



PEARL

**The reform of Chinese state-owned ship crewing agencies and implications for China's seafaring labour export**

Zhao, Zhiwei; Jepsen, Jørgen Riis; Tang, Lijun

**Published in:**

Maritime Policy & Management

**DOI:**

[10.1080/03088839.2016.1169450](https://doi.org/10.1080/03088839.2016.1169450)

**Publication date:**

2016

**Link:**

[Link to publication in PEARL](#)

**Citation for published version (APA):**

Zhao, Z., Jepsen, J. R., & Tang, L. (2016). The reform of Chinese state-owned ship crewing agencies and implications for China's seafaring labour export. *Maritime Policy & Management*, 43(6), 737-747. <https://doi.org/10.1080/03088839.2016.1169450>

All content in PEARL is protected by copyright law. Author manuscripts are made available in accordance with publisher policies. Wherever possible please cite the published version using the details provided on the item record or document. In the absence of an open licence (e.g. Creative Commons), permissions for further reuse of content should be sought from the publisher or author.

# **The reform of Chinese state-owned ship crewing agencies and implications for China's seafaring labour export<sup>1</sup>**

Zhiwei Zhao, Jørgen Riis Jepsen & Lijun Tang

## **Introduction**

China's economy has experienced dramatic growth in the last 30 years. Since the 1990s, Chinese seafarers were expected to sweep the world's seafarers' labour market. Although China's seafarer labour export has been growing since the 1990s, it is still lower than the expectation of the international shipping industry and some academics (BIMCO/ISF 1995; Li and Wonham 1999; Sharma 2002; Wu 2004; Wu, Shen, and Li 2007).

This article aims to explain the overestimates of the likely progress of China's seafarer export by illustrating the extent of the reform and market orientation of China's state-owned crewing agencies (SCAs). It draws on fieldwork conducted between 2008 and 2013 in two SCAs, which have reformed to different degrees and represent the largest examples of two types of Chinese crewing agencies that dominate the seafarer labour export in China. It systematically examines the employment and labour supply strategies of the agencies and the consequences for seafarers and seafarer labour export. It raises the questions of the government and the higher institutions' interventions in the SCAs and the extent of their reforms in affecting the seafarers and the seafarer labour export.

## **The idea of 'going globally'**

Since the late 1990s, articles in trade papers for the maritime industry have reported that China's seafarer export will increase remarkably (Lloyd's Ship Manager 1999; Lloyd's list, 23 October 2000; 14 March 2008). In the academic field, BIMCO/ISF (1995) estimated that China's seafarer export would increase to more than 89,000 by 2000 to 104,000 by 2005. In 2000 and 2005, however, only 38,164 and 41,260 Chinese seafarers, respectively, worked in the global labour market, representing only 42.8% and 39.7% of the numbers predicted by BIMCO/ISF, respectively. Li and Wonham (1999) evaluated the report of BIMCO/ISF (1995) and argued that BIMCO/ISF had underestimated China's export of its seafarers in the 2000s, and that it could be the alternative to the Philippines as the largest supplier of global seafaring labour (1999, 299).

---

<sup>1</sup> To cite this article: Zhiwei Zhao, Jørgen Riis Jepsen & Lijun Tang (2016) The reform of Chinese state-owned ship crewing agencies and implications for China's seafaring labour export, *Maritime Policy & Management*, 43:6, 737-747.

Sharma (2002) predicted that China would emerge as the new leader of the global seafaring labour market after evaluating the advantages and drawbacks of China in seafarer export. Wu et al. argued for the substantial increase of China's seafarer export by considering two aspects. On the one hand, they deemed that the emergence of the hundreds of crewing agencies in the market opens new channels for Chinese seafarers to work onboard foreign ships (Wu, Shen, and Li 2007). On the other hand, consequent to China's economic reform, the planned employment system in the planned economy period was destroyed, and consequently, seafarers will flood the world's seafarer labour market due to the attractiveness of working in foreign shipping companies, such as better payment (Wu 2004; Wu, Lai, and Cheng 2006; Wu, Shen, and Li 2007).

However, China has been ranked the 4th/5th largest country in terms of maritime manpower supply in the world since the 2000s. Still, China's seafarer supply represented around one-fourth/ fifth of the seafarer export of the Philippines in both the 1990s and the 2000s (Bao and Liu 2008; POEA 2007a, 2007b). In 2013, the Philippines exported 367,166 seafarers, more than three times higher than 119,316 seafarers that China supplied (MSA 2014; POEA 2015).

