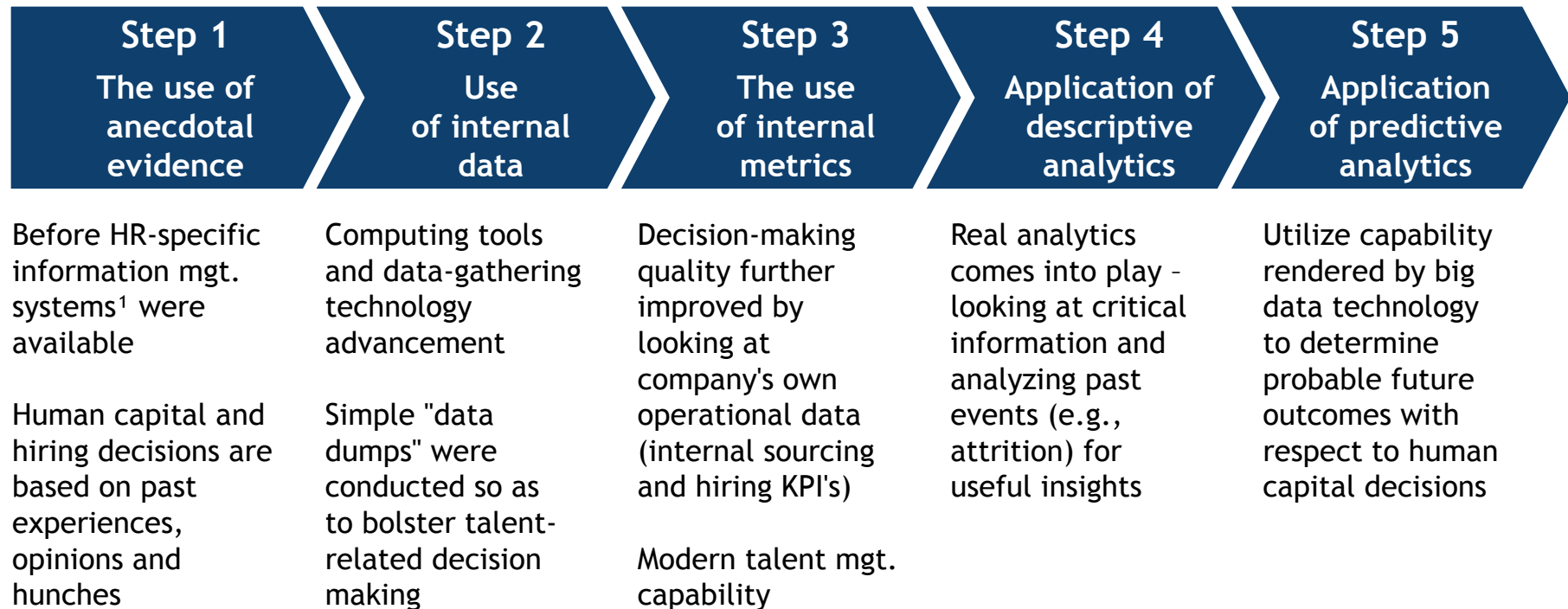


# Adoption of digital technologies will impact the labor skills required in the oil and gas industry





# Digital technologies also bring great opportunities to improve HR processes



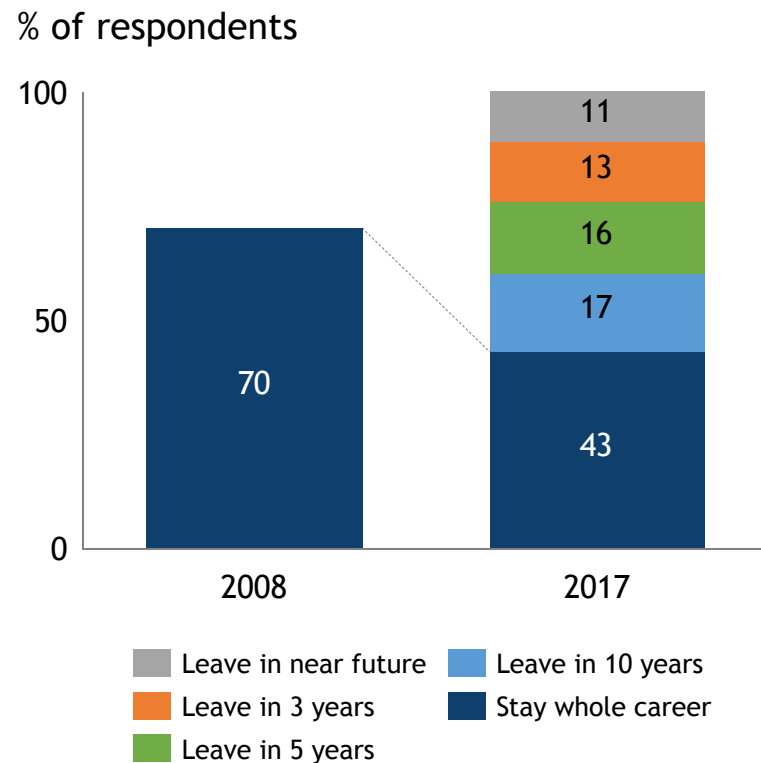
Big data enables evidence-based decision making for HR to a new level by factoring in a wide array of source data



