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A PRELIMINARY STUDY ON CHALLENGES FACED BY SHIP MANAGEMENT COMPANIES DURING THE COVID-19 PANDEMIC

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Abstract: The Covid-19 pandemic has had disruptive effects on many industries and the maritime industry is no different. Seafarers have been struggling with the restrictions brought about by the pandemic for almost two years now; however, ship management companies that employ them also face serious challenges. With that in mind, this study aims to identify the challenges and their extent. To achieve this aim, first the common challenges faced by seafarers and ship management companies were found through unstructured interviews with ship masters. This was followed by a questionnaire process carried out with the ship management companies, employing the emerging codes. The results show how crew change operations, lack of uniformity among the restrictions of different countries and lack of perceived involvement by international maritime organizations form part of the challenges faced by ship management companies during the pandemic.

Keywords: Covid-19, ship management, crew change.

1. INTRODUCTION

The Covid-19 pandemic has affected every industry, and brought many of them to a halt in the early days. However, maritime transportation is among the few industries that has been continuously operating since day one, and it has to be, since global trade depends heavily on it. Unfortunately, this continuity could be secured mainly at the expense of seafarers, who faced such issues as extended contracts, an inability to be repatriated and an inability to return to work if on shore [UNCTAD 2020]. This situation was also in the focus of the International Labour Organisation (ILO) when they published a sectoral brief in which issues, such as crew change, travel restrictions, access to medical treatment ashore, lack of access to medical equipment due to restrictions on deliveries, extended contracts beyond the legal limit and psychosocial issues, such as increased stress, fatigue, and isolation, were voiced by the organisation [ILO 2020].

To understand how many seafarers are affected by these risks, the International Maritime Organisation's (IMO) statistics are crucial. The IMO states, as of July 2021, that more than 250,000 seafarers are on board waiting to be repatriated and

working beyond the length of their original contract [IMO 2021a]. On the other hand, the International Transport Workers' Federation (ITF) notes that the number of ship abandonments reported have doubled from 40 to 85 between 2019 and 2020, and they have recovered over 44 million dollars of seafarers' unpaid wages. These two statistics reveal one more side of this problem, which is the shipping or ship management companies that employ these seafarers and obligated to fulfil their responsibilities towards them, while also trying to keep their ships operational. In the past two years, there have been multiple studies regarding the challenges face by seafarers, some of which collide with the shipping or ship management companies as well. However, there is yet to be a study that handles the matter from the ship managers' perspective. Therefore, this study aims to be a preliminary work that identifies the challenges that ship management companies have faced during the unprecedented Covid-19 pandemic and understands their extent. For this aim, interviews were carried out with ship masters who have been on board during Covid-19 restrictions and the items that emerged from these interviews that were used to create the questionnaire to be presented to ship management companies.

2. RESEARCH BACKGROUND

There is no doubt that seafarers have suffered the most during the challenges that Covid-19 brought upon the maritime industry. However, as the Secretary-General of the IMO states, the path to resolve of these "new" problems require the participation and combined efforts of governments, shipowners, international organisations and others [IMO 2021b]. Many scholars have showed due interest in the challenges of the maritime industry and seafarers during the pandemic. The qualitative study carried out by Slišković [2020] found that seafarers were faced with threatened mental and physical health issues, and those on shore worried about their economic well-being. Baygi et al. [2021] focused their research on the mental health of seafarers during Covid-19 and found evidence of depression, anxiety, stress and poor health status, with some of these factors correlating with the length that the seafarers' remain on board. The mental health issue was also handled by Lucas et al. [2021], in which the authors hypothesize, due to the effects of Covid-19 combined with the pressure from the seafarers' family, that an increased number of seafarers might refuse to embark vessels in the future.

Apart from the physical and psychosocial effects that seafarers endured, multiple studies indicate that the bureaucratic problems that seafarers face, which resemble double edged swords, affecting both the seafarers and the ship or shipping management companies that employ and manage them. Doumbia-Henry's [2020] study shows seafarers faced problems in relation with quarantine requirements, border restrictions, repatriation, crew changeover, abandonment and resupply of the vessels. Similarly, Hebbar and Mukesh [2020] found seafarers' contracts extended unwillingly, repatriations delayed and, in some cases, seafarers were deprived of

medical care. Stannard [2020] also argued that crew changeover, access to medical care, reduced shore leave possibilities, risk of mental health issues and possible contract extensions were challenges that the maritime industry was expected to face. In accordance, crew changeover, ship-shore interactions and policies regarding such issues as visa requirements and quarantine rules were found to be prominent challenges perceived by seafarers [Pauksztat et al. 2020].