In contrast to this overestimation, few researchers inclined to a cautious analysis of Chinese seafarer export. Shen et al. (2005) and Zhao (2000, 2002) discuss the reform of China's seafarer labour market and analyse potential constraints for the development of seafarer export, such as the development of the social security system, the English-speaking ability of Chinese seafarers and the dynamics of the world seafarers' labour market. The authors conclude that, in light of the problems, there is no simple answer when considering the nature of Chinese seafarers on the world market.

Whatever the assumptions and expectations, the leading recent literature on the Chinese seafarer export is marked by an important omission: it makes scant use of systematic evidence from Chinese workers and managers themselves to examine the extent of market orientation of crewing agencies or their capacity to man foreign ships. Despite these works' considerable merits, the question of how Chinese ship crewing agencies have reformed the organization and how seafarers regard the management of their crewing agencies is neglected. In short, some studies have focused on the Chinese seafarer labour export, but to the neglect of how these crewing agencies operate and to what extent the crewing agencies have reformed into market-oriented economic entities that play a central role in this.

This gives rise to a number of elementary questions: To what extent the SCAs can decide their business? To what extent managers are actively involved into reforming management in order to improve its market efficiency? What specific management methods are applied by the crewing

agencies? And what are the consequent impacts on seafarers and on foreign manning business? Answering these questions may contribute to the understanding of the overestimates of the likely progress of China's seafarer export.

Given the lack of systematic evidence in the literature on these and related questions, the article seeks to explore the questions with the help of 86 semi-structured and in-depth interviews conducted between 2008 and 2013 in two Chinese SCAs (hereinafter referred to as SA and IA; for more details please refer to Tables 1 and 2). The crewing agencies in the case studies have reformed to different degrees with respect to the precise details of dependence on higher institutions and state, market relations (domestic and foreign) and management. They represent the largest examples of two types of Chinese crewing agencies that dominate the seafarer labour export. The study of the agencies allows an evaluation of the operations of the most important players in the Chinese seafaring labour market.

Before looking at the case studies, the article provides a macro social and economic back-ground by introducing the reform of Chinese economy, seafarer labour market and ship crewing agencies.

Table 1. Interviews conducted between 2008 And 2013.

Years	2008 and 2011	2012–2013
Interviews taken in SA	11 interviews with managers and 23 with seafarers	4 interviews with managers and 3 with seafarers
Interviews taken in IA	11 interviews with managers and 27 with seafarers	4 interviews with managers and 3 with seafarers
Number of interviews in total	72 interviews	14 interviews
Identity and post of interviewees in SA	Director, the Chair of the Trade Union, the Training manager, the Human Resource Management (HRM) manager, the Manning manager, the Vice Director of the Head Office and the Director of the parent shipping company (PSC); Seafarers of all ranks	
Identity and post of interviewees in IA	Director, the HRM manager, the Manning manager, the Chair of the trade union, the Business manager and the Training manager; Seafarers of all ranks	
A majority of the interviews lasted at least 1 h and was voice-recorded.		

Table 2. Basic Information about IA and SA.

Company name	IA	SA
Category	ISCA	SSCA
Year established	1985	1995
Main client	Foreign shipping companies	
The number of ships manned in total in 2013	32	43
The number of foreign ships manned in 2013	32	9
The number of staff in 2013	20	58
The number of regularly employed seafarers in 2013	722	3380
The ranks of seafarers	Mainly officer seafarers	All ranks
The number of freelance seafarers employed in 2013	387	0

## China's economic reform, seafarer labour market reform and ship crewing agencies

Before the economic reform in 1979, all political and economic activities in China were strictly planned and directly controlled by the Chinese government. Chinese enterprises were all state-owned. In 1979, the economic reform was introduced in China in order to improve the economy.

Power decentralization from the government and authority acquisition of the enterprises were the main focus of the enterprise reform. With the implementation of key reform measures, most of the state-owned enterprises (SOEs) were no longer supported by the government in theory, but supposed to operate independently and to be responsible for its profits and losses. Small and medium SOEs that could not survive the market competition were allowed to be merged/ purchased by private-owned enterprises and foreign-invested enterprises. To establish a modern market system, the Chinese government at different levels published various preferential policies to attract investments from the private and foreign sectors. The non-state companies, making their appearance in the late 1980s in China, have grown rapidly since the 1990s. They contributed tremendously to the growth of China's economy (Garnaut et al. 2012).

