Opportunities and advantages for overseas seafarers human resources development in Vietnam

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Abstract: Despite of the increasing demand of seafarers markets in the world particular in Northern East Asia, Singapore, European countries..., the annual number of Vietnamese exported seafarers has just fluctuated around 2,500 per year over last 20 years. It is the modest amount compared to Vietnamese population and potential. There are a lot of limitations, difficulties and challenges in exporting Vietnamese seafarers.

This paper presents fundamental problems and challenges. However, apart from these difficulties and challenges, Vietnam has many advantages in developing labour resource for exporting Vietnamese seafarers to the world labour market. Vietnam should take these advantages to overcome challenges and dilemmas, otherwise these problems would turn into long-term problems which are really hard to recover. This paper will focus on analyzing opportunities and advantages of Vietnam in developing human resource for exporting seafarers.

Keywords: human resource, seafarers, seafarers export, opportunities, advantages, limitations, challenges, STCW78/2010.

1. Introduction

Many researches, analysis which have been carried out by individuals, prestigious organizations in the world maritime industry showed a serious concern related to the severe shortage of seafarers in the international seafarers market, especially officers at present and in the future. [1],[2],[3],[4],[5].

In Asia, ASEAN is the large labour resource providing a considerable amount of seafarers to the international seafarers market at present and in the future. There are many similar features between the two ASEAN members, Vietnam and Philippines, such as population, GDP, economic-social development rate…. However, while Philippines occupies the biggest amount of exported seafarers over the world, Vietnam, with many remarkable advantages in comparison to other countries in the region, consisting such as the crucially strategic location; the golden population structure is predicted to last in next 20 years (the population in Vietnam is 91 millions) and Vietnamese young seafarers desire to work for the international prestigious shipping companies, particularly working onboard ships of large fleets in developed maritime countries..., has exported 2500 to 3000 seafarers annually over last 20 years, a quite modest quantity compared with its potential.

Meanwhile, the quality of management and operation in Vietnamese shipping companies are limited with many weakness and shortcoming. Additionally, these shipping companies suffered from income losses, decreasing scope of business, even bankrupt due to economic crisis in recent years. These problems which led to low salary, long-term delayed payment as well as poor compensation to seafarers. The above-mentioned reasons result in increasing significantly the number of seamen who want to abandon their career and the quality of seafarers is decreasing.

However, by ratifying and implementing MLC 2006 showed the determination of Vietnamese government in developing seafarers resource and Maritime Transportation Industry.

Promoting seafarers export is really a right policy because, firstly, it will create more job opportunities, improving economic-society condition and building up Vietnamese seafarer trade mark in the
international seafarer labour market; secondly, it plays very important role in improving not only the
goal of Vietnamese seamen but also maritime transportation in Vietnam.

Vietnamese seafarers basically can meet all international ship-owners’ requirements because they are trained, well educated and certificated in accordance with STCW 78/2010 standards. However, the
major reasons that the number of Vietnamese exported seamen is quite small and much lower than its
potential are the cutthroat competition from opponents when Vietnam merges deeply and widely into
the international economy, and on the other hand the Vietnamese seafarers is not so qualified.

Therefore, it is completely necessary and practical to study the potential of Vietnam in order to turn the
potential into opportunities and advantages in intensifying seafarers export issue.

2. SWOT Analysis

2.1. Strengths

- Vietnam in general and coastal cities in particular are with abundant labour resources which meet not
only the demand of socio-economic development but also the demand of supplying overseas labour
including seafarers.

- With young age structure and with tradition of hard-working and inquisitiveness, Vietnamese labour
will have abilities to meet the special requirements of exported seafarers at a large quantity if they are
educated and trained properly.

- The economy tendency of shifting to service operation in many regions in Vietnam releases a large
amount of agriculture labour that would be reserve labour force for seafarers resource as well as overseas
safarers. Higher salary for seamen working for international shipowners in comparision to those working
for domestic shipping fleet or those working in other careers is an advantage and a strong point in
attracting and developing overseas seafarers.

- Management system, policies system which support in developing seafarers resource and Maritime
Education Institutes, Maritime Training Centers has been completed and will promote its ability in the
stage of developing.

