Preparing for an Aging Workforce: Oil, Gas and Mining Industry Toolkit for HR Professionals

Funded by SHRM

Society for Human Resource Management

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About the Preparing for an Aging Workforce Initiative

The Society for Human Resource Management (SHRM) and the SHRM Foundation have launched a national initiative to highlight the opportunities and challenges of an aging workforce and to identify effective practices for recruiting and employing mature workers. This three-year initiative is generously underwritten by a grant from the Alfred P. Sloan Foundation.

About SHRM

The Society for Human Resource Management (SHRM) is the world’s largest HR professional society, representing 285,000 members in more than 165 countries. For nearly seven decades, the Society has been the leading provider of resources serving the needs of HR professionals and advancing the practice of human resource management. SHRM has more than 575 affiliated chapters within the United States and subsidiary offices in China, India and United Arab Emirates. Visit us at shrm.org.

About the SHRM Foundation

The SHRM Foundation is a 501(c)(3) nonprofit affiliate of the Society for Human Resource Management (SHRM). The Foundation is a legally separate organization and is not funded by SHRM membership dues. The SHRM Foundation is governed by a volunteer board of directors from the HR profession, including academics, practitioners and representatives from SHRM.

SHRM Foundation Vision

The SHRM Foundation is the globally recognized catalyst for shaping human resource thought leadership and research.

SHRM Foundation Mission

The SHRM Foundation advances global human capital knowledge and practice by providing thought leadership and educational support, and sponsoring, funding and driving the adoption of cutting-edge, actionable, evidence-based research.
# Table of Contents

Preparing for an Aging Workforce: Oil, Gas and Mining Industry Toolkit

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Oil, Gas and Mining Industry Overview</td>
<td>2</td>
</tr>
<tr>
<td>Industry and Occupational Outlook</td>
<td>2</td>
</tr>
<tr>
<td>Expert View: Q&amp;A with Patrick Jankowski, Senior Vice President of Research for the Greater Houston Partnership</td>
<td>4</td>
</tr>
<tr>
<td>Assessing the State of the Aging Workforce</td>
<td>6</td>
</tr>
<tr>
<td>Determining the Impact on Your Organization</td>
<td>6</td>
</tr>
<tr>
<td>Building a Business Case for Action</td>
<td>7</td>
</tr>
<tr>
<td>Legal Issues to Consider</td>
<td>10</td>
</tr>
<tr>
<td>Recruiting and Retaining Mature Workers</td>
<td>11</td>
</tr>
<tr>
<td>Steps Organizations Are Taking to Recruit and Retain Mature workers</td>
<td>11</td>
</tr>
<tr>
<td>Creating a Strategy for Actively Recruiting Mature Workers</td>
<td>13</td>
</tr>
<tr>
<td>The Role of Benefits in Attracting and Retaining an Aging Workforce</td>
<td>14</td>
</tr>
<tr>
<td>Skills, Training and Career Development</td>
<td>16</td>
</tr>
<tr>
<td>Endnotes</td>
<td>19</td>
</tr>
</tbody>
</table>
Introduction

This toolkit aims to provide HR professionals in the oil, gas, mining and quarrying industries with useful industry-specific information about the impact of an aging workforce as well as links to further sources of information, resources, tools and templates. The toolkit is based on the materials and information presented in the comprehensive SHRM sourcebook, *Preparing for an Aging Workforce: Strategies, Templates and Tools for HR Professionals*. The sourcebook comprises strategies, templates and tools that are based on the expert recommendations outlined in the SHRM Foundation’s Effective Practice Guidelines (EPG) report titled *The Aging Workforce: A Guide to Leveraging the Talents of Mature Employees*. The EPG presents effective practices used to recruit, retain and manage the talents, knowledge, skills and experiences of an aging workforce. Throughout this toolkit, readers will be referred to the sourcebook for more in-depth information and additional practical tools and applications built around SHRM Knowledge Center guidelines. Industry-specific findings of SHRM’s *Preparing for an Aging Workforce* research will be also be discussed throughout.
Oil, Gas and Mining Industry Overview

The U.S. Bureau of Labor Statistics (BLS) classifies the mining, quarrying, and oil and gas extraction sector (described as industry for the purposes of this toolkit) as part of the natural resources and mining super sector. It currently employees approximately 668,000 workers in the U.S. Three subsectors comprise the mining, quarrying, and oil and gas extraction sector. The following subsector/NAICS code links lead to BLS information pages that give overviews of employment levels, wages, union representation and other subsector information:

- Oil and Gas Extraction: NAICS 211
- Mining (except Oil and Gas): NAICS 212
- Support Activities for Mining: NAICS 213

BLS data (March 2016) for the oil and gas extraction subsector showed it employed 178,700 workers overall with average hourly earnings of $43.73. The mining (except oil and gas) subsector consists of the coal mining, metal ore mining, and nonmetallic mineral mining and quarrying groups, with the BLS showing 187,400 workers employed overall with average hourly earnings at $29.42. Support activities for mining subsector employs 301,900 workers with an average hourly earnings rate of $28.14.

