REVIEW ARTICLE

RETENTION STRATEGIES AND PROMOTION MOTIVATION IN THE SHIPPING INDUSTRY: WHY EMPLOYEES LEAVE ORGANIZATION

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ARTICLE DETAILS

ABSTRACT

The post-pandemic situation has posed a challenge for Maritime recruitment agencies. It has been acknowledged that people are a significant source of competitive advantage. Organizations adopt numerous policies and procedures to retain their talented employees for a longer time. One of the most significant issues facing the maritime industry in the Philippines is a shortage of qualified personnel. There is a growing demand for Filipino seafarers worldwide, but there are not enough people with the necessary skills and qualifications to fill these positions. This has led to an increase in the number of resignations from Shipping Companies. This study aims to find out the reasons why employees leave the organization. The objective of the study is to determine retention strategies and promotion motivation of shipping companies. The research design used was a descriptive method utilized using a self-constructed questionnaire. A total of 18 respondents under a probationary period from 3 different shipping companies in Makati City participated in an interview survey. The data gathered from the respondents was analyzed using the ANOVA test. Results show that employees leave the organization because of the competitiveness of other companies when it comes to salary and in seeking better management relationships. The following retention strategies are followed by the companies; One Team, One Goal, and One Conversation. The following promotion motivations to retain their employees are practiced by the company: It is recommended that providing some great perks and a good work environment can help make employees stay.

KEYWORDS

Retention Strategies, Global Provider, Maritime Industry, Key Driver for Organizational Success

1. INTRODUCTION

The shipping industry plays a critical role in the global economy, moving approximately 80% of world trade by volume. As such, retaining skilled employees and motivating them through promotions is of paramount importance. This literature review delves into the reasons employees leave organizations in the shipping industry and the retention strategies used to combat this trend. Shipping companies comprise over 27,000 skilled seafarers worldwide. These seafarers are employed from various countries around the globe through strategic Manning offices at key locations (Frank, 2021). These seafarers are backed by a strong team of onshore fleet managers and support personnel. One of the well-known shipping companies is presently operating from over 25 centers of excellence worldwide across Asia-Pacific, Europe, and America. They have developed the capability to manage the day-to-day operations of the ships operating on worldwide charter. One of the core services under ship management includes setting up a Quality System on the ships under its management (Jain and Kaur, 2014). Crew Management services ship owners and clients across the globe with its highly skilled workforce. This ensures more effective and efficient operation across various operations (Jehanzeb and Bashir, 2013). They have relevant resources, systems, and experience in providing solutions to the highest desirable standards. Crew Management services mainly comprise Recruitment of seafarers, Management, Training and development, Payroll management, and Travel Logistics. Depending on the demand of the third-party clients. Crew management services also look after the welfare of the seafarers and ensure that their rights are protected and all the seafarers under its management are paid competitively and provided with a safe environment to work and has the capability of providing officers and crew from different regions and nationalities (Mamun et al., 2017).

2. LITERATURE REVIEW

Manila Training Centre is a unit of Anglo-Eastern Ship Management. It is located in the central business district of Makati City with an extension site for additional employees’ self-development courses. Regular structured in-house training activities commenced in early 2007 and then grew steadily to several value-added courses offering varied learning opportunities to our Filipino shore staff employees.

In addition, the training center also caters to third-party training needs, where the training facility and/or courses are offered as per the requirements of the third-party clients. ADD process is the dynamic face set of the quality management system and reflects the quality culture of Manila training and indeed the culture of the shipping company group as demonstrated below:

Analyze and identify the training needs of our seafarers and expectations of our principles and the industry.

Develop these training needs into specific training programs using established educational and training processes. Deliver these training programs using effective pedagogical theories.

Shipping Training Centre commits to providing its students with the highest quality of maritime education and training by:
Advancing the value of learning, skill development, and competency as life-long endeavors,

Importing student-focused, competency-assured training that will satisfy their individual learning needs.

Remaining abreast of emerging technological, industry, and regulatory training requirements and

Adopting developments in education and training methodologies and technological advancements in the training field.

The literature underscores the multifaceted reasons employees might leave organizations in the shipping industry. While competitive salaries remain a primary factor, other elements like work-life balance, career progression, and organizational culture play equally crucial roles. Retention strategies in the shipping industry need to address these concerns holistically, with a mix of financial incentives, professional growth opportunities, and a supportive work environment (Strauss, 2015).

The Philippine Maritime Industry involves one million seafaring professionals, with around 400,000 of them at sea at any given time (Martide, 2021). About 100,000 are employed in the cruise sector, while the rest are deployed on merchant vessels. Altogether, this sector contributes approximately $7 billion to the national economy, representing between 20 to 23 percent of total annual remittances to the country in 2019 (Mccellan, 2018). There are several additional factors to consider in designing an end-to-end solution to this situation. First, is that there are a number of foreign nationals among the officers and crew. They need to be processed separately and placed on flights back to their final destinations. Secondly, there is a need to segregate crew members who have tested negative to prevent further transmission. Both factors would require ship-to-ship and ship-to-shore transfers (Clarksons, 2023). These, in turn, are dependent on the third factor: the vital need for closer cooperation between government and manning agencies in facilitating the testing and clearing process (Romulo, 2020).

