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ABSTRACT Corporate Social Responsibility (CSR) is a fairly new philosophy to the shipping industry. The shipping industry, by its very nature, is the most globalised and highly regulated industry of all. Compared to land-based industries, the shipping industry has a long list of stakeholders in its supply chain. This creates many difficulties for the shipping industry when attempting to satisfy the punitive demands of all its stakeholders. The broad aims of this study are to see if the shipping industry’s CSR requirements with regard to seafarers’ welfare are met and how maritime security initiatives give seafarers a difficult time. The study used qualitative case study approach and it’s not part of any ongoing or past research. The results show that seafarers are very often criminalised in the name of maritime security for situations that are not their fault. They also reveal that the CSR schemes of many shipping companies are merely window dressing. Seafarers, as a major stakeholder and an important working part of the shipping industry, are exposed to unnecessary risks and extra work for shareholders’ financial benefit. While the shipping industry attempts to improve its image through seafarers’ efforts, this extra workload is reflected neither in the seafarers’ contracts nor in their pay slips.

Keywords: Corporate Social Responsibility in Shipping Industry; Maritime Security; Seafarers welfare

1. OVERVIEW OF THE SHIPPING INDUSTRY

‘The shipping industry’ means the industry that deals with transportation of cargo and passengers through the seas using actual ships. In addition, ‘shipping’ takes a wider meaning: it includes the logistical operations that support the industry, such as insurance and logistical supply chains. For the purpose of this study, however, any logistical parts of shipping, on land or in the air, are not considered as part of the shipping industry. The prosperity of the world economy would be absolutely impossible without ships and seafarers; the shipping industry facilitates the transportation of approximately 90 per cent of the world’s trade by volume through the seas (ICS, 2015). Definitely, without shipping, the import/export of affordable food and goods would not be possible: half the world would starve and the other half would freeze (ICS, 2015). The shipping industry, by its very nature, is the most highly globalised industry of all. It is globalised because ships and seafarers have no permanent working position; they move across the globe on a constant basis to make international business possible. There are over 50,000 merchant ships of 500 dead weight tonnage (dwt) or more trading internationally (Equasis, 2014, p. 6), capable of transporting over 1.75 billion dwt (UNCTAD, 2015). The global commercial fleet is registered in over 150 nations and manned by over a million seafarers from different nationalities (ICS, 2015). The worldwide population of seafarers serving on
internationally trading merchant ships is estimated to be in the order of 466,000 officers and 721,000 ratings. While developed countries such as those from the North America, Western Europe, and so on supply most of the officers, developing countries supply the majority of the ratings (ICS, 2015).

Compared to land-based industries, the shipping industry is the most highly regulated industry of all. The International Maritime Organization (IMO) and the International Labor Organization (ILO) are the leading regulatory institutions of the shipping industry, together with a significant number of maritime pressure groups. All of them have one common goal: to make the shipping industry more responsible to its stakeholders, this is in addition to an industrial’s role of preserving marine environments. There are, however, some claims that the shipping industry does not act as responsibly as expected and that existing shipping regulations, together with the IMO, encourage the industry not to do anything voluntarily beyond the most basic requirements (Vidal, 2009). This is otherwise explained by the lack of unified CSR procedures in shipping companies.

2. RESEARCH METHODOLOGY

This is an independent research based on qualitative case study approach. It is designed to explore some of the problems facing seafarers, which are partly caused by the lack of a proper CSR scheme in the shipping industry. As argued by Baxter and Jack, a case study is not just an in-depth study of a single individual or situation, since it also helps researchers to answer ‘why’ and ‘how’ questions (Baxter & Jack, 2008). For this reason, the case study approach was used to explore the following hypotheses: the shipping industry does not have CSR initiatives relating to seafarers’ welfare; and the industry’s maritime security initiatives place unnecessary burdens upon seafarers. In order to support the findings, research data were mainly collected from online sources, books and journals.