- Vietnamese seamen has mastered smoothly huge vessels owned by international shipowners including
Handy size, Panamax, Capsize size vessels. The number of seafarers working onboard these ships is
increasing, even there are crews who works onboard these vessels are all full Vietnamese. This is a clear
affirmation that Vietnamese seafarers have sufficient ability and qualification to master almost vessels
with different types and sizes at the international level.

- Generally, Vietnamese seafarers are good at accquiring specialized knowledge and foreign language
quickly, and they are easy to merge with a multinations crews.

- Vietnamese students in general and maritime students in specific are men of intellect, intelligent, eager
to learn, especially always desire to master new cutting edge technologies.

2.2. Weaknesses

- The weakest point as well as the biggest challenge in exporting seafarers in Vietnam is the low-quality
seamen, the unprofessional behaviour leading to low competition ability. The reason for this problem
obviously is that the relation between quantity and quality of Vietnamese seafarer is not inadequate.
Almost offices at different management levels in maritime industry in Vietnam, Maritime Training Center as well as crew manning companies/agencies have not built up a strategy for expanding exported seafarers.

Awareness of the role of exported seamen resource in the national economy falls short of expectations, even in the maritime filed, this role is not properly considered. In addition, crew manning companies/agencies have not paid much attention to training and providing further training for seamen working overseas. It can be clearly seen that the issue of increasing seafarers resource for exporting hasn’t been mentioned in developing plans or strategies.

Vietnam hasn’t made specified policies for developing export seafarers resource including a policy of overseas seafarers education, recruitment and an other of encouraging to expand export seamen resources.

Governmental offices, minitries, policies system haven’t proven their roles in developing export seafarer resources.

The domestic business environment is facing with a lot of difficulties. The Vietnam legal system in general and shipping sectors in particular have not been fully sufficient to cover all operation in maritime and shipping industry.

Several Maritime Education Institutes, Maritime Traning Centers (MTCs) are small-scale ones, poorly equipped training facilities and the quality of education and training is not really good. These things leads to different education and training qualities among Maritime Education Institutes, MTCs in Vietnam.

Most of Maritime Education Institutes, Maritime Training Centers haven’t any plan to train and educate seafarer according to international shipowners’ requirements.

An other considerable concern is that the financial capital for expanding export seafarers resource is quite limited.

The shipowners’ roles is underestimated, a larger proportion of shipowners haven’t participated in training and educating human resource for overseas seafarers and they also haven’t made any plans for improving their overseas seamen.

Problems such as poor financial capacity, poor management, unprofessional working manner, poor advertisement and negotiation with foreign shipowners… are challenges that many crew manning companies/agencies deal with. In particular, they don’t have any strategies to enchance the competition ability. These weaknesses results in the crew manning companies/agencies’ ability of integrating into the international seafarers supply chain is restricted. Furthermore, the mentioned weaknesses could lead these companies/agencies to the limitations in the international integration mind.

Vietnamese seamen’s discipline, working skills and English ability are not really good, especially the working manner and attitude are not as professioal as seamen from Philippines, India… To solve this problem, it will need to renovate training and education works.

Vietnam haven’t had its own Seafarers Association.

Crew manning companies/agencies have limitation in consolidating and expanding the seafarers export market. They are in experienced and don’t pay much attention to advertising and creating their trademarks in the domestic and international markets. Since these Vietnamese companies/agencies haven’t got any supports to promote their trademarks in overseas markets, it is quite difficult for them to approach the reputable foreign shiponwers.

Finally, the information system of seafarers market has remained many weaknesses and restrictions.
2.3. Opportunities

Nowadays, no barrier for seamen to join the international seafarer market provided that they have to meet the requirements of the International Convention of Standard training, Certification and Watchkeeping for seafarer 1978, as amended 2010. The seafarer market now is opened worldwide. It enables shipowners, seafarer managers to employ seamen from any countries in all over the world. Ships with multinational crew are popular now.

