

SHIPPING, SHORTAGES AND GENERATION Y

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ABSTRACT

Reports are rife with the challenges facing the maritime industry in terms of the increasing skill and knowledge shortages. Such labour shortages are endemic in all industries as the impact of slowing population growth and an aging workforce is placing burdens on recruitment, human resource development and the maintenance of corporate knowledge. As a result, maritime universities and institutions are now finding that their graduates are in hot demand as companies look toward the younger generation to seamlessly fill their skill and knowledge requirements. However, this generation, commonly known as Generation Y are a different demographic to the previous Generation X and the Baby Boomers. This paper explores the human resource and education challenges facing the maritime industry as they employ Generation Y graduates, some of which are now in their mid-20s.

Generation Y enter the workforce as being more educated and technologically adept than their parents, and when combined with the current labour shortages, find themselves highly employable. Generation Y are being noted for their different work ethic, expectations, values and beliefs; having high levels of confidence; and a greater focus on a work/life balance. Generation Y is the workforce of the future and to ensure they are productive contributors for the organisation, attempts need to be made now on what motivates them if they are to be attracted and retained in the maritime industry in the new age of less company loyalty and increased job switching.

Key Words: *Generation Y, labour shortages, human resource management, marketing*

INTRODUCTION

Currently there is a shortage of seafarers, particularly integrated ratings and officers. For example, according to the Baltic International Maritime Council (BIMCO) and International Shipping Federation (ISF) study of the demand and supply of seafarers, there is a shortage of 10,000 officers worldwide and by 2015 this may reach 27,000 (BIMCO/ISF 2005). However, this is only the most publicised challenge that is facing shipping. The labour shortage is impacting on both seafaring and onshore shipping-related positions, particularly in Western countries. The shipping industry is not holding the same level of attraction for the younger entrants to the job market as it did for the Baby Boomers and Generation X. The younger entrants, or Generation Y as they are widely referred to, exhibit different characteristics to their predecessors, which, when coupled with the changes in the shipping industry, are resulting in not only a labour shortage but also a skills and knowledge shortage which is yet to fully manifest itself.

The purpose of this paper is to highlight the demographic changes of job applicants and to explain how these changes, when combined with the environmental and social changes occurring onboard, are resulting in less interest in a shipping career. This paper suggests how a greater understanding of how to manage Generation Y is required to attract and manage them effectively. In addition, the paper recommends that structural changes to long established careers paths are required if shipping is to attract valuable employees into the future.

SHORTAGES IN SHIPPING

The labour shortage of seafarers is not globally widespread. Of interest is this shortage is of much greater concern in Organisation for Economic Co-operation and Development (OECD) countries and traditional maritime countries. Although emerging suppliers of seafarers such as India and Asia are able to provide large numbers of seafarers, currently, this has not been at the more experienced and officer levels. The labour shortage is attributed to factors such as an ageing workforce in the throes of retirement, and the difficulty in recruiting seafarers with sufficient experience and qualifications (BIMCO/ISF 2005; International Labour Organisation 2001; Thompson Clarke Shipping 2002).

To offset the labour shortage, research such as Kokoszko and Cahoon (2007) and Wilkinson and Cahoon (2008) has recommended greater attention to the marketing efforts of (1) individual shipping related companies, and (2) the shipping industry as a whole, as a means of drawing positive attention to the benefits of working in the shipping industry. In particular, they urge individual shipping companies to re-examine their human resource management (HRM) practices and to introduce best practice strategies to become recognised as employers of choice (EOC). They also suggest the need for the shipping industry to widely promote the vast benefits and opportunities of being part of a dynamic international industry and begin to position itself as an industry of choice (IOC). Essentially, Kokoszko and Cahoon (2007) and Wilkinson and Cahoon (2008) are recommending that a marketing-based solution is needed for the HRM challenge facing shipping.

Challenges facing shipping

Before the shipping industry is able to reposition itself as an IOC or EOC, there needs to be the reluctant acceptance of why life at sea has become unattractive option for new job entrants in many Western countries. Even current seafarers are investing in other career options by studying tertiary programs such as business degrees whilst at sea to enable the transition onshore. The decrease in potential applicants should not be a great surprise when

it is considered how the shipping industry is perceived negatively by many media stories that sensationalise sinking ships with seafarers scrambling for safety, the criminalisation of seafarers, the issues surrounding work on the so-called ships of shame, and piracy. A question that then arises, is whether parents would want their sons or daughters to work in such an industry?

