FUTURE TALENT
INSIGHT SERIES

2016

What type of talent is powering the energy industry?

WHAT DO UNIVERSITY STUDENTS SEEKING JOBS IN RENEWABLE ENERGY OIL & GAS LOOK FOR IN FUTURE EMPLOYERS? AND WHAT ARE THE IMPLICATIONS FOR COMPANIES SEEKING TO HIRE THEM?

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Over the last 24 months, energy firms have struggled mightily due to a prolonged slide in commodity prices. While boom and bust cycles aren't anything new for the sector, companies are reconsidering whether mass hiring and layoffs are the best way to manage those swings.

When industry rebounds, workforce growth takes time – and a poor talent pipeline can impede recovery. (Consider that in the US alone, 170,000 jobs have been eliminated since 2014, and recruiting agency Airswift estimates global energy job losses at 291,500.[1,2])

Robust hiring can't take place until well after prices stabilize and recover.[3] And even when companies are ready to hire, the workforce they let go may no longer be there, waiting to return to work.

For evidence of this, look at what happened in manufacturing during the 2008 recession. Manufacturing companies slashed jobs as demand for products – both consumer and industrial – dropped and prices were pushed down. Five years later, demand returned, but in the same interval, skilled laborers found jobs in other industries. "Many of the industry's best workers moved on to other fields or retired in the intervening years since the recession [...] the same thing could happen in the oil and gas industry," says Michael McDonald, a corporate finance consultant to companies in the industry.[4]

JOB LAYOFFS IN THE ENERGY SECTOR SINCE 2014

1 http://money.cnn.com/2016/07/14/news/economy/oil-jobs-worker-shortage/
2 http://www.cnbc.com/2016/07/08/energy-jobs-oil-and-gas-industry-could-hire-100000-workers--wif-it-can-find-them.html
3 http://www.rigzone.com/news/oil_gas/a/142316/2016_Outlook_Oil_Gas_Industry_Has_a_Tough_Year_Ahead/?pgNum=1
4 http://oilprice.com/Energy/Energy-General/The-Real-Long-Term-Threat-To-The-Oil-Gas-Industry.html

Add to that, the hiring needs within the industry are significant. In the next 10 years, experts predict the UK alone may require as many as 125,000 new workers.[5] "When we get back to a reasonable level of activity, there's going to be a supply crisis of experienced personnel. I just don't see any way around that," says Jeff Bush, president of oil and gas recruiting firm CSI Recruiting.[6]

Adding to the talent crunch is the so-called 'Great Crew Change'. Skilled workers in the oil and gas industry are aging. Workers who delayed retirement during the last recession are now ready to do so – but due to layoffs in recent years, younger workers haven't had the chance to work side-by-side with older, more experienced talent.[7]

How can HR executives attract and develop a new generation of talented workers to the industry? What particular issues will motivate their employer choice? And what tactics promise to work best to retain younger, high-value workers? This report will explore these ideas and more as we uncover the attitudes and goals of students aiming for a career in the oil and gas industry.

Each year, Universum surveys the professional expectations of 1,000,000 career-seekers from 55 countries, and publishes dozens of reports on the top issues affecting global talent, and the companies that hire talent. In this report, part of our Talent Insight Series, we uncover what university students look for in future employers in the oil and gas industry – and how companies can translate these findings into actionable steps for HR, recruiting, and C-level leadership. In this study, we have segmented our research into two cohorts: business students and students in the STEM fields (science, technology, engineering, and math). To understand these two groups, we compare the attitudes and career goals of those who have indicated they prefer a career in the oil and gas industry (among a possible three choices) against those who say that industry is not among their top choices.

[5] http://oilprice.com/Energy/Energy-General/The-Real-Long-Term-Threat-To-The-Oil-Gas-Industry.html
[6] http://money.cnn.com/2016/07/14/news/economy/oil-jobs-worker-shortage/
[7] http://www.forbes.com/sites/woodmackenzie/2016/05/10/this-time-they-mean-it-energys-baby-boomers-retire-and-millennials-will-miss-them/#465a0f1c3a7e

Employers' reputations for innovation and market success a top priority

When weighing reputation, STEM students who say they want to work in the energy sector gravitate to employers with a reputation for innovation. Business students aiming for the sector tend to favor those with a reputation for market success.

STEM students who want to work in the energy sector – be it oil, gas, utilities, or renewables – say a company's reputation for innovation is the most important driver of employer choice; nearly one in two cite innovation as a key issue (a ratio on par with the average of responses from all STEM students, regardless of industry).

While STEM students choose innovation as a priority in large numbers, do employers in the sector value innovation to the same degree? Only half of executives in oil and gas companies say they have a well-defined innovation strategy, according to PricewaterhouseCoopers (PwC) – even though 80 percent say it's critical to their business.[8] It's an interesting question to ask: If it's true that innovation is key to company competitiveness in the sector, how can employers ensure their talent pipelines will support future innovation?

Business students who say they want to work in the energy sector most often cite a company's market success as a critical factor when choosing a future employer – and in this way they look very much like business students who *do not* choose the energy sector.