If the number of seamen in need in the year 2020 is calculated by adding the amount of crew at 2010 with increasing of 7.2% per year (the amount of seafarer in 2015 raised by 3.5% to that in 2010), the shortage of officers and ratings in 2020 would be 32,153 and 46,881 respectively. (See Fig 1.1)

![Figure 1.1 Estimated demand for the world's seafarers by 2020](Reference:3)

In case, the number of seamen in demand is calculated by adding the amount of crew at 2010 with the average growth rate per year of the world fleet from 2010 to 2020 at presumed 0.7%, included compulsory crew manning for each types and sizes of ships as well as the reserved quantity of seafarers about 50%, the estimated demands of seafarers for the world fleet in 2020 is illustrated in table 1.1 below:

<table>
<thead>
<tr>
<th>Officer</th>
<th>Rating</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000÷7999 GT</td>
<td>8000 GT and over</td>
<td>Subtotal</td>
</tr>
<tr>
<td>Officer</td>
<td>110647</td>
<td>207492</td>
</tr>
<tr>
<td>Rating</td>
<td>138309</td>
<td>325554</td>
</tr>
<tr>
<td>Total</td>
<td>248956</td>
<td>533046</td>
</tr>
</tbody>
</table>

![Reference:3]
With above figures, it can be clearly seen that Vietnamese seafarers export has great opportunities to develop.

According to many researches as well as the facts, the source of seafarers supplying to international seafarers market in the future would come predominantly from Asian countries, especially ASEAN countries. Besides cheap labour cost, those seamen who comes from East and South East Asia have good relations with countries that having long developed-history of maritime industry.

Several foreign markets and shipowners always give priorities to Vietnamese seafarers in comparison to other countries in region. For example, Japanese shipowners have been attracting a large amount of Vietnamese seamen.

Maritime Labour Convention (MLC) 2006 took effective as from 20th August 2013. This convention guarantees that every seaman who works onboard ship would have a satisfied living and working environment regardless of their nationality and ship’s flag nationality. With a better working and living condition, especially more adequate salary, it is believed that education and training seafarers for exporting would have been developed significantly.

Furthermore, seaman unions in all developed maritime countries are members of the International Transport Workers’ Federation (ITF). Thus, Vietnamese seafarers working onboard vessels which are registered in these countries will receive not only high salary but safer working and better living environment as well.

Vietnam has good opportunities to approach to many internationally potential markets for deployment seafarers without discrimination.

As a contracting party to many IMO conventions and integrating into many agreements, Vietnam has to complete it’s legal system with market mechanism orientation and perform them effectively.

Vietnam is equal with other countries on drawing up their global trade policies and for a more equitable and rational economy order. Vietnam has to protect benefit of country, companies and seafarers.

By merging into world economy which improves the domestic economy reform and process of economic reform in Vietnam is more comprehensive and effective.

By contracting and approving many international trade agreements which has lifted Vietnam to a new level in the world and it enables Vietnam to execute it’s foreign policy effectively.

Besides, this could create more jobs with appropriate salary to Vietnamese seafarers who are suffering from the economic crisis as the domestic sea transportation is dealing with a lot of difficulties. Meanwhile, the international seafarers resource is seriously insufficient, particularly officer positions. We should take full advantage of this opportunity in order to strongly step up seafarers export issue.

2.4. Threats

Threats in developing seafarer export that Vietnam has faced with are really major issues. The threats can be mentioned as below:

First of all, at present and in the future, all countries in all over the world, especially developed ones are giving priorities to professions that require high qualified labour resources. This will result in differences between demands for labour recruitment. This trend also occurs in marine transportation, seafarers should be high qualified and skilled in order to master the up-to-date technologies [6] that are increasingly applied in the shipping industry. Competition in the seafarer export market will be keener, with various competitors in wider and deeper scale.
Second, Vietnamese crew manning companies/agencies are in small scale, therefore, it is quite difficult for them to deploy Vietnamese seafarers abroad deeply and widely. This makes Vietnamese crew manning companies/agencies unstably and unable to control the seafarers market. Furthermore, their management ability is really not so good which results in low competition of Vietnamese seamen, especially it could be more difficult when merging into the international economy.