Moreover, the maritime industry is no different, and crew retention is a very vast and vital topic for every company that deals with crewing (A.E., 2022; Romulo, 2020). With a short supply of high-performing and qualified seafarers out there, selecting and retaining the right talent becomes a vital part in overcoming this challenge. To achieve this, you not only have to employ the right talent but also work on new and modern strategies to ultimately improve the well-being of seafarers, thus increasing their overall job satisfaction (Wolla and Sullivan, 2017). Implementing proper psychometric assessments, which are substantiated with strong industry-specific research can deliver valuable, hard-to-obtain data. These, in combination with your existing crewing processes, will grant substantial benefits when it comes to all aspects including selecting, training, promoting and retaining the right crew. Proper psychometric assessments deliver valuable answers even before hiring a candidate, providing data about specific skills. This method goes beyond the resume and offers in-depth knowledge about the answers you need to retain quality seafarers and help your organization evolve. Another aspect of securing improved retention rates is via crew promotion. To better improve job satisfaction and personal development, shore staff personnel who exhibit ambition and good performance must be given the opportunity to grow their career with your company (Giles, 2019).

3. METHODS

The researcher conducted their study in Makati City, Metro Manila. Makati City is considered to be the center of financial, commercial, and economic hubs and is home to the Philippine Stock Exchange (PSE) (Marcus, 2022). Moreover, the respondents of this study were a total of 18 employees under probationary period from 3 different shipping companies in Makati City who participated in an interview survey in Makati City (Pino OPW, 2014). Additionally, in this study, the descriptive type of research was used to determine the factors that can be used to investigate the factors affecting employee retention to the services of the shipping companies by using a survey questionnaire and an open-ended with follow-up questions (Paychex, 2017).

4. THE WEIGHTED AVERAGE OR MEAN

The Weighted Average considers the varying degrees of importance of the numbers in data (Anglo, 1974; Chauncey, 2023). To compute multiply the weight of a particular event or indicator with its associated quantitative outcome and then summing all the products.

5. THE DATA ANALYSIS

This section provides the results and discussion of the data gathered in this study. An explanation of the purpose of the research is given by the researcher to conduct the purpose of the study in order to ensure that their opinions and comments are kept confidential and protected (Roderick, 2018). In addition, the researchers also adhered to ethical standards.

Hence, this study aimed to determine the factors affecting employee retention of the services of the shipping companies when it comes to salary, scope of work, and rewards and recognition.

| Table 1: The factors affecting employee retention to the services of the shipping companies when grouped according to their salary monthly. |
|---|---|---|---|
| Respond | F | P | Interpretation |
| Php 15,000-20,000 | 1 | 5.56% | Not Significant |
| Php 21,000-25,000 | 5 | 27.78% | Not Significant |
| Php 26,000-30,000 | 6 | 33.34% | Significant |
| Php 31,000-35,000 | 3 | 16.67% | Not Significant |
| Php 36,000-40,000 | 3 | 16.67% | Not Significant |

| TOTAL | 100% |

Table 1 shows that 3 respondents declare a monthly income of (Php 31,000-35,000) and another 3 respondents (Php 36,000-40,000) are satisfied with their monthly salary. However, 1 respondent who declared Php 15,000-20,000 (5.55%) of their salary costs Php 15,000-20,000 will affect the employee’s retention rate due to the lower salary from the three different shipping companies. In addition, only 5 respondents (27.78%) within the group of Php 21,000-25,000 of monthly salary. These results build on existing evidence that 6 respondents (33.34%) with a monthly income of a total Php 26,000-30,000 proved that having enough salary will retain them to work in the shipping company. Therefore, the highest rating (3.34%) is the most significant to the monthly income of employees because the monthly income of the employees comes from their salary which can provide for their daily needs. Respondents added that if there is no right amount of salary based on their job responsibility, there is also no income for the shore employees.