FIGURE 1

DRIVERS OF REPUTATION, COUNTRY-BY-COUNTRY

We found substantial variability of results when we drilled down the country-level responses (between those aiming for careers in the energy sector versus those aiming for other industries/sectors).

CORPORATE RESPONSIBILITY MATTERS TO BUSINESS STUDENTS WHO PREFER A CAREER IN OIL AND GAS

GLOBAL: 1/4 BRAZIL: 1/3

PRESTIGE IS A TOP FACTOR FOR BUSINESS STUDENTS WHO PREFER A CAREER IN OIL AND GAS

RUSSIA US

These findings show just how important it is for employers to customize their talent attraction programs by country/region.

[8] https://www.pwc.com/gx/en/oil-gas-energy/publications/pdfs/pwc-gateway-to-growth-innovation-in-the-oil-and-gas-industry.pdf

FIGURE 1

WHICH ASPECTS OF YOUR FUTURE EMPLOYER'S REPUTATION AND IMAGE ARE MOST IMPORTANT TO YOU?

- STEM students aiming for the oil and gas industry value innovation above all else.
- Business students aiming for the oil and gas industry are most likely to prioritize an employer's market success over other signs of reputation and image.

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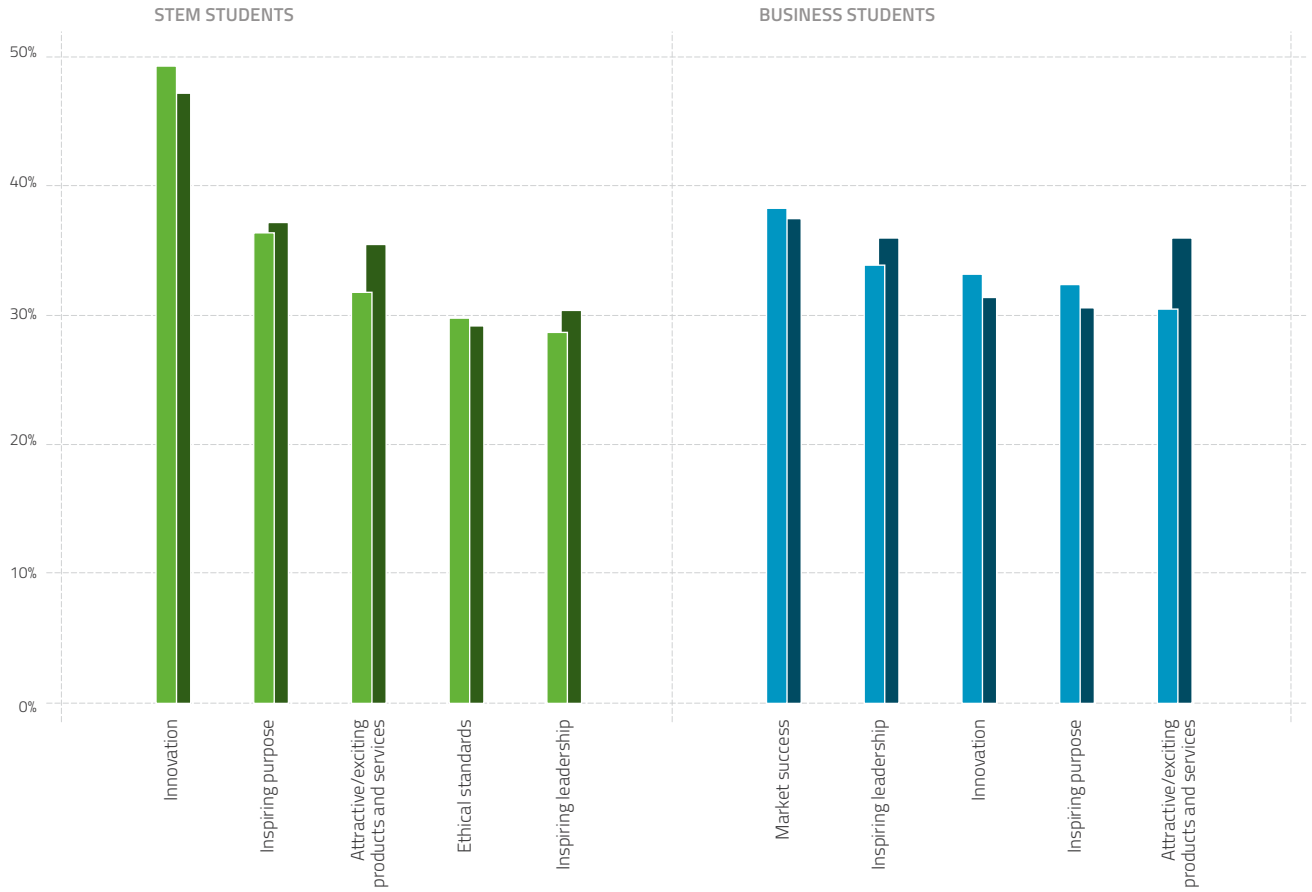

STEM students preferring energy sector*
STEM students *not* preferring energy sector**
Business students preferring energy sector†
Business students *not* preferring energy sector††

* All STEM students who indicate they prefer a career in the energy sector.
** All STEM students who indicate they prefer an industry/sector that is NOT energy.