As Cockroft (2003: 195) explains, “the drive for cheaper shipping has had a price”. He argues seafaring is less attractive due to their being fewer crew numbers, higher work loads, all done for less salary. The once romance of going to sea to see the world is being affected by efficiency gains in port operations where week long stays with ample shore leave have dwindled to a few short days. Cockroft (2003: 195) points out how crews are bearing the costs of competitive pressures and adds that “with these lower costs come the disadvantages of cost cutting: concerns about the long-term future of the industry, fatigue, forged qualifications, accidents due to a lack of alert people on the bridge, not enough maintenance, [and] insufficient training”; all of which he argues results in shipping becoming a less attractive career option.

As discussed below, there are a number of other factors impacting on the attractiveness of life at sea: the impact of new technology, the dumbing down of the seafarer skills and less job satisfaction, the environmental conditions of living in an isolated micro-community where the taken for granted instant communication of being onshore is no longer available, and the absence of a clear career structure involving at sea and onshore options within the shipping industry.

A visit to the Emma Maersk webpage or to any of the papers on mega shipping for example, indicates the many improvements in shipping that are occurring due to new technologies, but what is the impact of the changes on the crew? For example, new vessels now meet more environment standards, have less emissions, are more energy efficient, with higher standards of equipment, and greater levels of automation. Many of these ships are now designed to run efficiently with less human intervention with less maintenance required at sea. What is left for the crew is mainly the mundane housekeeping activities such as chipping, painting, oiling and greasing, with any major work being outsourced to onshore maintenance crews.

Besides less maintenance, there are other issues that result in a less challenging job, for example, electronic charts have replaced the skills needed to calculate routes on manual charts. Automation has meant that the bridge is being monitored rather than being handled, resulting in the high level decision-making skills being reduced to more operational level decision-making. Take for example, the role of the chief mate or cargo officer who used to plan cargo movements when in port, instead this is being done on land by cargo or ship planners, all with little interference from those working on the ship.

Herein lies a paradox; as the seafarer’s job becomes less challenging, it actually becomes more challenging for different reasons. Seafarers receive high levels of training which now may not be used, which may result in their skills being lost. It is these transferable skills that make seafarers valuable assets and resources both onshore and in other industries. Seafarers now work in an environment of having high expectations of the ship’s abilities, isolation and boredom, all a recipe for taking greater risks. Then, if there is a disaster, the fault will lie with the master who may be prosecuted.

As jobs are being dumbed down, job satisfaction generally decreases as seafarers begin to wonder why they undertook such high levels of training to perform rudimentary work. The eventual result is job dissatisfaction and resignation from the job. The reduced job retention then creates more costs to the shipping company by having to recruit experienced seafarers in a shrinking market. Now disillusioned with the shipping industry, the ex-seafarer seeks

work in other industries with their skills and large investment in training now lost to mining and offshore industries.

Life at sea has always involved living in an isolated micro-community; here is where the new information communication technologies have not yet met the needs of the human factors of shipping. In a time of much technological advancement, seafarers have become even more isolated from their family, friends and the world in general when compared to those living in the almost instantaneous and interactive society onshore.

The opportunity to interact and communicate at sea in a physical sense is also becoming less likely as crew sizes are reduced and become more multicultural, at times resulting in tensions within the onboard micro-community. This may result in reducing interaction and socialising, thus increasing the isolation among the crew that creates a dysfunctional and unattractive micro-community that is unattractive to potential applicants and current seafarers. Seafarers are now more likely to be working and surviving in high levels of isolation in demanding physical and social environments either working with little time for socialising or being asleep. When watch-keeping for example, seafarers are essentially alone even when sharing the bridge, particularly when bridges on mega ships may span 50 or so metres.

Other issues that are important to consider are seafarer career paths and the importance of keeping seafarers in the maritime industry rather than losing their skill sets to other non-related onshore positions. Greater attention must come to why seafarers are not remaining at sea and what can be done to increase retention levels because as previously mentioned, attracting quality and experienced seafarers, and in particular officers is becoming more difficult. Rather than seeing seafarers as a cost, they should be recognised as assets in which a skill and knowledge investment has been made that needs to be retained in the shipping industry.

