

CRITICAL HR ISSUES IN MARITIME INDUSTRY, THE GREATEST ENGINE OF ECONOMIC GROWTH

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Abstract

Shipping has been the cornerstone of transportation from the very beginning of civilization, especially in countries surrounded by oceans. All told, shipping accounts for 90% of all cargo movements in the world. But the present business environment poses many challenges for the shipping industry which, if not addressed using the right solutions, can make a bad situation worse. This Study highlights a very unusual problem of the Maritime Industry, viz. - the HR issue which is generally not recognized, much less addressed.

Today's economies depend on Travel, Transport and Logistics (TTL). Shipping as a mode of international and intercontinental transport system can never go out of fashion - being the easiest and still the cheapest mode. Advancement in engineering techniques and technology have had an effect on growth in terms of increase in the number of ships plying the seven seas. Focusing on Indian scenario, the study draws upon last two year's record of Shipping Industry's growth, in terms of vessel traffic, container traffic and total tonnage handled.

There is a definite growth line discernible, but there seems to be no matching HR initiatives. The study examines the trends of shortage of officers and how it can be addressed. The relationship between Marine Human Resource Development and Marine Economic Development is also examined. A brief comparison with China is also presented. This article serves as a wakeup call rather than a comprehensive treatise.

Key words: TEUs (Twenty-foot equivalent unit, a measure used for capacity in container transportation), TTL (Travel Transport and Logistics)

Indian scenario

In India too, Maritime Sector constitutes a major chunk of the Economy. Let us have a bird's eye view of the Maritime Economy of our Country. It is analysed by taking into account 3 aspects:

- A. The Volume of Traffic handled at Major Ports
- B. Category-wise Vessel Traffic
- C. Container Traffic

The analysis of Traffic handled in 2010 vis-a-vis 2011 is presented below in Tables 1 and 2:

Table 1 Traffic handled at Major Ports^[2]

(During April to March, 2011 Vis-A-Vis April to March, 2010)

(IN ' 000 TONNES)

PORTS	APRIL TO MARCH TRAFFIC		% VARIATION AGAINST PREV. YEAR TRAFFIC
	2011	2010	
<u>KOLKATA</u>			
Kolkata Dock System	12540	13045	-3.87
Haldia Dock Complex	34892	33378	4.54
TOTAL: KOLKATA	47432	46423	2.17
PARADIP	56030	57011	-1.72
VISAKHAPATNAM	68041	65501	3.88
ENNORE	11009	10703	2.86
CHENNAI	61460	61057	0.66
TUTICORIN	25727	23787	8.16
COCHIN	17873	17429	2.55
NEW MANGALORE	31550	35528	-11.20
MORMUGAO	50022	48847	2.41
MUMBAI	54585	54541	0.08
JNPT (Jawaharlal Nehru Port Trust)	64299	60763	5.82
KANDLA	81880	79500	2.99
TOTAL:	569908	561090	1.57

A general growth line can be seen from this table. On a finer look, it could be noted that Tuticorin has improved a lot compared to the previous year in Traffic handling. The New

Mangalore port had put in the least performance, with Chennai keeping the same level.

Table 2 Vessel Traffic: Category-Wise ^[2]
2009-2010 And 2008-2009

Port	Period	Dry Bulk	Liquid Bulk	Break Bulk	Container	Total	Grand Total
Kolkata	2009-10	61	264	396	578	1299	1299
	2008-09	41	240	250	526	1057	1057
Haldia	2009-10	892	852	68	433	2163	2163
	2008-09	830	1045	82	512	2398	2398
Paradip	2009-10	1154	326	40	11	1531	1531
	2008-09	1230	239	58	9	1536	1536
Vishakhapatnam	2009-10	1275	715	210	206	2406	2406
	2008-09	1162	663	271	251	2347	2347
Ennore	2009-10	195	78	-	-	273	273
	2008-09	184	55	-	-	250	250
Chennai	2009-10	446	493	462	703	2131	2131
	2008-09	441	441	486	710	2078	2078
Tuticorin	2009-10	451	175	333	455	1414	1414
	2008-09	441	172	460	451	1524	1524
Cochin	2009-10	59	380	44	389	872	872
	2008-09	53	308	61	335	757	757

Table 2 continued							
Port	Period	Dry Bulk	Liquid Bulk	Break Bulk	Container	Total	Grand Total
New Mangalore	2009-10	353	682	74	77	1186	1186
	2008-09	404	639	72	69	1184	1184
Mormugao	2009-10	235	184	8	38	465	465
	2008-09	221	170	8	36	435	435
Mumbai	2009-10	48	870	713	8	1639	1639
	2008-09	33	902	665	12	1612	1612
J.N.P.T.	2009-10	66	496	13	2521(*)	3096	3096
	2008-09	55	408	16	2494	2973	2973
Kandla	2009-10	663	1421	437	255	2776	2776
	2008-09	636	1212	448	221	2517	2517
All Ports	2009-10	5898	6936	2825	5674	21251	21251
	2008-09	5742	6494	2877	5626	20668	20668

Vessel Traffic depends upon the location of the port, State's economy etc. Every year the vessel traffic increases showing the growth of Maritime trade. Almost all ports had more

vessel traffic compared to the previous year except New Mangalore.

