

Management of Seafarers in Liner Shipping Industry

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Abstract

The use of Human Resource Management (HRM) practices in the form of 'bundles' and in integration with the business strategy of the organisation have been emphasised throughout the HRM literature. These are called the horizontal integration and vertical integration respectively. This article aims at examining the use of these practices in liner shipping industry in which human element plays a vital role to provide a good quality service. The research uncovers that although some HRM techniques are used in liner shipping industry but they are not implemented in form of bundles of practices. This single use of practices does not affect the business performance of the firm. It was also discovered that the implemented practices are not in accordance with the business strategy of the companies inside the industry. While the business strategy of the liner industry was found to be quality enhancement, the majority of the practices used were in form of hard model which is in contrast with this form of business strategy.

1. Introduction

Researchers in the maritime industry have claimed different issues, which they believe, are related to human error either directly or indirectly. These are fatigue, lack of or poor training, stress, shortage of qualified officers, labour diversity, labour inefficiency, ageing workforce, security, unattractiveness of the marine jobs, high rates of staff turnover and health & safety of employees (McConville, 1999a[1]; Leggate, 2004[2]; NUMAST, 2002[3]; Moran, 1996[4]; Stevenson, 2003[5]; Donn and Morris, 2001[6]; Klikauer and Morris, 2002[7]; Grey, 2005[8]; Squire, 2004b[9]; Everard and McConville, 2003[10]; Glen and McConville, 2000[11]; Glen et. al. 2002[12]; Smith, 2001[13]; Kahveci and Sampson, 2001[14]; Zhao, 2001[15]; Donn, 2002b[16]; Cockfrost, 2000[17]; Kovats, 2003[18]; Mori-report, 1996[19]; Alderton and Winchester, 2001[20].

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These problems might indicate that the management of labour inside the industry is not efficient since some of these issues are among the list of warning indicators of unsuitable human resource management (HRM) system by HRM professionals e.g. Accel-Team, 2004[21]. Most of the researchers, in shipping industry, have focused on one of the above-mentioned areas and tried to find out a solution for it. There has not been any academic research in the way the people are managed in the industry as a possible reason for aforesaid problems. This article analyses issues relating to Human Resource Management (HRM) in the Liner shipping industry. It examines the different techniques of HRM to find out which systems and models are used. This will determine the current situation of the Liner shipping industry regarding HRM, which then can be compared to other sectors of shipping industry.

2. Human Resource Management

Human Resource Management as a new system has replaced the old version of Personnel Management (PM). The reason for this change is said to be the lack of validity and reliability of the techniques and practices of PM, Lundy and Cowling 1997[22]. HRM is the science of managing the workforce in the optimum manner. Since the introduction of HRM, academics and professionals have developed different models of it. These models are to meet the needs of various working environments. The proper selection and implementation of the practices in each model is the key factor to its success. In each model a series of techniques have been designed according to the characteristics and objectives of the model.

There are two major and principal models of HRM, which have been widely adopted. These models have got roots in the very origin of HRM. In fact all other models are the modifications, combinations or extensions of these two models. They are called “hard” and “soft” models of HRM.

2.1 Hard Model of HRM

This model is also called the matching model, Michigan model or Utilitarian instrumentalism model. This model has got two aspects. In first one, it highlights the resource aspect of HRM and emphasises on use of human as any other factor of production in order to meet the aims and objectives of the organisation. In other word this model looks at the human as a cost like any other physical assets of the company, i.e. machinery. Therefore, like any other cost, it should be minimised. The second

principal of the hard model is its emphasis on the integration of HRM policies and organisational structure with business strategy of the organisation. In this case, the role of human resource manager is to design the HRM strategy in such a way that can help the effective implementation of business strategy. This means selecting appropriate practices of HRM and implementing them accordingly.

“Hard model of HRM stresses the quantitative, calculative and business-strategic aspects of managing the personnel in as rational a way as for any other factor of production along with land and capital. So in this case there is no difference between human and other assets in determining the best way of using them in the process of production towards the business strategy of the organisation”. Storey, 1992[23].