Table 1: Earnings Data

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average Hourly Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil and gas extraction</td>
<td>$43.73</td>
</tr>
<tr>
<td>Mining (except oil and gas)</td>
<td>$29.42</td>
</tr>
<tr>
<td>Support activities for mining</td>
<td>$28.14</td>
</tr>
</tbody>
</table>

Source: BLS (March 2016)

Industry and Occupational Outlook

Many of the most common jobs in the mining, quarrying and oil and gas extraction sectors are physically demanding. This could make it less likely that workers will stay in roles beyond average retirement age. For example, the largest occupation within the industry, oil and gas roustabout, maintains oil field equipment such as oil well heads and lead lines connected to stock tanks. This occupation is followed by service unit operators, heavy and tractor-trailer truck drivers, and first-line supervisors of workers, as shown in Figure 1.

Looking ahead into the next decade, several of these subsectors are not expected to grow in comparison with other occupational sectors in the U.S. economy. As shown in Table 2, the forecasted employment differences between 2014 and 2024 are negative in mining (except oil and gas), including coal mining, metal ore mining, nonmetallic mineral mining and quarrying. For these industries, concerns about shortages of workers may be more likely to involve trying to attract workers to what many new entrants to the labor market may perceive as declining industries. However, those in oil and gas extraction and the related support industries may face a similar challenge even as their employment projections are expected to increase. They may encounter the double challenge of losing many of their most experienced workers at a time when they have the greatest difficulty attracting new entrants to their workforce.
Figure 1: Largest Occupations in Mining, Quarrying and Oil and Gas Extraction

<table>
<thead>
<tr>
<th>Occupation</th>
<th>2014</th>
<th>2024</th>
<th>Change</th>
<th>Compound Annual Rate of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roustabouts, oil and gas</td>
<td>60,830</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service unit operators, oil, gas and mining</td>
<td>55,850</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heavy and tractor-trailer truck drivers</td>
<td>41,720</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First-line supervisors of construction trades</td>
<td>34,190</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and extraction workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating engineers and other construction</td>
<td>30,070</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>equipment operators</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotary drill operators, oil and gas</td>
<td>23,590</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and operations managers</td>
<td>21,230</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petroleum engineers</td>
<td>19,810</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derrick operators, oil and gas</td>
<td>18,840</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helpers--extraction workers</td>
<td>18,600</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of Labor Statistics

Table 2: BLS Employment Projections for the Mining, Quarrying and Oil and Gas Extraction Sector 2014-2024

<table>
<thead>
<tr>
<th>Industry</th>
<th>Thousands of Jobs</th>
<th>Change</th>
<th>Compound Annual Rate of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>523.2</td>
<td>843.8</td>
<td>924.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Helpful Resources for Industry/Sector Information and Forecasting

- Office of Occupational Statistics and Employment Projections
- National Employment Matrix (projected employment estimates by industry and occupation are available)
- 2015 Mining Industry Outlook (Deloitte US)
- 2016 Oil and Gas Industry Outlook (Deloitte US)
Please talk about the role of the oil, gas and mining industry in the Houston region’s economy. Beyond its direct employment, what other sectors of the economy are affected by its presence?

It touches almost every sector, some more severely than others. When you think about it, you have the exploration of oil, and then you’ve got oil well drilling. Then you have manufacturing of oil field equipment, and then you have wholesale trade, such as selling the product to companies. After that, you have the transportation aspect, because whatever gets manufactured gets trucked out to the fields.

Once you start producing oil, you’ve got refineries and pipelines. At the refineries, there is processing, marketing, distribution and exporting. It’s basically supply chain logistics.

The impact on jobs is not just direct or indirect, it’s induced employment (unrelated jobs created as a result of the economic activity) as well. The oil industry jobs all tend to pay fairly well, and those workers take that money, spend it in restaurants, bars, stores and other places. People ask what percentage of our economy is directly dependent on it, and it’s about 35% when you consider exploration, production, oil field services, equipment manufacturing, pipelines, engineering, chemicals and refining. When you add the induced jobs, it’s over 50% of our economy.

Federal data show that the U.S. labor force will grow more slowly in the next decade compared with previous years. This is due, in part, to the economic conditions, but also connected to the increased number of people reaching retirement age and subsequently leaving the labor force. How will this trend affect the oil, gas and mining industry?

There’s a discussion down here that’s called the “great shift change.” Those who work in the downstream segment, such as the chemical manufacturing and refining, a lot of those guys are ready to retire, and they already have been retiring. It’s been a challenge to get people trained to replace those jobs.

When you work in the chemical plant or the refinery, the pay is really good. A person who monitors valves, pressures and gauges, for example, can get a two-year associate’s degree and start his or her first job at $70,000. In five years, you can make up to $100,000. And I think a lot of people don’t realize that.

