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Labor Market Dynamics in the Maritime Industry. Sea Agglomerations

Simona MINA[1]

Abstract

One of the hypotheses of the present study is that the trend in human resources in maritime organizations in the European system is declining and the number of European sailors is decreasing steadily. Despite the efforts made by some governments in the Member States of the European Union, the policies aimed at reducing the decline in the labour market of the maritime industry in Europe, the number of European sailors is continuing to decline. The present scientific opinion joins the efforts of the institutions to find the reasons why the evolution of the human resources in the European maritime organizations is descending.
A second hypothesis of the study is linked to the EU's desire to implement effective policies in supporting the entire maritime conglomerate in the long run, with the review and modification of all previously implemented policies. The paper examines the possible types of subsidies granted by Member States to shipping companies and ship owners and how this financial support will lie in the degree of engagement and activation of seafarers domiciled in the EU, within the maritime labour market.

Keywords: *human resources; decline labour market; maritime industry.*

1. Introduction

The availability for a medium and long term of the sustainability of the maritime working force is a good investment in training activities of experienced seafarers to key shore functions within maritime organisations and the preparation and hiring of young seamen who can maintain a course consistently of professional maritime experience in both directions. However, the number of sailors residing in the EU and employed in maritime companies in EU countries continues to decline. Although, the

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rate of decreasing the European sailor number is somewhat declining, this is only a result of the support of the State authorities and the context of the global labour market. The recent economic crisis is threatening again the number of European sailors because of the response that employers of maritime organisations have to the requirements and conditions imposed by this economic context. These conditions show the prospect of reducing the number of European sailors in maritime organisations, which could mean that all efforts made to increase the number of staff will not be sustainable within the long term.

Despite the fact that some European countries have been campaigning intensely to promote the training of merchant navy officers, the number of future and current sailors who choose to work in maritime industry organizations remains, however, insufficient to maintain a high level of maritime expertise, even within the short term.

Lack of professional expertise feels the most acute in terms of senior officers with experience ("senior officers"), but maintaining a continuous stream of expertise within maritime organizations requires the constant extension of young officers ("junior officers") to replace experienced officers who fit shore-based functions [1].

The upcoming "sources" of senior officers imply a sufficient number of training and employment opportunities for junior officers on board ships. Measures taken at European level but also by the governments of the Member States have not succeeded in limiting the decline in maritime expertise and the problem of hiring and filling vacancies in maritime organizations cannot yet be considered as being solved by far [2].

However, the financial potential of the taxes on the quantity of freight transported, also known as "tonnage taxes" practiced by most EU countries, could be directed to support staff dynamics within maritime organizations in Europe.

The potential of such a move is underestimated because there is no direct binding link between the payment of these taxes and the training and employment in maritime organizations. In some countries there is a direct link between this tax and the processes mentioned. Many managers and ship owners gain a competitive advantage from the tonnage tax regime simultaneously, while some of them do not employ sailors in the European space at all.

This phenomenon can take place through the legislative nature governing the operation of maritime companies in Europe, which allows them to change the European flags of the ships, and can choose any state they want to register their vessels, being EU states

These results in the fact that all European shipping companies provide less and less opportunities for European seafarers and only a small part of them remain committed to providing real career opportunities for European sailors.

Thus, subsidies and tolls do not show the possibility of achieving their objectives clearly. This could, however, be feasible if a legislative framework is created to force shipping companies to channel part of the profit made by these legislative means to employment and training programs [3].

Without a rapid response that can remedy the situation at European level, employers in Europe will continue their strategies to relocate their port activities to Eastern Europe and, further on, to the East Asia area.

The current shortage of seafarers that can fit maritime functions within maritime organizations will feel even more and will grow. This will reduce the importance of maritime conglomerates in Europe and their functions will increasingly be taken over by East Asian ports.

In this respect, various specialized committees at the European Parliament's level reached some conclusions and made the following recommendations [4]:

Image campaigns targeting the maritime industry will not solve the issue of staff dynamics within maritime organizations, and these campaigns should not be seen as potential solutions. Maritime industry image campaigns should include issues such as improving working and living conditions on board ships as well as at sea, giving an overview of a sailor's career, making this job more attractive, thus convincing many young sailors spend more time aboard the ships and retreat to dry land after they have gained much more experience;

Actors involved in governing should redefine their public policies regarding the working force within the maritime domain, should encourage the employment processes. Employers and the maritime education system as well as the institutions involved in the training of seafarers should make every effort to promote equality for women in maritime organizations and in seafarers' careers. However, the recruitment and training of more women will not significantly contribute to the acute shortage of staff, this being solved only by employing a much larger number of beginner officers domiciled in European countries;

The tonnage tax rules should impose on shipping companies to participate directly in national training schemes, but also the imposition of obligations to hire a larger number of "junior officers" in the European states. Shipping companies should benefit from reductions in the payment

of these taxes and other similar benefits only if they demonstrate that they can and do meet these criteria;

Developing databases that clearly show the development of hiring processes within maritime organizations and agencies responsible for this topic (such as EUROSTAT, EMSA or OSHA).