# Oil & gas sector is becoming less attractive to join

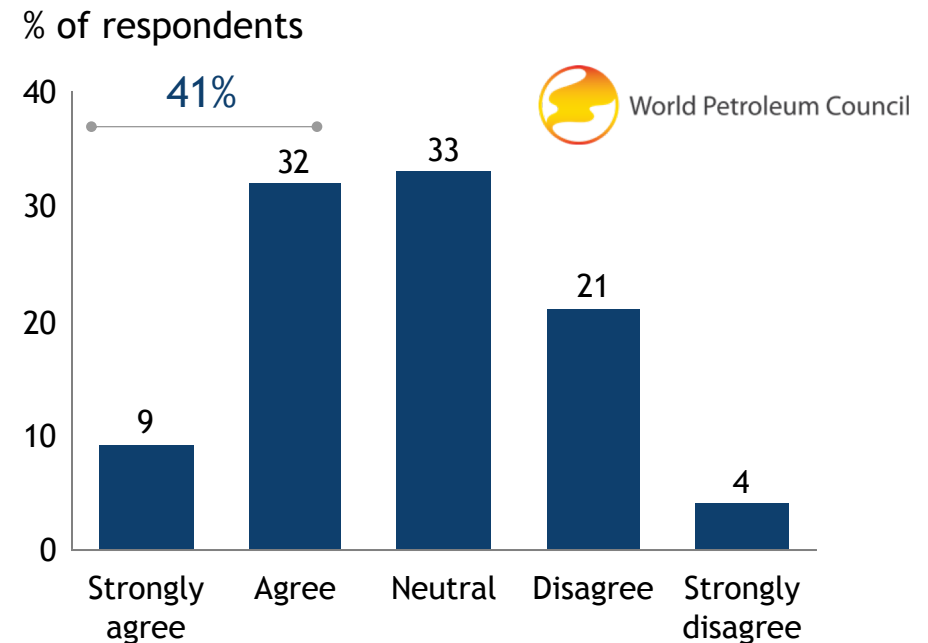
Only 43% of O&G young professionals plan to remain in the industry (vs. 70% in 2008)

*"Is your intent to remain in O&G industry?"*



41% of O&G young professionals believe that industry is well perceived from outside

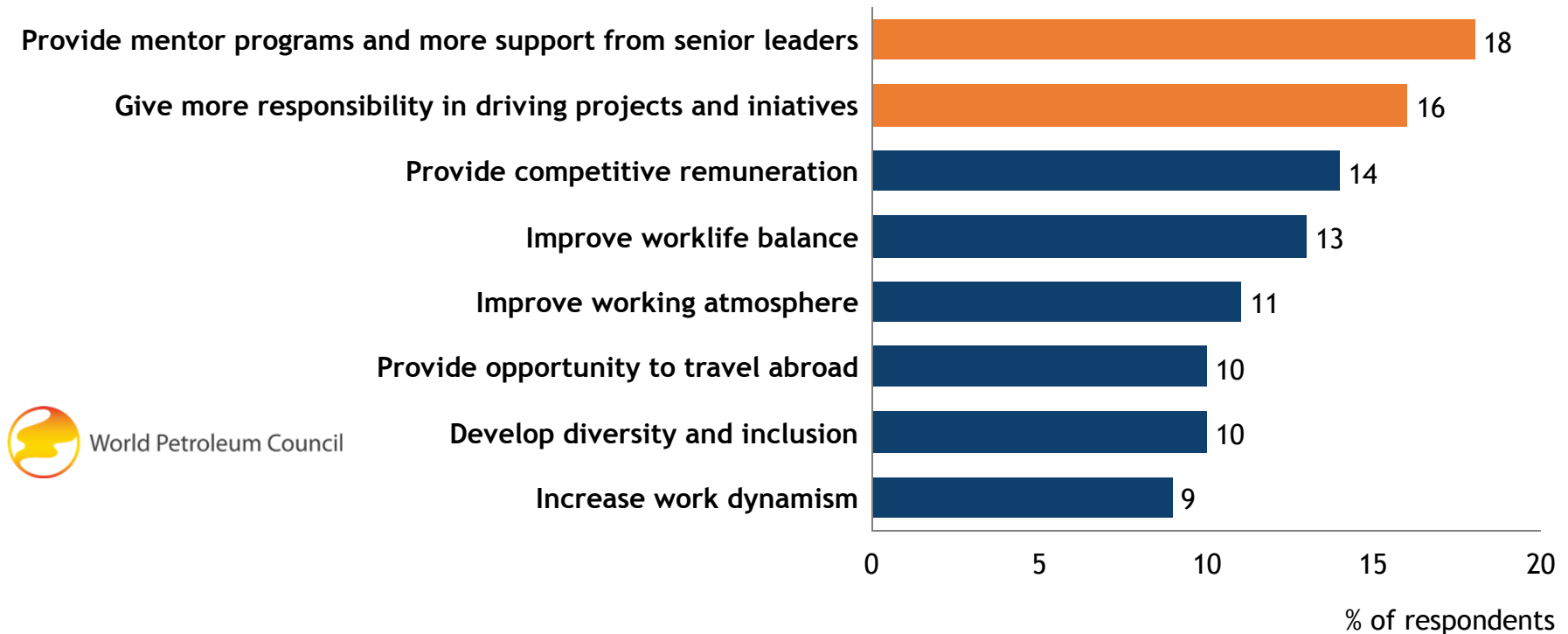
*"Do you think that the oil and gas industry has appropriate messages in the media?"*