The emergence and development of Chinese seafaring labour market was the result of the economic reform. Before 1979, there was no labour market in China, as all workers were assigned by the government to certain work units (danwei) according to the government's plan. Since the 1990s, the evolution of the Chinese seafaring labour market has been pushed forward by several main forces. First, as a result of the economic reform the central government replaced the planned workers' assignment mechanism with a free, two-way selection system between employees and employers. Second, the reform of shipping companies, especially the emergence and development of private-owned and foreign-invested companies, caused a huge demand on seafaring labour employed on fixed-term contracts. Third, the implementation of the Labour Law in 1995 enabled SOEs that possessed most of the seafaring labour to fire workers, and to 'liberalize' Chinese workers from traditional lifelong employment status to employment based on fixed-term contracts (Shen et al. 2005).

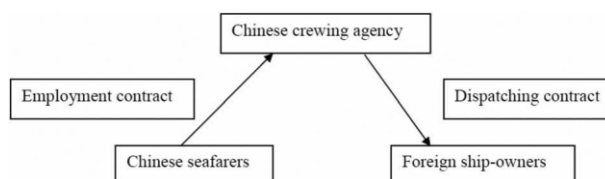


Figure 1. The contract relationships in the foreign manning process.

Based on these main forces, hundreds of crewing agencies were set up to allocate labour resources to meet the demands of shipping companies. With the opening of a global seafaring labour market to China, Chinese seafarers can in principle work onboard foreign ships. According to the Labour Laws of 1995 and the New Labour Contract Law of 2008, Chinese workers working overseas are not allowed to be directly employed by foreign employers. This regulation aims to protect China's shipping companies from foreign competition for labour resources.

Chinese crewing agencies granted foreign manning qualifications serve to facilitate the participation of Chinese seafarers in the global labour market. In the manning process, different sorts of contractual relations are involved (Figure 1). Seafarers first sign an employment contract with a Chinese crewing agency which consequently becomes the buyer of the seafarers' labour power and decides all employment issues, e.g. wages, working hours, holidays, etc. Chinese seafarers rely directly on the agencies for employment. The crewing agency then signs a dispatching contract with the foreign ship owner as the user of the seafarers' labour, paying the agencies for the labour. Chinese seafarers have no way to get in touch with foreign ship owners or to read this dispatching contract. They know nothing about the contents of the contract. Because of such an employment mechanism in China, despite various policies to reform the labour market since the 1980s (Tang, Llangco, and Zhao 2015), including the policy enacted on 1 March 2015 that enables individuals to apply for the seafarer licenses directly instead of through an agency, Chinese seafarers are still unable to freely choose their foreign employers and it is the crewing agencies that completely control seafarers' working opportunities onboard foreign ships in China.

Of Chinese crewing agencies, SCAs have dominated the foreign manning business in China due to the supports of the government, such as granting foreign manning qualifications and financial subsidies. It was reported that:

Between 1979 and 1998, COSCOMAN [COSCO's Manning Agency] employed 150,000 Chinese seafarers for foreign ship owners and operators, enjoying the lion's share of the market (60%). MASES [a crewing agency owned by China Shipping] follows with a total supply of 40,000 seafarers during its ten years of business between 1988 and 1998, taking a market share of 16% (Zhao 2000, 4).

Until the twenty-first century, the dominant position of the SCAs was still evident. At the end of 2006, for instance, China dispatched 39,300 seafarers in total out of which the large SCAs dispatched more than 70%. In 2012, the large SCAs took a market share of around 65%, which in 2013 increased to 68% (interview with an MSA officer, 23 July 2013). The rest were manned

mainly by small SCAs. Private-owned crewing agencies played only a minor role. So far only one foreign invested crewing agency established itself in China, therefore contributing minimally (MSA 2014).

To see further reasons why Chinese seafarers have not yet swept the world's seafarers' labour market, this article focuses on the operation of the SCAs that dominate the business in China.

## **Two types of SCAs in China and the two agencies in the case studies**

SCAs in China can be roughly divided into two types. One is an independent SCA (ISCA), which is not affiliated to any shipping company. The other is a subsidiary crewing agency of a state-owned shipping company (known, for short, as subsidiary SCA (SSCA)).

ISCAs are established by the Chinese government at several levels. With political support of the government they have been granted foreign manning qualifications since their emergence at the beginning of the 1980s. In addition, ISCAs employ a number of registered seafarers, the vast majority of whom are officers, signing fixed-term contract with the agencies (5–8 years). Ratings are temporarily employed because freelance ratings in China are redundant and thereby, easy to find and cheap to use.