2. Theoretical Background

Sailors form European countries are very poor employed, even if shipping companies are still very important players on the maritime transport sector. See-men from emerging countries or countries under development are ready for working within some lower wages, so that they have been recruited and replaced very well trained mariners form western countries.

The owners had the right to register their vessels in all sorts of convenience states, and then by allowing the use of a secondary European register; these gave them the possibility of changing the structure in recruiting the working force.

"The decline in the employment of European sailors is valid for both maritime officers and the productivity of maritime organizations, although the situation is somewhat better for organizations' productivity".[1]

The decline of the total human resources involved on maritime working place have been associated to the fact that young Europeans are no longer entangled in the seafaring profession. Other explanations argue that this is due to the generally negative image of the maritime industry. This can also be generated by the lack of venues. This problem is concretized by the fact that there are many applicants who wish to prepare themselves on board ships and to carry out periods of cessation, but there are very few available places at European level, so the transition from the cadet to the position of officer beginner, junior officer, is too cumbersome. This has been demonstrated many times (including the documents of European Union Commission (2007), "Towards a future maritime policy for the Union: a European vision for the oceans and seas", Green Paper, Brussels: European Communities, page 3) [1] at times when a maritime organization offered a number of cadet posts to contest, the number of applicants was very high, and this phenomenon has been taking place for many years [5]. The same issues arise in the recruitment process of female mariners. While great efforts are being made to change slightly the culture of the traditional maritime industry and to promote maritime careers for women, these measures can be very beneficial but cannot cover the lack of staff.

Current staff dynamics policies in maritime organizations have largely focused on covering shortages of experienced officers. However, the inevitable problem of the progressive stages of a seaman's career remains uncovered. At each stage of the seaman's career, a certain number of people should come out of a training cycle, in the case of experienced officers, to occupy positions in shore-based maritime organizations. This labor market already exists and is well defined, being something characteristic of specialized careers. So there is a great need for staff at the basic stages of the marina and not within the intermediate stages [6]. "There is a much-needed need for first-time officers rather than experienced officers, a larger number of cadets than newcomers and a larger number of students at maritime academies and universities" [1] than cadets who already practice internships on board merchant vessels. If at any stage of the career there is no prospect of an opportunity to advance to the next stage, all subsequent stages of the career will have staff shortages, while more and more experienced officers retire or function within maritime organizations at shore. At least in the long run, staff shortages can only be covered by the process of accelerating the officers' promotion programs [7]. More sophisticated recruitment programs increase the number of people who want to enter within maritime education institutions and the quality of their education. These programs extend the capability and applicability of courses available in maritime universities and academies, as well as the ability to place on board ships for queues. These methods can really enhance the availability of trained sailors.

Despite the negative staffing dynamics of European maritime organizations, most of those who join in the early stages of training seafarers are in this direction until they reach at least the early stages of career progression. Of those who abandon their maritime transport career, seafarers, many of them migrate to the maritime organizations that make up the European maritime conglomerate, as long as there is a chance to promote them within these organizations.

3. Argument of the paper

This case study analyzes the national statistics on human resources dynamics in maritime organizations from the European states France, Germany, Greece, Norway, Great Britain and Poland. These countries were chosen because they represent some of the most important players in the maritime labour market at European level. The first four mentioned countries represent "human resource importers", while Poland is a "labour exporter" in the field of maritime organizations. Most sailors arriving in the

states importing human resources will become officers and will not arrive at maritime organizations adjacent to shipping.

Although Poland is a very important state, which exports labour to the other states in the study, it does not provide a significant percentage of staff who come to work in other countries' maritime organizations, but rather within organizations this guy from Poland. Still, Poland's status as a major labour force exporter is steadily declining in the last decade [8]. In the early 1900's, almost all ships had crews made up of sailors coming from the country under whose flag the ship was registered, for example: almost all sailors on a French ship were French citizens. This situation lasted until the 1970's.

