Current Challenges in the Recruitment and Retention of Seafarers: An Industry Perspective from Vietnam*

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Abstract

The shortage of seafarers (especially ship officers) has already been identified as a global issue that is more likely to worsen in the immediate future. Thus, increasing attention needs to be given to the problems that hinder the effective recruitment and retention of seafarers in order to stabilize the flow of skilled labor to the global shipping industry. The aim of this paper is to discuss the seafarer shortage issue from the perspective of Vietnam which is one of the key emerging sources of crew supply in Asia. Specifically, a case study research involving the Vietnam Ocean Shipping Joint Stock Company (VOSCO) is used to highlight the challenges confronting the current recruitment and retention of seafarers in Vietnam. With regards to recruitment, it was found that the low quality of graduates and trained seafarers, as well as the lack of competent onshore crew executives are pertinent issues that need to be addressed by shipping industry employers in Vietnam. In terms of retention, poor
working and living conditions on-board ships is a key factor that must be given attention to improve retention among seafarers. This study recommends the development of effective human resource strategies for companies such as VOSCO and other shipping industry employers of Vietnamese seafarers in order to improve their recruitment and retention rates.

Keywords: Seafarer Shortage, Recruitment, Retention, Policy, VOSCO, Benefits and Conditions.

I. Introduction

The shortage of seafarers, especially of officers, is a continuing source of concern among key stakeholders in the global shipping industry\(^1\). As a result, the skeletal crews of seafarers on-board ships may now be compelled to work longer hours onboard, and in some cases, are receiving less vacation periods\(^2\). Practices such as these are both localised and global in nature and may impact on work efficiency and more importantly may create circumstances where maritime safety is impaired.

Like any other economic sector, skilled workforce in logistics and maritime industry contributes greatly to the success of the sector\(^3\). At the same time, shipping companies are facing complicated environments today in managing their crew\(^4\). The seafarer labor market continues to be unstable due to the imbalance between the supply of and demand for seafarers\(^5\). The greater demand than supply for seafarers has a number of side effects including volatility in the labor market and salary increases as a means to attract senior and experienced seafarers\(^6\). According to\(^7\), this volatility coupled with the shortage of seafarers can result in less rigorous human resource practices, such as poaching and less attention to career development, among shipping industry employers. Such practices create a

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1) Caesar, Cahoon and Fei(2013)  
2) Lundh (2010), Oldenburg and Jensen(2012)  
3) Thai et al.(2012)  
4) Bulut, Duru and Yoshida(2010)  
5) BIMCO/ISF(2010)  
6) Turker and Er(2007)  
7) Cahoon, Caesar and Fei(2014)
direct barrier to the sustainable recruitment and recruitment of seafarers in the global shipping industry.

This paper highlights the impact of the seafarer shortage on Vietnam by conducting a case study of VOSCO (Vietnam Ocean Shipping Joint Stock Company) to highlight the current challenges hindering the effective recruitment and retention of seafarers. Including this introductory section, there are six sections. The second section provides a background context to the paper from (i) a global perspective on the key reasons for the shortage of seafarers, and (ii) an examination of the shortage in Vietnam. Section three discusses current recruitment and potential retention practices to assist with the development of the case study research methodology in section four. The final two sections discuss the firstly the findings of the empirical study before concluding with recommendations for Vietnamese shipping companies and seafarer employers to improve the recruitment and retention of seafarers.

II. Background of the Study

1. The Global Shortage of Ship Seafarers

Since the year 2000, both the volume of global trade and the world shipping fleet has expanded considerably with a corresponding increase in the demand for seafarers\(^8\). Despite the global financial crisis and ensuing economic depression of the last decade, the global fleet increased (see Figure 1) with the completion of new vessels released into the market\(^9\). Figure 1 demonstrates the growth of world fleet between the years 2000 to 2010.

\(^8\) BIMCO/ISF(2010); Caesar, Cahoon and Fei(2013)
\(^9\) ISH(2011)
The impact of the increasing global fleet is evident in the demand for ship officers and ratings increasing in 2000 from 420,000 ship officers to 637,000 in 2010 and 599,000 integrated ratings to 747,000 in 2010 respectively\(^{10}\). Of interest, the increasing demand for seafarers was not in proportion with the growth of the global fleet. Potential reasons may be attributed to the combined effects of changing international regulations such as working time legislation, the higher back up ratio which increases the demand for seafarers, and the lower manning scales on modern vessels that reduces demand. However, overall, the constant growth of the world fleet will result in greater demand for both ratings and officers in the coming years. The challenge this creates is demand for seafarers cannot readily be met due to the long lead time involved in training seafarers compared to the shorter time frame required for building and launching a new vessel\(^{11}\).