2.2 Soft Model of HRM

In contrast with the hard version of HRM, soft model or developmental humanism treats the employees as valued assets and a source of competitive advantage through commitment, while still emphasising on integration of business strategy with human resource strategy. As Legge 1995[24] has mentioned, employees in this model are proactive and not passive inputs in the process of production. Beer et al. 1985a[25] argue that:

“...They (employees) are capable of development, worthy of trust and collaboration, to be achieved through participation and informed choice.”(Beer et al., 1985a)
(Cited in Cooke, 2000[26], page 14)

This model is also called Harvard model since it was first developed in Harvard University. The name “soft” was given to this model because it stresses the human aspect of HRM. It is more about the relationship between the employee and employer. This is in contrast with hard model, which emphasise on resource part of HRM.

2.3 HRM models and Business strategy of the firm

As was explained above, the integration of HRM and business strategy of the firm has been emphasised in all models. Therefore the model which is selected must be in accordance with the type of business strategy in the company. A quality enhancement business strategy must be integrated with a soft model of HRM. This is a model in which the employer invests in employees and gets their commitment in return. On the other hand a

hard model is suitable for a cost reduction business strategy. This model minimises the cost of labour by tight control over employees. In any model of HRM it is important to select a bundle of practices to implement. The use of single technique of HRM is not useful since these practices are related to each other.

2.4 HRM Practices

There are a number of practices, which have been introduced by academics and professionals or being used by practitioners in the field of HRM. The dream of every human resource manager is to find the best practices to implement in order to make the best use of his/her workforce. It is very difficult to find out which policies or practices are the best for the success of the company. Since each of these techniques or practices need to be combined with others to have a positive result it makes it even more difficult to choose which combination is suitable for the success of the organisation. There are many factors, which influence the HRM strategy of a firm. Depending on the business strategy of the company, the culture, business cycle, type of industry and so on, the combination of practices to be implemented can be different. Discovering best practices through benchmarking is another option, which is open to debate.

There are some practices in HRM, which have an effect on business performance regardless of the context in which they are applied (Delery & Doty, 1996[27]; Guest, 1997[28]. Pfeffer, 1998[29] introduced seven best practices, which he found them commonly used by the most successful organisations. These are:

“Employment security

Selective hiring of new personnel

*Self-managed teams and decentralisation of decision making as
the basic principles of organisational design*

*Comparatively high compensation contingent on organisational
performance*

Extensive training

*Reduced status distinction and barriers, including dress,
language, office arrangement, and wage differences across
levels*

*Extensive sharing of financial and performance information
throughout the organisation” (Pfeffer, 1998[30], page 96)*

Each of these seven best practices has got some sub practices which can be selected according to the HRM strategy of the firm. In the following section each of these practices are briefly explained.

Selection and recruitment practice: is used to find the right employee for the job. A proper use of this technique minimises the cost of staff turnover and also training. In hard model the technical knowledge of the candidate and in soft model the trainability is more important than the other factors.

Harmonised terms and conditions: between all levels of employees increases the motivation among them. Equal opportunity for career development is important for all employees.

Training: this has been emphasised by almost all the models. It shows the value, which the company places on its employees. In hard model the technical training needed for the objectives of the company and in soft model training related to career development is important.

Compensation, benefit and rewards: this technique maximises the employee performance, motivation and productivity. The type of package offered to employees is varied according to the needs of the employees. Factors like culture can have effect on the components of the reward package.

Communication and consultation: this technique of HRM plays a vital role in the business success of the firms. This requires a flow of information upward and downward in organisation.

Job design: is a practice which a proper implementation of it makes the selection procedure of the employees more efficient. Type of tasks and duties in a job must be clearly defined in order to find the appropriate candidate.

Employment security: is linked with employee motivation, productivity and co-operation. Employees commit themselves to the objectives of the firm if they feel belonging to the company.

To be able to find out if the right model of HRM is used in Liner shipping industry it is necessary to find out which business strategy is used by shipping companies in this sector of shipping.