On the upstream side, or those who explore and look for oil, there have been a lot of involuntary separations for those over age 55, due to economic conditions. They are at the top of their earning potential, and the industry is looking at ways to cut costs. People in their late 40s and early 50s are stepping into some of these jobs.

Some of the people being forced into retirement are starting consulting firms, so there will be smaller businesses coming out of it. They’re oilmen, so they’re going to stay oilmen.

What are some of the solutions being explored to fill the ranks, and what initiatives might offer the best results?

What we’re doing is, even starting as early as eighth grade, we’re telling parents that there’s nothing wrong with their children working in this industry. It’s a path to the middle class. A lot of it comes down to better communication.
Part of it is making sure the kids are enrolled in the right classes in high school. After that, you’re looking at two years of training, it’s not a four-year degree. We have to stress that after two years of training, you can have good money at the age of 21.

Away from that, there will always be a need for guys to run chemical plants and refineries. The problem is it’s considered a blue-collar job. There are still a lot of families who don’t what their children to go into a blue-collar job. There’s no shame in it though, especially when you can make $70,000 off the bat.

It’s too early to tell what the long-term impact will be. As the industry gets more involved in technology—and it’s not that the 55-and-over people are not tech-savvy—it’s just become so much more of a driving force [for recruitment]. You have guys sitting in rooms monitoring the path the drill bit is taking through the rock. A lot of these younger guys grew up around that high level of technology, and they take to it much more easily.

Data from the Gulf Coast Workforce Board (which serves southeast Texas) show very little growth for “upstream manufacturing” workers in the oil, gas and mining workforce in the 35-54 demographic. Please talk about this part of the industry and explain how important this particular segment of the industry is to its success.

Upstream manufacturing has definitely slowed. We’ve lost a lot of jobs over the last 18 months. We have so few rigs in the field, you don’t need to be replacing parts and doing as much maintenance. That part of the economy has really softened. And that part of the industry didn’t really grow much from 1990 to 2003, so regarding the gap in age, they just didn’t hire as many people. The hiring really didn’t pick up again until 2004 and 2005, and that’s why you see that gap.

That part of the workforce has gotten very gray, and it will stay that way without significant hiring for several years. That’s not to say there won’t be any hiring when things pick up again, but not the kind that we had in the late 2000s. We expect demand will go back up by the end of 2016 or early 2017, so we’re still 12 to 18 months away.

On the positive side, we have such a boom in petro-chemical plant construction right now. We have about $50 billion of construction projects taking place at the moment. For those who were laid off in upstream manufacturing, a lot of them have found work in construction. We added 12,600 construction jobs in Houston in 2015.

That demand for construction workers will probably last through the end of 2017. At that point, there will be some increase in demand for [upstream manufacturing] jobs, but the extent of that demand remains to be seen.

What value can be placed on having such a high concentration of older workers in this industry? Is it more than just experience on the job?

The work ethic is first and foremost. There’s also less absenteeism among their ranks. And of course, they have a knowledge that goes very deep. The older worker can remember when things were done with slide rules. Sometimes, you need that level of experience to work out a situation.

That’s why there’s not a sense of panic in Houston. I’m 58 years old, and this is my fifth energy downturn I’ve lived through. And it won’t be my last. Older workers know how to ride out the cycle, and they’re less likely to panic.

I’ve heard anecdotally that some young folks have told headhunters that they want to get out of the business, because it has gone up and down so fast in the short time they’ve been in the industry. But those who have been around know that you ride out the ups and downs, put money aside during the lean times, and it evens out in the end.
Assessing the State of the Aging Workforce

Among the first steps HR professionals in the oil, gas and mining fields can take to prepare for an aging workforce is to assess the current demographics of their workforce and determine how it will evolve over the coming years and decades.

Determining the Impact on Your Organization

The first and most basic step in assessing the state of the aging workforce in a given organization is to determine what percentage of the organization’s workforce is nearing retirement age. According to a SHRM survey of HR professionals at oil, gas and mining firms, approximately one-quarter (27%) of their workforce is age 55 or older, similar to many other industries (see Figure 2). About one-fifth (17%) of HR professionals in oil, gas and mining firms said they were not aware that the proportion of older workers was increasing and that older workers were projected to make up approximately 26% of the labor force by the year 2022, compared with 21% in 2012 and 14% in 2002. Similar to other industries, about one-third (31%) of HR professionals in the oil, gas and mining industry indicated their organizations had begun to examine internal policies and practices to address this change; almost one-fifth (17%) reported that their organizations had examined their workforce and determined that no changes in their policies and practices were necessary, as shown in Figure 3.

Figure 2: Percentage of Older Workers, by Industry

![Percentage of Older Workers, by Industry](chart)

Note: Except for the “Other” group, the accommodation and food services, retail trade, wholesale trade, and transportation and warehousing industry employs significantly fewer older workers than the other industries.

