

The Need for New Recruitment Strategies

By Manoj Parmesh

Country HR Manager, Weatherford India Business Unit

Recruitment has become the most challenging human resources (HR) function across all industries today. For a specialized field such as oil and gas, the challenges are enormous.

Why is it so difficult to attract new talent?

There are three main reasons. First, industrial activity across the world is at an all-time high, which has created more jobs and thus shrunk the availability of personnel. Second, the oil and gas industry has been hurt over the past 20 years because of its cyclical nature and public perception. Third, the "baby boomer" generation is approaching retirement and the younger generation is not in sufficient numbers or experienced enough to fill the gap.

NEED FOR A NEW STRATEGY

Considering the above realities, there is a dire need for a completely new recruiting strategy to ensure that the industry's aggressive growth targets are not choked by these challenges. The need of the hour is to shift from traditional reactive recruiting toward more proactive recruiting, clearly understanding the various factors of the job market. This recruiting strategy must take into account the following realities.

1. Aggressive growth plans. The entire oil and gas industry is poised for major growth, particularly in the Middle East/North Africa region, Russia/CIS countries, and the Asia Pacific region. This calls for aggressive people-planning strategies for both the short- and long term.

2. Retention. The oil and gas industry is bleeding from high attrition. In the service sector, the average attrition rate for 2006 was 23%. There are several problems which crop up if attrition is not addressed properly.

3. Recruitment costs. It is estimated that the cost for an oilfield services company to replace an employee is USD 60,000. For an organization with 25,000 employees and a 20% attrition rate, that would



come to the astronomical figure of USD 300 million. Recruitment costs are not always apparent but, if not curtailed, can have a huge impact on a company's bottom line.

4. Time factor. Attrition results in huge expenditures of time for management, supervisory, and administrative personnel, not to mention lost productivity.

5. Intellectual property. Many research & development-based organizations, as well as software and pharmaceutical companies, are facing the serious issue of intellectual property leaving the company along with departing employees, which affects the whole organization. Of late, this has become a serious issue in the oil and gas sector as well.

6. Impact on quality and safety. Many service organizations and rig providers worry that frequent changes in staffing and the increase in less-experienced personnel will cause safety hazards. In addition are the costs of training all these new people to mitigate safety concerns.

TABLE 1—NEW REALITIES CALL FOR NEW STRATEGIES

Old Reality	New Reality
Recruiting is like purchasing.	Recruiting is like sales and marketing: the organization is the product.
Recruit from traditional sources.	Look at diverse pools of talent and be prepared to train and develop.
People accept offers.	People demand much more.
Recruit to fill today's vacant positions.	Hunt for talent all the time, every time and plan ahead, much further ahead.

ELEMENTS OF THE NEW STRATEGY

The oil and gas industry's unique challenges beg the need for a new approach when it comes to recruiting. Past recruiting strategies derived from old realities that are no longer applicable. What is needed is a new strategy originating out of the new reality (Table 1).

Specialized Recruitment Managers. To develop a suitable strategy for the organization, a recruitment manager must have a good overall understanding of the industry as well as a good understanding of his own company's procedures, policies, products, and services. Strong personnel-oriented managers should know the right kind of people for the company and be able to develop strategies to attract them. This position should be an integrated part of a global and regional HR team working to implement a strategy across regions and countries. The position should be considered a development role for high-potential managers requiring more exposure to other aspects of the business to move forward in a career.

Consolidating Recruitment Effort. This should be aligned at the global, regional, and country level to derive maximum benefit for the organization. This particularly applies in the case of promoting an organization by making the brand more visible at career fairs and other activities.

Raising the Company's Profile. The challenge here is to market the organization by understanding the main things that people want out of a career these days, among them opportunity for development, travel opportunities, to be part of a great culture, to work with a great manager, and to make money. The money is not necessarily the most important, but you do have to ensure that your salary and benefits offer is competitive. In addition to the products, services, and opportunities that an organization offers, if you can get the offer

THE NEW RECRUITMENT STRATEGY SHOULD INCLUDE THE FOLLOWING ELEMENTS

- ✓ Specialized **recruitment managers**
- ✓ Consolidating recruitment efforts on a **global scale**
- ✓ Raising company profile and **aggressively brand building**
- ✓ **Identifying new talent pools** and countries where you can recruit massively
- ✓ Building **long-term relationships** with universities and technical schools
- ✓ Identifying and developing good **headhunters**
- ✓ Developing strategic **workforce planning**
- ✓ Looking for new **recruitment technologies**
- ✓ Improving **candidate-selection methods**

packages right, develop your own people to be great managers, create a strong culture, and market yourselves aggressively, you can be an employer of choice. These days, a company must be able to attract talented young professionals and train and develop them; attract mid-career hires from the oil and gas industry by being an employer of choice; and attract mid-career hires from other industries.

New Talent Pools. We need to promote our companies both inside and outside of the industry and in new places that have not been tapped into heavily. That includes looking at the supply of rotational expatriate employees from places such as Eastern Europe, India, and China, instead of North America and Western Europe because those locations contain plenty of available, highly technically trained engineers and they currently come at a cheaper cost and often with a better work ethic.