The ISCA in the case study (hereinafter referred to as Independent Agency (IA)) was set up in the autumn of 1985 by the municipal government. IA has cooperated with foreign shipping companies since its establishment. It is one of the crewing agencies with the longest history and also one of the most influential agencies in China. IA is not affiliated to any shipping company, but is supposed to operate independently, being responsible for its profits and losses.

SSCA is another type of SCA in China. Unlike ISCAs, which are established by the government, SSCAs are set up by state-owned shipping companies through the reform of 'separating the management of the seafaring labour resource from the management of ships' (ren chuan fenli), proposed by the Chinese central government in the 1990s. The goal of setting up SSCAs was to improve the professionalism of seafaring labour management, thus providing more job opportunities and improving shipping companies' profits by reducing labour costs. SSCAs were granted foreign manning qualifications in the late 1990s with the support of their parent shipping companies (PSCs) and the Chinese government. In order to improve social stability many SSCAs employ a large number of officer seafarers and also ratings who are surplus to requirements elsewhere in the company.

The SSCA in the case study (hereinafter referred to as Subsidiary Agency (SA)), registered in 1995, is a constituent part of what has been the largest operator in the entire Chinese shipping industry. It is a subsidiary crewing

agency of its local branch shipping company (Figure 2). Before registry, SA was the Seafarers' Resource Administration Department of its PSC, responsible for manning the ships of the company and operating a manning business with other foreign shipping companies.

The two SCAs that are looked at in the case studies represent the largest examples of the two types of Chinese crewing agencies that dominate the seafarer labour export. The case studies of them allow us to see the operations of the most active and important players in the Chinese seafaring labour market. The article will first examine the constraints under which the Chinese SCAs operated, then look at the supports of the higher institutions and the implications for foreign manning business.

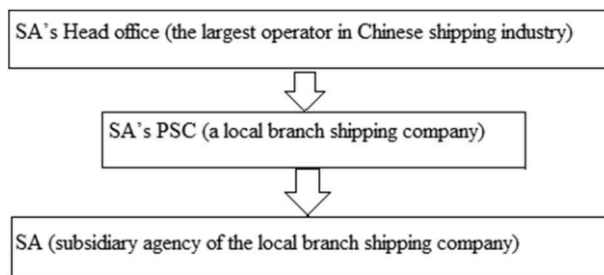


Figure 2. The structure of the relationship between SA and its PSC and head office.

### **The control of the higher institutions**

Despite registration as an independent company, SA had little autonomy regarding business operations. SA's clients and business cooperation details had to be approved by the PSC before starting the cooperation. PSC defined the foremost task of SA as to offer the best manning services to the PSC's ships, rather than enlarging the foreign manning business. The PSC enjoyed priority in selecting and employing high-quality seafarers.

To maintain a high employment rate, the local government restricted SA on sacking surplus labour (for the surplus rates, please refer to Table 3), a vast majority of whom were ratings according to the Human Resource Management (HRM) manager. The Vice Director of the head office explained the reasons for employing surplus labour as follows:

We need to maintain the stability of society by increasing employment opportunities. If surplus workers were fired, the society would not be stable and the director of the PSC would be fired. It is the Party that leads the company. If you do so [fire the surplus workers], the leaders



from the head office will instantly crack down on you. . .so you cannot ask SA to be market-oriented.

Concerning the specific HR management strategies, e.g. manning and promotion strategies, and material support of seafarers etc., SA was also under the strict control of the PSC. Consequently, SA could not be flexible in adjusting the management strategies according to changes in the labour market. Take the management of seafarers' material support for example. The gross input for the material support of seafarers and managers in SA was regulated by the head office of the PSC. When the wages of officer seafarers in the Chinese labour market increased rapidly in the mid-2000s, the wages of officer seafarers in SA did not increase much. The director of the PSC explained: 'We cannot improve the wages of seafarers according to the situation in the labour market because the input for the wages is controlled by the head office'.

In contrast to the low wages of officer seafarers in SA, the ratings in SA received much higher wages than market rates as a result of the requirement of the head office. In Chinese seafarer labour market freelance ratings were redundant, doing manual work for low wages; they are excluded from the trade unions and easily exploited (Han 2008; Huang and Ning 2008). Providing ratings with high wages, permanent contracts and social insurance at the highest standard violated the usual practice in the labour market. The HRM manager explained the high material support for ratings as follows:

Over 70% of the registered ratings are over 45 years old. We need to take care of the elder comrades. It is the tradition of SOE that the working-class is the "elder brother"<sup>2</sup>. Therefore, although the wages of the ratings outside the state-owned enterprise are low, we still take care of our ratings, providing them with good wages and welfare. After all, we are all the working class.