A study by the United Kingdom in the 1970' s, which stated that the main reason why people chose sailors on commercial ships does not even mention the existence of labour from other countries. The practice of fitting a crew of a ship with citizens in that country was, in fact, a legal requirement, and this requirement varied in one way or another from one country to another.

Ship owners and managers managed to bypass the requirements regarding the nationality of crew members on board ships by reregistering ships in countries with open registers, different from the country from which their crew originated; this practice was entitled International level that "flag out". Regarding the crewing process, the "flag out" process allowed managers to:

- Elect crew members without any restriction on the world labour market;
- Shall no longer be subject to the remuneration methods imposed by the States from which the seafarers originate or to no longer comply with the social security schemes or the laws governing the labour market;
- To address much more relaxed laws when it comes to staffing in organizations that they have managed [8].

The "flag out" process has been vigorously followed over the years 1980. In the year 1983, for example, 23% of the world fleet was subjected to this trend. In the years 1990 this percentage reached the value of 42%, and in the years 2000 reached the level of 56%. So 56% of existing ships are registered under the flag of another State and not under the flag of the state from which the company originates [9].

Nearly half of the fleet of Europe's economic Zone (EEA) is registered under the Pavilions of Third world countries, and this practice has been accelerated even further in the period 2010 – 2018. The level of employment of seafarers coming from the EU has increased substantially,

and the process of seeking employment paid with much lower wages is far from being concluded.

Asia, and in particular the state of Philippines, represented the main source of workforce in the European maritime market in the years 1990, as it became the Eastern European area in the years 2000. Lately more and more managers of maritime organizations see China as a source of cheap labor. However, this is not only true for Europe. In the year 2015 the managers of maritime organizations in Japan drafted a plan of hiring at least 20000 sailors from China because they represented a much cheaper workforce compared to sailors coming from the Philippines. Sailors in the Philippines represented a percentage of 80% of their "imported" workforce in maritime organizations.

There is an important declaration of a a general manager of one of the largest naval management companies operating in the UK: "At the moment we have 14 sources from which we import the workforce into our maritime organizations. We have officers from Bangladesh, Romania, Philippines and 11 other countries. The next option, obviously, will be for the new and stronger market that China offers us and we have plans to extend our requirements in Europe to China. ".[1]

4. Arguments to support the thesis

A secure way to collect relevant data on the dynamics of human resources in maritime organizations is by making a census among crew members on board ships, and this was done only by the "International Shipping Research Center" at the University of Cardiff, being first published by the Lloyds Register-Fair play, last published in 2018.

"This census depends on checking the lists of transiting crew members who have the main port hubs around the world. The data gives the best available profile currently on the characteristics of the global maritime labor force" [1]. These data include information such as: age, seafarers' status and nationalities according to the type of vessel.

These data include information such as: age, seafarers' status and nationalities according to the type of vessel. It can be considered that this census only presents reasonable estimates of the labor force within the maritime organizations at international level. These studies provided the following summary data for the five countries mentioned above in the project.

In France the number of sailors employed aboard the French flag ships has reached its historical minimum number in the year 1990. The

number of human resources has grown up non-significant recently, taking in consideration that date [1].

During 2018, the number of sailors on board German ships has been decreased. Subsequently, the number of sailors began to grow, but with this growth began to increase and the number of sailors with other nationalities working on board ships registered under the flag of Germany.

Norway remains the largest importer of foreign workforce. On board ships registered under the flag of Norway, more than 75% of sailors have other nationalities different from the Norwegian one;

Poland remains the largest exporter of labor force in maritime organizations. At least 80% of Polish licensed sailors work on ships not registered under the Polish flag.

The number of British sailors has fallen. Only between 1997 – 2018 the number of sailors residing in the UK fell by a percentage of more than 25%; "the report from senior officers and beginners shows that there is a much smaller number of beginner officers needed to replace the so-called *senior officers*" [1], and the situation is constantly deteriorating, and it is necessary to impose regulations in an urgent way. It is a very common phenomenon in EU member countries that the officers are to be European employees, while the workforce on board the ship is insured by employees outside the community area;

The mode of evolution of the employment rate is closely linked to the ship registration trends and the regulations of the flag States. The hiring of European seamen can be supported by policies that oblige maritime organizations to employ Europeans, as long as these regulations are put into practice and do not trigger the initiation of a new ' flag out ' process. Above all there is an urgent need to collect data on the dynamics of human resources within the maritime organizations in Europe.