Third, almost Vietnamese crew manning companies/agencies haven’t had a sufficient preparation before signing a contract. They haven’t anticipated all problems that might occur in performing the contracts. They have been lack of knowledge in terms of international shipping laws and practice. Therefore they haven’t been prepared well in advanced for any internationally commercial claims or disputes. On the other hand, legal consultant service has not been used often. This leads to many difficulties and disadvantages, even loss for Vietnamese crew manning companies/agencies if any international claims or disputes occur.

Fourth, dispite Vietnamese economy has deeply and widely integrated into the global economy and signed many international commercial agreements such as FTA, TPP, AEC…, many crew manning companies/agencies have low financial ability, small scale business, unprofressional and poor management and haven’t made a strategy to improve their competition when they take part in the global seafarers supply chain. Because of limitations in ability and strategy, Vietnamese crew manning companies/agencies will deal with many challenges in competition in the global market, even lose in Vietnamese market.

Fifth, the thought of sea carrier as only a short-term carrier is quite popular among Vietnamese seafarers. Many seafarers consider this sea career is just a temporary job so they just complete their works indifferently without progressive attitude. Some of them don’t have any plans to elevate their professional knowledge and foreign language to enhance their seafarer skills while the requirements for maritime safety and security, and marine environmental protection applied to seafarers are increasing severely.

Sixth, increasing modernization and globalization in the maritime industry requires seafarers to own good specialized knowledge, working at sea experience, foreign language (English), good physical condition and professional manner. However, seafarers from Vietnam are just good at theory only, their working skills, English ability and physical strength are not as good as seamen’s from India, Phillipines…

Seventh, the growth of Vietnam econimic has improve living standard. Seafarers job is not much a high-paid jobs in comparing to other jobs ashore. A quite large quantity of experienced seafarers including officer at management level resign from this career and looks for suitable jobs ashore.

Eight, the overwhelmed factors of Vietnamese seamen in competition with other countries such as cheap labour cost… no longer exist. Vietnam now have to encounter serve competitions from Philipines, India and some raising countries which have numerous seamen resource, are well-qualified, highly-disciplined and are willing to receive a competitive salary.

Ninth, due to the growth rate of the domestic shipping fleet, the demand of seafarers is rasing. This leads to the shortage of high quality seafarers, especially officers at management level for exporting.

Finally, the demand of transportation including maritime one begins to surge due to the global economic recovery. After a time of reducing the fleet, shipowners have started to recruit more highly qualified seafarers for further development.

2.5. Building combined strategies S-W-O-T
**Combination between Strengths and Opportunities:** With inherent strengths particularly young working-age population, inquisitiveness, harmony, and a part of Vietnam seafarers has good experiences, has proved their ability in operating many different types of extremely large vessels including ones owned by international shipowners. Besides, the numbers of seamen who had been trained and educated is quite large so it could provide for the global seafarers market a large amount of seafarers after a short time of retraining. Furthermore, the desire of working for famous and prestigious shipowners that have strong attraction to Vietnamese seafarers would last for a long time, at least over decades.

If Vietnamese seafarers force are properly oriented and invested, they will take this opportunities effectively for developing the export seafarer resource quickly in order to meet the quality and quantity of the international seafarers market demand. To achieve this goal under the condition of strength and advantage mentioned above, both Vietnamese crew manning companies/agencies and seafarers need to strengthen their position in the traditional markets as East-Northern Asia, Singapore, then expand to the potential markets including Europe, North America.

**Combination between Weaknesses and Opportunities:** All Maritime Education Institutes, Maritime Training Centers, crew manning companies/agencies and Vietnamese seafarers always eager to cooperate with international reputable shipowners. These advantages will create a new direction for Vietnamese seafarers and this tendency also help crew manning companies/agencies’ and maritime officies’ operation to be more professional as well seafarers will gain better reputation. Although all crew manning companies/agencies and seamen are willing to cooperate with foreign shipowners, they haven’t well prepared in every aspects for a good cooperation results. If Vietnamese government and its departments take full advantages of these opportunities to issue policies and to models supporting for training and exporting seafarers, eliminate unprofessional factors in the seafarers supplying chain operation, invest more money to enhance the human resource quality, it would be believe that weaknesses could be minimized and no longer exist.