The ratings in SA were very satisfied with their material support. A rating said: 'Ratings are happy with the earnings in this company. It is higher than those in other shipping companies or crewing agencies. . . I have never heard of any rating resigning from SA'. However, some officer seafarers complained such management and thought it was very unreasonable. A chief officer said:

The wages of ratings in SA are high. This violates the rule in the labour market. We officer seafarers should have been given higher wages because there is a shortage of us in the market and we need much longer training and face much greater costs than ratings. . . But now officer seafarers' wages in SA are lower than the rates in the domestic market. But ratings' wages are higher. . . This is very unreasonable.

Table 3. The surplus rates of seafarers in some years.

Year	Number of manned ships	Demand of seafarers <sup>1</sup>	Number of seafarers on the books	Surplus rate %
1982	17	612	1619	62
1995	47	1692	3082	45
2006	62	2232	3003	25.7
2013	43	1548	3380	45.8

Due to low wages, many officer seafarers who are able to find jobs of higher wages left the agency. SA suffered from a loss of high-quality seafarers, which resulted in the shrinking of the number of foreign ships manned by SA, from 24 in 2006 to 9 in 2013. It's profit in 2013 decreased by 65% of the profit in 2006.

Such control and intervention were not only restricted to SA. Although IA is not affiliated to any shipping company, but is supposed to operate independently and to be responsible for its profits and losses, interventions from its higher institutions can still be seen from the case study.

When IA was set up in 1985 by the municipal government, the Deputy Mayor of the city at that time was elected as the first chairman. In accordance with the orders of the local government, IA merged with a SOE (afterwards became IA's head office) in 1991. Although IA still operated its business independently, the management of IA was supervised by the head office for the local government. Some of the agency's major issues, such as the appointment of the director, the distribution of the profits, and the year-end bonus of the senior and junior managers, were controlled by the head office.

Regarding the distribution of the profits, the head office required IA to manage its own costs, including the seafarers' and managers' wages (which are set by the head office). In addition, IA must handover almost all net profits, which cannot be lower than a certain amount set by the head office annually. To accomplish this task, IA was unable to pay officer seafarers' competitive wages. When talking about the wage of the officers in IA, the managers seemed rather helpless. The Manning manager said: 'The wage of our officers is not high: it is equal to or lower than the average rate in the domestic market'. The Director of IA said:

We also want to increase seafarers' wages. However, the head office will not allow this. If we were to give more money to seafarers, the agency's profits would fall. In this case, how can we reach the required standard [set up by the head office]? In fact, the managers of the head office do not consider the condition of the labour market or adjust the requirements accordingly. . . the head office does not allow us to become independent, as it would lose the profit that we submit. So we are stuck here.

The discussion suggests that IA was not really independent in terms of the control that it had over its profits. The independence of IA was still quite circumscribed by the relationship with the head office. Such control resulted in the low wages of seafarers and a mass of officers leaving the agency and ultimately, the stagnation of seafaring labour export. The number of foreign ships manned by IA in 2008 and 2013 was 37 and 32, respectively.

In addition to the controls and inventions, the case studies showed that SCAs received various kinds of supports from their higher institutions, which, however, resulted in managers being reluctant to carry out any reforms. This was particularly evident when looking at the case of SA.

### **The support of higher institutions**

Despite being registered as an independent company, SA still acted like an internal department of the PSC. All costs of the agency, such as material support of the managers and seafarers, their training costs and even the funding of Trade Union, were afforded by the PSC. Unlike IA, when SA made losses, the PSC compensated for it. Depending on the PSC, SA did not have to be responsible for its profits and losses. The director of the PSC explained the relationship between the PSC and SA:

The agency was registered as a company by the PSC, which means one of our departments is qualified to do business with other companies. To other companies, the agency is a company; but for the PSC, it is our department, as everything of the agency is from us.

With such support, managers in SA were not pressured to carry out any reforms. While ignoring reforms or gaining a low profit will not bring the managers problems, implementing reforms could be complicated and risky and cause trouble to managers. The president of the TU explained this in the following way:

Everyone knows the problems of the management but no one talks about it. The reason is like this: if nobody changes the management, when problems occur, no one will be blamed. This is because the problems have existed for 20 years, and have not been caused by any of the current managers. But if anyone reformed any strategy, he would take the full responsibility and be blamed for any consequences. Therefore, it is safer to keep the current strategies rather than reform them.

Consequently, the managers would rather choose to stay safe than implement a potentially risky reform that might damage their personal

interests. This in turn caused the management strategies in SA lacked a market orientation in keeping with the economic reform.

