Talent Drain:Labor Issue Looms Large

The single biggest challenge facing the chemical industry in 2007 and beyond could well prove to be labor supply. You might argue that the environment is a bigger problem as evidence of global warming increases. But discussions among delegates at the recent Gulf Petrochemicals and Chemicals Association (GPCA) conference in Dubai were heavily focused on the labor issue as a more immediate threat to the prosperity of the industry.

Fran Keeth, global head of Shell Chemicals, and John Taylor, chief executive of Borealis, both talked with passion and enthusiasm about the industry. They stressed the need to imbue younger people with the same passion in order to reverse the talent drain that, according to some industry executives, is reaching a critical level.

Loving your job is one thing, but money is a whole other matter. The Indian chemical industry, for example, faces fierce competition from the high salary-paying IT industry for graduate chemical engineers. India's four big IT companies are said to be planning to hire 20,000 new recruits each this year, drawing on graduates from all disciplines. "In the past, if you took chemical engineering, it was because you had a vocation. These days, it's increasingly seen as an entry into a wide range of science or IT-based professions," said one senior chemical industry executive.

The other problem, despite Keeth's and Taylor's enthusiasm for the industry, is that other industries are seen as more exciting. Part of the answer could be to get senior industry executives together at regular global events to discuss how to tackle the recruitment crisis. It seems strange that so many conferences have a plethora of papers on supply and demand that tell companies when and what to build with little discussion on where the people are going to come from to build the plants. The big issue, perhaps for the CEOs to discuss, is how to improve the image of the industry in order to attract more graduates. The more immediate nuts and bolts problems, where sharing views at less senior levels might be of value, are how best to recruit, retain, and re-numerate staff.

One short term upside of tight global labor markets and the recruitment crisis are delays in projects that have pushed the next downturn back to 2009-11. It is worth mentioning that China hasn't suffered from the global chemical industry labor shortage. This gives Sinopec and other Chinese companies the leverage to export talent. But even China's vast pool of graduate and experienced chemical engineers, project managers, and construction workers is unlikely to be sufficient to solve the global problem. If the concerns expressed at the GPCA meeting are anything to go by, solutions to the labor crisis are needed urgently. The irony is that all the other industries that are attracting graduates away from chemicals &#151 for example, the IT sector &#151 need increasing supplies of chemicals to sustain their growth.

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