† All business students who indicate they prefer a career in the energy sector.
†† All business students who indicate they prefer an industry/sector that is NOT energy.

Training and development still a high priority for young professionals

Similar to students in many other industries, those heading for jobs in energy jobs value professional training and development above all else – even above secure employment.

Given that the energy sector sees so much price and employment volatility, it's surprising to see both STEM and business students who want jobs in that field choose "professional training and development" more often than "job security" as an important job characteristic. Forty-five percent of STEM and business students choosing the energy sector say professional training and development is a top priority (roughly on par with the 42 percent of non-energy STEM students who choose it, and 46 percent non-energy business students who choose it). Forty percent choose job security as important (compared to 38 percent of business students and 39 percent of STEM students who *don't* prefer a job in the energy sector).

Year after year, we find through our research that despite all the talk about Millennials needing flexible work formats, young workers don't agree. Only one in four students who prefer the energy sector say they prioritize flexible working conditions – a finding that is not materially different than the average for all business and STEM students, regardless of industry.

FIGURE 2

FIGURE 2

WHICH JOB CHARACTERISTICS ARE MOST IMPORTANT TO YOU?

Professional training and development a top priority for all students we surveyed – regardless of study area.

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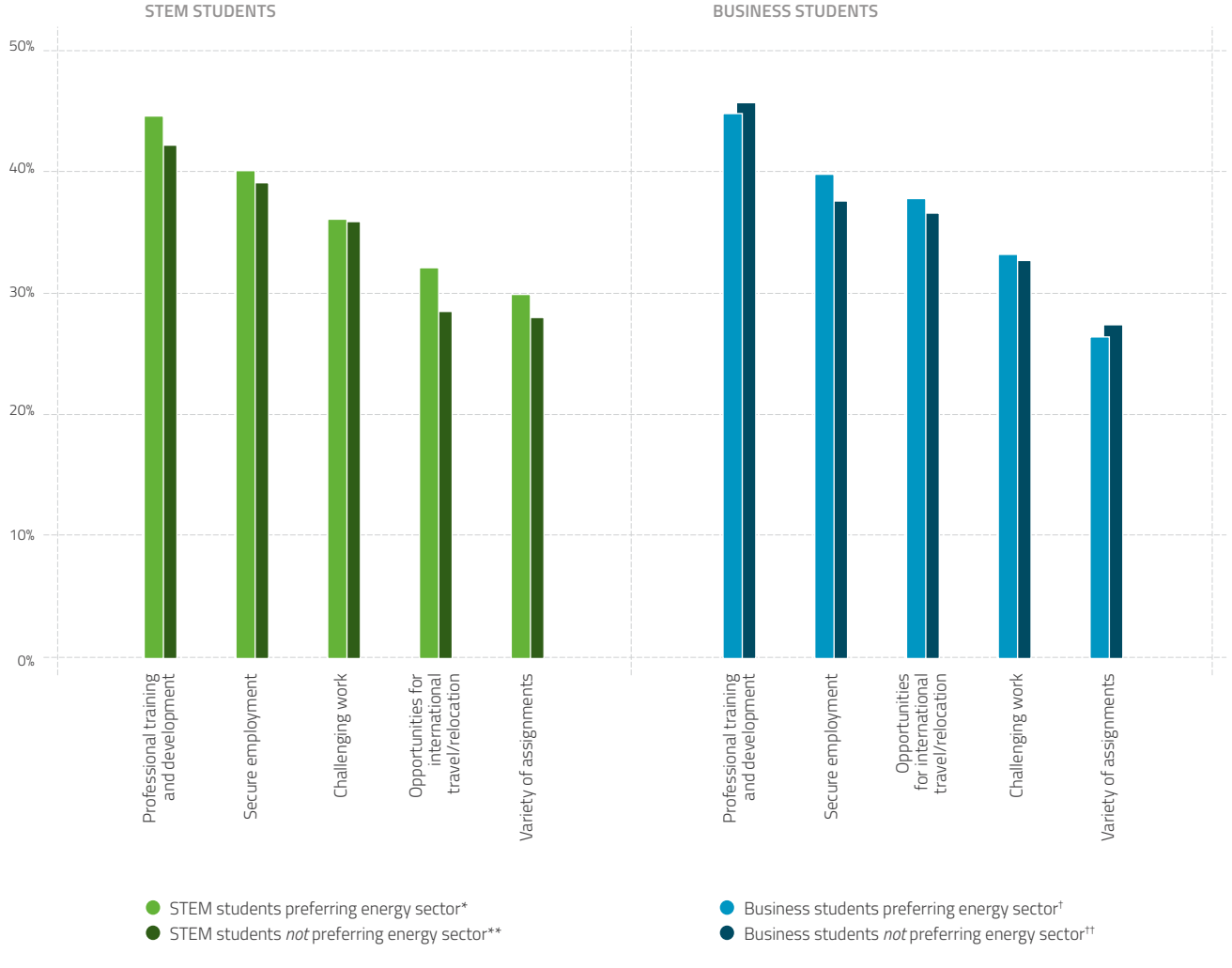

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Students seek out a creative and dynamic work environment, and leaders who support them

When asked what aspects of people and culture matter most in a future employer, STEM students heading for the energy sector cite the importance of a creative and dynamic work environment above all else. Business students focus on the importance of leaders who support development.