### **Lack of reform of management strategies in SA**

The manning management was based on the 'fixed ship, fixed crew' (FSFC) policy, which can be traced back to the beginning of the 1990s. The policy requires seafarers assigned onboard a ship to work there consistently until they get promoted. Without a systematic method of manning, seafarers who were not linked to any ships got few working opportunities from SA. A HRM manager said: 'In the agency, a group of seafarers are so tired because they are always called to work onboard ship, while the rest have no opportunity at all'.

The lack of reform of management of seafarers' promotion resulted in slow promotion of seafarers. The regulations implemented in 1991 require captains and manning managers to take full responsibility for any mistakes onboard ships. Since newly promoted seafarers lacked experience in their new position, captains and manning managers did not act positively in seafarers' promotion in order to avoid potential consequences and punishment. The manning manager said:

If there is an accident, the director of the PSC or the Head Office will first ask the manning manager whether the dispatched seafarers have worked in the position before or whether the seafarers have adequate experience. If not, the leaders will ask the managers why they dispatched those new, inexperienced seafarers. There have been some bad examples when manning manager have faced negative consequences because they dispatched newly promoted seafarers. We have now learned to avoid these mistakes. This is the problem with the institutional system. Under this system, seafarers cannot be promoted in time, as it is delayed.

Concerning management of seafarers' training, managers and seafarers complained that training opportunities were not systematically planned or distributed among seafarers. As a result, some seafarers were trained repeatedly in SA while others hardly got any training. The President of TU commented on the management of training:

When there is a training opportunity, in many cases, it is the manning managers who look for training candidates, not based on any training schedule but randomly. . . Because of the lack of any plan, some seafarers undertake the same training several times, while others are not trained at all.

A rating said:

Sometimes, when I am on leave, the manning manager calls me to take some training. I had already done those modules several times and I don't want to do them again. But considering my relationship with the manning manager and considering that he consistently gives me good working opportunities, I cannot refuse him. So I take the lessons.

The low quality of training was also complained about by interviewed officers. A second engineer said:

The quality of teachers in the training school is generally low. Some of them were once seafarers, but they have not worked onboard ships for many years. They are still talking about old knowledge from old books in spite of the fast development of the shipping market.

The analysis shows that the reform of the management strategies was limited in SA. Seafarers experienced slow promotion, limited working opportunities and poor quality of training. This contributed to the loss of high-quality seafarers and hence limited the increase of seafarer export.

## **Conclusion**

After 30 years' economic reform, the volume of Chinese seafarer export is much lower than expected by the international shipping industry and some foreign academia (Li and Wonham 1999; Sharma 2002; Wu 2004; Wu, Shen, and Li 2007). Though the previous researches mentioned some obstacles to China's seafarer export, they took it for granted that the problems would be solved naturally with the deepening of the economic reform, without discussing the complexity of the problems. They also assumed that the emergence of hundreds of crewing agencies in China meant the improvement of seafarer labour export, without any research looking beneath the quantitative data to examine the operation of the crewing agencies or their capacity to man foreign ships.

A few western social scientists have looked into the reform of Chinese SOEs of land-based industries. They argued that, despite the dramatic growth of the Chinese economy, the reform of China's SOEs was still limited in terms of managerial autonomy due to the government restrictions (Bodmer 2002; Gu 2001; Ho and Young 2013; Yueh 2004; Zhang and Rasiah 2014), government's support of the SOEs (Lewis 2003; Taylor 2005; Hung, Wong, and Zhang 2012; Wei, Clegg, and Ma 2015) and the maintenance of the traditional administrative ties within the SOE system, which gave parent companies strict control over their subsidiaries (Cui and Jiang 2012; Hassard et al. 2006).

However, it has never been considered in shipping industry to what extent the SCAs that play a major role in Chinese foreign manning business have

reformed into market-oriented enterprises. This article examines this question. It draws on 86 interviews conducted between 2008 and 2013 in two SCAs, which represent the largest examples of two types of Chinese crewing agencies dominating the seafarer labour export. The evidence is limited in various ways. Obviously, it comes from just two SCAs and only a limited number of managers and seafarers were inter-viewed. Bearing these limitations in mind, it is however possible to use this research to explore certain questions that are rarely discussed in researches regarding the government and the higher institutions' interventions in the SCAs and the extent of their reforms in affecting the seafarers and the seafarer labour export.