As the sole responsible party in arranging crew changeovers, visa arrangements of seafarers, repatriations; and as one of the decision makers on the medical safety and security policies on board, it can be theorized that ship management companies' workloads and costs are prone to be heavily affected by the Covid-19 pandemic and the new order it has brought about to the industry.

3. METHODOLOGY

The lack of studies in the literature focussed on ship management companies and their struggles to carry out their operations in these trying times was the main motivator for this research. As the subject is yet to be studied, the research was designed as a preliminary work with an exploratory nature.

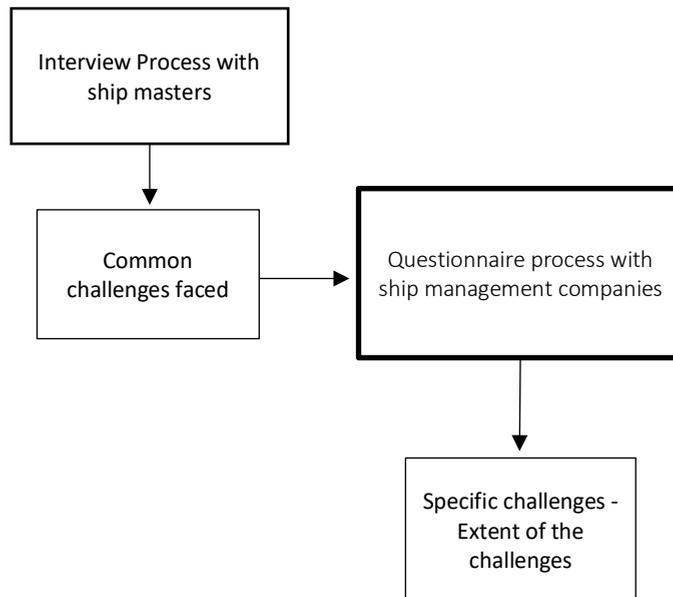


Fig. 2. Research design

Source: Author's own design.

To meet this aim, unstructured interviews were first carried out with ship masters who worked on board during Covid-19. A total of twenty ship masters were interviewed. The number of interviews were not predetermined and the data collection process was continued until no new items emerged. The duration of the interviews ranged between 15 and 30 minutes. The participants were asked about the challenges they have faced as a direct result of Covid-19 and related restrictions that affected both them and the companies ashore. The reasoning behind choosing ship masters was their unique position as managers on board, which provides them with insight regarding operations ashore as well. Coding was carried out using MaxQDA 2018 software and intercoding was carried out with a peer scholar. The codes that emerged from the interviews were used to create the questionnaire form that was later sent to ship management companies. The questionnaire includes 11 5-point Likert scale questions, 3 multiple-choice questions and 2 open-ended questions. A total of 20 ship management companies were contacted, which comprise the top 10 ship management companies according to the Lloyd's List [2020] and 10 smaller scale ship managers. A total of 11 of the contacted companies agreed to participate in the study, 4 of them being among the top 10 ship management companies. These 11 companies employ more than 75,000 seafarers between them. The profile information of the participants from each company can be found in Table 1.

Table 1. Profile information of the participating companies

| Company | Position of the Participant | No. of vessels owned/managed | No. of seafarers employed/managed |
|------------------|------------------------------------|-------------------------------------|--|
| Company A | Offshore General Manager | >1,000 | >44,000 |
| Company B | Fleet Crew Manager | 370 | 15,000 |
| Company C | VP of Marketing and Communication | 250 | >10,000 |
| Company D | Crew Operations Manager | 800 | 3,000 |
| Company E | Crew Manager | 700 | 2,500 |
| Company F | HR Manager | 24 | 700 |
| Company G | Senior Crew Manager | >50 | 350 |
| Company H | Crew Manager | 6 | 285 |
| Company I | HR Manager | 9 | 220 |
| Company J | Crew Manager | 7 | 202 |
| Company K | Crew Manager | 5 | 130 |

Source: Author's own design.

