

# Inter-Connected Roles of the Ship, Seafarers and Ship Management Company

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## Abstract

*The activity of shipping plays a strategic key role for the development of international trade. A remarkable increase in the seaborne international trade would not have been possible without the important role of the ship and of the seafarers, both perceived as basic elements for developing an efficient ship management. Ship management in general and in particular the third-party ship management contributes to restructuring shipping business. This paper emphasizes the inter-connected role between ship, seafarers and the ship management company for the wealth of the shipping business.*

**Key words:** seafarer, shipping, employee, navigation, international trade

**J.E.L. classification:** R41, R49, O15

## 1. Introduction

The seas and oceans represent a huge potential for commercial activities. The fact that oceans and seas (as well as rivers, waterways and estuaries) matter for sustainable development is undeniable. Two thirds of the Earth's surface is covered by water. Without oceanic and sea routes, globalisation as we know it would not have been possible (UNCTAD, 2014, p.1 and 13).

Water transport is cheaper and less polluting than road transport than rail transport and even do not require large expenditures with investment in infrastructure such as roads or elements of railways and the most efficient solution is to transport large quantities of goods. As a result, maritime transport has experienced rapid growth and diversification over time. With increasing global tonnage diversified, specialized and perfected types of vessels, facilitating job board and an enhanced safety for cargo and crew. The introduction of automation on board led to a series of changes, both in terms of crew size and the organization and conduct of work.

According to A. Branch, ship management is “a many-faceted exercise designed to produce the best results from the resources invested and to take advantage of the opportunities that present themselves” (Branch, 1982, p.129). In 1957 the first third-party ship management contract was signed between a shipowner and a professional ship management company and since then, third party ship management business evolved into an industry in its own right (Mitroussi, 2004, pp.31-45). G. Sletmo even considers ship management as the fourth wave of maritime transport (Sletmo, 1989, pp.293-303).

Ship management requires a thorough organization of activities which mainly reflect the ongoing performance of transport like eliminating idle time reduction of loading / unloading, repair, parking, analytical records of revenues and expenses of any kind from ships so as to avoid wasteful expenditures, implementation of economic activities planned for each voyage and permanent economic analysis of future supplies and of human resources necessary (crew and onshore employees) for ship operation.

## 2. The role of the ship for international trade

At the beginning of the year 2015, the world's commercial fleet, in total, consisted of 89,464 vessels, with a total tonnage of 1.75 billion dwt (UNCTAD, 2015, p.x). The figures reflect a huge development in international seaborne trade and in shipping. Below is represented in Table 1 a comparison between international seaborne trade in millions of tons loaded, between the years 1970 and 2014. For oil and gas cargo, the loaded quantity doubled in the period of 44 years, while for main bulks, like ore, coal and grain, the loaded quantity was multiplied 6 times. In the case of other dry cargo, the loaded quantity increased more than 5 times. The total value of all cargoes loaded increased approximately 4 times, in less than half a century. This information suggests that international seaborne trade has a continuously increase and a seafaring is a key element for the international trade.

*Table 1. Developments in international seaborne trade, selected years (millions of tons loaded).*

Year	Oil and gas	Main bulks*	Other dry cargo	Total (all cargoes)
1970	1 440	448	717	2 605
1980	1 871	608	1 225	3 704
1990	1 755	988	1 265	4 008
2000	2 163	1 295	2 526	5 984
2005	2 422	1 709	2 978	7 109
2006	2 698	1 814	3 188	7 700
2007	2 747	1 953	3 334	8 034
2008	2 742	2 065	3 422	8 229
2009	2 642	2 085	3 131	7 858
2010	2 772	2 335	3 302	8 409
2011	2 794	2 486	3 505	8 784
2012	2 841	2 742	3 614	9 197
2013	2 829	2 923	3 762	9 514
2014	2 826	3 112	3 903	9 842

Sources: UNCTAD secretariat, based on data supplied by reporting countries and as published on the relevant government and port industry websites, and by specialist sources. Data for 2006 onwards have been revised and updated to reflect improved reporting, including more recent figures and better information regarding the breakdown by cargo type. Figures for 2014 are estimated based on preliminary data or on the last year for which data were available.

\* Iron ore, grain, coal, bauxite/alumina and phosphate rock; the data for 2006 onwards are based on various issues of the *Dry Bulk Trade Outlook*, produced by Clarksons Research.

Source: UNCTAD, *Review of maritime transport 2015*.