3. Business Strategies of Shipping Companies in Liner Market

The expecting business strategies of companies operating in liner market can be discussed either by using “Porters’ Five Forces strategy model”, the resource-based theory or by studying the characteristics and conditions of

the market itself. Dr. Glen (unpublished work 1997, London Metropolitan University), using the Porters' model, argues that the business strategy is close to Oligopoly in which price competition is less important and entry into market is often difficult. Obviously when there is no price competition, the companies will compete on other issues such as quality of service. Therefore it can be expected that the companies should follow a quality enhancement strategy rather than cost leadership. Marlow, 1999[31] states:

“Liner shipping is normally viewed as being oligopolistic in nature with firms competing on the basis of service offered.” (Marlow, 1999, page 1)

Apart from Porters' model, by looking at the characteristics of liner shipping and its market behaviour the same conclusion can be made. Being part of supply chain management, the companies must consider issues like just in time, accurate and fast door-to-door transport and so on. This means providing a reliable and high quality service, which seems difficult to achieve by having a cost reduction strategy. On the other hand, as the result of co-operation among liner companies in form of alliances, the share of maritime transport cost in total costs of multi-modal transport has decreased. Inland transport is now the major part of total intermodal transport cost. For example P&O has announced that 70% of their total transportation cost is inland transport Notteboom, 2004[32]. The relatively high value commodities in liner market, low proportion of maritime transport cost in final price of the product and issues like just-in-time as new needs of customers mean that the liner companies must think of going toward a quality based business strategy. In conclusion, according to all discussions above, the indicators show that the liner market is differentiating itself from other shipping markets by changing its long term strategy of cost leadership. This does not mean the companies do not think of reducing their costs anymore or customers in the market do not bother about freight rates. It is believed that the trend is toward quality. Customers in liner market are differentiating between a poor quality and high quality service. This is seen in their demands in today's global market. Hiroyuki Sato, senior managing director of Mitsui O.S.K. Lines (www.mol.co.jp), outlines the customer demands as following:

- *“Accurate and fast transport*
- *More frequent service*
- *Direct port call coverage by mother vessels*
- *Provision of so-called global services that simultaneously cover multiple major trades*
- *Smooth and seamless door-to-door transport*
- *Accuracy of cargo/container tracking system at any time, anywhere*
- *Simplified/faster/paperless ship loading procedures*
- *Freight rate competitiveness” (Sato, 2002[33], www.mol.co.jp, speech by director page)*

Slack et al. 1996[34] has summarised the customer needs in this statement:

“Carriers have to meet shippers’ requirements in terms of frequency, punctuality, reliability and geographical coverage”.
(Slack et. al., 1996, page 289).

These new requirements from shippers mean that liner companies must now enter the logistics business and supply chain integration. Panayides & Cullinane, 2002[35] argue that a firm-specific approach is needed to determine the right business strategy. This means the resource-based theory is advantageous over Porter’s model. Industries are defined as a number of firms doing the same job in same environment. Therefore, studying the business strategy of the industry means the business strategy of the majority of the firms in that industry. If the trends in an industry is towards quality enhancement business strategy, it dose not mean that all the firms have already complied with it.

But it shows that in the environment in that particular industry, successful firms are applying the quality and other firms are following. As was mentioned above, all the indicators in liner shipping show a trend towards quality. In doing so, it is believed that without having a group of skilful and motivated personnel, it would be difficult, if not impossible, to meet new customer demands and all those necessary changes explained above. In addition to that, according to the principle of business and human resource strategy integration, if the liner companies are seeking quality enhancement in their business strategy they must implement a soft model of HRM. Therefore, it is expected that liner companies look at their personnel as a valuable asset and use those HRM practices, which deal with retention and motivation of skilful employees.

4. Methodology

Data was used from a wider study which was done by the author about the HRM in shipping industry. In that research the data were collected through a questionnaire, which was sent to the seafarers who were working on board the merchant ships with UK addresses through the National Union of Marine, Aviation and Shipping Transport Officers (NUMAST¹). Since it was not possible to send the questionnaire only to the active seafarers, who are the purpose of the study, it was decided to send the questionnaire to all members and then use the active seafarers as valid cases. For the purpose of this study those seafarers who were employed by liner companies were selected.

To see if shipping companies have moved towards HRM the seafarers were asked in their view up to what extent the techniques of HRM have been applied. If 50% or more of the 30 practices mentioned in the questionnaire have been implemented, it shows that the company has moved from PM towards new techniques of HRM. This is in general and regardless of the type of model of HRM being used. The justification of this percentage is that for a sample of this kind (British seafarers working on board British ships), which is expected to be one of the best conditions in the industry, implementation of at least 50% is necessary. Hoque, 2000[36] also used this method to assess the situation of HRM in hotel industry. The format of questions has been modified in order to make it easier for them to understand. The design of questions is in a way that the respondents will not find out the objectives of the questionnaire.