STEM students aiming for energy jobs value a "creative/dynamic work environment" above all other factors related to an employer's people/culture; 49 percent choose it (compared to 47 percent who prefer other industries). Establishing a culture of dynamic innovation inside energy companies can be challenging for players in the space because massive capital investments mean a lower tolerance for risk – but creating a dynamic environment is still critically important to attract young, talented STEM students.

Business students who prefer the energy field say "leaders who support my development" are key (46 percent choose it), followed closely by the need for a "creative and dynamic work environment" (43 percent choose it). These answers don't vary significantly from business students who prefer industries other than energy jobs. Millennials' focus on career development and training is a critical insight for employers to pay attention to, particularly because what was effective for Baby Boomers and Gen X isn't necessarily going to engage Millennials and Gen Y.

The biggest point of difference between business students who prefer the energy sector, versus those who prefer other industries, is their slightly lower prioritization of a "friendly work environment" – and even that distinction is modest. Those bound for energy-related jobs are less likely to prioritize friendly workplaces (37 percent affirm) versus those who prefer other industries (40 percent cite it).

FIGURE 3

FIGURE 3

WHICH ASPECTS OF YOUR EMPLOYER'S PEOPLE AND CULTURE MATTER MOST?

- STEM students in the energy sector seek out a creative and dynamic work environment.
- Business students bound for energy jobs look for leaders who can support their growth and development.

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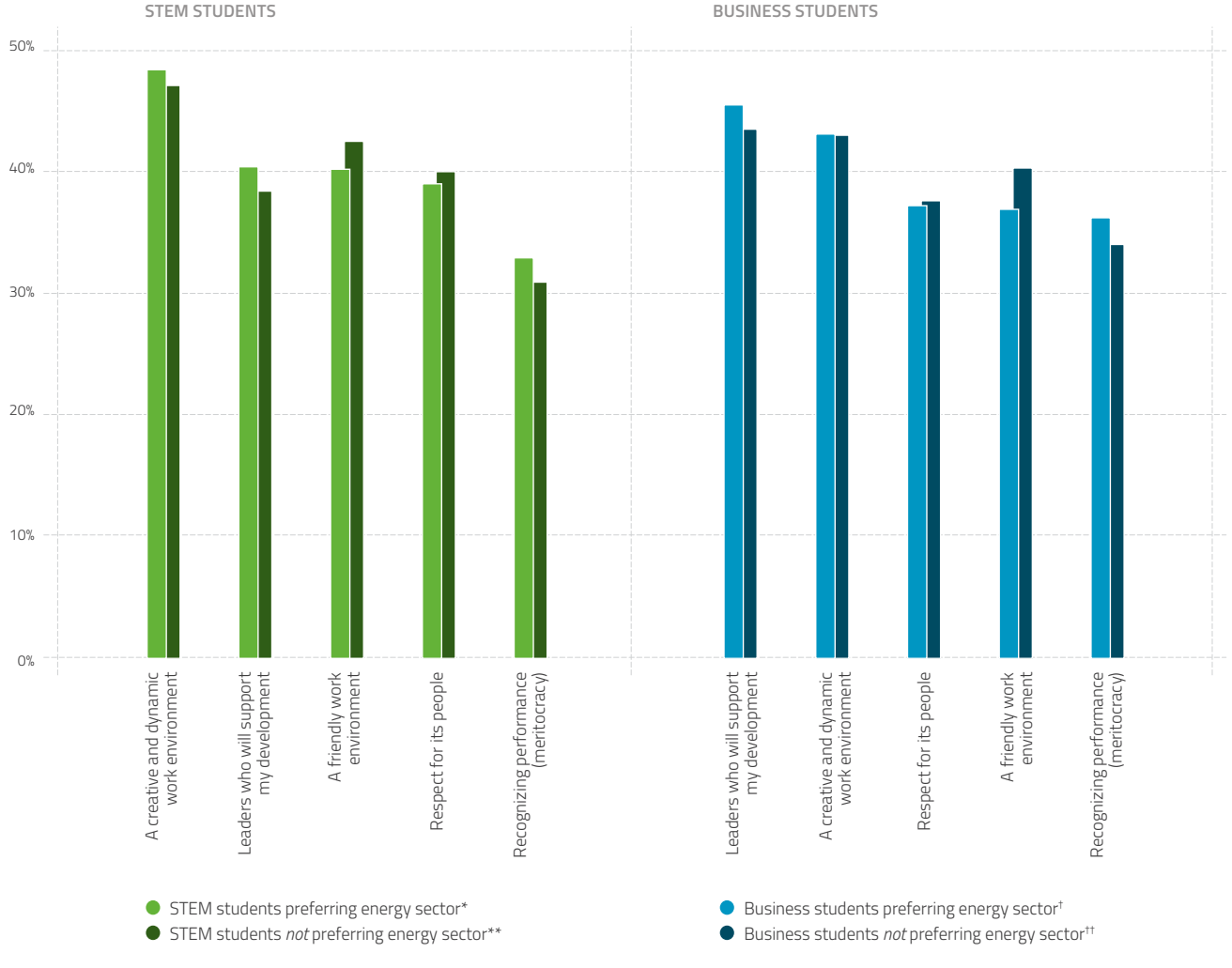