Such remarkable increase would not be possible to meet unless an emphasized focus had been placed on the ship and on the seafarers, both perceived as key elements for developing an efficient ship management.

## 3. The role of the ship for the ship manager

The ship is considered the basic economic unit in shipping and in ship management, because it is the main means of transport that performs direct operations, loading / unloading freight and other related operations. While performing these operations directly, the ship is the basic mean of acquiring income in the shipping process (revenue from freight) while, in the same time, spending it (by despatch and expenses charges, demurrage, penalties etc.)

The shipping industry can be divided easily into various interest groups: seafarers, shipowners, shipbuilders, bankers, brokers etc. Each of these groups has its own distinct interest to see private sector interests, which are often influenced by individual interests of another group. For example, the vessel owner sees as a tool for profit, which depends on the efficiency of the conduct for which the tool was designed by shipbuilders. The technical ship management function is critical for maintaining a profitable and well respected shipping venture. Ship managers control or influence a large part of shipping expenses affecting the quality of charters, the quality of crew, the quality of suppliers and the owner's reputation, which in turn, affects the cost of capital (Wallace, 2016).

For banking institutions, profit is directly dependent on how quickly and how effectively ship owners negotiate conducting voyages. However, both the owner and the banking institution are aware that market fluctuations can cause large-scale changes in the rate of profit-loss per voyage.

#### **4. The role of the ship for the seafarers**

The seafarer sees the ship in a different way from the two above, the ship being the space where he/she works and lives for a certain period of time. Seafarer's perceptions regarding ships are based on very different views from the owner, since the seafarer is interested in the challenges of this job, the way daily life will pass on board and the behaviour of his colleagues and superiors.

People work a simple reason: to survive. There are three main reasons why people find work as necessary: money, security, satisfaction and status. Each individual has own priorities. For many seafarers, seafaring is a job and an income. For others navigation is a passion, a duty, an ideal or a goal in life. If a seafarer chose this field of work, hoping for a substantial gain, another one may chose seafaring to advance hierarchically in a leadership position as master or chief engineer or in other cases seafaring is chose due to the satisfaction that the job brings out.

We must emphasize, though, that seafaring is a particular job and can hardly resemble onshore jobs. Being a seafarer asks individuals to leave family home and spend considerable time (2-6 months per voyage) working and socializing with a group of individuals (the crew) in a limited space (the ship). Therefore, over time maritime crew life has undergone some changes, occurring difficulties related to the migration of seafarers ashore from the sea. Life at sea has always been regarded as an adventure in which enthusiasm played an important role, but with time, seafarers have been driven by the desire to be near their family. Today, once travelling became much more affordable, people that are not fully satisfied with life at sea begin to lose interest in seafaring as a long term career.

By sea, most seafarers are isolated from society for long periods of time. Also, seafaring may be considered a career with a high degree of risk. It is a job that requires knowledge of a specialized language and access to a particular system of knowledge. It is a way of life that meets no national boundaries. In such conjuncture, interconnection of seafarers on board ship is a common aspect, even when they come within multinational crews, regardless of their place of origin. This partly explains why seafarers will continue such interconnection after they decide to stay on shore. They will often be welcomed into different jobs on shore where they will stay in contact with other former seafarers or where they will work for other seafarers.

Compared to on shore work places, seafaring is much different, and a ship manager should take this into account when will judge the employment and work relations between the company and the crew members. Many people in the on shore industries spend a number of hours to work and they return home every night or at least every weekend. Outside office hours, people on shore are free to go wherever they want, to do what they want and to meet who they want. This does not apply in the case of seafarers. They work, eat and meet every day with the same group of people for weeks or months. For this reasons, conflict situations may appear on board ship and, even if it is the master's or chief officer duty and responsibility to solve any conflict of this kind, inter-personal conflicts and their causes should be reported to the ship manager on shore.

The explosive rate of maritime technology changements resulted in technological processes and less uniform procedures. This is a strength of the seafaring sector because, since 1951, was known that workers who experience irregular events, are more motivated and performance is higher when they are free to take their own decisions (Pelz, 1951, pp.49-55).

From another perspective, even since 1957, the ships were considered "total institutions" (Goffman, 1957, pp.43-93) with following particularities:

1. All aspects of life on board are engaged in one place and under one single authority.
2. Each activity takes place within the company of the same crew where all members are treated equally and where everyone expects to be given the same tasks.
3. All phases of the daily routine are scheduled in detail at a clearly specified time period; the entire program is based on a set of rules established by the higher authority.
4. The contents of all activities are considered a part of a general universal plan and should lead towards the goals of the shipping company.