To find out which model of HRM is used in the shipping companies, some of the sub-practices have been chosen from each of these models. So the companies can be put in any of three categories. These are PM, human resource (hard model) and human resource (soft model). To find out the type of model, each of those seven best practices has been studied to determine whether it is soft or hard model. To do this for each practice a set of questions were designed, which confirm the type of model it belongs to.

4.1 Selection and recruitment

In this part there are seven questions (practices 1-7 in table 1.1). They consist of sub practices of this technique. If the respondents say that four out of seven of the sub-practices (more than 50%) have been implemented,

¹ Since 2nd October 2006 is called NAUTILUS.

this technique will be regarded as implemented in the company. To find out the relevant model of HRM used two important soft model practices (the second and fourth practices in table 1.1) was considered which a report by majority of respondents that both practices are implemented will confirm a soft model. Otherwise a hard model has been implemented.

4.2 Harmonised terms and conditions

The second practice, which will be discussed, is about the conditions of employment that according to HRM principals must be equal for managers and non-management staff. This practice is mostly in soft model of HRM. Therefore the implementation of this technique is credited as soft model. To test the implication of this practice, a straightforward question was put to seafarers. The question is about any differences they have seen in the condition of employment between themselves and those managers ashore.

There is only one question in this part (practice 8 in table 1.1). It must be confirmed that this practice has been implemented. Seafarer by confirming the implementation of this practice has given a positive mark for his/her company to be ranked as human resource company. Since this practice is more exercised in soft model the implementation of it will give a positive mark for soft model.

4.3 Training and skill development

Training and employee development play an important role in all models of HRM. The main difference of this practice in hard and soft model is that the former emphasis on technical and job related trainings while the latter concentrates on managerial and developmental training issues. Six questions in the questionnaire have been designed to evaluate the implementation of this practice in shipping industry (practices 9-14 in table 1.1). If the respondents confirm the implementation of a majority of four then the company will be considered as human resource company. Otherwise the company still is using the old version of PM in managing its employees. Three practices of soft version of HRM will determine the type of model used. Two out of three sub practices means the model is soft. Otherwise the company will be categorised under hard model.

4.4 Compensation, benefit and reward

This practice is one of the practices of HRM, which plays a vital role in attraction, motivation, and retention of employees.

A total of seven questions have been prepared to ask the respondents about the implementation of this practice (practices 15-21 in table 1.1). If the respondents agree on a majority of four then the related company is put in human resource category. Three of the questions are about the soft model of HRM, which a majority of two must be confirmed to put the company in soft model category.

4.5 Communication and consultation

The next practice to be discussed is communication and consultation. This practice is more emphasised in soft model of HRM although a few sub-practices are performed in hard model.

The ways companies are communicating with their employees have been asked in form of four questions (practices 22-25 in table 1.1). All these four sub-practices are new techniques of HRM. A confirmation of at least three of them will put the company in human resource category. Three of the questions are about the techniques of soft version. A majority of two must be confirmed to accept that a soft model of HRM is used.

4.6 Job design

The main features of the job design in addition to characteristics of the job are teamwork, quality checks and decentralisation of the decisions.

In this part there are three questions asking the implementation of three sub practices (practices 26-28 in table 1.1). If two of these three sub practices have been implemented the company will be categorised in human resource group. To find out the model being used a majority of two out of three sub practices means a soft model and otherwise a hard model being implemented.

4.7 Employment security

Two sub-practice of long-term contract and no compulsory redundancy have been designed to test the employment insecurity practice in shipping industry. One of them is a soft model practice, which is designed to test the model. Confirmation of at least one will show that this practice is exercised regardless of model.

Only two questions here are enough to determine if company has a human resource policy (practices 29-30 in table 1.1). It needs at least one of them to be confirmed. Regarding model one of the basic practices of soft model being chosen to determine if the model is being used is soft.

4.8 Method of analysis

SPSS 14.0 software has been used throughout the analysis. This is statistical software, which make the analysis faster and easier. It was mainly used to find out the frequency distribution of each of the practices reported by seafarers and how significant it is. It was also used to find the different correlations between various characteristics and practices. In the following paragraphs they are explained more inn details.

Bi-variate chi-square test was used to find out how significant the data is. The chi-square Test procedure tabulates a variable into categories and computes a chi-square statistic. This test compares the observed and expected frequencies in each category to test that all categories contain the same proportion of values or test that each category contains a user-specified proportion of values.