4. FINDINGS

The interviews carried out with ship masters provided such codes as “difficulties in crew changeovers”, “increased cost of crew changeovers”, “meeting the needs of the crew”, “negative impact on work routines”, “restricted access to medical care”, “conflict situations on board”, “involvement of international organizations”, “intention to work during the pandemic”, “countries’ restrictions on crew change”, “working longer than the legal limit”, “denial of shore leave”, and “loss of hire due to crew change or medical emergencies”. These codes were used as the foundation of the questionnaire form. The following part of the study evaluates the findings of the questionnaire.

4.1. Findings on challenges related to the crew and their employability

Without a question, seafarers are a group that is in the centre of this new order that came about due to Covid-19. Most of the rules and restrictions mean that seafarers and ship management companies have to learn to adapt to these rules as well.

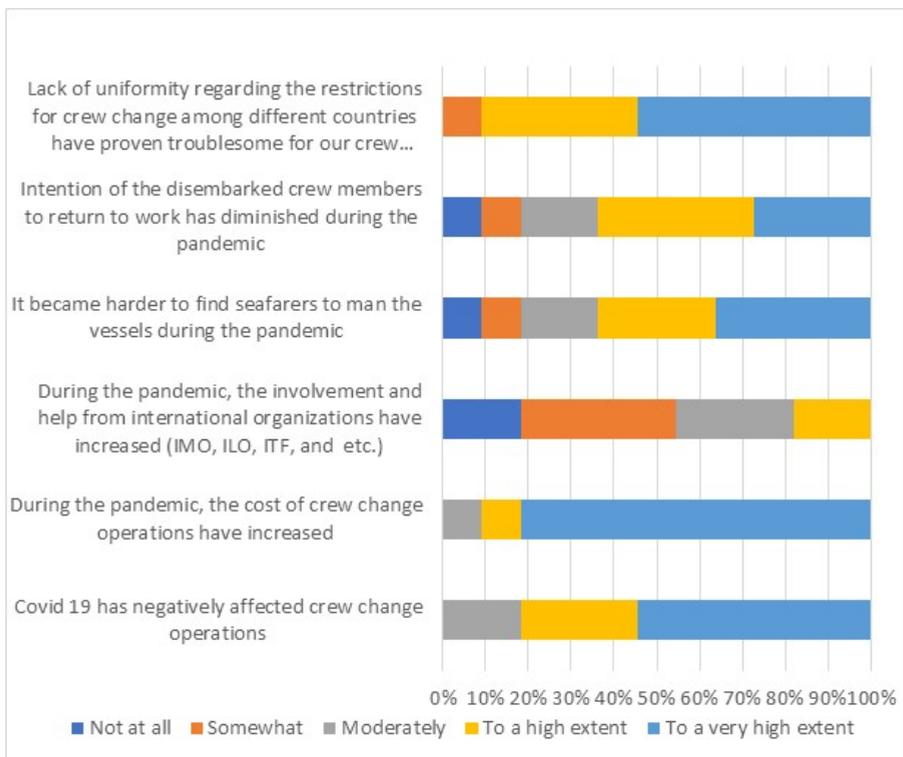


Fig. 2. Challenges related with crew and their employability

Source: Author's own design.

As Figure 2 shows, the participants unanimously agreed upon the fact that Covid-19 has negatively affected crew change operations. More than half of the participants state that operations have been affected for the worse, to a very high extent. In accordance, unanimity was found on the increased cost of crew change operations as well, with more than 80% of the participants stating that the costs have increased tremendously. In addition, the participants agreed on the lack of uniformity among different countries regarding their restrictions for crew change and all except one participant noted this situation causes them difficulties to a high or a very high extent.

The majority of the participants stated it became much difficult for them to find seafarers to work on board during the pandemic. In line with this information, the intention to return to work of the disembarked crew members have diminished significantly.