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“High future earnings” the biggest driver of employer choice

As with students in many other industries, "high future earnings" beats all other remuneration and advancement factors for energy sector hopefuls. (This is true for both STEM and business students.)

These students take the long view; they are less interested in "competitive base salary" than "high future earnings". The findings are similar to what students who *do not* prefer oil and gas told us.

An interesting point of difference: 39 percent of business students preferring a career in the energy sector say "good references" are important, compared to 45 percent of those choosing other industries.

The stereotype that younger professionals are more likely to demand rapid promotions simply isn't borne out by the data. For example, of those students who say they want to work in the energy sector, just 16 percent of business students and 13 percent of STEM students say "rapid promotion" is a factor.

FIGURE 4

FIGURE 4

WHICH ASPECTS OF REMUNERATION AND ADVANCEMENT MATTER MOST TO YOU IN YOUR FUTURE CAREER?

When asked about all types of remuneration and advancement, "high future earnings" is the biggest driver of employer choice for students hoping for a job in the energy sector.

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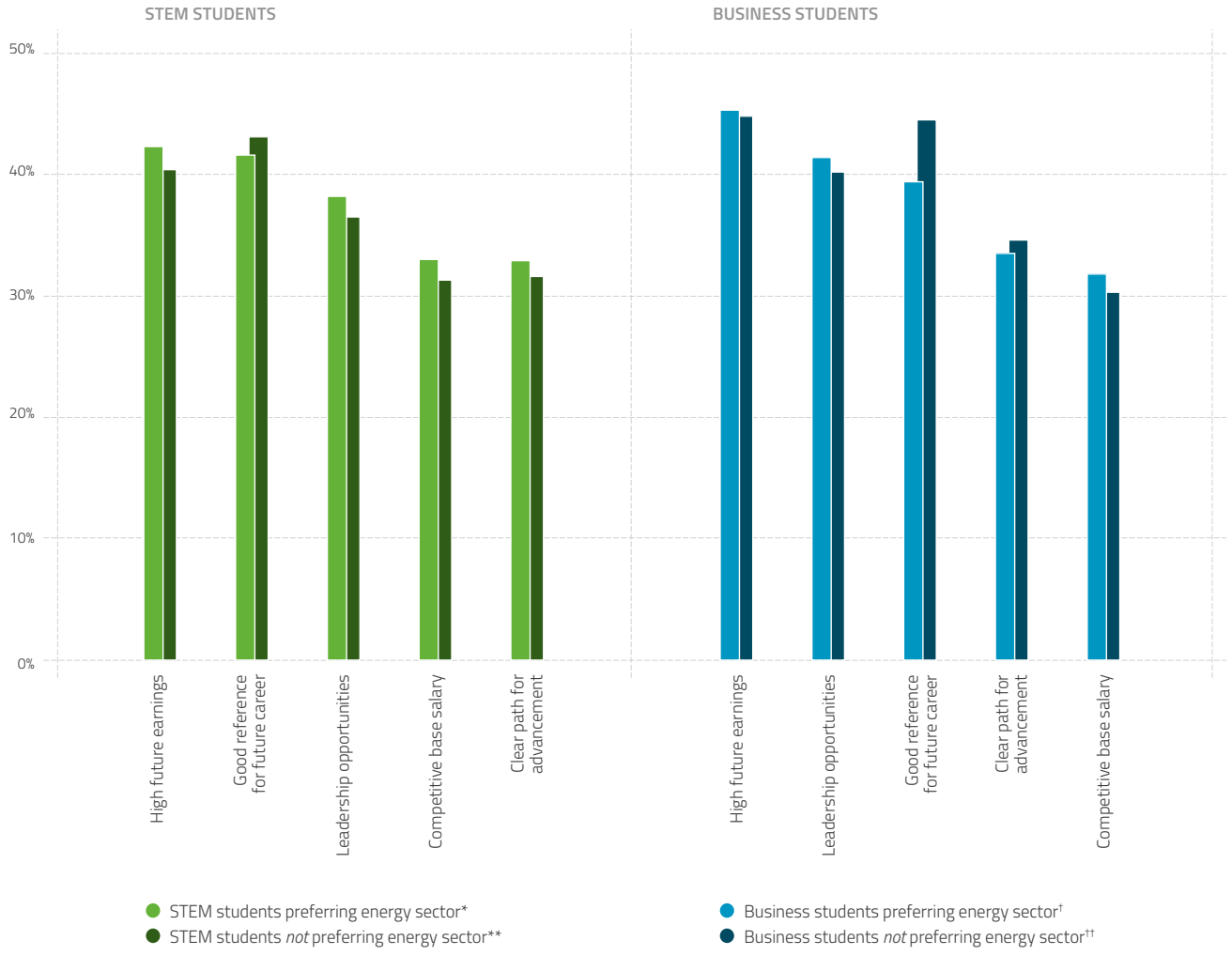