Chi-square test for two independent samples was used for comparing the shipping industry with other industries. It was also used to compare the different sectors of shipping. This test compares the proportion of cases from one group in various categories and compares it with other group.

5. Discussions and analysis

Table 1.1 shows the views of the seafarers in liner industry regarding the implementation of HRM practices.

Table 1.1: Individual HRM Practices in Shipping Industry

HRM Practice	No	Yes	Chi ²
1. Did you attend any interview or written examination regarding your technical knowledge and competence related to your job during recruitment procedure?	10	18	.131
2. Did they make you familiar with the values and objectives of the company before starting your job?	7	21	.008
3. Did the company discuss the details of your job with you?	4	24	.000
4. Is it the policy of your company to use its own employees for managerial positions?	3	25	.000
5. Did you meet your department manager during your recruitment procedure?	10	18	.131
6. Do you think the recruitment procedure in your company is fair and without any discrimination?	8	20	.023
7. Did you pay any fee during employment procedure?	0	28	.000
8. Have you seen any difference in conditions of your employment contract with those of managers?	14	14	1.000
9. Have you had any technical training courses paid by your current company since you have been employed?	6	22	.002
10. Do you have any organised on the job training for new equipment or rules and regulations?	15	13	.705
11. Does your employer provide you with any management training?	15	13	.705
12. Do you think the training provided to you by your employer were effective?	12	16	.450
13. Has the company trained you for any other job in addition to your professional job? (e.g. dual purpose officers)	26	2	.000
14. Have you ever attended any seminar or conference related to your job?	16	12	.450
15. Does the company pay you in accordance to your individual performance?	18	10	.131
16. Does your team-based performance affect your payment?	21	7	.008
17. Do you receive any other benefit (e.g. profit sharing or stock sharing) in addition to your wages?	22	6	.002
18. Does your company pay for your pension and social security?	16	12	.450
19. Do you have confidentiality clause in your contract?	14	14	1.000
20. Does the company conduct a regular performance appraisal of staff?	3	25	.000
21. Are you directly involved in setting the performance targets of the company?	25	3	.000
22. Are you regularly informed about the market position and performance of your company?	6	22	.002
23. Do you attend the communication/ consultation meeting on a regular basis?	16	12	.450
24. Are you frequently informed about vacant positions, important events, etc.?	12	16	.450
25. Are you aware of the grievance procedure in your company?	4	24	.000
26. Has the company made you responsible for setting your own targets relating to your job?	19	9	.059
27. Do you have any quality circle or quality management team on board ship?	13	15	.705
28. Do your managers (senior officers) encourage and facilitate employees to work as a team?	5	23	.001
29. Is there a "No compulsory redundancy" in your contract?	20	8	.023
30. Have you got a long-term contract (more than one year) with your company?	7	21	.008

Source: Author

Liner shipping, having a quality business strategy, is expecting to have implemented many of the HRM, particularly the soft model practices. The reason for this expectation was explained earlier in the article. By looking at the table 1.1, it can be seen that the majority of the sub practices have been reported to be implemented although statistically is not significant.

This wide spread view of the seafarers over the use of HRM techniques suggest that not all the companies in the industry are using the new practices of HRM. But since the majority of the practices got the pass mark mentioned in the methodology, 50% or more, it can be concluded that HRM is practiced in liner shipping industry. In this section a detailed analysis of each of the seven best practices is carried out to see the strength and weakness of implementation of each practice. Furthermore the model of HRM being used in each practice is identified to find out if it is integrated with the business strategy of the industry or not.

5.1 Selection and Recruitment in Liner Shipping

Table 1.2 shows the number of sub practices of “selection and Recruitment” which has been reported to be implemented in liner industry. The result shows that only 17.9% of respondents are unhappy with the recruitment and selection. 82.1% said that more than four practices out of seven have been implemented in their respective companies. This means that liner industry has moved towards HRM. To find out the model of HRM, the relevant practices were tested. The result shows that a soft model is in use. 64.3% of respondents confirm that both soft model techniques have been practiced in their companies. This is a significant result for liner industry.