**Combination between Strengths and Threats:** Any labours including overseas seafarers always consider two sides of the same coin when they made their decision to be a seafarer. They have to think about whether the amount of money that they earn could be enough to afford their family’s life after resigning from this career and whether this amount of money is better than that they could earn by doing other jobs. With strengths, Vietnam will build up a model of export seafarers with good salary and compensation which makes seafarers satisfied and attract more young and high qualification seafarers to join export seafarer market. Apart from salary, compensation and allowance…that are provided by the international shippers, Vietnamese government also need to issue preferential policies to encourage overseas seafarers. If these things could be done, it is ensure that seafarer export work would be able to overcome all risks. Since, according to income and currently average development rate, attraction of working for international famous shipowners to Vietnamese seamen would last in at least several decades.

**Combination between Weaknesses and Threats:** In progress of developing and integrating into world shipping, it can’t avoid elimination. Maritime Education Institutes Maritime Training Centers, crew manning companies/agencies, and seafarers that are at low quality and poor competition will be eliminated. Vietnamese organizations, crew manning companies/agencies and seafarers need to aware clearly of this because joining the international market means that competitions with many rivals from many regions in the world not only from Vietnam.

In spite of abundant number of seafarers and good qualification, Vietnamese seafarers are not so at unprofessional manner which is represented by skills and working-attitude. Vietnamese seafarers’ working attitude and attitude towards shipowners is not really good. Because of skills, especially attitudes, the quality of Vietnamese seamen is not high, just stopping at a passing-level. To meet the requirements of foreign shipowners, it is essential to set up inadequate mind and attitudes towards shipowners and operators among seafarers. Seamen must recognizes that their benefits and rights are attached closely to that of shipowners, operators. They should consider vessels as their own house.
Vietnamese seafarers’ low awareness and attitude are at restriction in their perception. To create overseas seafarer force which could satisfy foreign shipowners’ requirements and prove Vietnamese seafarers’ trademark in the global market, it is necessary for Maritime Education Institutes especially Maritime Training Centers and Crew manning companies/agencies to reform training and education syllabus in order to enhance seafarers’ professional manner and improve their onboard working skills and attitudes. Establishing an internationally professional mind in seafarers’ thought will overcome weakness, control threats and finally improve strengths.

3. Advantages in developing seafarer resource for exporting in Vietnam

Apart from mentioned strengths and opportunities, Vietnam is holding unique overwhelmed factors in developing overseas seafarers recource that can’t be found in other countries.

3.1. Geographical location of Vietnam

At location of the west of Eastern Sea, with more than 3,260 km coastline, Vietnam is contiguous to seas in the East, South and South West, from Mong Cai in the North to Ha Tien in the South West. The expanded area to the East and South East in the East Sea which belongs to Vietnam’s sovereign. It has continental shelf, islands and archipelagos. Vietnam also has sea area of more than 1,000,000 square meter with it’s sovereign, sovereign right and jurisdiction. The sea area is 3 times bigger than land area. Additionally, the Eastern Sea is an important sea area with a strategic location of region and in the world. where main shipping routes passing through with the goods value of 5,000 billion USD transported annually. Eastern Sea have played an important role in developing strategy of the East Sea countries as well as other powerful maritime countries in the world.

Every year, about 70% of imported oil and 45% of exported commodities in Japan; about 60% of imported-exported goods in China have been carrying through this route. Especially, Singapore economy mostly depends on the Eastern Sea.

3.2. Golden population

According to Vietnamese Statistic Directorate, as of 01/01/2016, Vietnamese population is in “golden period”. The workforce aged 15 years old and above is 54,61 million which was 185,000 people higher than that in the same period of 2014, consisted of 51.7% male, 48.3% female. Vietnam is one of countries having the youngest population in the world, the workforce aged 15-39 years old is 51.0% including 26.7% in group aged 15-29 and nearly 15% in group aged 15-24 [4]. This group is believed to be highly potential to learn new knowledge and skills in order to be high quality workforce.