# Young professionals value mentoring programs and business trust as key retention drivers

*"What needs to be done to retain your talent in the energy industry?"*



It's no longer about the money... Young Professionals mindset is changing, towards recognition and learning



# Woman are underrepresented in the oil and gas sector compared to other major industries



Health  
& social work

60



Education

55



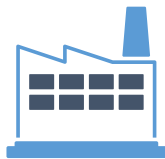
Hospitality

43



Finance

39



Manufacturing

33



Public sector

28



Oil & gas

22



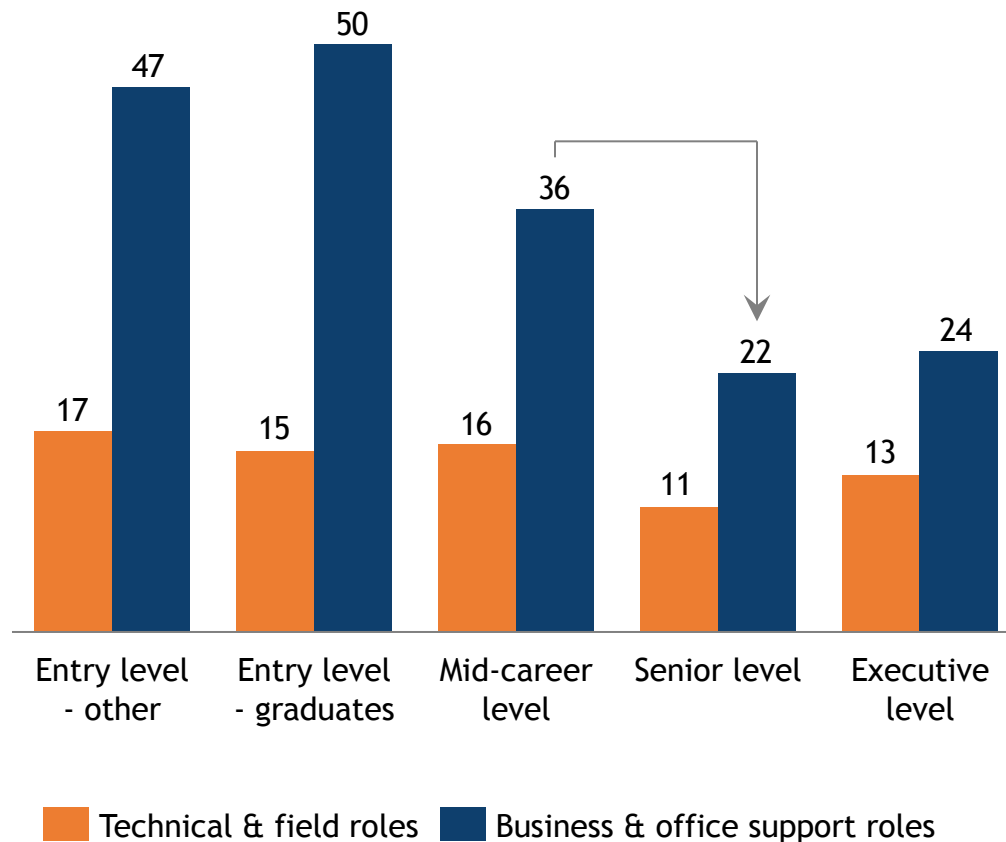
Construction

11



# Women's underrepresentation worsens as seniority rises

## Percentage of women by career step



On the business career track, women's percentage is roughly equal with men's in early career, but falls off significantly at mid-career levels

On the technical career track, the percentage of women is much lower, in part because the pool of candidates is smaller



# Leading players have set and achieved ambitious targets

## Illustrative examples



Has 2 women leadership development programs

- Women's Career Development Program (WCDP)
- Senior Women Connect (SWC), designed for women in leadership positions
- Women represent 19% of senior leadership



Target to have over 30% female graduate hires through continued efforts to highlight the depth and breadth of careers at BP

Has an Women's International Network and local women's networks at many of their sites around the world



Has a high representation of women on their Corporate Executive Committee and in senior management

33% of workforce are women across all groups and businesses



10 initiatives in Women Development Program incl. Woman in Leadership, mentoring and peer learning

Appointed first women leader as executive director in 2015



# Key Questions

- 1 How will the energy transition impact HR management?
- 2 How will companies confront the loss of senior resources?
- 3 How does HR strategy gets shaped after the digital overflow?  
What are the key challenges of going digital?
- 4 Which are the key motivating factors for women to join and remain?



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