Table 1.2: Selection and Recruitment in Liner Shipping

Number of HRM practices implemented	Frequency	Percent	Cumulative Percent
2	1	3.6	3.6
3	1	3.6	7.1
4	3	10.7	17.8
5	8	28.6	46.4
6	8	28.6	75.0
7	7	25.0	100.
Total	28	100.0	

Test Statistics: Chi-square=12.286, Asymp. Sig. =0. 031

Source: Author

All of the seafarers mentioned that they had to pay a recruitment fee during employment procedure. This is against legal requirements and non-discriminatory hiring practices such as Equal Employment Opportunity, Fair Labour Standard, Lepak and Snell, 1999[37]. Companies should spend money in recruitment procedure to find out the most suitable employee and therefore reduce their cost of staff turnover. But in shipping this is not the case. The other point to mention here is that 35.7% of the respondents reported that they did not attend any examination or interview in the process of their recruitment. This means that the employer relied only on the certificate of the competency. The possibility of seafarers holding a fraudulent certificate is very high in an international business such as shipping. The best example of fraudulent certificate is the one, which was obtained by David Cockroft, the secretary general of ITF, in 2001. He got his chief mate ticket from Panama by just sending passport, photo and \$4,500, ITF, 2005[38].

5.2 Harmonised Terms and Conditions in Liner Shipping

Table 1.3 is about “Harmonised Terms and Conditions in Liner Shipping” technique. It is not possible to draw any conclusion regarding this practice since the results are strongly insignificant. Half of the seafarers believe that they have seen discriminations in the conditions of their employment with those of their managers or senior officers while the other half deny. Once again this suggests that this important soft model technique is practiced by some companies while some others ignore it. This will affect the motivation of the employees and their commitment to the aims and objectives of the organisation.

Table 1.3: Harmonised Terms and Conditions in Liner Shipping

Difference in Conditions of employment between managers and non-managers	Frequency	Percent
Yes	14	50.0*
No	14	50.0*
Total	28	100.0

* **Test Statistics:** Chi-square=0.000, Asymp. Sig. =1. 000

Source: Author

5.3 Training

Only 39.2% of seafarers in liner shipping believe that less than half of training sub-practices have been implemented. This means the majority believe that this technique is practiced in liner shipping. Table 1.4 shows the result.

Table 1.4: Training in Liner Shipping

Number of practices implemented	Frequency	Percent	Cumulative Percent
0	2	7.1	7.1
1	8	28.6	35.6
2	1	3.6	39.2
3	5	17.9	57.1
4	8	28.6	85.7
5	3	10.7	96.4
6	1	3.6	100.0
Total	28	100.0	

Test Statistics: Chi-square=14.000, Asymp. Sig. =0. 030

Source: Author

Regarding the model of HRM, the result shows that a hard model is used. Only 3.6% of respondents confirm that both soft model practices are used in their companies. Despite the assumption that the model of HRM used is accordance to business strategy the result shows that still a hard model is used for training. The reason for this might be the fact that liner companies are in early stages of using HRM systems.

More than half of the seafarers, 53.5%, reported that no training has been given to them whenever new equipment was introduced or a new regulation came into force. This not only increases the stress among them but also increases the possibility of accident occurrence. The majority of them also confirmed that no other training in addition to their technical training has been given. These include management, IT and dual purpose job training. Trainings such as IT skills are necessary for seafarers who work on board ships having advanced technology equipments and also management skills are vital for these employees who deal with many ordinary seafarers in their daily work and need to know how to manage them. In the case of dual purpose job training, it should be noted that the new systems of human resource management require the organisations to

have functional flexibility. This means the ability of the employee to do more jobs than his/her own job. This gives the company the flexibility to use an employee in two positions which ever is needed.

5.4 Compensation, Benefit and Reward

The result shows that 50.0% of the respondents said that less than half of reward sub-practices are implemented. This insignificant result shows that this technique is not widely used in liner shipping and so there is no need to test the model.

Table 1.5: Compensation, Benefit and Reward in Liner Shipping

Number of practices implemented	Frequency	Percent	Cumulative Percent
1	5	17.9	17.9
2	9	32.1	50.0
3	4	14.3	64.3
4	8	28.6	92.9
5	2	7.1	100.0
Total	28	100.0	

Test Statistics: Chi-square=5.929, Asymp. Sig. =0. 205

Source: Author

5.5 Communication and Consultation

Only 35.7% of the respondents reported that less than half of communication sub-practices are implemented. This means that managers in liner shipping industry use this practice. This is what was expected before. To find out which model of HRM is applied two soft model practices are tested which confirmation of implementation of both shows a soft model is in use. Otherwise a hard model for this practise will be confirmed.