3.3. Political issue

Vietnam is a country which is always has a good stability in politics-society. It is the essential factor to help Vietnam being consistent with economic developing policy and having a long lasting peace. Meanwhile, most countries in ASEAN, except Singapore, have dealt with many political problems that caused serious loses in economy of these countries. It is, therefore, obviously that Vietnam’s stable politics is a great guarantee for remarkable success in process of reforming in Vietnam.

3.4. The Vietnam young workforce

With hard-working, studiousness, enthusiasm and ambition, Vietnamese young generation is now quite willing to take risks to learn and start new things.

Vietnamese workforce and seafarers are highly competent to meet strict requirements given by international employers as well as shipowners when Vietnam is merging widely and deeply into global economic community. This is clearly proven by impressive performances of Vietnamese seafarers on
huge vessels and number of Handymax, Panamax and Capsize vessels with full Vietnamese crew is increasingly significant.

Vietnamese seafarers have ability to learn new professional knowledge, foreign languages, and to adapt themselves to be harmony with other seafarers who come from different countries and have different cultures. All things they need to do now is being confident to learn and use the existing potential which maritime education and training centers provide and to gain necessary knowledge to prove that Vietnamese seafarers would be able to compete with other countries in seafarer market.

It is used to say that the cheap labour cost of Vietnamese seafarers was one of competitive factors. However, it is no longer suitable nowaday. Vietnam is now competing against with countries which have good reputation in maritime field such as Philippines, India. Furthermore, seafarers coming from China and Myanmar who could provide the international labour market with skilled, disciplined and low cost seafarers are raising as remarkable rivals. For these reasons, Vietnam should uphold its inherent advantages so called inner ability which is existing in each Vietnamese seafarer. Inner ability factor, creativity and adaptability, optimist that are typical characteristic of Vietnamese.

Nowadays, in Vietnam, not only students who just graduate from Maritime Universities or Colleges but also experienced and skillful seafarers desire to work for foreign shipping companies and shipowners. According to the survey carried out by group of researchers in Vietnam Maritime University, Maritime College No.1 and other Maritime Training and Education units, all students and learners really want to work onboard vessel owned by prestigious foreign shipowners after graduating because of deserved salary, professional working environment, and equitable in evaluating their performance and in promoting. Maritime students, who are well trained and educated, eager to study new cutting-edge technologies. They would be optimize their ability when working in professional environment. Therefore, all students who just graduated from Maritime Universities or Colleges, desire to work in professional and disciplined working environment in the beginning of their career. This will give them good opportunities to practice what they have studied and to gain valuable experiences, knowledge and receiving good salary deserved to their effort.

There is a trend now in Vietnam economy that service sectors are increasing. This release a large amount of labours from agriculture which is a good reserved workforce source for exporting seafarers. Seafarer working overseas or for foreign shipowners would get higher payment to those one working on board domestic vessels. This is really a great advantage to attract more and more labour for exporting seafarers.

4. Conclusion

By making use of opportunities and advantages to overcome difficulties, challenges toward to further successes, Vietnam is completely able to be a major seafarers supplier to the international seafarers market. Otherwise these advantages will be passed and these obstacles would grow up and become long-term problems that it would be very difficult to recover. Vietnam used to miss these opportunities and might miss once again a good chance to create jobs for young and intelligent labour who is willing to be trained and educated to become high quality labour. The period of golden population will last 25 years, and then Vietnam will be entering the period of the old population. Therefore, if Vietnam makes use of these opportunities effectively, it will have sufficient accumulation for social security to meet the increasing demand when the population gets old. Conversely, Vietnam will deal with many difficulties and challenges when the golden population opportunity ends and the old population period begins.

Developing the Vietnamese seafarers resource for exporting will play crucial part not only in enhancing the quality of Vietnam seamen but also in developing a sustainable sea transportation industry in Vietnam in accordance with deeply and widely merging into the international economy.

Opportunities and advantages in exporting Vietnamese seafarers are scientifically analysed which will enable Vietnam to build up a strategy for improving seafarer export resource. Furthermore, these analysis help seafarer employers, particularly international shipowners have reliable information to
evaluate situation and to make decisions on investing in the potential Vietnamese seafarers market in order to solve the problem of seafarer shortage effectively, economically and sustainably.

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