

I have been invited here today to talk about international recruitment and the Halcyon Maritime Employee Survey, which some of you may already have heard of. This is a survey which we carry out every year and the survey aims to understand what is of importance to employees in their current roles, and what factors will mostly influence their decision-making when considering a career move. This provides us with an insight into the changing priorities of the workforce within shipping.

According to a shipping confidence survey carried out at the end of 2011 by leading accountant and shipping adviser, Moore Stephens, “Overall confidence levels and the likelihood of major new investments in the shipping industry in the next twelve months picked up in the three months ended November 2011, which was tempered by an expectation of a rise in finance costs. Respondents also continued to exhibit a high level of concern about the negative impact of over-tonnaging on the market amid continuing fears about the global economic climate, and the Eurozone crisis in particular.”

An analysis carried out by Ecotec of employment trends in Denmark highlights the fact that “Future recruitment of skilled labour and innovation is of paramount interest for all parts of the maritime sector. In response to this, the Danish Minister for Economic and Business Affairs, has published a report outlining a plan of action that intends to sustain and develop Denmark’s position as the leading shipping nation in Europe.

The report highlights the need for continuous assessment to maintain a sustainable and targeted supply of education in respect of skills and training. It also highlights the need for more efforts to be put into recruitment and information campaigns in order to increase the awareness of maritime sector job opportunities among young people. For example, there is a great need for employees with technical expertise, not only in shipbuilding and consultancy companies, but also in the technical organisation of shipping companies.

The Halcyon annual survey aims to highlight the key issues for employees within the maritime sector, with particular focus on reward and benefits, job security, training and development and employee relations.

Reward & Benefits – When the economic downturn began to impact in 2008, the key area of importance for employees was salary and benefits. In our most recent survey, salary has dropped from being the most important to being second in priority.

The on-going depressed state of the shipping markets is reflected in salary levels with nearly half of the respondents having no salary increase in the last 12 months. However, over half of respondents did receive a bonus, with the majority of these receiving up to 10% of their salary.

Pension and health cover remain the benefits of most importance to employees, and life insurance becoming increasingly important.

Job Security

- This shows nearly 60% of respondents concerned about their current position, being an increase of 4% on last year. This shows the focus has shifted from pure financial to one of stability. This is particularly true of those in senior management, with 67% rating job security as their highest priority both now and when considering a career move. Over three quarters of respondents remain with the same employer, reflecting this need for stability.

Unfortunately, over 40% of respondents reported a reduction in headcount, either through redundancy or recruitment freezes resulting in departing employees not being replaced.

Training & Development

- Flatter management structures lead to opportunities for career development being less frequent and training is moving down the list of priorities for organisations as budgets are being cut. Less than a quarter of respondents are satisfied with development or promotion opportunities with their current organisations and more than half of all respondents receive no provision or encouragement for training at all within their roles. This dissatisfaction of development and training is common across the spectrum of roles from senior management, technical, operations, insurance, legal and P&I, but in particular in the broking community and liner trades.

Where training provisions are still available and online e-learning is being promoted due to its lower costs and the ability to work at the individual's own pace, the vast majority of respondents still prefer instructor led training, either in the workplace or at a centre.

Employee Relations

- Nearly all respondents advise that communication is important to them, yet less than half of the respondents are happy with how management communicates with them about the business and how they contribute to its success. Although this area has seen an improvement on previous years' results, this shows that there is still considerable room for improvement.

With each of these areas covered, we shall now look at what steps some maritime organisations are taking to remain an employer of choice.

Over the last six months, there has definitely been a focus on HR Development amongst our clients, with some recruiting specialists within this field to up skill their employees. In times of economic difficulties, this could be seen as being able to do "more" with "fewer" employees. But, where pay rises or bonuses are not being given, training and development gives employees more opportunities for the future. And more opportunities for the future increases loyalty and can also enhance morale.

Recent research with a number of leading maritime employers show opportunities for development are on the horizon with more consolidation, mergers and acquisitions anticipated over the next 12 to 18 months, which would lead to redundancies for some and opportunities for others.

Reward & Benefits

- The Clarksons' index shows the worst results since 1990, and now in 2012, the outlook remains bleak and a cautious approach is being adopted by both companies and employees alike. In most areas including Singapore, the UK and parts of Europe, the recent reduction in salary levels is expected to continue. Coupled with restrictions being placed by governments on visa numbers, local candidates are very much preferred which also require no relocation costs.

