



SEA VIEWS

MIMA'S ONLINE COMMENTARY ON MARITIME ISSUES

No. 8/2012

9 May 2012

SEA VIEWS is an online platform that provides an avenue for MIMA researchers to articulate their personal views on various issues and developments in the maritime sector. Hence, their commentaries do not represent the official stand of the institute on the matters discussed. Readers are welcomed to reproduce the contents provided that they are appropriately attributed to their author(s). Kindly contact the Editor of SEA VIEWS, Mohd Arshad Atta Mohamad at tel.: 603-21612960, fax : 603-217617045 or e-mail : arshad@mima.gov.my

**Malaysia's got talent :
Developing a 21st century maritime workforce**

Nazery Khalid

Amid growing dependence of global trade on seaborne transport, the maritime sector's workforce must be nurtured to operate efficiently and productively in a highly competitive, challenging and complex environment

*Without labor, nothing prospers.
(Sophocles)*

Working hard behind the scenes amid the dazzling array of behemoth ships, towering port cranes, stacks of containers and huge cargo loads, workers in the maritime sector and along the maritime supply chain play a key role in ensuring good and raw materials are transported from producers to consumers smoothly and in a cost competitive manner.

The demands for a variety of cargos to be transported in huge volumes across the world's oceans in a speedy, safe, secure, efficient and cost competitive manner brings to attention the need to

have a credible workforce to match the needs and realities of the global trade and economic order of the 21st century.

Being a key facilitator of global trade, seaborne transport plays a pivotal role in enabling the conduct of global trade and in catalyzing economic growth. In a world obsessed with speed - as underscored by time-obsessed production methods such as zero inventory and just-in-time production - and the need for multimodal and door-to-door transport, there is tremendous demand on the maritime sector to facilitate fast, seamless movements of goods and commodities across the globe.

The caution by the Prime Minister, Datuk Seri Najib Tun Razak that Malaysia is losing out on both global and local talents, which can impede investment and career opportunities, should serve as a wake-up call for companies in the maritime sector. Hitting the nail on the head, the Prime Minister said that economic success would elude Malaysia without having in place talents to drive industries forward.

The need for a talented workforce is imperative in the maritime sector as without an efficient seaborne transport system, trade and economic growth would come to a standstill. The smooth delivery of goods and materials across the world's oceans depends on the ability and dedication of the men and women operating the equipment and system along the maritime supply chains.

In launching the 'Talent Roadmap 2020', the Malaysian Government acknowledges that talent is a vital ingredient in the recipe of creating a high-income, knowledge-based and innovation-driven economy as aspired by the New Economic Model (NEM) through the Economic Transformation Program (ETP).

The Roadmap identifies three strategic thrusts, namely optimizing local talent, attracting and facilitating global talent and building networks of top talent, Malaysia's maritime sector's workforce certainly does not lack talent, knowledge and experience. There are even Malaysians working abroad in reputable shipping companies, ports, oil majors, logistics service providers and many other companies involved in the maritime sector. Some have made a name for themselves in sectors such as shipping and offshore oil and gas, commanding high salaries and enjoying attractive perks.

It would be most desirable to bring back some of these talents home to help develop the maritime sector and elevate it to greater heights, in line with the aspirations of making Malaysia a globally competitive and developed nation.

The Government is making all the right moves to keep talents at home and attract those Malaysians working abroad and non-citizens to contribute towards developing the economy and transforming it into a fully developed economy by 2020.

Testimony to Malaysia's workforce credibility, it was ranked 18th in the authoritative World Bank's Doing Business Report 2012 (from 23rd in 2010), ahead of several other advanced economies. The ranking was based on an evaluation of costs, requirements and fees of starting business in each country's largest business city, and the quality of manpower.

In addition to efforts to nurture, attract and retain talents, the Government has also made laudable efforts to improve the wages of workers in the country.

The much anticipated announcement by the Malaysian Government of the introduction of minimum wage for employees in the private sector is a welcome development. It augurs well for Malaysia's ambition to move up the value chain and join the league of developed economies by 2020.

This long-awaited move was made based on the recommendation by the National Wage Consultative Council. This is a crucial first step towards attaining the target of NEM to increase the income per capita of Malaysians to from the current US\$7,000 to US\$15,000 by 2020 to achieve the goal of a high-income nation.

With a minimum wage structure in place, companies involved in the maritime sector can be expected to invest in technology and automation to reduce reliance on manual labor and increase productivity and efficiency. This should lead to the generation of value-adding, high income activities and move the local maritime sector up the value chain.

Workforce protection

Workers in the maritime sector are unsung heroes who help facilitate much of world trade and economic growth. They carry out a wide range of activities such as port operations, shipping, shipbuilding and support services that enable huge amount and a stunning variety, volume and value of cargos to be loaded and unloaded.

The working environment can be risky and dangerous for the likes of crane operators, harbor pilots, stevedores, wharf fingers and truck/reach stacker drivers. They work under trying circumstances, in an environment where speed and efficiency are paramount.

Take port workers who are surrounded by massive equipment and constantly moving vehicles, with cranes carrying containers hovering over their heads and handling dangerous goods and waste. Working in such an environment, they cannot afford to be sloppy. Any slip-ups can cost them their lives and limbs. Mistakes can also lead to damages to cargos, assets and the environment, and cause delays in cargo flow along the supply chains that can eventually affect consumers, businesses, industries and the economy.