Training and development opportunities can be used to attract and retain seafarers. Such initiatives may further the seafarer's knowledge and qualifications, encouraging ratings and cadets to progress to higher ranks of officers, or prepare seafarers for careers in the shore-based sectors of the company and/or industry. Therefore not only is the organisation benefiting from employing more highly qualified employees, it also increases retention.

Besides the above mentioned challenges that impact on the attractiveness of the industry, there is an assumption made that potential job applicants realise that the industry exists and thus have some knowledge of the seafarer role and careers available. Unfortunately, the shipping industry for the general public is often an invisible industry that only materialises when something goes wrong such as an oil spill or sinking which reinforces any negative perspectives. The research of Wilkinson and Cahoon (2008) discusses the issue of the invisible shipping industry and suggests the need for an intensive industry wide marketing and publicity effort with the objective of becoming an IOC for new job seekers.

Much of the paper so far has focused on perceptions of shipping and possible misconceptions and challenges impacting on attracting future applicants and retaining current seafarers. The following sections highlight another aspect of the war for talent. Shipping like many other industries now must contend with attracting a new generation to fill the demands of increased international trade. This new generation, widely referred to as Generation Y however, present new challenges that require a new understanding.

ATTRACTING THE NEW GENERATION

Attracting a new generation to shipping is necessary due to the upcoming retirement of the large workforce demographic referred to as the Baby Boomers which is having a large impact on all industries. In many societies, it is the Baby Boomers who were born between 1946-1964 that once represented the largest portion of the population. Baby Boomers hold many of the senior positions in organisations and with their retirements vital corporate knowledge will be lost. In the next ten to twenty years, the Baby Boomers will be retired from the workforce, although the more savvy organisations are likely to encourage them to postpone their retirement and attempt to retain them as mentors for their younger employees. In relation to seafaring, due to its demands, it is unlikely that retention beyond retirement age is a realistic solution for the industry.

Generation X is now middle aged having been born between 1965-1977. This Generation, shrugged off the workaholic approach to work as they became more sceptical about workplace practices having borne the brunt of downsizing and redundancy. Generation X began to seek a better work/life balance and as the parents of Generation Y have had an influence on their greater need for self-fulfilment.

Generation Y

Generation Y is attracting more attention as they become the current and future stock of employees in the job market. This demographic segment represents people born between 1978-1994 and in Western countries such as Australia and the United States, make up a quarter of the population. Generation Y has been influenced by different environmental conditions than previous generations. They are more likely to have been an only child while both parents worked, all during a time of a healthy economy and prosperity and rising social and financial affluence. The result has been parents substituting their precious time with, as Sorman-Nilsson (2008: 15) puts it, 'cheque book parenting'. As such this "me Generation" have different expectations of worklife than their parents and grand-parents that employers will need to contend with and manage if they are to attract and retain these younger applicants. For example, because this Generation has grown up receiving praise, recognition and praise from their parents and at school, according to Garlick and Langley (2007), they expect any feedback in the workplace to be immediate.

Generation Y has been described as being well educated, creative thinkers, ambitious, impatient, arrogant, disengaged, technologically adept, disrespectful, having an international perspective, and demanding a greater work/life balance than previous generations (Garlick and Langley 2007; McCallum 2005; Sorman-Nilsson 2008). They tend to have high and some would say unrealistic expectations of possible employment options and do not believe they need to "do their time" before becoming managers and executives. Such characteristics would not normally be tolerated by business, but this has changed with valuable labour being at a premium as many countries come to terms with the effects of lower birth rates. The following Australian workforce estimates from Ross (2005: 41) put into perspective the issues that many Western countries are facing:

- In 2008, for the first time, more people will leave the workforce than enter it.
- In the next decade, annual workforce growth will drop from 0.8% to 0.4%.
- In the next five years, more than 20% of senior executives will reach retiring age.
- The current workforce growth is 170,000 a year. In 2012 it is forecast to be 105,000 a year. In 2022 it is forecast to be 12,000 a year.

The widely used headline of the "War for Talent" means that organisations have little choice but to hire Generation Y.