Source: Preparing for an Aging Workforce: Oil, Gas and Mining Industry Report (SHRM, 2015)
Building a Business Case for Action

Because very few HR professionals in the oil, gas and mining sector believed the impact of the potential loss of talent due to retirement of workers was considered an immediate crisis for their industry (3% in the next one to two years and 5% in the next three to five years, as displayed in Figure 4), it is likely that few have taken many concrete steps to build a business case for meeting this challenge. However, looking further out, more oil, gas and mining HR professionals foresaw the aging workforce as a problem for their industry (35% considered it a crisis and 22% a problem in the next 11 to 20 years). Creating a plan for dealing with this long-term issue may be considered a prudent move for this industry, even if the problem is not considered an immediate threat, because HR professionals in the oil, gas and mining industry were more likely than HR professionals in other industries to indicate they thought the aging workforce would be a problem in six to 10 years (43% compared with 28% in other industries); they were also more likely to indicate it would be a crisis in the next 11 to 20 years (35% compared with 13% in other industries).

Depending on the organization, different approaches to building a business case may be followed. In some organizations, informal methods are used to make strategic decisions. HR professionals at small organizations, for example, may need only to have an informal conversation with their organizational leadership team or business owner to get the needed buy-in to move forward with a strategy. In larger organizations, a more formal route may be taken.

As shown in Figure 5, one-half (50%) of HR professionals from oil, gas and mining firms said their organizations were analyzing the impact of workers age 55 and older leaving their organization in the next one to two years. Three-quarters (75%) indicated their organizations were identifying their future workforce needs in the next one to two years, more than other industries (57%, see Figure 6). HR professionals in the oil, gas and mining industry were also more likely than HR professionals in other industries to indicate their organizations were identifying their future workforce needs in the next six to 10 years (35% compared with 20% in other industries). Overall, the findings suggest that although some organizations may not be fully aware of the various effects of this demographic shift, oil, gas and mining organizations are cognizant of these changes and are taking steps to prepare for them.

A better understanding of their industry and their organization’s demographics will help HR professionals in their efforts to create a business case for preparing for an aging workforce. A business case is a presentation to management that establishes that a specific problem exists and argues that the proposed solution is the best way to solve the problem in terms of time, cost efficiency and probability of success. The form and level of formality of the business case will vary by

![Figure 3: How Oil, Gas and Mining Organizations Are Preparing for an Aging Workforce Compared with Other Industries](image)
Preparing for an Aging Workforce:
Oil, Gas and Mining Industry Toolkit

<table>
<thead>
<tr>
<th>Organization</th>
<th>1 to 2 years</th>
<th>3 to 5 years</th>
<th>6 to 10 years</th>
<th>11 to 20 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil, gas and mining</td>
<td>3%</td>
<td>5%</td>
<td>14%</td>
<td>13%*</td>
</tr>
<tr>
<td>All other industries</td>
<td>3%</td>
<td>4%</td>
<td>8%</td>
<td>28%*</td>
</tr>
<tr>
<td>Oil, gas and mining</td>
<td>28%</td>
<td>35%</td>
<td>43%*</td>
<td>27%</td>
</tr>
<tr>
<td>All other industries</td>
<td>18%</td>
<td>24%</td>
<td>28%</td>
<td>22%</td>
</tr>
<tr>
<td>Oil, gas and mining</td>
<td>36%</td>
<td>41%</td>
<td>35%</td>
<td>22%</td>
</tr>
<tr>
<td>All other industries</td>
<td>32%</td>
<td>40%</td>
<td>40%</td>
<td>34%</td>
</tr>
<tr>
<td>Oil, gas and mining</td>
<td>33%</td>
<td>19%</td>
<td>8%*</td>
<td>16%</td>
</tr>
<tr>
<td>All other industries</td>
<td>47%</td>
<td>32%</td>
<td>23%*</td>
<td>16%</td>
</tr>
</tbody>
</table>

*The difference between oil, gas and mining and all other industries is statistically significant (p<.05).

Note: Oil, gas and mining n = 35-39; all other industries n = 1,344-1,624. Respondents who indicated “Not applicable” were not included in the analysis.

Source: Preparing for an Aging Workforce: Oil, Gas and Mining Industry Report (SHRM, 2015)

organization—some are written proposals with supporting financial analyses, whereas others may be slide-supported oral presentations. Whether they are written or oral, business cases generally have the same components, as described below.

- **Statement of need.** This is the condition or change impelling the function’s action.

- **Recommended solution.** The objectives for an ideal solution are defined (the desirable outcomes of such an initiative), and the proposed action is described in sufficient detail to show how it meets these objectives. In some cases, alternatives may be described as well, and the reasons why they are not being recommended may be discussed.

- **Risks and opportunities.** Risks should include outcomes that could decrease the project’s chance for success, outcomes that could present new opportunities that would require action, and the risks of doing nothing at all.