Let us now look at the container traffic.

Table 3 Container Traffic 2009-2010 and 2008-2009^[2]

(Figures in 000's)

PORT	UNIT	2009-2010			2008-2009		
		UNLOAD	LOAD	TOTAL	UNLOAD	LOAD	TOTAL
KOLKATA	TONNAGE TEUs	4112 (195)	2534 (183)	6646 (378)	3176 (157)	2307 (145)	5483 (302)
HADIA	TONNAGE TEUs	1076 (62)	934 (62)	2010 (124)	1054 (57)	1319 (70)	2373 (127)
PARADIP	TONNAGE TEUs	- (2)	44 (2)	44 (4)	- (1)	31 (1)	31 (2)
VISAKHAPATNAM	TONNAGE TEUs	794 (49)	884 (49)	1678 (98)	624 (41)	738 (45)	1362 (86)
CHENNAI	TONNAGE TEUs	12067 (625)	11410 (591)	23477 (1216)	10617 (590)	9964 (553)	20581 (1143)
TUTICORIN	TONNAGE TEUs	3203 (214)	3396 (226)	6599 (440)	2675 (214)	2807 (225)	5482 (439)
COCHIN	TONNAGE TEUs	1970 (145)	1958 (145)	3928 (290)	2139 (131)	1382 (130)	3521 (261)
NEW MANGALORE	TONNAGE TEUs	234 (16)	241 (15)	475 (31)	218 (15)	186 (14)	404 (29)
MORMUGAO	TONNAGE TEUs	117 (9)	75 (8)	192 (17)	75 (7)	72 (7)	147 (14)
MUMBAI	TONNAGE TEUs	549 (48)	57 (10)	606 (58)	571 (53)	720 (39)	1291 (92)
JNPT	TONNAGE TEUs	28487 (2,049)	24608 (2,013)	53095 (4,062)	24671 (2,019)	25931 (1,933)	50602 (3,952)
KANDLA	TONNAGE TEUs	997 (79)	1439 (68)	2436 (147)	910 (79)	1233 (59)	2143 (138)
TOTAL	TONNAGE TEUs*	53606 (3,493)	47580 (3,372)	101186 (6,865)	46730 (3,364)	46659 (3,221)	93389 (6,585)

*Twenty-foot equivalent unit, a measure used for capacity in container transportation

The tables 1 to 3 show our Economic Growth through the indices of the shipping industry. A general trend line of growth is visible, which means that the human resource requirements also indicate a concomitant increase.

The HR angle

While most of the goods move around the World by sea, hardly anyone has a realistic reckoning of the people who move them. Even though manning levels on modern ships are a fraction of the numbers employed at sea in past decades, there remain around 1.2 million seafarers serving on approximately 50,000 ocean-going merchant vessels. Despite the fact that shipping urgently needs to know the real travails of those serving on ships today, the modern Maritime Industry is almost completely out of focus on this issue. Regrettably, instead of proper investigation and research, there has long been only speculation and second-guesses filling in for the unheard voices of those out at sea^[1].

Talking about quality of life etc. are a distant realm. But the imminent danger is the shortage in terms of quality and quantity. Today we are in the middle of a very severe shortage of officers; while the stock market may go up or down in the next twelve months, the chance for finding good quality officers will certainly go down in the next twelve months! Every competent officer can find a job easily. Retired officers are being wooed to come back to sea with the lure of higher wages and shorter contracts. Younger officers are being poached by companies willing to pay higher wages or willing to offer quicker promotions. Owners/managers with small fleets hardly have the choice of „selecting“ good quality officers. They have to

take who so ever is available and on the conditions demanded by the seafarers.

Now, there are a number of factors causing this situation. With the booming of world Economy, there is fleet addition everywhere; the life of ships is being extended or ships are being converted into other suitable ship-types instead of being scrapped; the entry of a large number of LNG vessels into the market is another unexpected development. The size of the total World fleet is therefore increasing rapidly, but the supply of quality man power has not increased proportionately.

