

# Texas Energy Businesses' Growing Concern Over Rapidly Shrinking TALENT POOL

By Alan Lamme



**T**here's no doubt that happy days are ahead for the energy industry in Texas, from which all business in the Lone Star State can obviously flourish. Oil and natural gas production are growing at record amounts via shale-fracturing technology, big wealth is being created for first time in many areas of the state that have never experienced such prosperity, and overall demand is skyrocketing amid an improving U.S. economy. But an underlying and looming threat to all this energy affluence is causing great concern throughout the industry.

Over the next ten years, many tens of thousands of retirement-age energy industry personnel will exit the industry, leaving a massive deficiency of workers and professionals. While this dilemma isn't a new one—warning bells were sounding on this issue many years ago—the problem is creeping ever closer as time presses on.

These problems aren't unique to just the Texas oil and gas industry; it's also a growing issue across the U.S. in areas that have become highly involved in the production of fossil-based energy. In fact, according to some recent demographic survey data collected for the 2013 petroleum

industry, nearly 50 percent of U.S. oil and gas employers claim that “skills shortages” are a considerable issue, and yet two-thirds of these firms still anticipate taking on the challenge of hiring new people over the next year. While energy-industry employers anticipate growing their businesses in the months and years to come, they don't know where they'll get the talent required to feed the expansion.

## Dwindling Numbers of Young People Are Seeking Oil and Gas Careers

These problems appear to be exacerbated by the fact that far fewer young people and students desire to enter the U.S. oil and natural gas labor force as a career choice. In fact, some statistics show that only about 12 percent of the current U.S. oil and gas labor force is under 35 years old, while that same age group makes up more than 30 percent of the world's oil and gas labor market. The U.S., in particular, is immensely dependent on its aging work force, where nearly two-thirds (59 percent) are at least 50 years old or older, which creates a worker replacement ratio of 25 percent. In a nutshell, that means that only one young person is entering the oil and gas field as a

career for every four that are nearing retirement age—and there lies the big problem. In order for the Texas oil and gas industry to continue to thrive, bringing equally great success to other businesses that depend on it, the oil and gas industry will have to find new ways of recruiting young people—quickly.

Some veteran oil and gas professionals say that the reluctance of young people to join the oil and gas industry is partly the result of a political environment in recent years that has unjustly demonized the petroleum industry. However, the industry is making strides in attempting to re-educate today's high school and college age students about energy in general, showing how the U.S. is leading the way in cleaner and greener fossil fuels. However, a much bigger push is needed in improving the overall image of the oil and gas industry among young people in order for them to seriously consider focusing on it as a career objective.

### Lucrative Career Path for Those Who Embrace the Industry

The upside appeal to the deficit of talented people entering the U.S. oil and gas industry is that from a compensation perspective, the industry is and will remain a very attractive option for potential employees. In fact, U.S. oil and gas industry professionals are some of the best rewarded work force on the planet. In Texas, depending on the position, local professionals earn, on average, \$120,000 per year. Moreover, young professionals just entering the oil and gas workforce straight out of college made an average starting salary of around \$66,000 in 2012, which was up about 18 percent compared to 2011.

The oil and gas industry is taking a proactive approach to the looming deficiency of talent by campaigning on college campuses with the objective of attempting to increase the number of students studying science, technology, engineering, and math. Engineering in particular is a critical area where a gap of talent shortage is most concerning. In the case of engineering, many different subfields of the petroleum industry will be lacking talented professionals, including chemical, civil, electrical, and mechanical engineers.

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### Texas Oil and Gas Industry's Best Years Are Still Ahead

The amount of wealth in Texas stemming from oil and gas isn't going away anytime soon, so businesses who thrive on the abundance of opportunity that the industry produces can rest easy that the prosperity and growth potential isn't in jeopardy. But as with any good business plan, a forward-looking strategy is crucial in order to keep the ball moving down the field. While the oil and gas business will do its best to retain older employees as contractors, it will also do its best to promote the industry as a viable

career choice, along with investing in training to quickly develop skills in new workers. All together, it creates an environment to ensure that Texas business will thrive in the future. **N**

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