Another factor of note is the traditional maritime nations of Europe, Japan and North America have relinquished their leading role in supplying seafarers during the past decade to now be replaced by the eastern countries such as the Philippines, China, and India, all of which are expected to dominate the seafarer market in the coming years\(^{12}\). The changing west to east regional supply poses challenges for seafarer recruitment as the surplus Asian seafarer increases whilst a shortage of seafarers from traditional maritime countries continues. In such a

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\(^{10}\) Leggate (2004); BIMCO/ISF(2005, 2010)
\(^{11}\) Dyer-Smith (1992); BIMCO/ISF(2010)
\(^{12}\) Leggate (2004); BIMCO/ISF(2005, 2010)
globalized and multicultural market like shipping the changing regional balances should not be an issue, unfortunately however, barriers hindering the movement of labor from one region to another due to ethnic culture, language and legal framework differences still exist\(^\text{13}\)). Overcoming these challenges will require more than major regulatory changes and cooperation between international governments as in some cases the barriers are being created by the organizational culture within multinational shipping companies\(^\text{14}\)). In addition, recruitment and retention efforts will require improvement from both a marketing/image and human resource management practice perspective if the modest shortage of experienced ship officers is to be arrested\(^\text{15}\)).

2. The Vietnamese Challenges

Although Vietnam is an exporter of skilled seafaring labor, having access to a sufficient supply of seafarers to man their own fleet and maintain competent seafarers is an arduous task for shipping industry employers such as VOSCO. Thus, there is a challenge not only in the area of accessing the requisite supply of seafarers but also attrition rates are equally high among seafarers working at sea onboard of deep sea ocean going vessels\(^\text{16}\)). Whereas the recruitment challenge may not be a global problem, the same cannot be said of the difficulty in retaining seafarers as it has grown into an international shipping industry issue\(^\text{17}\)) where seafarers are spending less than 10 years onboard and then moving to landside jobs\(^\text{18}\)).

In 2011, Vietnam supplied less than 20,000 seafarers to the global shipping industry\(^\text{19}\)). This number increased to nearly 32,000 seafarers, with about 27,000 working on Vietnamese and international vessels\(^\text{20}\)). Though seafarer supply can further be increased, key challenges such as the shortage of training berth (vacancies for practical cadet training on a ship) negatively impacts on the number of seafarers being trained on annual basis by Vietnamese Maritime Education Training (MET) institutes.

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13) Cahoon, Haugstetter and Bhaskar(2010)
14) Caesar, Cahoon and Fei(2013); Cahoon, Caesar and Fei(2014)
15) BIMCO/ISF(2010); Caesar, Cahoon and Fei(2013)
16) Gekara(2009)
17) BIMCO/ISF(2010),
18) Caesar, Cahoon and Fei(2013); Cahoon, Caesar and Fei(2014)
19) Fisher(2013)
20) ILO(2013)
Also, accreditation (qualification and certification for METs and seafarers) issues and high loss of cadet trainees has made it difficult for more seafarers to be trained in Vietnam over the past decade. With recent increase in the number of shipyards and ships built in Vietnam\(^{21}\), the future probably looks bright for the Vietnamese shipping industry but there is a corresponding need for the local supply of seafarers to be increased.

Similar to the global fleet, the Vietnamese national fleet has grown considerably over the last decade from 600 vessels with a total deadweight of 1.8 million tons. The growth in vessel numbers with 1,691 ships of all kinds, ranks the Vietnamese national fleet at 60 out of 152 countries and is the second youngest fleet in South East Asia with an average age of 12.9 years\(^{22}\). Vietnam now ranks 6\(^{th}\) in size of ship order book after China\(^{23}\). To meet increasing demands for seafarers associated with the fleet expansion, it is important to understand the core issues confronting the effective recruitment and retention of seafarers by Vietnamese shipping industry employers. This paper addresses the gap by conducting a case study research of VOSCO, one of the leading employers of seafarers in Vietnam.