The severe shortage of officers is further compounded by the higher standards imposed by the industry through measures like Port State Control and ISM Code and the consequent difficulties faced by companies in finding good quality officers who can match these. The stringent experience & quality norms prescribed by the oil majors is certainly causing immense worry to leading tanker owners.

Perhaps with so many ship owners now trapped in critical struggle to attract staff, the shipping barons can learn a thing or two from employer branding. People have a choice to work for a specific company or to look elsewhere and companies need to act positively in order to influence this decision process. Culturally, shipping is very different from the employment model used ashore. Recent studies show that 60% of CEOs are worried about the need to attract and retain the best people, while wrestling with the problems of making employment attractive.

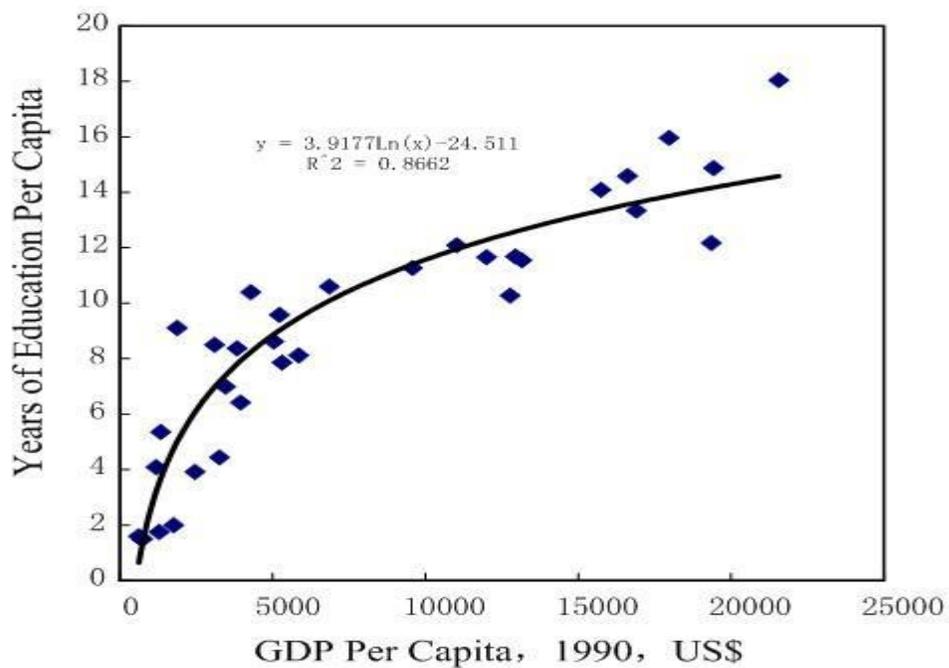
How this kind of shortage of officers can be addressed? Let us see how the China is handling it.

Chinese long term initiatives

As international experiences of economic development indicate, fast addition to human resource is an important factor in boosting economic growth (See Figure 1). Human resource is usually the critical factor in narrowing the gap in economic prosperity between the developing world and the developed world. Maritime Economic development is no exception in this respect. In other words, China has understood that if it were to catch up with developed marine

powers, it should focus on vigorously developing its marine human resource. In 2015, China will meet the watershed of its demographic dividend and the ratio of working age-group to dependents' age bracket will start to decrease, imploring China to improve the quality of its human resource on a war footing. To this end, China adopts a basic National Policy of "Revitalizing the Ocean Economy through Education" (Jiaoyu Xing Hai), in order to transform its huge quantity of marine human resource into valuable quality.