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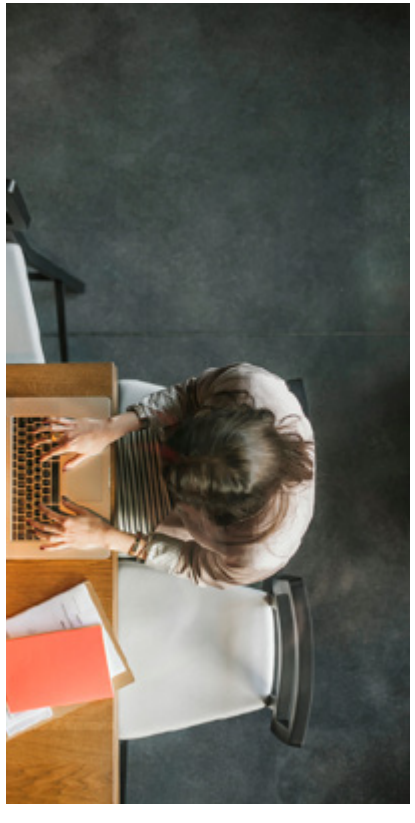
Oil and gas-bound students cite career goals different from peers heading for other industries

STEM students value work-life balance above all else. More than half say it's a priority (true for the energy sector, as well as the average of all other industries).



Second most important is job security. Forty-one percent of those who prefer jobs in the energy sector choose it; 42 percent of those aiming for jobs in other industries say job security is a priority.

Interesting to note: STEM students are slightly more likely than the average to say they want "to be dedicated to a cause, or to feel I am serving a greater good." Thirty-seven percent of STEM students aiming for a career in the energy sector cite it, compared to 35 percent of all others. With advances in new drilling techniques, shale gas production, green energy, and even safety innovations, the oil and gas industry does indeed promise to influence the greater public good – and this should be an important recruiting message for STEM students.

Among business students bound for energy companies, work-life balance is *less* important than for those aiming for industries outside of energy – even if it is still highly important. Fifty-one percent of business students bound for the energy space choose it (compared to 54 percent of students who prefer other industries). Job security is the second-most cited career goal; 40 percent of business students choose it.

Just 28 percent of energy-bound students say they prioritize "to be entrepreneurial or creative/innovative" as a career goal – an understandable outcome, as so many jobs in the energy sector are with long-established companies.

FIGURE 5

FIGURE 5

WHAT CAREER GOALS ARE MOST IMPORTANT TO YOU?

Work-life balance is a big issue for *all* students, including energy sector students.

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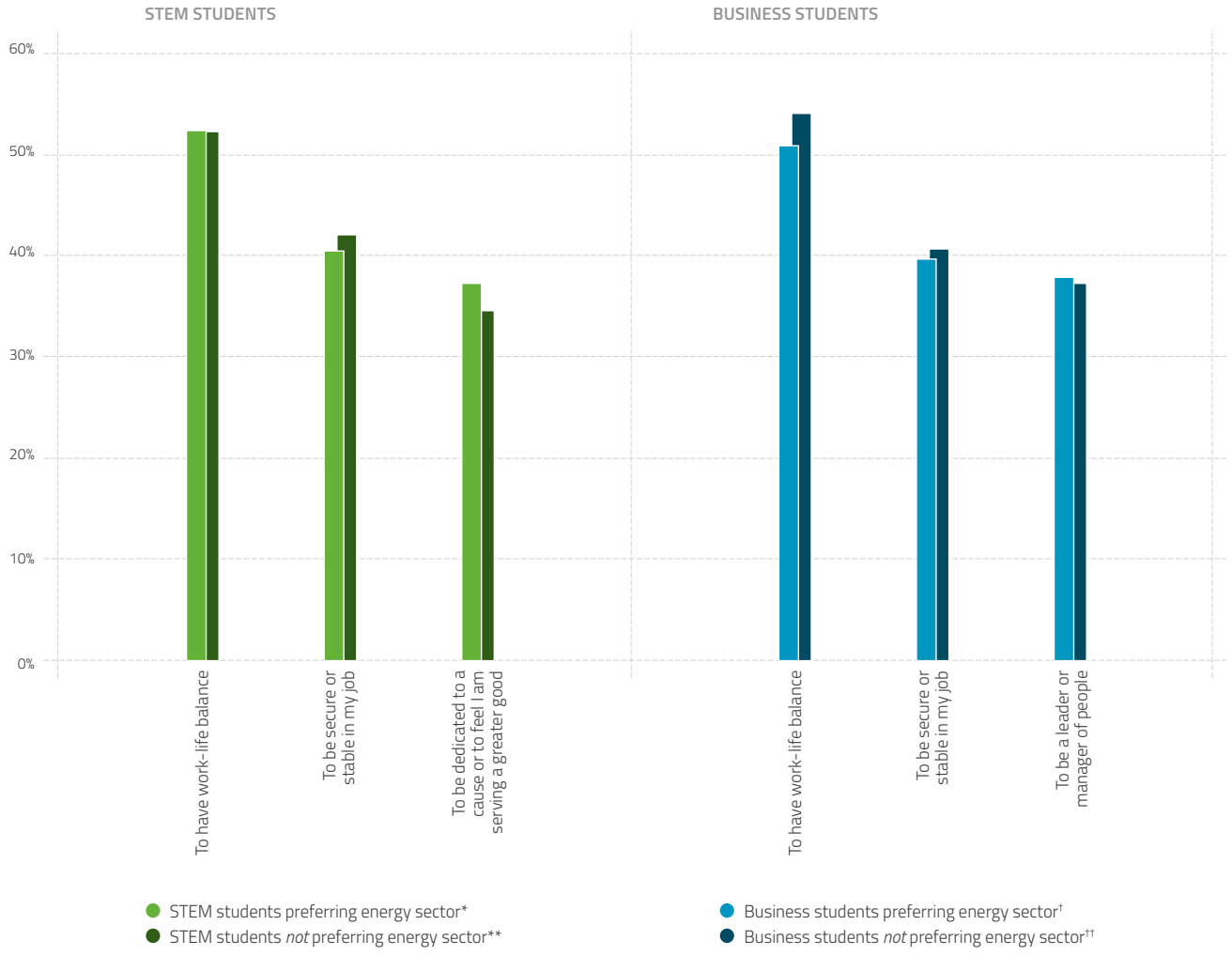