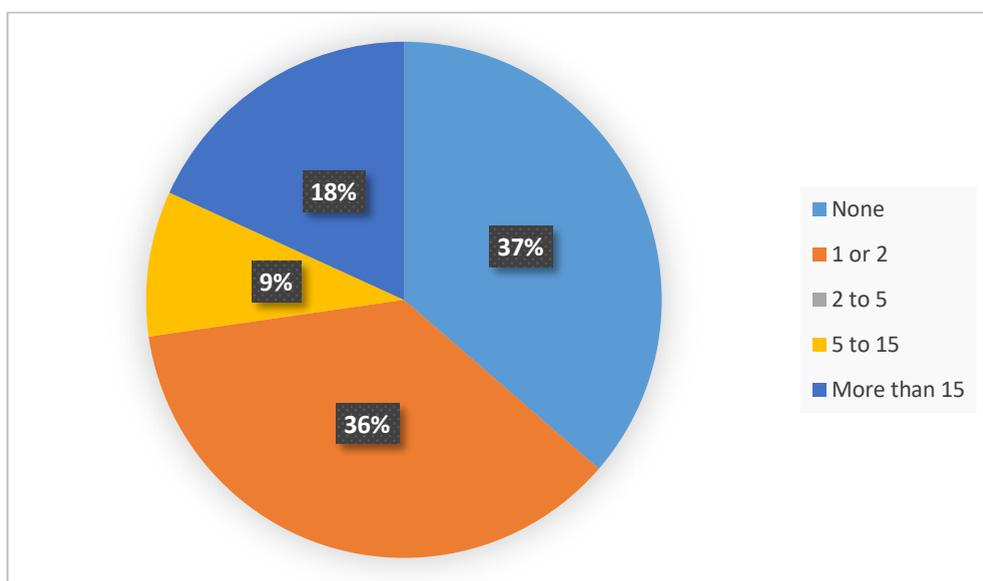


Fig. 3. Number of seafarers that have worked longer than 11 consecutive months

Source: Author's own design.

In addition, as can be seen in Figure 3, more than 60% of the participants reported having at least one seafarer working more than 11 months, which is the legal limit per MLC, during the Covid-19 pandemic. Regarding the legal aspect of this new status quo, seafarers reported increased involvement from international organizations, such as the IMO, ILO, ITF, etc. However, the companies did not all present the same perception, as can be seen in Figure 2.

4.2. Findings on challenges related with on board life

It goes without saying that the Covid-19 pandemic and the restrictions that came along with it would have various effects on life and work on board. The findings on this issue can be found in Figure 4.

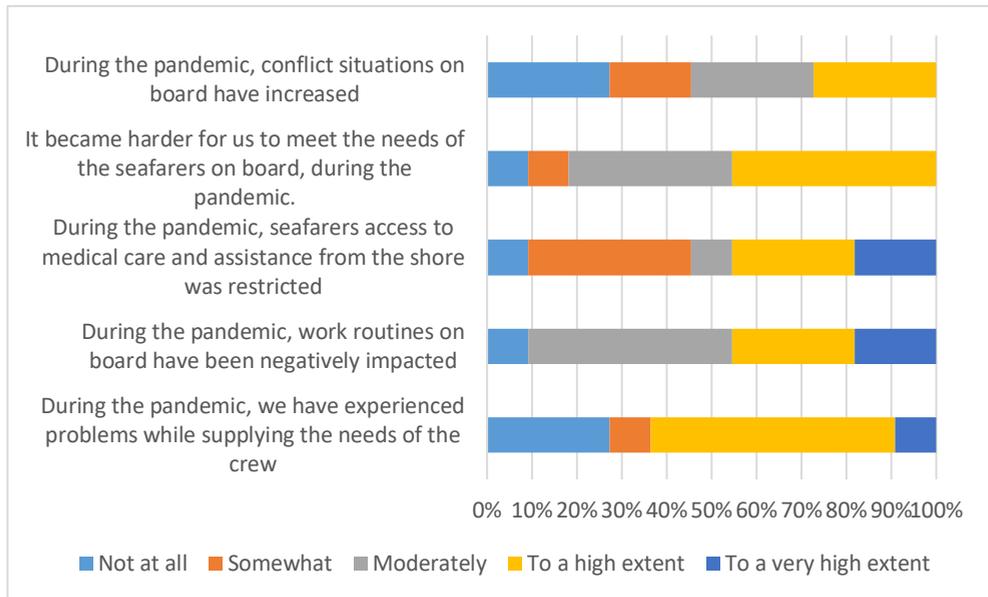


Fig. 4. Challenges related with on-board life

Source: Author's own design.