France

On 1 January 2018, the commercial fleet of France amounted to only 216 to the ship registered under the French flag, the number being equal to that recorded and in 1990. In the year 1986 the brakes created a secondary naval register for its territories on which it had a sovereignty with unclear status.

This region had a legal independence and did not represent an expanded territory of France, and this allowed the managers of the French maritime organizations to engage in massive sailors from other areas of the world, but also to apply the conditions and Terms of employment applicable at international level. "In the year 2006 France created a second secondary register, the French International Register (abbreviated RIF) to allow seafarers and managers to pay low taxes and diminished social contribution" [3].

In the year 1955 on board registered merchant ships under the French flag were working around 10000 officers of French nationality. In the year 1979 remaining 8000, and this number reached 3000 in 1989. Since then, the situation has stabilized a little bit, and this number has grown slightly, reaching a total of 3600. At the same period, the number of personnel providing the workforce has decreased massively. The current number varies between 6000 and 7000, remaining stable from the year 1990.

5. Arguments to argue the thesis

A study coordinated in the year 2017 in 51 of maritime organizations (except the cruise companies in France) conducted a census on members of the crews of ships registered under the French flag, but also on board ships registered under other Pavilions, but which were owned by French firms, where it hasn't been possible to establish exactly the nationality of the officers and seamen who provide the workforce [10].

Moreover, container carriers and bulk freight transport companies did not want to answer questions related to the nationality of sailors who provide manpower on board ships and in their terminals, especially in the case of ships that was recorded under the flags of the states that originated in the third World States. For these reasons the number of sailors on board French ships is not accurately presented. However, in the table below, the estimated values relating to labour statistics in the French maritime organizations are presented, with the emphasis on their nationality.

It can be clearly noted that the majority of non-specialized staff working in French maritime organizations is not from the European Community area, this number amounting to a percentage of 85% and the French staff of this category Works largely in the field of passenger ships and in maritime organizations focusing on adjacent port activities. Sailors coming from the extra community space can be found in all sectors of activity, except in areas relating to port activities. These are more numerous in the case of oil tanker vessels (39%), but also on board offshore vessels (about 31%). Of the total number of sailors determined in the study, 139696, 6868 works on board ships registered under the French Naval registry, while 5053 of them are working on board ships registered under the Rif. 58% of the 5053 are French citizens, 26% of them are European citizens, but not French, and 15% of them are not European citizens. These figures are in line with statistics on maritime organizations operating in port activities and on board passenger ships, container transport and offshore activities, the majority of They being French citizens [10].

6. Conclusions

The dynamics of staff in Europe's maritime organizations and the preparation and recruitment of human resources represented the main topic for the European Maritime Workers ' Federation (abbreviated ETF). These issues have been debated intensely by the ETF and the European Ship owners' Organization (ECSA). Thus, the ETF is the most dedicated European organization carrying out projects of this kind aimed at supporting the European social dialogue process and, in essence, implementing work programs in the field of training and recruitment of staff in Maritime organizations. Data on seafarers working in European maritime organizations should be available in correspondence with the following topics:

- The annual number of officers entering and leaving the maritime organizations, as well as the number of sailors prepared, in order to clearly determine the number of sailors who will enter the maritime organizations in the future, but also to determine how many of those who are in Preparatory process will find jobs in maritime organizations;
- The number of STCW certificates issued annually according to rank, function and specialization, making a clear distinction between candidates residing in the EU and those who are not domiciled in the EU, this being a good indicator of the maritime labor market;
- "The creation of forms of human resources census within maritime organizations, which may be biannual, can be achieved with the support of the crewing agencies, establishing the number of sailors on board ships Registered under the flag of a Member State but also on board vessels owned by European firms but having vessels registered under the foreign flag" [5]. This census should collect information on age, the function of Nationalization and the income of sailors. This would clearly define the level of labor demand in maritime organizations for sailors residing in Europe, but also for those coming from other areas.
- Conducting studies on career progression should be realized. These studies must be carried out randomly in union states, discovering whether there are areas for narrowing the possibility of advancing the career, but also how the maritime labor market interacts with other areas Adjacent to Port Agglomerations [11].

In this respect, it recommends the creation of a consistent database, allowing the development of recommendations to be addressed specifically to organizations/agencies. These organizations/agencies

could, in turn, provide vital data on the situation of employment and dynamics of maritime personnel.

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