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Recommendations for employers

Preparing for The Great Crew Change is a top priority for energy sector players.

The next five years are critical to ensure the older generation stands shoulder-to shoulder with younger workers, sharing experience and knowledge. To deal with it, companies will need to think about how it can accelerate mentorship opportunities between more experienced employees and younger generations stepping in to replace them.

Bolstering this idea, research shows young workers *seek out* these types of collaborative arrangements. A study from KellyOCG found 45 percent of talent in the energy sector say working with knowledgeable colleagues is a reason to accept one job over another. And nearly two-thirds say their ideal work environment is defined as "highly collaborative".[9]

Some energy companies are running with this idea, creating professional development opportunities that are essentially knowledge-transfer programs between older and younger workers. US-based drilling company Apache Corp has been working on the problem for over a decade. It runs a three-year professional development program for new hires – created to solidify young people's relationship to the company. And it has asked older workers to extend their years before retirement to ensure proper knowledge transfer. The investment appears to be working: Approximately half of the company's technical staff are under 36 years old, and a third over 50.[10]

While competitive remuneration will always attract top talent, strong training and development programs, and work life balance will *retain* talent.

Competitive starting salaries and the promise of growth may be something that gets talent in the door, but it won't make them *stay*.

It's critical that employers ensure not just ***adequate*** but *superior* training and development programs. Exxon Mobil Corp, for example, has spent over $2.5 million on workforce training programs in the Gulf Coast of the United States over the last decade.[11]

Employers must also clearly define their employees' priorities related to "work-life balance" – particularly for younger professionals in the

[9] http://www.kellyservices.us/US/Business-Services/Industry-Verticals/The-Value-of-Mentoring-Programs-in-the-Oil-and-Natural-Gas-Industry/#.V8SjeZMrKu4
[10] http://www.rigzone.com/news/oil_gas/a/145492/Lost_Generation_Of_Oil_Workers_Leaves_Few_Options_For_Next_Boom
[11] http://www.rigzone.com/news/oil_gas/a/145492/Lost_Generation_Of_Oil_Workers_Leaves_Few_Options_For_Next_Boom

industry – and make meaningful gains to provide it. Many jobs in the industry pose serious challenges to work-life balance, whether because of remote living locations or prolonged periods of off-shore work. Given that students value work-life balance so highly, it's imperative for employers to (a) clearly describe the nature of work for each job and (b) find ways to support younger professionals' need for balance.

For new ideas, employers should look at the most innovative players – both inside the sector as well as from other industries.

Consider GE and its bid to attract Millennial talent to the company's manufacturing businesses. The key: Repositioning the industry as a place of tech-led innovation. An article in the *Wall Street Journal* explained, "Like GE, thousands of companies across the US are trying to rebrand manufacturing as a high-tech industry full of opportunity. Their target audience: Smartphone-wielding Millennials and their parents who still think of manufacturing jobs as high-risk for moving offshore or as a backup career if one can't become a doctor, lawyer or teacher."[12]

For energy companies, there are similar opportunities to attract innovation-hungry talent. With so much innovation taking place in the sector – from new drilling and extraction methods, to massive advances in sustainable and clean energy – it's an exciting time to work in the sector. For STEM students in particular, the intersection of oil/gas sourcing and drilling with technology is driving innovation at amazing speed. For example, consider BP's Field Of The Future program, which deploys sensors across all types of field locations, and then uses the

[12] http://www.wsj.com/articles/how-manufacturers-are-recruiting-millennials-1465351261

data to improve security, lower cost, and boost efficiency.[13] Employers hoping to recruit young STEM students need to bring these stories to life if they hope to attract the next generation of technologists.