Another idea is to look at ex-military personnel in various places around the world and work to successfully integrate them into the organization. In general, they are good at taking direction, have a good work ethic, and are used to traveling away from home for extended periods of time. Organizations also need to obtain important information regarding the mobility of certain nationalities. We must be certain that any new talent pools that we select are mobile.

An important talent pool that most companies do not tap into very well is the "passive candidate" talent pool. This generally accounts for more than half of the labor market, which means if we can tap into it

we double the size of the candidates available. Passive candidates are people that may be interested in making a move but are not aggressively promoting themselves in the job market. If they can be reached, there is less competition at the selection stage and studies show that they are significantly more loyal than active candidates and also slightly better performers. How do we reach them? Marketing, referrals, headhunters for starters but we need to work further on developing ways to attract them.

University and Technical School Relationships. We need to start looking at who is going to manage our field operations, who is going to represent as to our clients, and, ultimately, who is going to manage the company in the future. Graduates are raw potential talent that companies can develop in-house due to their ability and proven appetite to learn quickly. They are cost-effective labor at the start, bring a fresh perspective, and provide future leadership talent. All service and operating companies should be aggressively recruiting and training this talent pool now.

We must also begin working on developing relationships with technical schools in countries around the world. We want students in their early years of study to know about our organization and have them want to become part of the company long before they graduate. Developing relations can involve attending career fairs, conducting company or technical presentations, providing internships, awarding scholarships, conducting joint studies, donating software, and regularly making visits to ensure that faculty members know the company.

Recruitment Resources. Most oilfield service companies currently rely heavily on recruitment agencies to help fill positions. This must continue because it is a great way to fill difficult positions. We need to ensure that we identify the best sources for talent and give them the majority of our business. We must also establish good relationships with agencies in places where talent pools exist but where the company may not have operations. We must also work on developing relationships with a wide network of top-notch headhunters and keep track of our successes with them. This is a good way to tap into the passive talent pool.

Workforce Planning. To properly implement a new and more aggressive recruiting strategy, we must first understand what our long-term requirements are going to be. Many of the positions that we recruit for (e.g., engineers) will not actually contribute to the business for a year as their training period is extensive and they must work alongside a supervisor. Graduates we hire this year are not actually for 2008 but for 2009. How can we recruit graduates for 2009 if we don't have any idea of what our needs are going to be?

To predict personnel and equipment requirements for the long term, overall business (revenue) growth needs to be understood first. It is important that HR personnel become involved in the budgeting process to help management develop long-term workforce plans.

Recruitment Technologies. Once a candidate has been attracted to the company, you must ensure that he can easily apply for a position and that his information is professionally managed. Current systems utilizing email and spreadsheets are not considered suitable for a company with thousands of employees and an aggressive growth plan.

Recruiting software that allows applicants to apply online, be prescreened, and have data held online are becoming more popular than ever. This allows applicants to apply for as many opportunities as they like once their data has been entered into the system. It allows a company to prescreen candidates according to preset questions, track candidate flow, and share CVs globally from a database.

Selection Methods. Every time an organization loses an employee it costs it an average of USD 60,000. In the case of a graduate, where a year is spent training, the cost can be USD 150,000. It is costly to select the wrong candidate for the job. It is also important that all personnel who play a role in the selection process are properly trained in the art of interviewing and selection.

Shifting the approach from the old reality to fit this new reality will be very significant for companies going forward. The success of the HR function is going to depend largely on the ability to come up with creative and innovative solutions regarding every subfunction of HR and, in particular, recruitment. ❖

MANOJ PARMESH is Country HR Manager for Weatherford's India Business Unit, overseeing 500 plus employees across 25 nationalities. Prior to his current position, he was head of HR for VKL, an exporting company based in Cochin, India, and began his career with Thejo Engineering Services in Chennai, India. Parmesh graduated with a degree in physics from Victoria College, Palakkad, University of Calicut, Kerala, and has done post-graduate work in personnel management from NIPM in Calcutta and in management at the Indian Institute of Management.

WE'RE HIRING

DEEPWATER

SHELF / FPSO

ONSHORE



Alliance Engineering
A Wood Group Company

Main Office: Parkview I Building
330 Barker Cypress • Houston, Texas 77094
Gary Sutton 281-828-6599 gsutton@alliance-engineering.com

connecting members
exchanging knowledge

Register Now!

Connect and exchange knowledge with your peers at the E&P industry's premier technical conference.



ATCE 2008 »

SPE ANNUAL TECHNICAL CONFERENCE AND EXHIBITION
DENVER, COLORADO, USA » 21-24 SEPTEMBER » www.spe.org/atce

ATCE 2008 offers

- Peer-selected technical program covering current applications and future technologies
- 400+ exhibiting companies showcasing the latest products and services
- Student and young professional activities
- Continuing education opportunities
- Networking events

Society of Petroleum Engineers