III. Current Practices for the Recruitment and Retention of Seafarers

1. Current Hiring Practices of Shipping Companies in General

The methods by which seafarers are recruited into the shipping industry are varied\(^{24}\). The recruitment of seafarers in modern times by shipping companies is undertaken either directly or indirectly\(^{25}\); with the latter approach becoming more common among ship-owners due to the underlying cost efficiency\(^{26}\) and the global reach offered by crew supplying companies\(^{27}\). The lack of adequate training berths on board most modern ships\(^{28}\) means that shipping companies do not have a strong

\(^{21}\) Scorpecci(2009)  
\(^{22}\) VMA(2012)  
\(^{23}\) Norad(2012)  
\(^{24}\) Couper et al.(1999)  
\(^{25}\) Rodriguez-Martos(2010)  
\(^{26}\) Branch(2007)  
\(^{27}\) Goulielmos,Giziakis and Pallari(2011)  
\(^{28}\) Lewarn(2009); Ruggunan(2009); House(2012)
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cadet system to practice in-house (direct) crewing. An ineffective cadet system can be expected when linked with a waning training commitment among some ship owners and hence the reliance on the growing number of crewing companies which is more cost effective. Ship owners with a relatively small fleet primarily rely on them to meet their crewing needs. Even though large shipping companies may procure their crewing needs directly, there are still some who use a hybrid model of the direct and indirect methods in their recruitment of seafarers. According to, large shipping companies primarily use direct recruitment methods for senior officers. With the greater use of crewing companies and the decrease in training commitment from shipping companies, only a small segment of industry employers appear to be meaningfully investing in the grooming of cadets.

2. Challenges Created by Using Crewing Companies

There are many challenges associated with the direct recruitment of seafarers by ship owners. Ship owners therefore prefer the two types of indirect (using crewing companies or third-party ship management companies) recruitment methods. The use of the indirect methods however creates many challenges for both ship owners and seafarers alike. The work of for instance provides evidence that there are numerous performance and quality-related issues associated with using the services of ship management and crewing companies. An example can be cited of the mushrooming of non-licensed manning agencies that are highly susceptible to dubious practices. Most of these agencies are located in emerging crew supplying regions.

Apart from quality and performance issues, using the services of crewing companies and third-party ship management firms may lead to undue exploitation of seafarers. For instance, some crewing companies make demands such as placement fees from seafarers before granting them

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29) Theotokas and Progoulaki (2007)
30) Wild (2012)
31) Gekara (2008)
32) Theotokas and Progoulaki (2007)
33) Couper et al. (1999)
34) Gekar (2009)
36) Progoulaki and Theotokas (2010)
37) Dimitrova and Blanpain (2010)
38) Hawkins (2001); Zhao and Amante (2005)
employment contracts\textsuperscript{39}). This is very common in countries such as Philippines\textsuperscript{40}). As a result, seafarers who may be looking for their first placement are compelled to borrow money from lenders to meet such placement fee demands\textsuperscript{41}). Furthermore, using third-party ship management to recruit seafarers makes it difficult for a healthy establishment of employer-employee relationship between the shipping companies and the seafarers operating their vessels. This negatively impacts on crew motivation\textsuperscript{42}) which creates retention problems.

3. Seafarer Retention: The Key Issues Arising

Whereas seafarer recruitment figures are quite favorable at the global level for ratings, there is however a substantial shortage of ship officers\textsuperscript{43}). Although the shortage of ship officers may be caused by poor recruiting decisions, the shortage can also be attributed to the high rate of attrition among officers and other categories of seafarers\textsuperscript{44}). There is a general consensus within the literature\textsuperscript{45}) that seafarers are increasingly spending less years at sea. \textsuperscript{46}) for example, suggests seven years as the being period within which many seafarers leave to landside jobs.

The retention of seafarers can be attributed to factors such as the lack of opportunities for career progression at sea, the need for young officers to start or build a family, increasing demand for seafarers on well-paid landside-related jobs and poor working conditions on-board - influenced by increased workload, stress, loneliness, isolation and cultural diversities\textsuperscript{47}). Generational issues, in terms of the changing needs of demographic groups (such as Generation Y) and the peculiar nature of the seafaring profession (the unique conditions of working onboard ships) are other reasons for poor retention\textsuperscript{48}). In addition to workplace environment issues, poor human resource practices such as the ill treatment of seafarers from the use of unfair contracts, desertion from ship owners and salary