Fig.1 Comparative Per Capita of GDP and Investment on Education

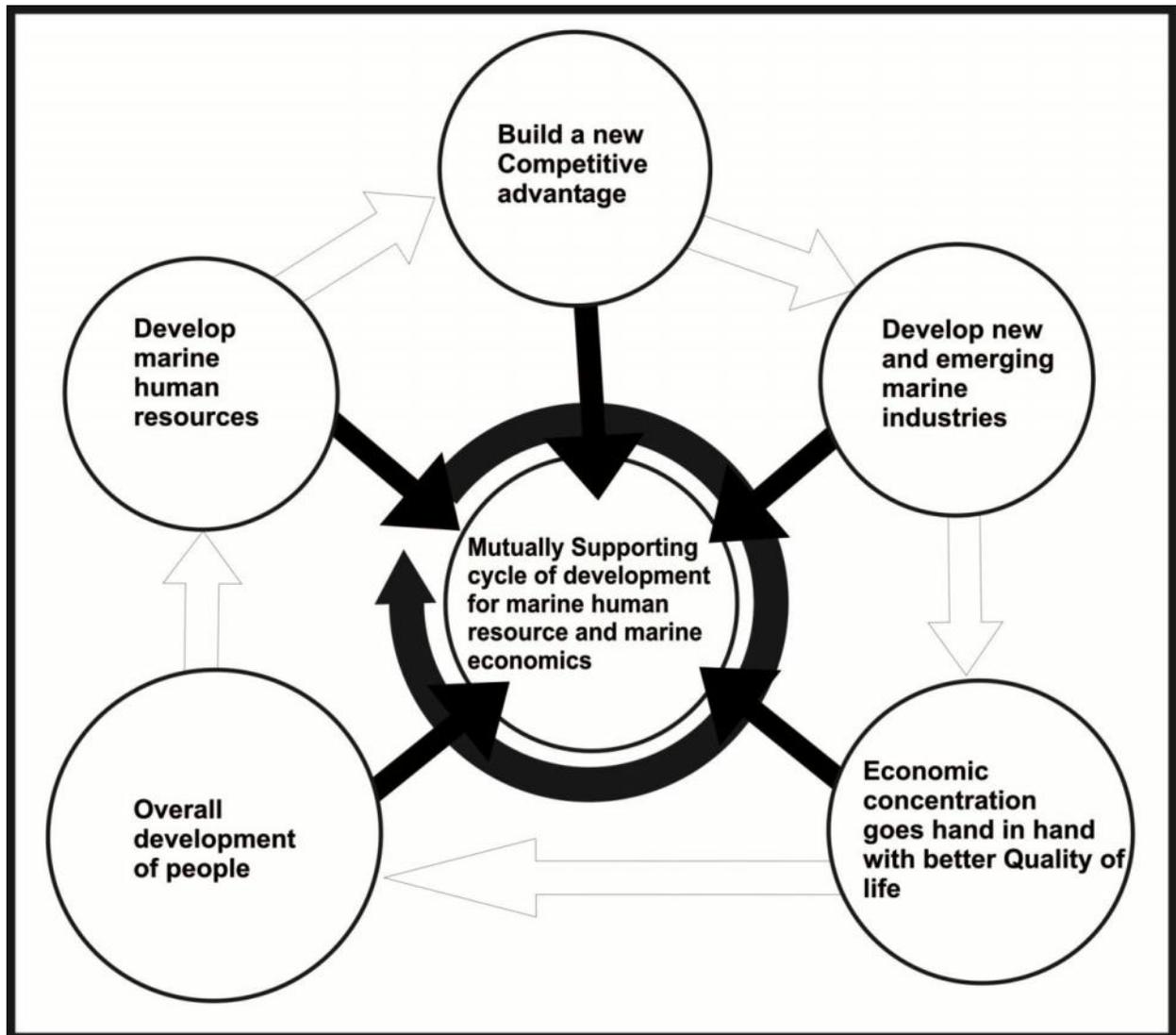


Source: Maddison's data, cited from Hu Angang and Xiong Yizhi (1990):

China's policy of "Revitalizing the Ocean Economy through Education" intends to help China build large-quantity of highly-skilled

marine workforce to achieve faster growth of maritime economy and thereafter gain competitive advantage in this field.

Figure 2: Relation between Human Resource Development and Marine Economic Development



Emerging Marine allied Industries

Emerging and new marine industries is the latest engine for pushing the Economy forward. It is preliminarily estimated that emerging marine allied industries account for 10% of total marine product outcome. However, 10% is obviously an initial estimate and there is immense potential of growth. It is necessary to make great effort to promote

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emerging marine allied industries, if any Nation wants to make full use of marine economics to transform its economic system. On October 18th, 2010 the State Council of China^[3] issued decisions on accelerating and fostering development of Emerging Industries of Strategic Importance, which categorizes Eco-friendly industry, new information technology, bioengineering,

advanced equipment manufacturing, alternative energy sources, new materials development and vehicles using alternative energy sources- as the Seven Emerging Industries of Strategic Importance, just in time to kick off large-scale development of emerging and new marine industries. But China still has a long way to go to build a new marine economics based on new and emerging industry development.

The Indian HR Diaspora

Human resources Development (HRD) plays significant role in a market driven economy like India. Global competitiveness has created internationally bench marked customers diagonally opposite to what we had in the yester years. This is the problem, challenge and opportunity. To response effectively to global competitiveness involves "new breed of human resources". In any case, Maritime Industry has very high Global manifestation in all aspects of its operations, and there is an urgent & compelling need to augment high quality HR in right quantities and at the right time.

