
Lost in a Downturn = Lost for Good? Will laid off Energy Workers come back?

Center for Applied Psychological Research
University of Houston



Christiane Spitzmüller, Ph.D.
Caitlin Porter, Ph.D.

Bob Newhouse – Newhouse Consultants

cspitzmu@uh.edu or christianes@gmail.com

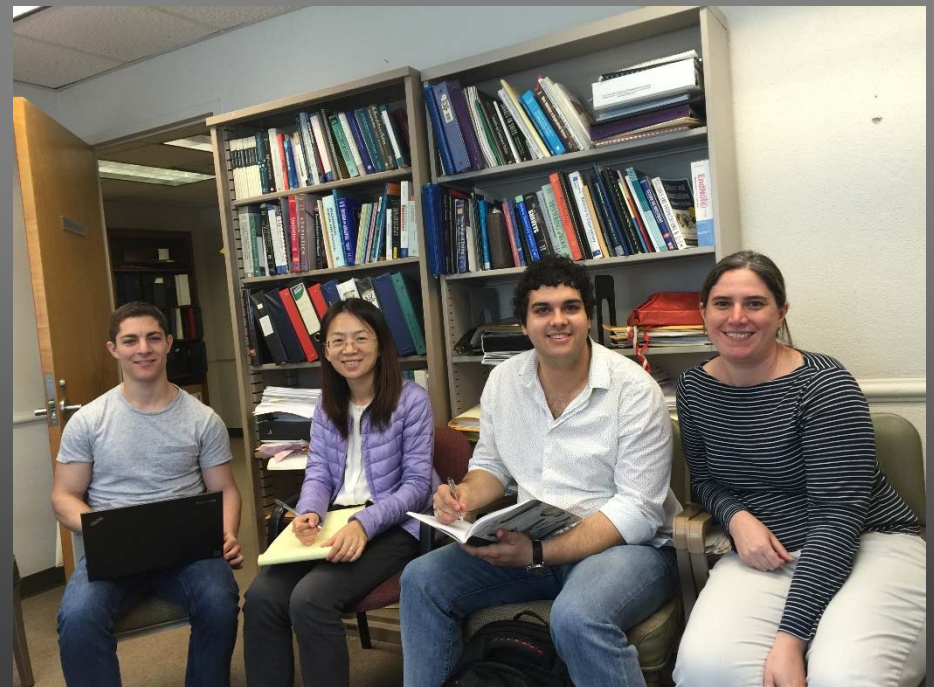
CAPR Mission and Project Structure

Mission:

Conduct collaborative research with partner organizations to create evidence-based training and development solutions with sustainable business impact while providing application-based scientific training to Ph.D. students



- Research projects conducted by non-profit research institution (UH)
- CAPR component of Department of Psychology, I/O Psychology
- Integrate practice and science of I/O Psychology
- Projects staffed with Ph.D. students and faculty, provide funding for research activities and assistantships



CAPR Projects and Impact across Technical Training & Development Business

Assessment/Data Collection

Define Requirements
Identify Gaps

- Measure/assess performance domains
- Benchmark Senior Technical Professional (STP) development
- Conduct training needs analyses
- Define technical training content

Develop Skill Building Strategies

Formal/Experiential methods, Instructional Design

- Define instructional methods around mentoring techniques that “work”
- Develop project and technical training options for STP competencies
- Develop interventions for supervisors targeting safety outcomes

Delivery and Evaluation

Classroom, mentored, reference material for instructors, instructor effectiveness

- Conduct & evaluate mentoring training
- Conduct & evaluate “Getting things done” training
- Develop comprehensive training evaluation strategy and method

Utilization of business line expertise to impact business outcomes

- Emphasis on assessment, skill building and delivery/evaluation that accounts for current business needs, projected business needs (short- and long-term) and individuals’ goals

Why study what happens to laid-off energy workers?