It's time for employers to rethink retention strategies.

The industry is long acclimatized to cycles of hiring and layoffs. However, after severe layoffs, you lose critical bands of experience and knowledge. Talent leaders are rethinking the layoff paradigm for high-value talent. Instead, some companies are now looking at other ways to save money – from instituting lower-cost mentoring programs to replace professional development programs, to asking employees to take pay cuts or benefits cuts in lieu of layoffs.[14] These strategies are not without risks (some believe demoting workers can lead to overworking key people, or making them more vulnerable to headhunters).

Find ways to attract and retain innovation-focused talent.

Research by PwC into the role of innovation inside oil and gas companies found the most innovative 20 percent in the study grew 16 percent faster than those defined as least innovative. What's more, in just five years, top innovators predicted that their rate of growth would be nearly double the global average (and would be three times that of the least-innovative companies).[15]

How can these companies build a talent pipeline to support and grow innovation? Students who express an interest in the energy

[13] https://www.quora.com/Who-are-the-innovators-leaders-in-the-oil-gas-industry
[14] http://oilprice.com/Energy/Energy-General/Salary-Cuts-In-Energy-Sector-Could-Prevent-Mass-Layoffs.html
[15] https://www.pwc.com/gx/en/oil-gas-energy/publications/pdfs/pwc-gateway-to-growth-innovation-in-the-oil-and-gas-industry.pdf

sector are similar to the average of all students in their desire for innovation, dynamic work, and creativity. Is there a way to attract talent that prioritizes innovation – as is seen in other industries, such as technology and finance? It's critical to understand the desires and objectives of these innovation-seekers, and build talent attraction and retention programs for that cohort.

Employers must take a regional approach to recruiting and retention.

Research from Universum shows significant variability in goals and aspirations country-by-country, as well as based on area of study. To recruit for specific high-value roles – be they in engineering, occupational safety, or finance – employers must segment their audience.

And it's not enough to do this by region as some – APAC in particular – have significant variability among countries in close proximity. Chinese STEM students bound for jobs in energy vary significantly from Japanese students, who are very different from those from Singapore and Indonesia.

To improve the size and quality of the talent pipeline, pursue new partnerships.

Look at opportunities to partner with local governments and academic institutions to increase the talent pipeline – if not for the coming 24 months, at least for the future of the industry.

Among the most exciting ideas in the industry are coming from individuals working in academia:

- Nancy Leveson's work on oil and gas safety (Massachusetts Institute of Technology)
- Bjarne Foss's research on cybernetics (Norwegian University of Science and Technology)
- Inga Berre's work on geothermal energy and CO2 storage (University of Bergen)[16]

These industry leaders inspire others and demonstrate the types of radical advances taking place in mathematics and engineering, to the benefit of the oil and gas industry. These types of stories are too often overshadowed by the more iconic narratives from the tech industry. Individual energy companies must make a stronger case for dynamic, innovative careers in their industries.

[16] https://www.quora.com/Who-are-the-innovators-leaders-in-the-oil-gas-industry

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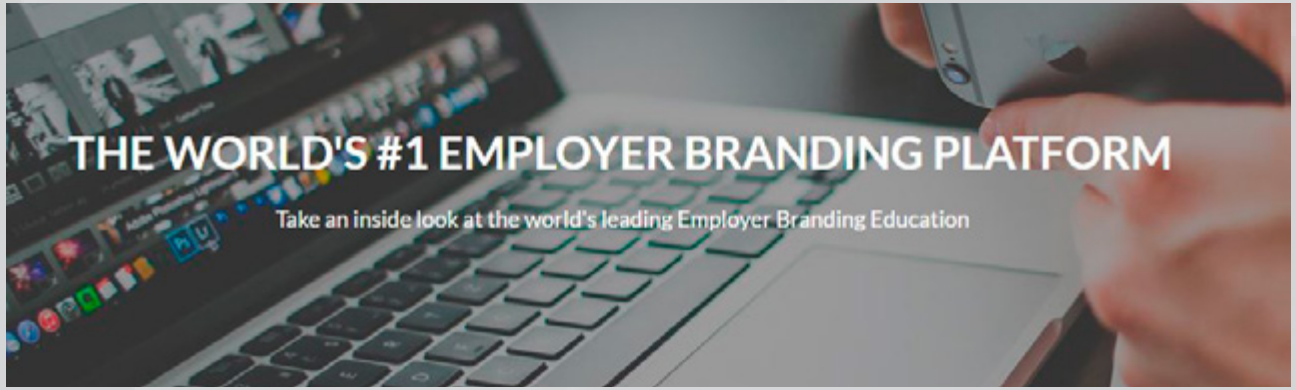

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