Seafarers are especially vulnerable; over the years, many have been attacked and held ransom by pirates, with some even killed or injured in the process. The situation in the Gulf of Aden, one of the world's most critical shipping lanes that facilitate much of the world's energy transportation, is especially worrisome. The Gulf has seen a spate of pirate attacks on ships in recent years, despite the presence of international navies to protect ships sailing through the waters.

Adding to the risk of pirate attacks, seafarers also face the risk of criminalization arising from incidents involving their ships, and become victims of unwanted circumstances due to the

negligence of shipowners. There have been cases of ship captains being jailed and of ship crews languishing onboard vessels without being paid or without decent food and shelter.

Although we can be encouraged with the introduction of the International Labor Organization's Maritime Labor Convention 2006 which provides comprehensive rights and protection at work for approximately 1.2 million seafarers worldwide, much more needs to be done to ensure their safety and security when doing their jobs.

The mismatch between the importance of the maritime sector and the state of welfare of its workers may cause them to lose motivation and deter others from joining the sector. This can result in harmful consequences to world trade and economies. Cases of lowly-paid port workers 'moonlighting' or taking up part time jobs to make ends meet and then go to their daytime jobs in a tired state are not uncommon. Such workers are prone to making mistakes that could be costly to them, their colleagues and their surroundings. Strikes at ports by workers disgruntled with their pay and welfare can hold up ships and cargos and cause adverse chain effects along the trade supply chain, businesses and economies.

In a fast-paced sector such as the maritime transport, the wage structure and remuneration must be up to speed with its development in order to attract the 'best brains' into the sector. As assets such as ships, port equipment, technologies and systems get more complex and as demand for maritime transport grows in sophistication, the demand for skilled, well-trained, innovative and creative workforce has increased in tandem.

The decline in trade and demand for maritime-related services should not deter employees in the sector to invest in people. Those which are quick to retrench their staff during the bad times could regret their decision when the global trade and economy rebound and demand for maritime-related services picks up again. Previous economic downturns in the maritime sector have proven that companies which retain their workforce and take the opportunity during the lull in seaborne trade to retrain and upgrade the skills of their workers would stand to gain when the market turns the corner. It could prove just as expensive for companies which retrench their workers during bad times to recruit and train personnel when trade and demand for maritime services pick up again.

People power

A savvy, competent workforce is needed to perform efficiently in the dynamic, complex and global environment of maritime trade. Such an integrated and technology-intensive vast operating environment requires practitioners who are not only capable of undertaking their specific tasks but can also think out of the box and offer innovative solutions. The sector needs brains as much as it does brawn.

Amid rising competition among nations to attract shipping lines to their ports and to lure more trade and investments, nations with skilled and innovative workforce can have the edge over those which can merely offer cheap and abundant labor. With such a workforce, Malaysia can

brand and differentiate itself from other so-called ‘maritime nations’ in terms of nurturing and attracting talent.

People are the backbone of the maritime supply chain and make global trade possible. For sure, businesses want to reduce operation cost amid these trying times and utilize their resources optimally. However, they must not lose sight of the need to protect the safety, security and welfare of their employees to enable them to perform their tasks to best of their abilities and to ensure seaborne trade can be carried out smoothly.

To be sure, the maritime sector is a global one hence it features a highly-mobile workforce that are ready, willing and able to work anywhere. Take shipping for example; there are seafarers from various nationalities working onboard Malaysia flagged ships and likewise, there are Malaysians working for foreign shipping companies worldwide. Nevertheless, it would be desirable for Malaysia to nurture home-grown talents to ‘feed’ the local maritime sector.

An industry which can offer attractive remuneration and job satisfaction will attract the best brains. More Malaysians will be attracted to work in the maritime sector if can offer such an environment. Also, the Malaysian diaspora worldwide working in maritime-related fields may find it attractive to return home and serve the local maritime sector.

However, it is not just about the money. Workers in the maritime sector must also enjoy professional and personal growth to make them want to remain in the sector and for the sector to attract talents. Any impediment or element that contributes to poor working conditions in the maritime sector – including archaic rules and regulations, unsafe and unhealthy working environment and dim prospect for career advancement – must be removed to retain and attract talents in the sector. Rigid ways of doing things that result in inefficiency and unhappiness among workers in the sector must be reformed or rid of.

In addition, a high quality education and training system must be put in place to prepare workers to serve the sector efficiently and to keep them on top of their game and match the sophisticated demands of the industry. Companies must also invest in assets, technologies and systems in order to improve productivity and boost innovation and creativity, which can in turn result in better profits for them and better pay and remuneration for their workers.

A well paid, well educated, well trained, well taken care of and highly motivated workforce is needed to enable Malaysia’s maritime sector to reach greater heights. Such a workforce can also be instrumental in helping companies in the maritime sector build a strong corporate culture and attain excellence in their field and make a name for themselves on the global stage. Quality manpower is vital in that ensuring Malaysia’s maritime sector can keep abreast with the trade and economic demands of the 21st century, to attain its goal of becoming a globally competitive maritime nation and to transform its economy into a fully developed one by 2020.