- **Estimated costs and time frame.** The project budget should include all foreseeable elements (labor, equipment, fees, travel and so on), plus a reserve for the unforeseeable expenditures based on the project’s risk. The time frame should keep in mind the project requirements but also the organization’s needs. Longer or more complex projects may be structured in phases, with gates or review milestones at which management can decide whether to proceed.

Creating a solid business case will help HR professionals in oil, gas and mining move forward in a systematic way as they manage the demographics shifts of their workforce and prepare for even greater future change.

A more in-depth overview of how to build a business case for preparing for an aging workforce is outlined in the free online SHRM sourcebook *Preparing for an Aging Workforce: Strategies, Templates and Tools for HR Professionals.* It includes:

- An overview of how to create a statement of need and the scope of the issues that should be covered in any business case.

- A summary of the main risks and costs of inaction experts have identified in relation to the aging workforce.

- An introduction to the basic steps involved in workforce planning and forecasting.

- Instructions on calculating turnover and projecting future turnover.

- Discussion of how job analysis and skills audits can highlight any potential future skills shortages and gaps.
• Instructions on how to gauge employee satisfaction and engagement and how to use these findings to create strategies for preparing for demographic shifts.

• Samples, forms, templates and tools:
  • Calculating Turnover.
  • Sample Turnover Cost Worksheet.
  • Diversity Survey.

Figure 5: Oil, Gas and Mining Organizations That Have Analyzed the Impact of Workers Age 55 and Older Leaving Their Organization Compared with Other Industries

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Oil, gas and mining</th>
<th>All other industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 2 years</td>
<td>50%</td>
<td>34%</td>
</tr>
<tr>
<td>3 to 5 years</td>
<td>36%</td>
<td>31%</td>
</tr>
<tr>
<td>6 to 10 years</td>
<td>23%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Note: Oil, gas and mining n = 31-34; all other industries n = 1,412-1,496.
Source: Preparing for an Aging Workforce: Oil, Gas and Mining Industry Report (SHRM, 2015)

Figure 6: Oil, Gas and Mining Organizations That Have Identified Future Workforce Needs Compared with Other Industries

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Oil, gas and mining</th>
<th>All other industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 2 years</td>
<td>75%*</td>
<td>57%*</td>
</tr>
<tr>
<td>3 to 5 years</td>
<td>55%</td>
<td>43%</td>
</tr>
<tr>
<td>6 to 10 years</td>
<td>35%*</td>
<td>20%*</td>
</tr>
</tbody>
</table>

*The difference between oil, gas and mining and all other industries is statistically significant (p<.05).
Note: Oil, gas and mining n = 31-36; all other industries n = 1,396-1,526.
Source: Preparing for an Aging Workforce: Oil, Gas and Mining Industry Report (SHRM, 2015)
Legal Issues to Consider

As they prepare for an aging workforce, HR professionals must have a strong understanding of legal issues to avoid discrimination claims. Federal law prohibits employers (and employment agencies and labor unions) from discriminating against applicants and employees who are over the age of 40 on the basis of their age. The Age Discrimination in Employment Act (ADEA) is administered and enforced by the Equal Employment Opportunity Commission (EEOC), which issues regulations and guidance designed to explain and implement the law’s protections. For an in-depth overview of legal issues related to an aging workforce, see SHRM’s sourcebook "Preparing for an Aging Workforce: Strategies, Templates and Tools for HR Professionals," which covers the following issues:

- An overview of laws prohibiting age discrimination.
- Proving age discrimination.
- The legal aspects of planning for change.
- Legal issues to consider when recruiting.
- How to navigate the legal issues related to physically demanding jobs.

- Samples, forms, templates and tools:
  - Basic Equal Employment Opportunity Policy.
  - Statement of ADA Commitment to Interactive Process and Reasonable Accommodation Policies.
Recruiting and Retaining Mature Workers

Many organizations may not be not aware of the number of potential retirements they could soon be facing, hence the percentage of those that are developing strategies to attract and retain older workers is low. However, according to SHRM research, HR professionals in the oil, gas and mining industry were more likely that HR professionals in other industries to report that the aging workforce had prompted changes in their recruiting practices to at least a small extent (76% compared with 57% in other industries). They were also significantly more likely to report that it had prompted changes in their retention practices to a great extent and changes in their general management policy/practices to a small extent, as shown in Figure 7.

Steps Organizations Are Taking to Recruit and Retain Mature Workers

Similar to other industries, few oil, gas and mining organizations said their firms had formal strategies for either retaining (10%) or recruiting (5%) older workers (see Figure 8). Employee referrals were the most common method of recruiting older workers in the oil, gas and mining industry and in other industries (32%). However, HR professionals in the oil, gas and mining industry were less likely than HR professionals in other industries to indicate they used networking as a method of recruiting older workers (6% compared with 24% in other industries). More than one-half (52%) of respondents from oil, gas and mining firms said they did not actively recruit older workers (see Figure 9).

Figure 7: Extent the Increasing Age of Organization’s Workforce Has Begun to Prompt Changes in . . .