\textsuperscript{39}) DNV(2004)  
\textsuperscript{40}) Amante(2004); Zhao and Amante(2005)  
\textsuperscript{41}) Couper(2012)  
\textsuperscript{42}) Horck(2010)  
\textsuperscript{43}) BIMCO/ISF(2010); Thai et al. (2013)  
\textsuperscript{44}) Caesar, Cahoon and Fei(2013)  
\textsuperscript{45}) Shiptalk(2008); Cahoon, Caesar and Fei(2014)  
\textsuperscript{46}) BIMCO/ISF(2005)  
\textsuperscript{47}) Gekara(2009); Cahoon, Caesar and Fei(2014)  
\textsuperscript{48}) Caesar, Cahoon and Fei(2013)
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...arrears\textsuperscript{49}, the reduced amount of shore leave, and the inability to contact families at home from sea, are other factors impacting on retention\textsuperscript{50}. To reduce the shortage of seafarers in general and officers in particular, beside the measures to increase the supply source, concrete measures to reduce wastage rate (rate at which seafarers leave to landside jobs) should be taken. Therefore, the factors influencing seafarer retention should be identified and from there, feasible solutions implemented. Thus there had been an acute shortage of competent seafarers especially for officers as the supply of seafarers could not meet the great changing demand. Adequate supply of seafarers is quite critical to the sustenance of the Vietnamese shipping industry. Thus VOSCO as the leading local employer of seafarers in Vietnam has been selected for this case study research to highlight the current challenges confronting the effective recruitment and retention of shipping labour in Vietnam.

IV. Methodology

1. Study Objective and Questions

The aim of this paper is to highlight how issues and challenges relating to recruitment and retention affect the supply of qualified seafarers for shipping industry employers in Vietnam. With increasing fleet size and limited local supply of seafarers and fierce foreign competition for Vietnamese seafarers, it is becoming increasingly important to understand the reasons for the inadequate supply of seafarers to proffer better strategies towards improved recruitment and retention.

2. Sampling Techniques and Data Collection Methods

This paper adopts a case study approach involving a combination of convenience and purposive sampling strategies. A cross section of seafarers as well as executives directly involved in the hiring and retaining of workers at VOSCO (a leading maritime industry employer in Vietnam) were interviewed (face-to-face) to gather relevant primary data on the

\textsuperscript{49} Couper(2000)
\textsuperscript{50} De Silva, Stanton and Stanton(2011)
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current seafarer recruitment and retention challenges among shipping industry employers in Vietnam. VOSCO used to be a state owned enterprise and was equitized in 2008. With a history of more than 40 years in shipping, VOSCO is now the leading indigenous shipping company in Vietnam with a fleet of 25 vessels. This company was chosen for the study due to its relatively large market share among indigenous shipping companies in Vietnam. It was also important to focus on a company that purely employed Vietnamese seafarers onboard its ships – a criterion that large foreign shipping companies did not meet.

Seafarers with at least five years and above working experience were selected to take part in the interview process. In total, semi-structured interviews were held for eight executives directly connected to the human resource management of seafarers at VOSCO. Also, 38 seafarers (junior and senior officers) in leadership positions on some of the 25 ships within VOSCO’s fleet were interviewed to portray a full and rich account of their experiences onboard the ships and respective careers in general. Thus the selection of participants for this study was opportunistic due to their firsthand experience in relation to the subject matter. Also, this spectrum of participants represented a true reflection of key actors in the Vietnamese shipping industry. The aim of using a case study approach for this study was to enable the researchers capture the complexity of the phenomenon that was being understudied51).

Despite all the interviews were conducted face-to-face, what makes this study a case study is that all the participants are employees of VOSCO. Since case studies mostly rely on qualitative research methodologies52), a semi-structured interview format was preferred. Although case studies are effective for the observation of a phenomenon at the micro level as the case of this study, they lack rigor and often fail to provide enough foundation upon which generalization of findings can be made53).

The interview sessions were used to collect relevant data on the perceptions of both seafarers and the executives at VOSCO with regards to the hiring process, the career of seafarers at sea and the factors considered necessary for them to stay at sea, the strategies being used by VOSCO and other Vietnamese shipping companies to recruit and retain seafarers, and contributions of the state to improve the supply of seafarers. It was

52) Yin(2009)
important to assess the views of both seafarers and the employers (represented by executives at VOSCO) on the aforementioned issues as past research on seafarers tends to focus on only one side without analysing the perception differences that exist between seafarers and their employers\(^{54}\). In total, 38 seafarers and eight VOSCO executives with an average age of 37 were interviewed.

Some of the key interview questions used to gather the research data from VOSCO officials included: (i) How do you recruit seafarers for your company? (ii) What are the challenges confronting effective recruitment for your company? (iii) What strategies have you adopted to improve seafarer recruitment? (iv) What are the reasons given by seafarers who leave your company to work on landside jobs? (v) What strategies have you adopted to improve retention rates among seafarers working onboard your ships? All interview recordings were transcribed verbatim and the textual data analyzed with NVivo using thematic analysis techniques\(^{55}\).