The statistics show that 57.1% of the respondents have confirmed the implementation of both practices. Therefore this technique is practiced in accordance with soft model of HRM. Regarding communication and consultation the result also shows that the right model of HRM has been selected. The model is soft which is in accordance with quality enhancement business strategy of the company. Table 1.6 illustrates the result.

Table 1.6: Communication and Consultation in Liner Shipping

Number of practices implemented	Frequency	Percent	Cumulative Percent
0	1	3.6	3.6
1	5	17.9	21.4
2	4	14.3	35.7
3	11	39.3	75.0
4	7	25.0	100.0
Total	28	100.0	

Test Statistics: Chi-square=9.857, Asymp. Sig. =0. 043

Source: Author

When the employees are consulted about the objectives of the company, involved in setting up the targets and informed about the events in office feel that they are part of the family. This motivates them in achieving the goals of the company. According to this research the majority of the seafarers deny such a relationship between them and the company. This will obviously affect the level of motivation among the seafarers.

5.6 Job Design

A majority of 53.6% of the seafarers in liner shipping have confirmed that job design is practiced in their companies. Although the statistical test is not showing significant results but it can suggest that this practice is implemented in accordance with HRM requirements. To test the model two soft model practices were selected, which must be confirmed that have been implemented. Only 28.6% of the respondents approved that both practices have been implemented. Therefore this practice is used in accordance with hard model of HRM. Table 1.7 shows the result.

Table 1.7: Job Design in Liner Shipping

Number of practices implemented	Frequency	Percent	Cumulative Percent
0	3	10.7	10.7
1	10	35.7	46.4
2	8	28.6	75.0
3	7	25.0	100.0
Total	28	100.0	

Test Statistics: Chi-square=3.714, Asymp. Sig. =0. 294

Source: Author

5.7 Employment Insecurity

82.1% of seafarers in liner shipping confirm the implementation of at least one of the sub-practices. The model is hard model since only 21.4% said that both practices of soft model are performed.

Table 1.8: Employment Insecurity in Liner Shipping

Number of practices implemented	Frequency	Percent	Cumulative Percent
0	5	17.9	17.9
1	17	60.7	78.6
2	6	21.4	100.0
Total	28	100.0	

Test Statistics: Chi-square=9.500, Asymp. Sig. =0.009

Source: Author

Since seafarers usually have short-term contracts with shipping companies, it was expected that this sample of them also have the same condition. But most of the respondents said that they have long term contract with their employers. However the vast majority mentioned that there is no “compulsory redundancy” in their contract which this will affect the job insecurity. As a result the level of stress increases and motivation level decreases.

Table 1.9: Summary of Implantation of HRM in Liner Shipping

HRM practice	Selection and Recruitment	Harmonised Terms and Conditions	Training	Communication and Consultation	Job design	Job Insecurity
Percentage of seafarers reported that the practice is implemented	82.1%	50%	61.8%	64.3%	53.6%	82.1%

Source: Author

6. Conclusions

Although the result of this survey shows that some of the HRM techniques are practiced in liner shipping industry but the selection of bundles of these practices as well as their integration with business strategy of the industry has not been done properly.

Companies in this industry are implementing some of the practices individually without considering that these practices are related together

and therefore a bundle of them must be carefully selected and implemented. For example most of the sub-practices of “selection and recruitment” techniques have been reported to be implemented but “training” and “compensation, benefit and award” techniques have not been carried out properly. So if a suitable seafarer is employed for the company but no proper training is given to him/she, how can one expect the employee to do the job properly? On the other hand if the compensation, benefit and reward technique is not practiced no employee will be attracted or retied in the job. Therefore lack of this practice will affect the quality of candidates in selection and recruitment procedure.

According to principle of HRM the selection of model and its practices must be in accordance with the business strategy of the firm. Although the industry has a quality enhancement business strategy and must use the soft model of HRM, the result show that the majority of sub-practices being implemented are in hard model shape. This improper use of techniques of HRM will result a poor outcome which sometimes mislead to non-applicability of HRM in shipping industry.

Among the HRM practices “harmonised terms and conditions”, “job design” and “training” need more consideration. Liner companies must be aware of the importance of these practices in optimum use of their workforce.

Further study can be carried out by comparing liner shipping with other sectors of shipping industry.

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