With regard to SA, although it was registered as an independent enterprise, it received various forms of support and constraints from the PSC and governmental departments. SA had little autonomy regarding business operations, had to employ surplus seafarers and could not be flexible in adjusting the management strategies according to changes in the labour market. In addition, depending on the shipping company's support, SA was not entirely responsible for the economic success of its business performance. Consequently managers did not need to worry unduly about their own job security or reforming the organization. This in turn caused an inadequate market orientation in relation to its management strategies. A number of problems arose as a result, such as limited working opportunities, low-quality training and slow promotion. Because of the problems, many seafarers left the agency, which contributed to the shortfall of high-quality seafarers in SA, and resulted in the decline of the foreign manning business.

Even if a SCA was independent of a shipping company and responsible for its profits and losses, its operation was still constrained by the intervention from higher levels. IA as seen in the analysis was unable to pay officers competitive market wages due to head officer's requirement on the profits that IA has to submit. Consequently, some officers resigned due to the low wages and IA faced a shortage of seafarers. This constrained the volume of the seafarer labour export.

So far, there has been only one foreign-invested crewing agency in China. Private-owned crewing agencies develop on a small scale due to the lack of support of government. In contrast, the SCAs dominate the foreign manning business. However, the case studies of SA and IA, two of the most influential foreign manning agencies in China, demonstrate that the SCAs may not be as reformed or market-oriented as assumed (Li and Wonham 1999; Sharma 2002; Wu 2004; Wu, Shen, and Li 2007). Looking at the development of the different types of crewing agencies in the Chinese seafarer labour market, it seems that the market is still heavily government-controlled. This partly explains the limited rate of increase of China's seafarer export.

Therefore, to improve the market competition for foreign manning business and the market orientation of the Chinese SCAs, it may be important for the state to relax its control over the Chinese seafarer labour market, especially by granting more autonomy and responsibility to the crewing agencies to enable managers to act more adequately. This research suggests that some of them are prepared for such transition if allowed. However, whether this is a good thing from the standpoint of the Chinese shipping industry and Chinese economy is another question.

## Notes

1. With 24 seafarers onboard each ship and a backup rate of 1.5, demand of seafarers equals to (number of manned ships) \* 24 \* 1.5
2. In the planned economy, workers were the 'working class' and the 'masters of enterprises and the state'. Guided by this socialist ideology, workers were treated well and also as equally as possible, no matter of their skills or capability. Concerning seafaring industry, there was no big difference in the wages of seafarers of different ranks. For instance, in 1988 a Captains' wage was around 110–150 USD per month, while ratings could earn almost 90 USD.

## References

- Bao, J., and Z. Liu. 2008. "Seafarers' Education and Training System in China". Paper presented at the Shenzhen International Maritime Forum, Shenzhen, April 1.
- BIMCO/ISF 1995. *The Worldwide Demand for and Supply of Seafarers Manpower Update: Main Report*. The University of Warwick Institute for Employment Research. Warwick: The University of Warwick.
- Bodmer, F. 2002. "The Effect of Reforms on Employment Flexibility in Chinese SOEs, 1980–94." *The Economics of Transition* 10 (3): 637–658. doi:10.1111/ecot.2002.10.issue-3.
- Cui, L., and F. Jiang. 2012. "State Ownership Effect on Firms' FDI Ownership Decisions under Institutional Pressure: A Study of Chinese Outward-Investing Firms." *Journal of International Business Studies* 43: 264–284. doi:10.1057/jibs.2012.1.
- Garnaut, R., L. Song, Y. Yao, and X. Wang. 2012. *Private Enterprise in China*. Australia: ANUE Press.
- Gu, E. X. 2001. "Beyond the Property Rights Approach: Welfare Policy and the Reform of State-Owned Enterprises in China." *Development and Change* 32 (1): 129–150. doi:10.1111/dech.2001.32.issue-1.

