The policy implications of market failure for the land-based jobs market for British seafarers☆

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Abstract

People with seafaring experience and skills are employed in the maritime sector of the UK economy in land-based jobs as well as in seagoing ones. This paper examines the balance of supply and demand in the land-based jobs market. It then considers the likely effects of a shortfall in the supply of British ships’ officers to fill net vacancies in jobs ashore, including the policy implications of this and the consequences for the economy’s maritime skills base if the Government fails to act decisively now to correct market failure.

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1. Introduction

Former seafarers are employed in land-based jobs by a wide range of businesses and organisations in the maritime sector of the UK economy, for the skills they have acquired whilst working at sea. Where this is so, they are usually employed in a technical capacity. This tends to be the case regardless of whether they are employed in a marine-related activity such as pilotage or by a business engaged in a commercial activity such as marine insurance or maritime consultancy.

Concern has existed for more than a decade and a half that the UK is in danger of losing its maritime skills base and that the effects of this loss will be detrimental to the economy [1]. Because of this concern a study was undertaken during 1995 and 1996 that identified the UK economy’s requirement for people with seafaring experience to fill land-based jobs. [2] This study also assessed the consequences of a shortfall in the supply of British seafarers to fill net vacancies in such jobs. A follow-up study was undertaken in 2003 [3]. This latter study was able to assess the structural changes that had taken place in the land-based jobs market since the initial study, as a result of the tightening of supply conditions in the market, as well as incorporating the findings of other relevant research that had taken place since then when assessing the consequences for the economy.

This paper is the second of two papers that discuss the findings of the 2003 study [3]. Whereas the former paper [4] was concerned with estimating the demand for people with seafaring experience to fill land-based jobs, this paper is concerned with whether the supply of such people will be sufficient in the future to meet the demand for them, given the dwindling number of British merchant seafarers presently at sea, and the likely consequences of a shortfall in supply. As concern about a shortfall in supply relates primarily to the possible lack of suitably qualified British deck and engineer officers to fill net vacancies in jobs ashore where employers consider it is essential to employ such people, the discussion in this paper focuses on this particular issue.
2. Demand estimates

On the basis of the data gathered in the 2003 study, it was estimated that there is a 95 per cent probability that the number of land-based jobs in the maritime sector of the UK economy which employers would prefer to fill with former seafarers lies somewhere between a lower limit of 13,620 and an upper limit of 17,744. The central estimate was 15,682. Having seafaring experience, however, was only estimated as being essential for 62.4 per cent or 46.7 per cent of these jobs. The higher estimate of the jobs in this category, that is the essential category, was arrived at by assuming that Lloyd’s Register still considers experience as a senior ship’s officer to be essential when filling vacancies in posts previously held by such people, whereas the lower estimate assumes that it does not. Thus for holding such posts seafaring experience is merely regarded as advantageous.¹

Of the 62.4 per cent or 46.7 per cent of jobs estimated to be in the essential category, 90 per cent of the higher and 93.5 per cent of the lower figure are estimated to be filled by former ships’ officers, that is, either 8813 (+969) or 6846 (+969) jobs according to the alternative estimates. As such jobs tend to be of a highly technical nature and often require further technical training post-recruitment, they are largely filled by former merchant seamen holding at least an unlimited Master’s or Chief Engineer’s certificate of competency, that is, by former deck or engineer officers who are professionally qualified either to command any type of vessel or serve as chief engineer on it. Former naval officers are seldom employed in such jobs but where former foreign merchant navy officers are, they are more likely to be employed abroad by an overseas branch of a British company than in the UK.

Table 1 identifies which businesses in the maritime sector of the economy employ former ship’s officers to fill land-based jobs in the ‘essential’ category and provides estimates of the number they employ.

Estimates of the total number of jobs in the essential category filled by former British merchant navy officers, former naval officers and former foreign merchant navy officers are given in Table 2. These figures include estimates made in the 1996 study as well as those made in the 2003 study, so an assessment may be reached of the extent to which demand adjusted to tightening supply conditions in the market during the period between the two studies. Estimates of the likely mean annual demand for ships’ officers to fill net vacancies in such jobs, derived from the requirement (stock) estimates in Table 2, are given in Table 3.²

Table 4 shows the current sectoral composition of mean annual demand for British merchant navy officers to fill net job vacancies in the essential category assuming no further adjustments in demand have taken place since 2003. Table 5 shows upper and lower confidence limits for that demand resulting from attaching a 95 per cent confidence interval to both the higher and lower central estimates.

3. Supply estimates and the balance of supply and demand

Historically, net vacancies in land-based jobs in the maritime sector of the economy have been filled largely by wastage from the seagoing pool of British merchant navy officers who lie within the age range of 25–44. For many jobs within the essential category, however, where employers seek to employ former officers who hold an unlimited Master’s or Chief Engineer’s certificate of competency, the age band for recruitment is now narrower. This is because experience at sea as a senior officer is often required in order to obtain such a post ashore, but not many officers nowadays will have experience of serving at this level before they are in their 30s, since they cannot gain it until they are fully qualified, that is, they hold an unlimited Master’s or Chief Engineer’s certificate of competency. Research has shown that nowadays very few officers, unlike in the past, obtain such a certificate of competency until they are at least 30 years old [5].³ Hence, the normal age range for recruiting ships’ officers to fill net job vacancies in the essential category in the 2003 study was considered to be 30–44 and not 25–44 as assumed in the 1996 study.

In the 1996 study, current and future estimates of the number of British seagoing officers in the 25–44 age range were derived from past cadet intake numbers by assuming a wastage rate of 10 per cent per annum. Research carried out subsequently by McConville et al. [6], namely the United Kingdom Seafarers Analysis 1997, indicated, however, that the use of a wastage rate of 10 per cent was much too high and it would have been more appropriate to have assumed a wastage rate of 6 per cent instead. Accordingly, in the 2003 study, it was considered, sensible to make use of the data on officer age distribution from the latest (2002) United Kingdom Seafarers Analysis [5], to estimate the number of officers in the current seagoing pool in the 30–44 age range from which employers in the maritime sector would recruit people to fill net vacancies in land-based jobs in the essential category.

The United Kingdom Seafarers Analysis [5] bases its estimate of the active officer stock on the issuing of certificates of competency and their revalidation. It, therefore, includes officers who need to update their

¹An explanation of why it was necessary to make these alternative assumptions when estimating the number of jobs in the essential category and thus arrive at two central estimates instead of a single one is given in the previous paper [4].

²For an explanation of how demand estimates were derived from the requirement estimates and details of the assumptions underlying the calculations see either the previous paper [4] or the 2003 study report [3].

³In the 2004 United Kingdom Seafarers Analysis, only 81 ships’ officers below the age of 30 held an unlimited Master’s or Chief Engineer’s certificate of competency. Moreover, in the 30–44 age range only 50% of certificated deck officers and 40% of certificated engineer officers held such unlimited certificates [9].
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