5. A structure with two classes occurs in the majority of total institutions and this happens also on board. This may be seen from the point of view of the ratings and officers, or from the point of view of deck department and engine department, both essential for the safe operation of the ship.

6. If in the case of a job on shore, employees receive their monthly salary and they are able to spend it as they wish, in seafaring the salary is received either by the family of the seafarer, on shore, either by the seafarer while on board, but the seafarer has very less time to spend the salary when the ships waits in a port. Often, although the ship arrives in port, seafarers have to undertake a series of activities on board and might not be allowed to leave the ship.

7. Instead weekly or monthly payment, many sailors receive their salary at the end of the voyage and this leads to “forced” savings.

8. On some ships is coercive demanded expressive sign of respect to the master or superior officers.

9. Sanctions and penalties are imposed for a variety of situations related to equipment, appearance, behaviour etc.

10. For newcomers (the cadets) might be performed some form of initiation aiming for them to realize that they are on a lower hierarchical level.

11. On board ship is used institutional slang or jargon, characteristic for the domain and the scope of the work involved.

12. Persons in charge (master and higher ranked officers) might develop a “theory of human nature” that justify their social distance from the rest of the crew members..

13. It is difficult for a crew member to escape from the network of constraints (eg in the case where a motorist found the right solution for a problem but his superior, the chief engineer, sees another solution completely different and request him to act accordingly).

14. One of the roles of officers is to protect the institution of the employing shipping company and the standards of the company, in front of the crew members and this might put them in a conflict situation. For example, deck officers get their hierarchical advancement degree due to the decisions of the on shore shipping company and therefore they might not want to hear the ratings complaints expressed against the company.

15. Some crew members find justifications for keeping social distance to other crew members placed on a lower hierarchical level. This can be explained by the fact that, in their view, any close relationship may result in loss of respect for authority. Often master or officers are more concerned with seafarers who do not show respect than with the ones who do show respect but do not perform their duties properly. This is a characteristic of authoritarian structures that perceive respect as an attribute of the person in charge.

Other characteristics of the ship, seen as a total institution, are the lack of initiative of existing crew, superficiality of personal contacts, labelling people only due to profession, not for the personal and professional skills, rejection of the physically unfit persons, which are blamed for the crew overtime work. Decisions master are often considered infallible and accurate, otherwise the company will be informed of any disciplinary situations and any behaviour issues will be registered on the seafarers’ documents. Another issue that may rise concerning seafarers problems is the lack of tolerance for religious or political views, especially in the case of multinational crews.

On board ship, there is a tendency for a person without self-confidence, which is placed on an authority position, to behave inappropriately with subordinates.

Temporarily can be formed rival “groups or “gangs”. Some crew members might invent stories or tricks to their colleagues, when the boredom feeling appears during long journeys, and such actions might raise antipathies. In other cases, personal responsibility is avoided and the shipping company or the ship manager is accused for establishing certain standards, without taking into account that such standards might be imposed not by the employee shipping company but by the customer (the charterer or the carrier). Often companies like “oil majors” conduct audits on-board and such assessment situation induces a state of alert within the crew

Superior officer’s or master’s decisions are considered irreversible and once the decision has been communicated to the public, it is considered that any withdrawal of it, even if justified, would affect the status of the issuing authority.

Any occasional insecurity occasioned by the hard voyage conditions entails respect or even fear of the authority as long as people in authority are perceived as being responsible for the crew’s and

vessel safety. But once the ship reach the port, the state of certainty reappears, and the crew may experience tension and explosive indiscipline.

Lower hierarchical staff like cadets, ratings or of lower rank officers might be perceived as irresponsible or incompetent and in some cases they can be shown an abusive inappropriate behaviour by their superiors.

Not all the issues mentioned above are met on all the ships, but many of these can appear in different forms, on most ships. It is essential that the ship is considered part of the shipping company's organization and not an isolated asset. Also, the ship manager should consider crew members and employees as elements of human capital and an essential part of the business.

## 5. Conclusions

Although there is a technical progress in every type of transport, ships remain the primary means of transport in international trade. For them to be operated properly, a significant attention should be focused by the ship manager not only on their maintenance but also on those who drive ships and make them work, commercially. The ship manager should demand for consistent reports regarding technical and social issues that may appear on board ship. The ship should be considered part of the shipping company's organization and not an isolated asset and crew members and employees should be perceived as elements of human capital an essential parts of the shipping business.

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