![Figure 7: Extent the Increasing Age of Organization’s Workforce Has Begun to Prompt Changes in . . .](image)

*The difference between oil, gas and mining and all other industries is statistically significant (p<.05).

Note: Oil, gas and mining n = 40-41; all other industries n = 1,660-1,670. Respondents who indicated “Not applicable” were not included in the analysis.

Figure 8: Organizations That Have a Formal Strategy for Retaining and Recruiting Older Workers

![Figure 8: Organizations That Have a Formal Strategy for Retaining and Recruiting Older Workers](image)

Note: Oil, gas and mining n = 40; all other industries n = 1,666-1,667.

Source: Preparing for an Aging Workforce: Oil, Gas and Mining Industry Report (SHRM, 2015)
### Figure 9: Common Methods Organizations in the Oil, Gas and Mining Industry Use to Recruit Older Workers Compared with Other Industries

<table>
<thead>
<tr>
<th>Method</th>
<th>Oil, Gas and Mining</th>
<th>All Other Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee referrals</td>
<td>32%</td>
<td>32%</td>
</tr>
<tr>
<td>Use of current older workers as recruiters</td>
<td>23%</td>
<td>13%</td>
</tr>
<tr>
<td>Executive search firms</td>
<td>16%</td>
<td>8%</td>
</tr>
<tr>
<td>Specify that older workers are welcomed and encouraged to apply in job postings</td>
<td>13%</td>
<td>7%</td>
</tr>
<tr>
<td>Employment agencies</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Networking</td>
<td>6%*</td>
<td>24%*</td>
</tr>
<tr>
<td>Social media</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>Internet (e.g., websites geared toward older audience)</td>
<td>14%</td>
<td>6%</td>
</tr>
<tr>
<td>Temporary firms</td>
<td>11%</td>
<td>3%</td>
</tr>
<tr>
<td>Churches</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Government-based employment programs (e.g., AARP)</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Older workers’ job fairs</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Recruit through local senior citizen community groups</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Retirement communities</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Newsletters (e.g., AARP Bulletin)</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>We do not actively recruit older workers</td>
<td>52%</td>
<td>55%</td>
</tr>
</tbody>
</table>

*The difference between oil, gas and mining and all other industries is statistically significant (p<.05).

Note: Oil, gas and mining n = 31; all other industries n = 952. Only respondents who indicated that the increasing age of their organizations' workforce has prompted change in their recruiting practices were asked this question. Percentages do not total 100% due to multiple response options.

Source: Preparing for an Aging Workforce: Oil, Gas and Mining Industry Report (SHRM, 2015)
Because there are few examples that HR professionals can look to for ideas about how to meet the challenge of recruiting and retention as the workforce ages, research on HR staffing practices that do appear to make a difference in both attracting mature job seekers and retaining those in the older worker demographic, often well beyond traditional retirement age, can be helpful.

**Creating a Strategy for Actively Recruiting Mature Workers**

According to the EPG report *The Aging Workforce: A Guide to Leveraging the Talents of Mature Employees*, there are two main categories of mature workers: 1) workers currently unemployed and seeking work, including those before and past traditional retirement age, and 2) workers who are currently employed and are either already working for the organization in a different job or working somewhere else but could potentially leave their current jobs either to do the same type of work or to embark on a completely new career path. The report advises the following steps to create a strategy for actively recruiting mature workers:

- Plan to recruit mature workers from the start by including recruiting and hiring of mature workers in diversity and affirmative action recruiting plans.
- Include mature workers in recruiting messaging by clearly stating that your organization seeks workers of all ages in job postings and application materials.
- Identify talent sources that are inclusive of individuals over 50.
- Seek partners that will help recruit mature candidates, such as community colleges, government-sponsored workforce development programs and nonprofit groups.
- Post jobs in locations where mature job seekers are likely to look. This can include organizations targeted to a 50+ demographic, such as the AARP and SeniorJobBank, as well as social media groups.
- Attend seminars and career fairs that attract job seekers of all ages.
- Publicize your efforts to have an age-diverse workforce. These efforts will have a positive impact on your employer brand.
- Prepare and incentivize recruiters to understand the changing workforce demographics and to take actions that will encourage job seekers of all ages to be excited about joining your organization.

For more detailed information on recruiting and retaining older workers, please refer to both the SHRM Foundation’s EPG report *The Aging Workforce: A Guide to Leveraging the Talents of Mature Employees* and the SHRM sourcebook *Preparing for an Aging Workforce: Strategies, Templates and Tools for HR Professionals*. The sourcebook includes information and resources on the following topics:

- Targeting recruiting activities to appeal to mature job seekers.
- Working with hiring managers to dispel stereotypes and broaden perceptions of the available talent market.
- Selection process materials.
- The onboarding process.
- (Re)hiring retirees.
- Corporate alumni programs.
- Retaining mature workers.
- Samples, forms, templates and tools:
  - Diversity Outreach Letter.
  - Employee Referral Program Procedures.
  - New-Hire Employee Referral Form.
- New-Hire Orientation Checklist.
- New-Hire Survey.
- Recruitment Satisfaction Survey.
- Flextime Policy.
- Telecommuting Application Form.
- Flextime Request Form.
- Compressed Workweek Policy and Procedure.
- Summer Flextime Policy.
- Summer Flextime Request Form.
- Job Share Memo of Understanding.
- Recognition Policy: Service Awards and Retirement Gifts.
- Phased Retirement Plan Development Checklist.