V. Results and Findings

1. Vietnam Ocean Shipping Joint Stock Company (VOSCO)

In total, 46 interviews were held for this study. In terms of age profile, 15% of respondents are in the 26–35, while the remaining 75% are in the 18–25 range.

Findings from the interviews reveal that VOSCO occupies a leading position among indigenous shipping company in Vietnam and the region with a fleet in January 2012 of 25 vessels consisting of 21 dry bulk vessels, two product tankers and two container vessels. The company is planning to expand its fleet size from the current 25 to 35. As the VOSCO fleet will continually expand during the next several years, there will be greater demand for seafarers, and because the average size of vessels will also increase considerably, there will be a greater pressure for the company in recruiting, training and retaining highly skilled seafarers to operate their modern fleet.

\(^{53}\) Zainal(2007); Yin(2009)  
\(^{54}\) Thai and Latta(2010)  
\(^{55}\) Teddlie(2009)
2. The Supply of Seafarers In Vietnam

Participants, who were executives, spoke of the sources from which they recruit seafarers. In Vietnam, the sources of supply for seafarers are the maritime universities and colleges. There are three universities and three colleges supplying about 1,500–2,000 seafarers each year. The leading maritime university is Vietnam Maritime University in Hai Phong city, followed by Ho Chi Minh University of Transport in Ho Chi Minh City and the Fishery University in Nha Trang City. The three colleges are Maritime College No 1, Polytechnic College in Hai Phong and Ho Chi Minh Maritime College in Ho Chi Minh City. Two more training academies are under construction in the southern and central parts of Vietnam. After these academies come into operation within a few years, there will be about 2,000–2,500 seafarers supplied to both the Vietnamese and global market annually. In 2011, VOSCO employed 70 seafarers in which 28 seafarers graduated from Vietnam Maritime University and 42 from Maritime College No1. The recruitment of seafarers is done by the VOSCO Crewing Centre located in Hai Phong city, so they mainly focus on seafarers trained by universities and colleges in Hai Phong city and to some extent have ignored the plentiful seafarers supplied from universities and colleges in Ho Chi Minh City.

According to a December 2010 statistics from the Vietnamese Shipowners Association, the total number of Vietnamese seafarers was about 33,090 of which 30,090 seafarers were working in the national fleet and about 3,000 seafarers were working in foreign vessels. This number is however dwindling rapidly. As the national fleet is expanding considerably, the demand for seafarers will constantly increase and will also be affected by the foreign ship owning countries such as Japan and South Korea who have a demand for Vietnamese seafarers. Therefore, the maritime training academies will need to continue to increase their capacity to meet market demand.

The Vietnamese government has also paid aspecial attention to the development of Vietnamese seafarers and has a number of incentives for training and retraining programs nationwide. In the Development Plan for Vietnamese Maritime Industry to 2020 of the government, it was indicated that until 2020 there will be 24,000 newly trained seafarers including...
16,000 of them to meet the expansion of the national fleet and 8,000 of them to replace the retirees. Among the newly trained seafarers, 9,600 are officers and the remaining 14,400 are ratings. There will also be a great emphasis on training highly skilled officers and ratings for supply to the foreign owned vessels.

3. Seafarer Recruitment and Retention Challenges in Vietnam

Excerpts from the interviews of seafarers and executives at VOSCO revealed a number of potential challenges confronting the effective recruitment and retention of seafarers in Vietnam. A summary of these challenges are presented below:

3.1 Recruitment and Training Challenges

-Lack of work experience

More than 80% of the accounts given by the interviewed executives revealed recruitment and training challenges. Many graduates from maritime universities and colleges in Vietnam do lack the needed work experience. Thus they will usually require extensive practical training before they can effectively work onboard ships. However there is a limited commitment from ship owners to train them and also the lack of training berths onboard most ships worsens the situation. For VOSCO and other shipping industry employers in Vietnam, a low quality of graduates means increased difficulty in maintaining a steady supply of quality seafarers and more money and resources is also spent to bring the recruited seafarers to acceptable standards.

-Poor English skills

Executives also spoke of the poor English language skills of the seafaring graduates they employ. Graduated students also lack adequate English language skills. Insufficient time provided for English learning in the curriculum of most universities in Vietnam can be attributed to low English language skills among maritime university and college graduates. Thus Vietnamese shipowners such as VOSCO are compelled to provide additional six months intensive English language training to recruited its graduates.