| Table 2: The factors affecting employee retention to the services of the shipping companies when grouped according to the scope of work of their respective departments. |
|---|---|---|---|
| Respond | F | P | Interpretation |
| Manning | 1 | 5.56% | Not Significant |
| Administration | 5 | 27.78% | Not Significant |
| Treasury | 2 | 11.12% | Not Significant |
| Training | 8 | 44.45% | Significant |
| Technical | 2 | 11.12% | Not Significant |

| TOTAL | 100% |

It can be seen in Table 2 that Manning with 1 respondent voted with a percentage of 5.56% is working within out of scope of their responsibilities anything that falls outside the original agreed-upon boundaries for a project. This includes additional tasks, changes in requirements or deadlines, and anything that is not explicitly mentioned in the original scope. Treasury, 2 respondents with the percentage (11.12%) and 2 Technical (11.12%) have the same perspective when it comes to the scope of work. While the 5 respondents from the Administration (27.78%) have completely explained that their scope of work and the project itself is thoroughly defined. It helps eliminate confusion and nails down specifics. Overall, 8 respondents from the Training Department with a total percentage of (44.45%) prove that their scope of work distributes well and won’t affect their employee retention to the services of the shipping companies when grouped according to the scope of work. Employees from Training also added that a good work distribution strategy allows you to customize what gets done even shuffling things around mid-project without falling behind on any other aspect of the project. That helps everyone stay on track and improves your team’s chances of success.
Table 3: The Factors Affecting Employee Retention To The Services Of The Shipping Companies When Grouped According To Rewards And Recognition.

<table>
<thead>
<tr>
<th>Respond</th>
<th>F</th>
<th>P</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensatory Leave</td>
<td>1</td>
<td>5.56%</td>
<td>Not Significant</td>
</tr>
<tr>
<td>Monetary Bonuses</td>
<td>12</td>
<td>66.67%</td>
<td>Significant</td>
</tr>
<tr>
<td>Incentive Travel</td>
<td>3</td>
<td>16.67%</td>
<td>Not Significant</td>
</tr>
<tr>
<td>Social Recognition</td>
<td>1</td>
<td>5.56%</td>
<td>Not Significant</td>
</tr>
<tr>
<td>Years of service awards</td>
<td>1</td>
<td>5.56%</td>
<td>Not Significant</td>
</tr>
</tbody>
</table>

TOTAL 100%

7. Conclusion

Based on the data and results that have been gathered and analyzed, respondents strongly agreed that the factors affecting employee retention to the services of the shipping companies are salary, scope of work, and rewards and recognition. In conclusion, while financial compensation plays a crucial role in employee retention, it’s also essential to focus on non-monetary aspects such as job satisfaction, professional growth, and recognition. A holistic approach to retention, which combines salary, scope of work, and rewards, will help the shipping company reduce turnover and foster a committed workforce. The researchers also determined that the respondent’s salary is a big factor in each respondent’s source of income, as mentioned in the above results the right amount of salary is the most significant to the monthly income of employees because the monthly income of the employees comes from their salary which can provide for their daily needs. Respondents added that if there is no right amount of salary based on their job responsibility, there is also no income for the shore employees. It also mentioned that rewards and recognition also help to boost their motivation in their daily activities for their work, which can be an additional benefit for the employee. With that, the shipping company will not only have good employee relations, but also good employee retention. The value of a sustainable work environment can be seen in the form of increased productivity, greater transparency, higher trust, and better safety for workers. One of the ways of achieving this is by making use of technology to assess existing work conditions and modifying them as required to meet ergonomic standards.

Recommendation

Salary

Market-Competitive Salaries: Regularly benchmark salaries against industry standards and regional competitors. Ensure that employees are paid at or above the market rate. Consider engaging third-party consultancies to conduct periodic salary surveys.

Performance-Based Increments: Implement an annual performance review system, which focuses on both the individual's achievements and contributions to team goals. Base salary increments on these performance metrics.

Longevity Bonuses: Offer bonuses to employees at milestone years of service (5, 10, 15 years) to incentivize long-term commitment.

Scope of Work

Clear Job Descriptions: Clearly define roles and responsibilities for each position. Regularly update job descriptions in consultation with employees to ensure they remain relevant.

Skill Development: Offer training programs that allow employees to expand their skill set.

Cross-Training Opportunities: Allow employees to spend time in different departments or roles. This not only enhances their skills but also provides variety in their work, increasing job satisfaction.

Empowerment and Autonomy: Give employees the authority to make decisions related to their roles. Empowered employees often feel a stronger connection to their job and the company.

Rewards

Employee of the Month/Year: Introduce recognition programs such as “Employee of the Month” or “Employee of the Year” with both monetary and non-monetary rewards. This can instill a sense of healthy competition and motivate employees to perform at their best.

Team-Based Incentives: Offer bonuses or team outings for teams that exceed their targets or achieve significant milestones.

Special Recognition for Long-Term Service: Recognize employees who have been with the company for long durations. This could be through awards, additional paid leaves, or other incentives that show the company’s appreciation for their loyalty.

Personalized Rewards: Instead of one-size-fits-all bonuses, offer rewards tailored to individual preferences, like family vacation packages, educational courses, or even health and wellness programs.

Open Feedback Loop: Establish a system where employees can provide feedback on the reward system. This ensures that the reward mechanisms stay relevant and motivating.

The following retention strategies are implemented by the companies; One Team, One Goal, and One Conversation. The following promotion motivations to retain their employees are practiced by the company: It is recommended that providing some great perks and a good work environment can help make employees stay.

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