Background:

- Major downturn in the 1980ies remembered by many
- Consequences for succession planning and project staffing were significant

... Different Results for the Houston Economy

Houston's jobless rate has remained low as the economy is less tied to the oil market

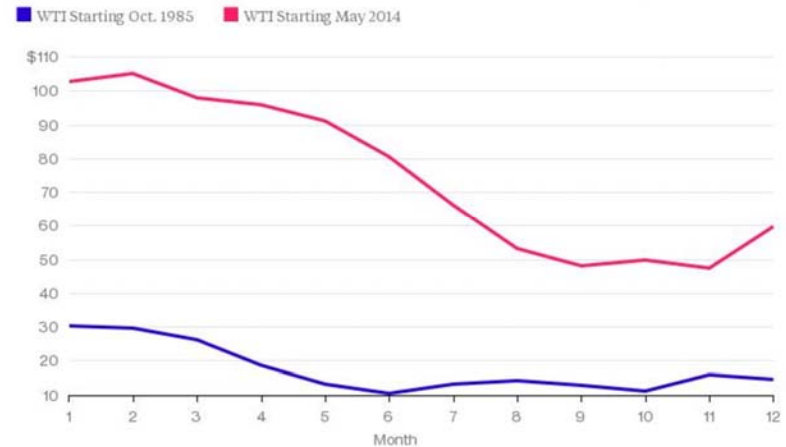


Federal Reserve Bank of Dallas:
University of Houston's Bauer Institute for Regional Forecasting

Bloomberg

Similar Oil Price Crashes ...

West Texas Intermediate crude futures crashed in the 1980s and last year



New York Mercantile Exchange

Bloomberg

Differences to 1980ies bust:

- Houston unemployment rate is low
- 87% of jobs were energy-tied in 1980ies, with fewer than 50% tied to energy in 2010
- Risk of losing mid- and high-skilled workers to other sectors higher
- Cost of hiring "newbies" substantial, safety and reliability implications need to be managed

Why study what happens to laid-off energy workers? The Psychology of lay-offs

Seminal studies in justice in organizations and in layoffs

- Procedural, distributive, transactional and informational justice predict outcomes
- Fairness in lay-off processes affected theft, other counterproductive work behaviors
- "Psychological" best practices around lay-offs are documented in other industries:
 - Explanations for why
 - Explanations for who
 - Opportunities to ask questions
 - Focus on respect for employee and his/her personal situation



Study Goals: Determine who leaves the industry, finds other work, willingness to return

- What are downsizing implications for talent development?

- Will they come back?

- Are there subgroups of employees who may be more likely to return than others?

- What drives employees to seek work outside of oil and gas?

What are implications for “when things pick back up”?

