

HR Trends and Insights:

## Workforce Conditions in Canada's Bakken Oil Play

Oil and gas investment in Saskatchewan and Manitoba has reached record-breaking levels in the past few years, driven by double-digit growth in expenditures in Canada's Bakken oil play. This has created a difficult recruiting and retention environment as companies competed for a limited local labour force.

Going forward, investment is expected to continue, but not at the robust growth levels experienced in the initial development phase. Despite a more gradual growth outlook, petroleum companies operating in the region continue to face workforce issues. They are addressing these problems through a diverse set of best practices to increase retention, more effectively recruit workers to the region and reduce labour costs.

In response to sharp increases in oil and gas investment, the overall demand for oil and gas workers in the Bakken region has expanded across the three primary sectors (i.e., exploration and production, oil and gas services and pipeline), contributing strongly to the total job growth in Saskatchewan and Manitoba. An estimated 6,200 Bakken-specific oil and gas workers were employed in 2012 in the two provinces. In the near term, oil and gas employers report staffing levels will remain stable or moderately grow in order to meet the needs of increased production and expansion.

Oil and gas employers in the Bakken region are recruiting for a variety of occupations and skill sets including:

- engineers, geologists and technicians
- plant operators and power engineers
- oil and gas service supervisors
- experienced hydraulic fracturing and tubing technologists
- experienced drilling crew workers including managers and supervisors
- skilled trades workers
- recording crew helpers
- pipeline maintenance staff
- mineral and surface land administrators and agents
- business development managers and representatives, sales professionals and other office workers

Employers operate in a regional rural environment that makes recruiting and retention of workers difficult, leading to high labour costs. The geography of the region makes it difficult for employers to move workers between development sites because oil reserves are dispersed across a wide distance spanning several hundred kilometres. The labour force that supports development in the region is comparatively small and geographically dispersed, forcing employers to look beyond the region to meet a portion of their workforce needs. Companies reported, however, that the region's remote location and high housing costs make attraction of workers difficult.

Petroleum companies operating in the region compete strongly with one another for the limited pool of local workers. They also compete for similar skill sets with other resource-based sectors operating in the two

provinces. Based on an analysis of online job vacancies in the Bakken region or at regional offices in Regina, Saskatoon or Winnipeg, approximately 77 per cent of job postings for roles critical to the oil and gas industry were for companies in competing industries.

Retirements of senior, experienced staff add to companies' workforce challenges. While the retirement of experienced workers is a challenge across Canada, it is a bigger problem in this region where there are fewer experienced oil and gas managers and the percentage of workers approaching retirement age is comparatively high. These challenges lead to high labour costs for oil and gas companies in the region, as market wage rates increase and companies contend with an employee turnover rate that is higher in the Bakken region than it is in Calgary, Edmonton and other major cities.

To more effectively recruit workers, employers are using a mix of broad-based tactics, as well as those targeting specific labour supply groups.

Best Practices in Attraction, Retention and Workforce Development	
Best Practice	Recommendations
Improve retention through leadership development with managers and supervisors.	Increase worker loyalty by implementing intensive “boot camps” or other leadership training to help managers leverage mentoring and team-building skills to build stronger working relationships with employees.
Leverage defined career pathways to attract and retain workers.	Promote long-term worker retention by offering prospective workers and employees multiple career advancement pathways with varying options to progress within the company into different occupations or business divisions.
Perform regular reviews to ensure employees are compensated competitively.	Increase worker retention by reviewing and evaluating each worker’s performance to ensure that workers are compensated at an appropriate market level for their level of experience.
Shift away from contract employment.	Avoid high operating costs caused by competition in a highly competitive labour market by shifting from contract workers to permanent employees.
Leverage multiple channels for recruiting.	Increase the pool of job applicants by accessing a larger number of channels for recruiting. Include strategies for employee referrals, social media, and local job boards to target workers interested in moving to the area based on family, lifestyle, or life stage reasons.
Recruit from under-represented labour supply pools.	Leverage diversity partnerships to access under-represented labour supply groups in the region, including targeted recruitment within the region’s Aboriginal, youth and immigrant populations.
Leverage company branding.	Recruit using a company branding strategy that emphasizes the company culture, leadership, strategy, stability, safety record, and financial performance or other differentiating factors that are key selling points to attract top staff.
Maintain competitive benefits.	Compare benefits versus competitor’s offerings including a review of perks such as vehicle allowances for managers, housing stipends, paid flights, accommodations for fly-in/fly-out workers, pay adjustments for higher tax rates in the region and long-term incentives.
Explore business partnerships with Aboriginal groups.	Industry and Aboriginal groups may benefit from business partnership opportunities such as co-owned drilling rigs and provision of camp services.

Industry, government and labour supply stakeholders can also collectively take action to ensure sustainable growth of Canada’s Bakken workforce. In addition to implementing best practices, collaborative strategies may help to ease the region’s recruitment and retention problems. Stakeholders could:

- Brand the region as a desirable location to live and work and communicate the region’s advantages to target talent pools, especially experienced workers who may consider eventual retirement in the region.
- Promote careers in the oil and gas sector to Aboriginal peoples, youth and other under-represented groups, as well as local residents to strengthen the pipeline of workers entering careers in the industry.
- Develop programs and partnerships that address current housing shortages in the region, or otherwise offset the high costs of housing, which are barriers to attracting workers into the region.
- Share information amongst HR managers to more effectively benchmark company hiring practices and offers.

Effective April 1st, 2013, the Petroleum Human Resources Council of Canada became part of Enform Canada.

Visit [www.petrohrsc.ca](http://www.petrohrsc.ca) to download the Petroleum HR Council’s Labour Market Information (LMI) products.

To learn more about the industry and its career opportunities, visit [www.careersinoilandgas.com](http://www.careersinoilandgas.com).