

Human resource issues in the gas and oil industry in canada



This essay will address the impact of employee turnover and retirement on the gas and oil industry in Canada. It will look at the human resource challenges and what can be done to head off a severe worker shortage coming up in the next ten years.

Canada is facing a major labor shortage that could affect the gas and oil industry over the next 10 years. The industry employment in 2012 is estimated over 195, 000 that is up 10% from 2009. The direct employment over the next decade will increase between nine and 20%, that will make employment levels reach 213, 000 or as high as 233, 000 by 2022. (Sampang, 2013) In order to meet this workforce growth the industry will need to find between 125, 000 and 150, 000 new workers by 2012. This is because while the industry is growing it is losing workers to retirements and turnover. The hiring outlook estimates approximately 45, 000 workers will be lost to age-related attrition, with a workforce of approximately 200, 000, 3% annual turnover results in an additional 6000 new hires a year. (Sampang, 2013)

Within Canada's oil and gas industry there are a wide range of issues, for example, the environment, public perception, raising capital, but one of the common issues is talent and it is the most urgent. In the coming years the oil and gas companies will be looking to expand their workforce during a time when the number of working people aged 15 to 64 is predicted to sharply decline. Rapid technological change is demanding new kinds of workers, those with far more sophisticated and up-to-date training and skills that have ever been required by oil and gas professionals in previous generations. (J. McKibbin, 2011) Oil and gas HR leaders continue to struggle

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with ongoing human resource realities that have always been unique to the gas and oil industry; these include managing seasonal demand, coping with higher than average employee turnover, and attracting workers to remote and locations.

At a recent roundtable when asked what the companies were predominantly focused on the participants cited labor cost, environment, finding capital, and public perceptions among the most pressing challenges. The human resource department specifically cited recruitment of talent, employee capability and engagement, and developing leaders for the future as their top priority. As the gas and oil industry increases to automate its systems throughout the industry the need for technological skills will continue to increase at all levels as technology plays an increasingly central role in the innovation of oil and gas extraction worldwide (J. Mckibbon, 2011)

Gas and oil companies will need to be more creative with their hiring plans by considering sourcing talent from other countries around the world, targeting groups with high unemployment such as new grads, new Canadians, and native Indians. HR departments are creating development programs using social networking tools, they are employing search firms and offering attractive sign-up bonuses to retain talent, they are also partnering with universities and graduate programs. (J. Mckibbon, 2011)

One of the biggest issues that gas and oil companies face is that their people move between and among the employers. As the levels of pay and responsibility increase it's often without the appropriate experience that would normally be required for leadership, so issues of engagement and employee capability always come up. (J. Mckibbon, 2011) In order to head off
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the lack of employable people in the future, these companies need to work together to provide training and incentives to generate a common labor pool. By working with community colleges and other training institutions either public or private these companies could work with other industry people and create a shared service center for processing and training employees.

Another issue that needs to be recognized is a tightening market for qualified labor will push up compensation expectations and change the traditional methods of recruitment. (J. Mckibbon, 2011) In order to remain competitive gas and oil companies will have to become efficient at attracting and retaining qualified talent in a cost-effective manner this requires innovation and flexibility.

The impact this lack of labor could have on any multinational company trying to operate in Canada would be to increase their operating costs because of the high price of labor, the need for innovative hiring practices to attract talent from other companies, and ongoing training to meet the needs of technological advances.