The Role of Benefits in Attracting and Retaining an Aging Workforce

Because there are potentially hundreds of benefits that can be offered by employers, each organization must determine its own benefits strategy based on a solid understanding of the demographics of its workforce and candidate pool. Key issues and strategies within the benefits realm that may be influenced by this demographic shift include the design and administration of health, disability and other insurance benefits as well as wellness benefits, retirement income and planning, and employee services, particularly caregiver benefits, such as senior care. Health care and wellness benefits will continue to be important as the workforce ages because the risk of many types of illnesses and chronic health conditions increases with age. Individuals also tend to be more health-conscious as they grow older.

The pressure to hold health care costs steady will become more intense as the workforce ages. Organizational leaders of many organizations will expect their HR function to develop even greater expertise in negotiating better benefits contracts with vendors, self-funding health plans, altering health care benefits cost-sharing models to shift more costs to employees through increased deductibles or attaching a surcharge to spousal coverage—all without damaging recruiting and retention goals. They may also need to be adept at adopting consumer-directed health plan designs, developing a robust employee wellness program, offering health risk assessments and creating health management program incentives and penalties.

Retirement benefits are often among the first employee benefits that come up when the discussion turns to an aging population—especially in policy discussions involving mandated benefits such as Social Security. The aging workforce is putting the spotlight on employer-sponsored retirement plans as a major recruiting and retention tool. As the workforce ages, more attention is likely to be paid to these types of retirement benefits offerings. Organizations may respond either by increasing the amount of their employer match or by shifting to a model where employees are automatically enrolled into a 401(k) plan but can choose to opt out. These steps can increase the percentage of eligible workers who participate in their employer’s 401(k)-type plan, thereby increasing retirement savings. Some organizations take this a step further by automating the increase in the employee contributions to these programs over time.

Because savings options can be complex, another type of benefit that more employers may adopt as the workforce ages is financial planning and education services. For some organizations, simply letting employees know about the financial education options available, such as those offered by an employee assistance program, may be a first step. Others may prefer to go further by offering classes on financial literacy, online investment advisory services or individual financial planning services through a third-party provider.
The SHRM Wellness Programs Resource Page provides key resources and articles to help members as a starting point. The site offers guidance on regulations, program implementation, types of programs a company can include and external resources. Program implementation guidance includes the general development of a wellness program, case studies, communication, competitions, incentives/penalties, and measure the program’s return on investment (ROI).

SHRM’s Employee Benefits research report examines the use of hundreds of employee benefits and is available free for SHRM members at www.shrm.org/surveys. For more detailed information on leveraging benefits to attract and retain mature workers, please refer to both the SHRM Foundation’s EPG report The Aging Workforce: A Guide to Leveraging the Talents of Mature Employees and the SHRM sourcebook Preparing for an Aging Workforce: Strategies, Templates and Tools for HR Professionals. The sourcebook includes information and resources on the following topics:

- Health care and wellness benefits.
- Retirement income, benefits and redefining retirement.
- Work/life benefits.
- Leave benefits.
- Samples, forms, templates and tools:
  - 401(k): Automatic Enrollment Election for New Hires.
  - Employee Assistance Program (EAP) Policy: For Employees and Family Members.
  - Retirement Plan Enrollment Form.
Skills, Training and Development

HR professionals who closely study the skills needs and potential shortages in their organizations and industries are stepping up to take on an important leadership role that goes well beyond their individual organizations. Many HR professionals are working within their industries and local communities to improve workforce readiness at the broader level. The causes of skills shortages are complex and are thus not easy to resolve. But there are basic steps that HR professionals can take to help their organizations become better prepared for skills shortages and to proactively meet the challenges they represent.

According to SHRM research, more than one-half (55%) of oil, gas and mining respondents indicated that their organizations attempted to capitalize on and incorporate the experience of older workers to some extent, higher than 38% who reported the same in all other industries. Similar to other industries, very few (10%) reported that their organizations did not capitalize on and incorporate the experience of older workers at all (see Figure 10).

**Figure 10: Extent to Which Organizations Attempt to Capitalize on and Incorporate the Experience of Older Workers**

<table>
<thead>
<tr>
<th>Extent</th>
<th>Oil, gas and mining</th>
<th>All other industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a great extent</td>
<td>18%</td>
<td>22%</td>
</tr>
<tr>
<td>To some extent</td>
<td>38%*</td>
<td>38%</td>
</tr>
<tr>
<td>To a small extent</td>
<td>18%</td>
<td>24%</td>
</tr>
<tr>
<td>Not at all</td>
<td>10%</td>
<td>15%</td>
</tr>
</tbody>
</table>

*The difference between oil, gas and mining and all other industries is statistically significant (p<.05).