- Han, J. 2008. "Providing Personnel Security for the Sustainable Development of China's Shipping Industry." Paper presented at the Shenzhen International Maritime Forum, Shenzhen, April 1.
- Hassard, J., J. Morris, J. Sheehan, and Y. Xiao. 2006. "Downsizing the Danwei: Chinese State-Enterprise Reform and the Surplus Labour Question." *The International Journal of Human Resource Management* 17 (8): 1441–1455. doi:10.1080/09585190600804648.
- Ho, D., and A. Young. 2013. "China's Experience in Reforming Its State-Owned Enterprises: Something New, Something Old and Something Chinese?" *International Journal of Economy, Management and Social Sciences* 2 (4): 84–90.
- Huang, Z., and W. Ning. 2008. "Study on the Necessity of Publishing Standard Contract and Auditing Regulations for Chinese Seafarers Working Onboard Foreign Ships." Paper presented at the Shenzhen International Maritime Forum, Shenzhen, April 1.
- Hung, M., T. Wong, and T. Zhang. 2012. "Political Considerations in the Decision of Chinese Soes to List in Hong Kong." *Journal of Accounting and Economics* 53 (1–2): 435–449. doi:10.1016/j.jacceco.2011.10.001.
- Lewis, P. 2003. "New China-Old Ways?" *Employee Relations* 25 (1): 42–60. doi:10.1108/01425450310453517.
- Li, K. X., and J. Wonham. 1999. "Who Mans the World Fleet? A Follow-Up to the BIMCO/ISF Manpower Survey." *Maritime Policy & Management* 26 (3): 295–303. doi:10.1080/030888399286907.
- MSA (Maritime Safety Administration). 2014. "Statistical Information of Seafarers." [http://www.msa.gov.cn/Notice/ Notice/954cfa3d-3fc2-4f1b-9b06-b78d194b59d5](http://www.msa.gov.cn/Notice/Notice/954cfa3d-3fc2-4f1b-9b06-b78d194b59d5).
- POEA (Philippine Overseas Employment Administration). 2007a. *Compendium of OFW Statistics 2006*. Available at: *Compendium of OFW Statistics 2006*. <http://www.poea.gov.ph/stats/2006Stats.pdf>.
- POEA (Philippine Overseas Employment Administration). 2007b. "Deployed Landbased and Seabased Workers 1984–2002." [http://www.poea.gov.ph/docs/Deployment%20Summary%20\(LB\\_SB\)%201984%20to%202002.xls](http://www.poea.gov.ph/docs/Deployment%20Summary%20(LB_SB)%201984%20to%202002.xls).
- POEA (Philippine Overseas Employment Administration). 2015. "Deployment Statistics 2013." [http://www.poea.gov.ph/stats/2013\\_stats.pdf](http://www.poea.gov.ph/stats/2013_stats.pdf).
- Sharma, K. K. 2002. "The Sea-Going Labour Market in the People's Republic of China and Its Future." In *Shipping in China*, edited by T. W. Lee. London: Ashgate Publishing Limited.
- Shen, G., M. Zhao, L. Li, and J. Song. 2005. *Chinese Seafarer*. Shanghai: Shanghai University Press.
- Tang, L., M. O. S. Llangco, and Z. Zhao. 2015. "Transformations and Continuities of Issues Related to Chinese Participation in the Global



- Seafarers' Labour Market." *Maritime Policy and Management* 2015: 1–12. doi:10.1080/03088839.2015.1043751.
- Taylor, R. 2005. "China's Human Resource Management Strategies: The Role of Enterprise and Government." *Asian Business & Management* 4 (1): 5–21. doi:10.1057/palgrave.abm.9200116.
- Wei, T., J. Clegg, and L. Ma. 2015. "The Conscious and Unconscious Facilitating Role of the Chinese Government in Shaping the Internationalization of Chinese MNCs." *International Business Review* 24 (2): 331–343. doi:10.1016/j.ibusrev.2014.08.008.
- Wu, B. 2004. "Participation in the Global Labour Market: Experience and Responses of Chinese Seafarers." *Maritime Policy & Management* 31 (1): 69–82. doi:10.1080/0308883032000168992.
- Wu, B., K.-H. Lai, and T. E. Cheng. 2006. "Emergence of 'New Professionalism' among Chinese Seafarers: Empirical Evidence and Policy Implications." *Maritime Policy & Management* 33 (1): 35–48. doi:10.1080/03088830500513246.
- Wu, B., G. Shen, and L. Li. 2007. *The Transformation of the Chinese Labour Market for Seafarers*. SIRC: Cardiff University. ISBN: 1-900174-33-2
- Yueh, L. Y. 2004. "Wage Reforms in China during the 1990s." *Asian Economic Journal* 18 (2): 149–164. doi:10.1111/asej.2004.18.issue-2.
- Zhang, M., and R. Rasiah. 2014. "Institutional Change and State-Owned Enterprises in China's Urban Housing Market." *Habitat International* 41: 58–68. doi:10.1016/j.habitatint.2013.06.010.
- Zhao, M. 2000. "Chinese Seafarers: Value for Money or Cheap Labour?" <http://www.sirc.cf.ac.uk/uploads/publications/ChinSea.pdf>
- Zhao, M. 2002. "The Consequences of China's Socialist Market Economy for Seafarers." *Work, Employment & Society* 16 (1): 171–183. doi:10.1177/09500170222119191.