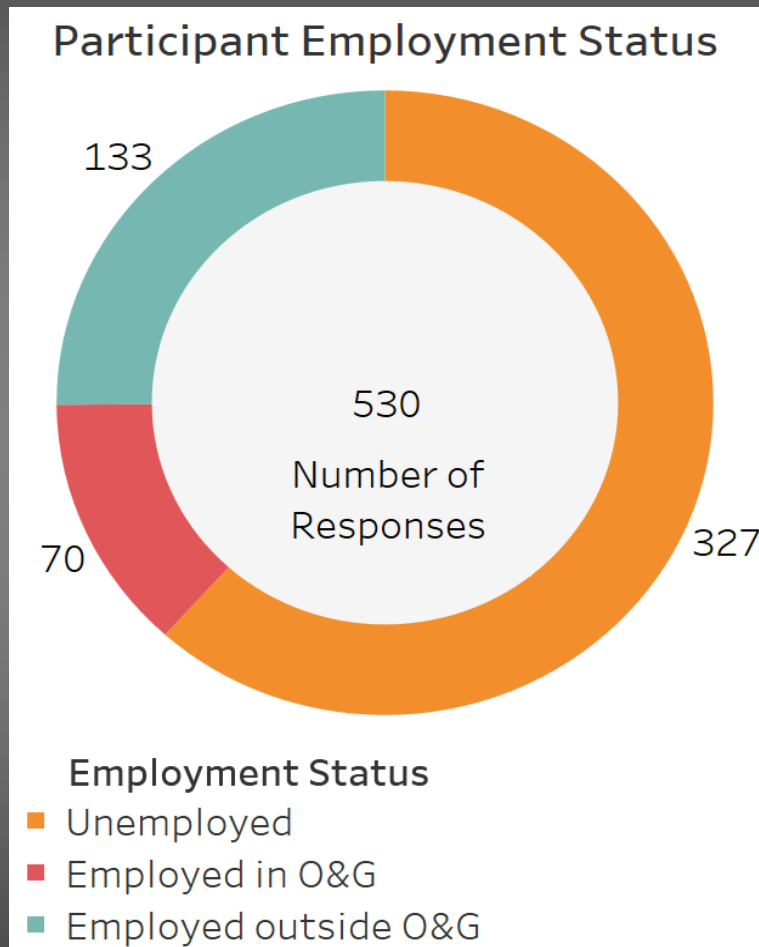


Who did we ask? Study method and sample demographics

Method	Recruitment approach	Resulting Sample
Web-based survey study using validated survey instruments derived from the extant career mobility literature	Partnered with industry associations and industry websites – using databases and posting study information link	530 laid off energy workers – majority professional workers – 73% with at least a Bachelor's degree, 87% white, 89% male, median age: 53 years



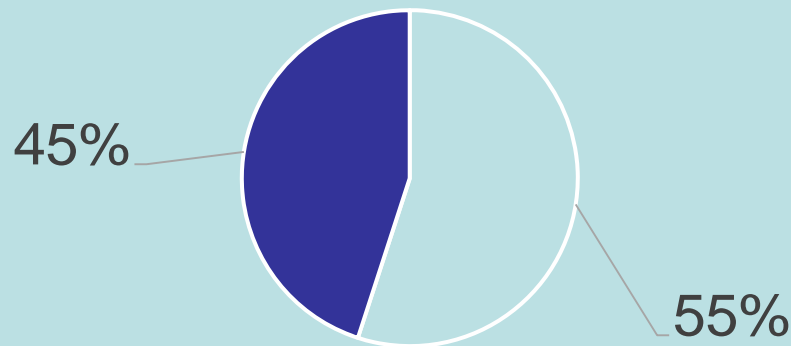
So... what are laid off energy workers doing now?



- About a quarter of former energy employees found work outside the industry
- Majority of laid off workers we recruited are still unemployed
- Less than 20% of the people we surveyed were able to find a new position with an energy company
- **Among those who found new employment, about 2/3rds left the energy industry**

Are laid off oil workers intending to leave the industry?

Intending to stay in O&G for at least the next 12 months....



- Planning to Leave Oil and Gas
- Staying in Oil and Gas

- Respondents had on average filed 13 applications with energy companies, and about 10 in other sectors
- Higher likelihood of re-employment in other sectors than in energy

More than half of those surveyed intend to leave energy work in the next year

Differences between Energy Stayers and Leavers

Dimension	Stayers	Leavers
Anxiety about future of industry	More positive overall outlook on the industry (ups and downs are part of it; it's really great when it's great)	Less likely to possess positive view of future of energy industry (concerned about alternatives, future boom/bust cycles)
Enjoying work in the industry	More likely to find work interesting/exciting/meaningful	Less industry/work satisfaction
Procedural justice during lay-offs	Experienced more procedurally fair layoffs and interpersonally respectful treatment	Feelings that discharge process was "biased" and they had no opportunity to express concerns or understand layoff system

How prevalent were negative experiences? Are there good news?

71% felt anxious about future of energy industry
66% reported that discharge procedures were biased and handled poorly

Still: 81% felt that overall, working in the energy industry was satisfying and made for a good career



What are implications for the future?

1. Depending on pace of hiring, more sophisticated approaches to measuring abilities, knowledge, skills and orientations (KSAOs) will result in faster, lower-cost onboarding of new workers
2. Energy industry needs to address the relatively weak industry brand (environmental issues, alternative fuels, long-term prospects) to effectively compete in the future
3. For safety and reliability metrics to not be affected by rapid hiring processes, advances in personnel selection and measurement of ability, safety propensity, learning orientations and cross-cultural competencies need to be integrated
4. Examining and measuring how energy work is changing and what implications for necessary skill levels in an upturn are is essential and will contribute to determining competitive advantage in an upturn