-Unfamiliarity with new instruments and navigation systems

There was acknowledgement from interviewed seafarers who worked in leadership positions onboard the VOSCO ships that many newly employed graduates are not able to use navigational equipment onboard. The large number of students trained within a year at the maritime universities and colleges in Vietnam means that the numbers of modern facilities such as simulators of radar, ARPA (Automatic Radar Plotting Aid), GMDSS (Global Maritime Distress and Safety System), ECDIS (Electronic Chart Display and Information System), and etc. are not sufficient to cater for everyone. Since students are not opportunited with much time and space for practice, graduate students are often short of hand-on experience with no chance of exposure to a practical working environment.

- **Competition from foreign shipping companies**

Also, executives pointed out competition from foreign shipowners as one of key challenges faced by VOSCO in the recruitment of local seafarers. An increase in the competition for trained seafarers from foreign shipping companies and recruiters constitutes another major challenge confronting the recruitment of seafarers for Vietnamese shipping industry employers. Specifically, there is fierce competition from Japanese shipowners such as NYK Lines and Mitsui OSK Lines who have formed strategic seafarer training partnerships with the two leading maritime universities in Vietnam. With their relatively bigger financial clout, these foreign shipping industry employers are able to secure an excellent and steady supply of seafarers to the detriment of local companies such as VOSCO.

- **Poor recruitment strategies**

VOSCO and other shipping industry employers in Vietnam adopt reactive recruitment policies and strategies instead of being proactive. Being proactive means that Vietnamese shipping companies will need to develop a recruitment plan that is backed by a sustainable succession planning system to ensure a seamless supply of seafarers\(^{57}\).

3.2. Retention Challenges

- **Poor retention management system**

It appears that, although seafarers are pivotal to VOSCO and all other shipping companies, not all the executives understand and treat it seriously.

\(^{57}\) Caesar, Cahoon and Fei(2013)
Some of the seafarers interviewed perceived executives as lacking relationship and social skills and gave it as a reason for why they may leave the company.

“Most of times, we are treated with disrespect by managers at the crewing centre and company office. I think some managers do not really understand what we go through as seafarers and they do not handle our complaints as they should”

Thus the supposed lack of social and relationship skills of executives at the crewing centre is really one of the main reasons why the seafarers may leave the company. Though it is no doubt that the numbers differ among divisions, it has been observed that poor management has a crucial impact on the retention rates. So the reasons why seafarers depart could be attributed to any poor management of the retention system. However executives who were interviewed expressed a different view.

“many of times, the employees misunderstand our approach to the handling of pertinent issues. The fact is, there are policies laid down by the company on many issues concerning salary payment, promotion and procedures. We only try to follow the rules laid down by the people at the top”

-Poor human resource practices

Despite the awareness that crew poaching is not a good practice, executives admitted that they do it from time to time. This practice forms part of the many poor human resource practices identified as present at VOSCO. As evident in the response of one of the executives:

“we have recruited officers and junior officers who were employees for some of our competitors in the past years. It was a very desperate situation for us and we had no choice. But we are now putting measures in place to make sure it is not repeated in the future”

Poor human resource practices such as crew poaching where shipping industry employers use salaries to attract quality seafarers from other competitors is not an effective strategy. This creates staff retention problems for employers who are unable to offer equally high salaries to their employees. Such employees experience losses after they might have spent a lot of money and resources in training the poached seafarers. In

58) Turker and Er(2007); Caesear, Cahoon and Fei(2013)
Vietnam, crew poaching is a common problem to effective retention of seafarers among employers in the global shipping industry\(^5^9\).

- *Unfair promotion and organisational injustice*

About 78% of the seafarers interviewed felt that they deserved promotion but are yet to be recognised. As one interviewee puts it "I don’t think the company recognises us enough for our services. Also, there is a lot of politics going on for the promotion". Other seafarer retention challenges in Vietnam which are making it difficult to retain seafarers is the issue of organisational injustice which means that not all seafarers are presented with equal opportunities for career progression. This lack of career progression opportunities precipitate a move away from working onboard to landside jobs. This was found to be the case for cadets and other category of seafarers in the United Kingdom\(^6^0\).

- *Low salary*

Over 56% of the seafarers who have been working with the company for more than 4 years on average expressed that they may be unwilling to stay with their current employers (VOSCO or other shipping industry employers in Vietnam) due to their dissatisfaction with working conditions onboard, and lack of adequate wages. An additional pressure is from foreign employers offering high salaries to these seafarers. This result was not a surprise as financial factors are always the most significant ones when people choose a seafaring career.