Salaries remain under increasing pressure and levels remain relatively static on the commercial and operations side of the industry. Technical staff remain in short supply and salaries in this sector are subject to some degree of increase as technical employees remain in demand and, within many areas of Europe, are hard to attract. High taxes and high costs of living are not helping either. In particular, we have found many seagoing personnel deciding to remain at sea for at least another year or two, rather than pursuing a career ashore, as their salaries would be lower and they would also be subject to local taxes.

In Singapore, companies continue to move away from expat packages with pressure to source from local candidates coming from financial restraints and an increase in government requirements to recruit locals. Across all Singapore industries, a 5% reduction in salaries has been reported for 2011. Within the maritime sector, we are seeing a substantial drive to recruit new employees for less than existing employees are being paid.

Job Security

- With the rising number of respondents concerned about the stability of their current position, coupled with dissatisfaction in levels of communication, employees feel less connected to the organisation. Together with little or no pay rises but higher costs of living, we are finding many candidates actively seeking new roles. When considering a career move, the stability and prospective company reputation plays an increasingly important role with many candidates focusing on the next five to ten years of their career rather than the 3 to 5 year plan of recent years.

Training & Development – As previously mentioned, as a result of redundancies or a freeze on recruitment, some organisations face providing the same quality levels of service with fewer or less experienced employees. In order to achieve this up skilling of their employees, in organisations where HR was viewed as an administrative rather than a strategic function, some clients are specifically recruiting HR and HRD managers with a focus on developing the existing skills to address the **future** requirements of the long awaited upturn in markets, with a focus on proactive succession planning.

Rather than recruiting experienced candidates who can “hit the ground running” but at high salary levels, to address the shortfall in technical areas in particular, some clients are recruiting more junior seagoing personnel, such as Second Engineers and Second Officers, who are not yet accustomed to the higher seagoing salaries. These less experienced employees are offered a defined career path with on-going training and development opportunities.

There is also an increasing number of clients who are forging relationships with universities, providing students with information on maritime sector opportunities and offering internships or graduate training programmes to address the future recruitment of skilled labour. In addition, an emphasis is being placed on sector specific training, for example with the Institute of Chartered Shipbrokers and the P&I Clubs, where training is focused and specialist, rather than generalist.

For active job seekers, many are looking for “the right opportunity” in terms of long term promotion and development. Emphasis is placed on the prospective organisation’s training and advancement opportunities, rather than looking at a higher basic salary in the immediate term.

Employee Relations – Organisations we work with are actively working on employee relations through communications strategies. They aim to address the concerns of employees in relation to stability such as redundancies, restructuring and change management, as well as clearly communicating how each individual’s performance contributes to the overall success of the organisation.

We know of one company where employees were given a choice between a pay rise or a bonus. Although this wasn’t an entirely happy situation for employees, morale was greatly improved by giving them the honest facts and allowing them to make a choice.

As we know, the biggest names in the maritime world are surrounded by rumours and we have seen a recent increase in organisations focusing on external communications. Where redundancies have been necessary and financial stability is being questioned, organisations are now communicating equally with external as well as internal stakeholders as they understand the need to both retain their employees and still need to attract new talent in the future.

Organisations are increasingly taking a proactive approach to their public profile on social networks, such as LinkedIn and Facebook and in turn developing policies and guidance for employees on such networks.

So in summary, ladies and gentlemen, overall, 2012 is the year when many key industry figures and analysts are forecasting substantial changes in the maritime industry with respect to bankruptcies, mergers and acquisitions. From our perspective as a specialist recruiter within this field, the year ahead is going to be a challenge for employers and job seekers alike. Historically shipping has been subject to its own economic cycles but where the global economy has impacted so dramatically on our markets, this, combined with an on-going over supply of tonnage and increasing operating costs, puts an immense amount of pressure on resources and head count.

However, all is not doom and gloom. We are talking to a number of clients where expansion of existing business and development into new areas is on the cards. For many employers, a cautious approach is understandable, essential even, but maintaining a motivated workforce and retaining good employees is a key factor of longevity and on-going success and it is only by listening to our employees and understanding what motivates them that we can do our best to align their future with ours, as employers.