Generation Y can afford to be more demanding and when employed if their needs are not being met they will resign, that is if the most valued among them are not already head-hunted. As Sorman-Nilsson (2008: 14) explains, “job promiscuity is a reality” and he warns that if their workplace experience does not match the expectations promised by the employer branding, they will not hesitate to defect to the competition. In times of low unemployment rates and a flourishing economy, the demand for valued employees is likely to continue with job promiscuity set to increase.

SHIPPING AND GENERATION Y

The shipping industry is caught in the position of having to change its image and practices or risk not attracting Generation Y. The so-called “war for talent” is not confined to the shipping industry. Even established professional industries including law and finance also have to contend with skills shortages and increased demand. Companies are having to become more innovative in their recruitment and job offerings if they are to attract their future talent pool. For example, in Australia, where there is an estimated need for 250,000 trades apprentices, organisations are looking overseas as a means to combat the skills shortage (Ross 2005). This is similar to what shipping is doing by utilising seafarers from non-traditional maritime countries.

Attracting Generation Y means organisations must become more competitive in their recruitment efforts. Some are already developing close relationships with universities in attempts to raise their profiles with students by attending careers days, providing scholarships and academic prizes, and conducting guest lectures to provide insights on the advantages of working with their organisation. The Singapore Maritime Foundation is an example of an organisation that has been promoting shipping as being a viable and dynamic career.

Generation Y is an inter-connected generation. They value being in almost instantaneous contact with friends and family via SMS, email, chat lines and physical contact, sometimes simultaneously. Social networking platforms such as MySpace and Facebook are an example of the self-expression and inter-connectivity of Generation Y on a global scale and for many these have become more addictive than email. Why then would a typical Generation Y want to pursue a life at sea when often the best case scenario for them is emails without attachments, intermittent Web access at best, and no SMS communication. In terms of the information communication technologies raised earlier, this is one area requiring vast improvements onboard if Generation Y is to consider being at sea.

The characteristic of job promiscuity raised earlier is one which may impact significantly on shipping. The once long-term seafaring career will need re-visiting. Sorman-Nilsson (2008) predicts that Generation Y will have over 29 jobs in five industries throughout their careers and 63% of them will leave their jobs within two years. Yet, shipping companies are still holding on to the belief that firstly, a seafaring career is attractive in the 21st century, and secondly, that seafarers will remain at sea for the rest of their life. With these views it is easier to understand why shipping is facing difficulties in attracting and retaining experienced seafarers. As the demand for talented employees continues, retention will become a greater issue in attempts to reduce job promiscuity. Organisations will need to consider issues that Generation Y find attractive such as providing flexible work hours, and replacing authoritarian style management with a mentoring approach (McCallum 2005). What organisations must appreciate is that Generation Y will move on – the career or life is no longer a realist option to offer.

To retain Generation Y, career options and transferable skills will need to be offered. They are after experiences that will add to their CVs and enable fast-tracking throughout their

career. The shipping industry must look beyond seafaring as being a life-time career and instead seek to attract applicants by marketing how the skills learned as a seafarer will enable them to increase their market value. Career options need to be explained at an early stage because Generation Y may make their career choices on those that provide the most opportunities. Perhaps at best, the shipping company should be intending on retaining the seafarer in the organisation whether this is at sea or onshore. The second option is attempting to retain the seafarer within the shipping industry to ensure the industry retains valuable and experienced staff. Anecdotal experience from maritime universities is that cadets are already beginning considering the next stage of their career by studying business degrees whilst at sea that will enable them to move onshore when tiring of life at sea. At least these cadets are still intending on remaining within the shipping industry.

CONCLUSION

Shipping companies must look at the job satisfaction levels of seafarers, not just in the short term, but also for the long term. In the short term, it is necessary to ensure that when attracting seafarers, what is communicated and promised to Generation Y matches job responsibilities and benefits, in other words, their expectations should match the realities on the job, thereby increasing staff retention. Part of the expectations is that seafarers need to not only understand new technologies but also how they must interact with it. This leads to the longer term need of them developing transferable skills during the seafarer career. This really needs redefining because the seafarer will change as will his/her expectations as Generation Y become the staple source of employment. Many will no longer want to see out their time to retirement working at sea, instead they will want to have the option of using their transferable skills onshore. The shipping industry can choose to ignore this inevitability and lose many experienced and skilled seafarers to non-maritime industries such as the resources and offshore industries who value their skills; or the maritime industry can recognise the changes characterised by Generation Y and provide them with an extended career that includes onshore options in jobs that retain their skills and experiences within the industry.