Every participant except one reported that the work routines on board were negatively affected to some extent. Also, more than 70% of the participants noted an increase in conflict situations of varying degrees on board the ship.

Another important issue was found to be supplying the ship and meeting the needs of the crew members. Only one participant reported no difficulty in meeting the needs of the seafarers on board during the pandemic, and only three reported no problems while supplying the vessels. It can be deduced that the majority of the participants faced problems to some extent, regarding meeting the needs of the crew or supplying the vessels.

The restrictions on going ashore, either as a company policy or port state policy, had some effects on onboard life. Almost all the participants stated that the seafarers' access to medical care and assistance were restricted to some degree, and all but two of the participating companies practiced restricting shore leave as a company policy during the pandemic.

4.3. Additional comments of the participants

To determine if there were any other challenges that the ship management companies faced apart from the ones that emerged in the interview process, the participants were asked to name and explain these matters in open ended questions. Visa issues of seafarers, quarantine and vaccination restrictions, travel management and lack of scheduled flights provided by airline companies were almost unanimously voiced.

Secondly, the participants were asked to list challenges that caused them the most trouble. The most stated challenge was crew change related issues. This was followed by lack of uniformity among countries regarding restrictions, lack of involvement by international organizations, mental well-being of seafarers and their access to the shore due to emergencies.

5. DISCUSSION

As a preliminary study on a rather recent issue, this study is not without limitations. The number of ship management companies that were willing to participate in this study was the main limitation. Even though generalization was not pursued, more participants would mean more anecdotal information. However, due to the time constraints and international nature of the participants, a limited number of companies could be reached and involved in the study. This study aimed to lay the groundwork with its exploratory nature. Further research could increase the number of participants in the sample in pursuit of generalization or to focus on a specific challenge found here, with the aim of proposing a solution.

With this information in mind, every input from the participants was valuable as they presented their experience throughout this unprecedented global pandemic. It was found unanimously that crew change operations became more difficult and expensive, and different practices among countries on the restrictions for seafarers was a major part of the problem. The effects of these challenges on seafarers could be seen to result in another hardship for ship management companies, in the form of seafarers not wanting to work on board during the pandemic. This might be in relation to the fact that more than half of the participants stated having seafarers working longer than 11 consecutive months. While the expectancy for the international organizations to step up and pave a way towards a solution, the results show that the majority of the participants were not satisfied with level of involvement and help provided by the said organizations.

Day-to-day operations on board were also found to be affected by the pandemic. An overwhelming majority of the participants stated work routines on board had been negatively impacted, which included but was not limited to conflict situations on board. Restricted movement between ship and shore, either as company policy to minimize the risk of exposure to virus or in the form of port state restrictions, have

proven troublesome regarding issues such as access to medical care, supplying the vessel and meeting other needs of the seafarers.

Additional comments by the participants support the questionnaire results, with crew change being named as the most challenging problem faced during the pandemic. Different regulations among countries for seafarers was found to be a close second. Participants also noted the lack of involvement by international organizations, which is noteworthy since this code emerged in the interview process with the ship masters, who stated they have observed increased involvement and help from said organizations.

6. CONCLUSIONS

The findings of this study shed light on the somewhat overlooked side of the effects of Covid-19 in the maritime industry. While the challenges of the seafarers are studied with due diligence, the ship management companies and their efforts to manage these uncertainties should also be investigated. It is found that almost all the participants had seafarers working longer than the legal limit of 11 consecutive months, facing serious problems with crew change operations and its increased cost. Seafarers on board had their work routines altered and access to shore restricted, while procuring their needs on the ship became more difficult.

The results show that the problems surrounding the crew change operations stem from the fact that requirements differ from country to country, and the status of seafarers are not one and the same. A similar lack of uniformity can also be observed in the traffic between the ship and shore. For smoother crew change and ship supply operations, an increased level of uniformity in the practices are required. These factors, and the perceived lack of support from international organizations and the maritime industry call for a more hands-on initiative where both these organizations and countries work in collaboration, with the aim of resolving these issues.

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