- *Poor working conditions*

Over 93% of the 38 seafarers who were interviewed had complaints about the working conditions onboard. One respondent whose comments stands out had this to say: “many of times you miss your wife and kids and expect to get off the ship immediately to go meet them. Because, there is a lot of pressure from the bosses and you are not able to have enough sleep on board. I think they have to provide more access to internet and phone and also entertainment”. Poor working conditions create challenges for recruitment. Seafaring is always considered a hard and demanding job with long working hours, too much paperwork, problems of fatigue, no proper relaxation and recreation and especially seafarers are stayed long time away from families and friends. However, the eight executives who were interviewed have explained that VOSCO has invested a lot of money

\(^{59}\) Turker and Er(2007),
\(^{60}\) Gekara(2009)
to improve the working conditions of their seafarers onboard. As one of them puts it:

“The company has invested a lot money to make life good onboard. I think the seafarers are demanding too much from this company. We are in times of financial crisis and every company is under pressure”

In conclusion, retention rather than recruitment appears to be the major challenge for VOSCO in particular and other shipping companies in Vietnam. This may necessitate greater analysis by VOSCO to determine the underlying decisive factors responsible for poor retention and implement proper measures to address it.

4. Recruitment and Retention Strategies in Vietnam

VOSCO have utilized the following measures to improve recruitment and retention over the past decade. Having realized that the lack of career progression opportunities could have adverse effect on retention, VOSCO devised a promotion policy to create more opportunities for competent seafarers to advance to the higher managerial position ashore and also to make the best use of their competency and experience. With this policy, young and highly skilled seafarers could be promoted regardless of their ethnic background. This policy is widely promulgated within the company to all seafarers since the first day they are employed. It has been proved to be successful as it encourages and is a driving force for seafarers to improve their skills and competency.

Clear attempts have been made by VOSCO to improve the working conditions of seafarers by gradually increasing their salary. During the past few years, the average salary of seafarers has increased 10 – 15% annually. Besides salary, there are a variety of other financial benefits and incentives available to encourage seafarers to improve their working efficiency. For instance, a fairer performance bonus was established to reward seafarers who have innovative ideas and initiatives to improve performance as well as for seafarers working onboard vessels who have the best performance among the company fleet. All the contributions of seafarers to enhance company performance are always highly appreciated and rewarded on time and the information of rewarded seafarers and vessels are well distributed to all seafarers and vessels in the company. This has created a positive yet competitive atmosphere among all seafarers.
There is a joint company annual cultural, musical and sporting event which is organised for seafarers on leave to reduce the feeling of isolation as a result of spending long periods at sea. Also libraries are available for seafarers to meet and socialize while on land. These gatherings create informal opportunities for executives to be in close contact with the large number of the seafarers they manage and to understand their needs. Also seafarers are able to understand the challenges being faced by the employer as they strive to meet the demands of employees. Also, the social gatherings creates a feeling of family and belongingness among seafarers to the employer. This help combat the crew poaching menace that is posed by competitive employers from foreign shipping industry.

VI. Recommendations and Managerial Implications

1. Recruitment

VOSCO has a good relationship with maritime institutes in the North of Vietnam as they are the main source of seafarers supply for VOSCO; however, the seafarers market in the South has been ignored. Hence, VOSCO should ensure that they have constant and safe access to the source of seafarers by cooperating with all maritime universities and colleges that train seafarers. The close relationship with these universities and colleges will play a crucial role in securing a sufficient supply of seafarers for the company each year. VOSCO headquarters is in Hai Phong city where there is Vietnam Maritime University and two other maritime colleges, so it is very convenient for VOSCO to set up cooperation with these universities and colleges. VOSCO also has branches in Ho Chi Minh City and Nha Trang City which could be responsible for establishment of the cooperation programs with Ho Chi Minh University of Transport and Maritime College in Ho Chi Minh City and Fishery University in Nha Trang City respectively.

Additionally, VOSCO could launch joint training programmes with the various maritime universities and colleges involved in the training of seafarers in Vietnam by investing in the acquisition of learning resources and equipment. In turn, trained students could become a reliable source of supply of talents to VOSCO. Partnering with the training institutes by
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providing training berths to graduates could mean that VOSCO will be able to employ the cadets after seaboarding training to reduce the annual training budget the company normally spends to bring low quality students to the desired level of competence. The quality of graduates can also be improved when ship officers and other competent seafarers at sea are made to assist in classroom training. Such hands-on experience, knowledge and stories from their long life time at sea would be very beneficial for students.

Having access to maritime training academies could help VOSCO ensure a constant and plentiful supply of seafarers to meet the company fleet development plan. Moreover, VOSCO could enrich its seafarers by attracting competent seafarers with rich experience from other shipping companies.