There are about 122 Institutes providing pre-sea training in India (www.dgshipping.com)^[4]. All these institutes are having high bench marking for HR standards. There is a significant increase in the demand for Indian officers in the specialized sectors of LNG, LPG, VLCCs , Oil and Chemical Tankers- possibly because Indian officers are generally able to cope well in vetting inspections in terms of documents , knowledge requirements etc. Even established companies like Mearsk have resorted to driving the wages higher the Indian market and it also leads to ,poaching" wars amongst the shipping companies. The cascade effect is leading to officers from

smaller or lower paying companies to move to larger or better organizations. The reputation, safety standards, age of ships and working environment of the shipping companies is being carefully scrutinized by the seafarers before setting their terms for accepting the job offers!

The good news from India is that the Ministry of Shipping is taking a number of steps to improve the situation. The number of deck and engine cadets being employed from India has risen significantly in the last 3-4 years. The total number of trainees passing out from India has increased to over 5,000 each year. In addition to this, a large number of Indians are going to UK, Singapore, Australia, New Zealand, Malaysia etc. to seek their competency certification. There are a number of company run training institutes providing post-sea, value added courses. Thus the private shipping companies are also rising to the occasion. This trend of focusing on post-sea training and continuous professional development is not seen in most crew-supplying Nations.

The Ministry of Shipping has firmly controlled the quality of education and India is one of the countries that always to go beyond the minimum requirements of STCW95. Some examples of the higher standards being enforced are:

- 1) Ship handling courses on a simulator are compulsory for obtaining Class 1 license.
- 2) Engineers have to undergo simulator courses for operational and management levels.
- 3) India has a requirement of minimum 60% in the school leaving

examination to be eligible for becoming a cadet. Mathematics, Physics and Chemistry are compulsory requirements to be eligible to become a trainee.

- 4) India has submitted proposals to IMO for making training on cargo handling simulators compulsory for LPG and LNG vessels.

While the capacity is increasing rapidly, initiatives are taken to see that the quality has not suffered. The Ministry is working on some more innovative measures to enhance the quality of the seafarers from India.

Observations of a seasoned employer

Anglo-Eastern^[5] has been employing Indian officers since the early 80s and today is the largest foreign employer of Indian seafarers, with a pool of over 5,000 seafarers from India, out of a total pool of over 10,000 seafarers worldwide. They have invested significantly in training facilities in India over the last 15 years. Indian officers have been excellent „value for money“. The Company sources reveal, “ it is often debated within our company and in the industry whether India will continue to remain a good crew supplying nation over the next 10-20 years, considering the rapid economic growth of India. Our analysis, based on our in-depth knowledge of the Indian market is that India will remain as an important crewing source over the next twenty years. We believe that the demand for Indian seafarers will grow even further, especially in the specialized sectors of LNG, LPG, Chemical, Oil and Large Container vessel sectors.”

Strengths of the Indian seafarers

Indian education system is fairly well grounded, especially in mathematics and sciences. This inculcates extremely good analytical skills and ability to reason and think through problems. The maritime education system of India, which is completely based on the U.K. system, has also helped in producing seafarers who can readily adapt to international trade and the company procedures of western companies.

The Indian seafarer is generally a very hard working and intelligent worker. He/ She also tends to be very obedient and law-abiding, and thus able to do well on high-risk vessels and during emergency situations. Indian seafarers also tend to be very ambitious, wanting to climb up the hierarchy quickly. They like to complete their examinations quickly and can't wait to get their four stripes. They usually have a deep interest in their profession. Membership of professional institutes like Nautical Institute, Institute of Marine Engineers, Company of Master Mariners etc. is high on their list of priorities. Practically all Indian seafarers have done their complete education in English and this gives them a distinct advantage over nationalities that have not learnt English medium. The diversity of languages and cultures in India teaches Indian seafarers to work quite easily in multi-national or multi-cultural work environments.

Conclusion

The crisis we have today is a result of the short-sighted approach in the past, where companies did not provide cadet berths on board. Some companies continue this approach even today. In Asia, India and Philippines will continue to be very important

crew sources. While China will continue to increase the number of seafarers, the phenomenal growth of the Chinese shipping industry is unlikely to allow too many officers for global supply. Two cadets per ship should be the minimum intake required to sustain the supply of human resources in the maritime industry.

To sum up, the crew supplying Nations keep increasing the number of trainees being inducted into the seafaring profession. The challenge to this industry though, will be to continue recruiting seafarers continuously and not to abandon training, as was done after the recession of 1980's right up to mid 90's.

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