Here is where an early opportunity exists to break down the silos between ship and shore by including job rotation as an option early in the seafarer career. Many benefits could arise from having seafarers spending time in shipping company offices or with cargo planners to help both the seafarer and office personnel appreciate why issues occur. This breaking down of the silos could provide seafarers with a taste of what onshore life may be like within their own industry, resulting in either an easier transition onshore later in their career, or after having a taste of what onshore life is like, decide that the grass is not greener on the other side of the fence and hence remain as a seafarer. At the very least, an outcome would be more knowledgeable employees with a greater understanding of their industry. This strategy sits squarely with addressing the continuous change requirements of Generation Y.

An additional aspect of the development of seafaring careers and being able to provide transferable skills valued by Generation Y is the opportunity of undertaking further education at sea. This is an area where technology has not yet caught up in a cost effective manner. The general use of the internet at sea and videoconferencing abilities to stay in contact with university lectures and of course their families is still not at a sufficient level. Many universities are promoting themselves as providing undergraduate and postgraduate courses for seafarers provided they have constant access to the internet, this is simply not acceptable in the current environment. Although this paper has dealt mainly with labour shortages in seafaring and the challenges faced by employing Generation Y, a growing aspect of the labour shortage, particularly as a result of the retirement of the Baby Boomers, will be the knowledge deficit that shipping companies will face as vital corporate knowledge is lost and corporate survival is placed in jeopardy.

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Generation Y is turning its back on cars and jumping on board buses and trains. The high cost of home ownership, not being in a rush to have children, concerns about climate change, and the difficulty of obtaining a driver's licence are all reasons behind the shift, according to new research commissioned by the New Zealand Transport Agency. The study also suggests current assumptions may underestimate the extent to which today's younger generation has embraced public transport "and how many more would do so if more money was spent on it." Economic factors, such as rising fuel prices and Generation Y's tendency to spend more time in tertiary education than the workforce, were also cited. Utilizing its expanded network of partners, composed by leading companies in all important sectors, and realizing the needs and opportunities that are constantly presented, Generation Y seeks, through smart digital synergies, to ensure the most profitable deals for both the cooperating parties and the end consumer. "We are made to think. We take what is and turn it into what will be. We never stop innovating, reimagining, building and doing. And we never stop questioning. We make packaging that talks to you, printers that listen and software that intuitively personalizes and humanizes. Because Made to Think means, we're not just thinking about the future, we're making it." <https://www.xerox.com/index/elgr.html>. The general message is clear: we are fast approaching a crisis situation. Over the last few years, shipping has enjoyed a period of considerable expansion - so much so that, at the beginning of 2007, the world fleet reached 1.04 billion deadweight tons. A longer paper: Shipping, shortages and Generation Y can be downloaded from: www.he-alert.org/documents/published/he00760.pdf. Corporate Social Responsibility. - a tool for recruitment and retention of seafarers. Generation X includes those born between 1965 and 1981, during the reconstruction of Europe after the war. Their life has not been easy, since, after a period of upheaval, finding a job was a great challenge. To work and produce was their philosophy of life, leaving no room for idealism. The revolution was shaped by the millennials or generation Y. Also known as digital natives, millennials are those born between 1982 and 1994 and technology is part of their everyday lives: all their activities are mediated by a screen. The concept of on and off is completely integrated into their lives. Shipping, shortages and generation Y. in 8th International Conference on Maritime Training, Communication and Technology (MARTECH). Singapore, 2008. [15] Fei, J., Knowledge management in the shipping industry: The effects of human mobility on the organisational knowledge base and effective knowledge transfer practices: A perspective from China, in Department of Maritime and Logistics Management 2009, University of Tasmania: Tasmania. [69] Solnet, D., A. Kralj, and J. Kandampully, Generation Y employees: An examination of work attitude differences. Journal of Applied Management and Entrepreneurship, Vol.17 No.3, 36-54, 2012. 167.