2. Retention

On the retention side, the followings are necessary and should be considered by VOSCO as important strategies towards improving retention: Salary is always one of the most effective criteria reflecting the competency and the contribution of employees to company output in achieving the overall corporate goal. Therefore, VOSCO must ensure that the seafarer salary is at a reasonable and competitive rate compared to other competing shipping companies61) and the annual salary increase must be more than the inflation rate to make sure seafarer’s living standard is gradually improved. Besides salary, a full package of financial benefits should be developed. This could include medical insurance for the whole family and reimbursement for seafarers’ extended education.

An effective recognition and incentive program will help seafarers feel appreciated and proud of what they have contributed to the development of company62). The fair performance bonus that VOSCO is implementing is quite effective. Besides financial compensation, VOSCO should also develop non monetary rewards and recognition such as public acknowledgement, career development and training63). On time rewarding and recognition is a crucial tool to motivate seafarers and create a sustainable working atmosphere.

61) Cahoon, Caesar and Fei(2014); Caesar, Cahoon and Fei(2013)
VOSCO could develop a transparent promotion and training policy and this should be widely communicated to all seafarers. Besides internal training, seafarers should be encouraged to do further training and higher studying in other maritime academic institutes. All seafarers need to receive equal opportunities to be promoted to preferable managerial positions in ashore departments\(^4\).

VOSCO also needs to constantly improve working and living conditions onboard in both physical and mental aspects\(^5\). This is needed for a safer, less stressful and more secure working environment. They must also equip their vessels with facilities such as satellite television, gymnastic and exercise equipment to make living condition onboard more enjoyable\(^6\). VOSCO should also reduce seafarers’ service assignment period from eight months at the time being to six months and increase the pay leave period so that seafarers could have longer time with family and reduce fatigue at work due to long time being isolated.

A demand to stay in contact with families and keep up with the changing world is a legitimate aspiration of every seafarer. So VOSCO should develop an effective communication service for seafarers so as to reduce seafarer’s sense of isolation onboard vessels. This could be done through the provision of relatively cheaper communication facilities such as internet, satellite phone, sending and receiving emails, etc\(^7\). Thus VOSCO should equip their vessels with such facilities. Although it will be a considerable investment to comprehensively provide these services to all vessels and seafarers, it is much less expensive than the recruitment, training and replacement of seafarers. Furthermore, it helps keep seafarers being loyal to VOSCO. During the process on improving communication facilities onboard, VOSCO should establish a weekly newsletter which contains all information and news on what is happening across the company and in the industry and this will be sent to the vessels so that seafarers could have the mostly updated news of the industry\(^8\). This newsletter is crucial in providing oriented information to the seafarers. Moreover, VOSCO should facilitate the flow of information from vessels to the headquarter. A fleet officers’ meeting and seminars between officers

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\(^{63}\) Kokoszko(2006); Thai and Latta(2010); Thai et al.(2013)  
\(^{64}\) Caesar(2013)  
\(^{65}\) Burke and Richardson(2011)  
\(^{66}\) Oldenburg and Jensen(2012)  
\(^{67}\) Thomas(2003); Thomas and Bailey(2009)  
\(^{68}\) Thomas, Sampson and Zhao(2003)
and staffs ashore are important and should be further developed and held quarterly. In addition, everyday contact between vessels and ashore departments should also be encouraged.

Naturally, employees tend to leave an organisation or a job when better opportunities compared to their current job appears. When seafarers’ needs are addressed properly, there is a lesser chance they will leave their current position\(^69\). Therefore VOSCO should launch a number of initiatives to figure out the underlying issues which cause seafarers to leave. Understanding the range of retention factors that lead to the exiting of seafarers will help VOSCO see the need to develop effective policies and strategies to improve retention rates. The company must be willing to invest in the training of employees and also build a reputable image of itself through branding strategies\(^70\).

This study specifically examines the shortage of seafarers as one of the key issues attracting the attention of major stakeholders of the global shipping industry. Whereas the shortage is as a result of several factors\(^71\), the findings from this study further highlights that specific challenges do exist with regards to the effective recruitment and retention of seafarers in Vietnam. The recommendations can be used to design a practical checklist for executives directly involved in the hiring and retention of seafarers in shipping companies in Vietnam. Also, the findings and suggestions are applicable to shipping companies in the other seafarer supply emerging economies.*

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69) Knudsen(2009)  
70) Thai and Latta (2010); Thai et al.(2013)  
71) Fei and Jianjun(2014)  
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