Note: Oil, gas and mining n = 40; all other industries n = 1,653. Percentages may not total 100% due to rounding.

Source: Preparing for an Aging Workforce: Oil, Gas and Mining Industry Report (SHRM, 2015)

HR professionals in oil, gas and mining organizations were most likely to report they valued older workers’ more extensive work experience (85%), stronger work ethic (80%) and ability to serve as mentors for younger workers (75%). Oil, gas and mining industry respondents were more likely than respondents in other industries to indicate they valued older workers’ tacit knowledge (75% compared with 51% in other industries). HR professionals in the oil, gas and mining industry were also more likely than their peers in other industries to report they valued the technical skills (33% compared with 12%) and creativity/innovation of older workers (8% compared with 1%). Conversely, they were less likely to value older workers’ English writing skills (25% compared with 45% in other industries).

HR professionals in oil, gas and mining firms were more likely than their counterparts in other industries to say their organizations had developed succession plans to prepare for potential skills gaps as a result of the loss of older workers (60% compared with 32% in other industries) (see Figure 11). Three-fifths (60%) of HR professionals in the oil, gas and mining industry said their organizations were using training and/or cross-training programs to transfer knowledge from older workers to younger workers, and they were more likely to use apprenticeship programs compared with other industries (18% compared with 8% in other industries) (see Figure 12).

With more generations than ever before in the workplace, organizational success now depends on employees of all ages working effectively together as a team. The increase in age diversity in the workforce is a new opportunity to build more effective and innovative teams, but these teams must be managed successfully. In the oil, gas and mining industry, more than one-half of HR professionals indicated employees in their organizations were receptive to working with older workers (63%), learning from older workers (58%) and being mentored by an older worker(s) (53%) to a great extent. None (0%) of
the respondents in the oil, gas and mining industry indicated that employees in their organizations were not at all receptive to working with, learning from and being mentored by older workers—a very positive sign that there is an overall awareness of the value of learning from older workers within the industry.

Many HR professionals may decide to go beyond some of the steps taken within workforce planning initiatives to conduct a more detailed skills audit that gathers information about the skills, education and experience needed for different jobs and job families. Supply analysis in workforce planning will involve collecting data on the number of employees and their skills, as well as workforce demographics, and should reveal if the organization has a large number of workers nearing retirement age. If large numbers of retirements are forecasted, a more in-depth job and skills analysis at this stage may be needed. Jobs may also need to be redesigned to accommodate older workers who develop disabilities due to the aging process. Some organizations have found that they are able to attract and hire more dependable and loyal employees by engaging in job analysis and by redesigning jobs to appeal to older employees.

Retraining mature workers can often be more cost-effective for an organization than recruiting, hiring, onboarding, socializing and training new hires. Skills training may sometimes be needed to keep mature workers up to date so they can continue working productively. The activities of workforce planning, skills audits and job analysis can all lead to the realization that among a number of different strategies needed to address existing or predicted skills shortages, training is one of the most important. A training needs assessment (TNA) that identifies current level of competence, skill or knowledge in one or more areas and compares that competence level to the level required for the position in question or another position within the organization may be a good way to determine priorities.

For more detailed information on how an aging workforce may influence learning and training strategies please refer to both the SHRM Foundation’s EPG report *The Aging Workforce: A Guide to Leveraging the Talents of Mature Employees* and the SHRM...
Preparing for an Aging Workforce: Oil, Gas and Mining Industry Toolkit

Training and/or cross-training programs
Mentoring programs
Job shadowing
Apprenticeship programs
Organizing multigenerational work teams
Development of a knowledge database
Development of skill transition plans to facilitate transfer of knowledge from older workers to younger workers
N/A—organization does not use any strategies to transfer knowledge from older workers to younger workers

The difference between oil, gas and mining and all other industries is statistically significant (p < .05).

Note: Oil, gas and mining n = 40; all other industries n = 1,666. Percentages do not total 100% due to multiple response options.

Source: Preparing for an Aging Workforce: Oil, Gas and Mining Industry Report (SHRM, 2015)

sourcebook Preparing for an Aging Workforce: Strategies, Templates and Tools for HR Professionals. The sourcebook includes information and resources on the following topics:

• Skills audits.
• Leveraging the knowledge, skills and experience of mature workers.
• Generational differences and similarities.
• Leveraging teams.

• Samples, forms, templates and tools:
  • Diversity Policy.
  • Job Analysis Template.
  • Career Development Plan Form.
  • Job Analysis: Desk Audit Review.
  • Skills Analysis Form.
  • Waiver of Claims Under the Age Discrimination in Employment Act.
  • Nondiscrimination/Anti-Harassment Policy and Complaint Procedure.
Endnotes


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