3. CORPORATE SOCIAL RESPONSIBILITY (CSR) IN THE SHIPPING INDUSTRY: CONTEXT AND IMPLICATIONS

3.1. What is CSR?

CSR is a concept that does not have a clear definition. It is a combination of theories that influences a company voluntarily to operate responsibly to its shareholders and stakeholders. The history of CSR dates back to the 1950s and has since then been an integral part of land-based corporations. However, the concept of CSR is a fairly new one to the shipping industry (Arat, 2011). As argued by Skovgaard, the shipping industry is one of the few business segments where reporting on CSR, until recently, has been significantly absent (Skovgaard, 2011). As a result, it is not surprising to find executive officer, middle and junior staffs of big companies in the shipping industry who do not know the social responsibility status of his/her company, and are thus unaware of the company’s impact (Hargett and Williams, 2009, p. 73). In 2001, the EU defined CSR as “a concept whereby companies integrate social and environmental concerns in
their business operations and in their interaction with their stakeholders on a voluntary bias” (European Commission, 2001, p. 3). In 2011, however, the EU has modernising its understanding of CSR by saying that; “CSR is the responsibility of enterprises for their impacts on society” (European Commission, 2011, p. 6). The new definition allows more room for enterprises to integrate social, environmental, ethical, human rights and consumer concerns into their business operations in collaboration with their stakeholders. Holmes and Watts define CSR “as the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life” (Holmes and Watts, 2000, p. 3). Although the most important legal and corporate mandate for a business is to generate profit, nevertheless, evidence suggest that a company’s long-term financial success goes hand-in-hand with its record on social responsibility, environmental stewardship and corporate ethics (Kell, 2014). Pohle and Hittner suggest that a company can attain sustainable growth through CSR (Pohle and Hittner, 2008). This is the reason why Professor Peter Drucker in 1942, as cited by Hesselbein, said that the economic and social responsibilities of a business go hand in hand (Hesselbein, 2010).

Not all CSR theorists agree that the integration of social aspects into the business spectrum has significant, positive impacts on business development (Michael, 2003). Some believe that maximising profit and taking care of shareholders are the only recognised responsibilities of a business. Professor Milton Friedman gave an aggressive and controversial view of CSR when he said that “… there is one and only one social responsibility of business, to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud” (Friedman, 1970, p. 133). Whether in land-based industries or in the shipping industry, the basics of CSR remain the same: to balance the interests of the business and stakeholders in order to make the business as sustainable as possible.

3.2. Difficulties in Enforcing CSR in the Shipping Industry

Compared to land-based industries, the shipping industry has a number of in-built ambiguities that make the implementation of CSR significantly more difficult. A ship, a major player in the shipping industry, does not have a permanent geographical working position and so neither do its seafarers. A ship calls at different countries and ports and wherever its goes it attracts new and different stakeholders, who have varying social demands. Simultaneously, a ship brings new social problems to the locals on its arrival. These include ship-based marine environmental distractions and issues related to social interactions caused by the ship’s seafarers when they step ashore. As seen in figure 1, different stakeholders tend to have different priorities and demands over the shipping companies whose ships call at their home ports. The countries that the ships visit have different levels of requirements for CSR, which relate, for instance, to the marine environment or rights during shore leave for seafarers. Based on those arguments, it becomes incredibly difficult for shipping companies to balance their shareholders’ main demand, which is to protect their private profit and full compliance with the CSR requirements of different stakeholders across the globe.

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Corporate Social Responsibility (CSR) in the Shipping Industry: A Disturbing Mechanism Between Maritime Security Needs and Seafarers’ Welfare
Seafarers pose yet another complication for the shipping industry, due to the fact that they simultaneously work and live on board ships. For that reason, the patterns of their social lives are believed to have a direct effect on their safety and that of their ships and the maritime environment. To recap, the social life of the seafarers is an important element of the shipping industry’s CSR. As has been explained previously, CSR needs to be undertaken voluntarily in addition to a business’s normal duty of care to its shareholders. In shipping companies, however, this is not always the case. As a highly regulated industry, the CSR requirements of the shipping industry are partly regulated by the IMO and the ILO. This is said to be one of the limiting factors on the shipping industry doing more on a voluntary basis, as there are already minimum requirements stipulated by law. As seen in table 1, there are four main pillars that govern the shipping industry’s operations, including CSR implementation.

<table>
<thead>
<tr>
<th>Convention</th>
<th>Name of Convention</th>
<th>Authority</th>
<th>Key Issues</th>
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<tbody>
<tr>
<td>SOLAS</td>
<td>The International Convention for Safety of Life at Sea, 1914</td>
<td>International Maritime Organization (UN)</td>
<td>Requires flag states to ensure their ships comply with minimum safety standards in construction, equipment and operation. There is also an element of maritime security covered in the ISPS code.</td>
</tr>
<tr>
<td>STCW</td>
<td>The International Convention on Standards of Training, Certification and Watch keeping for Seafarers, 1978</td>
<td>International Maritime Organization (UN)</td>
<td>Establishes basic requirements on training, certification and watch keeping for seafarers.</td>
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4. WHY THE CSR OF THE SHIPPING INDUSTRY HIDES BEHIND MARITIME SAFETY AND SECURITY INITIATIVES

As to CSR, maritime security it does not have a single definition agreed by all. Maritime security itself is not a profession of its own. Instead, it is a combination of many professions encompassing knowledge of security, maritime affairs and international relations. Together, these professions form the big picture of what maritime security is all about. It is important at this juncture to appreciate the fact that maritime safety and security are two terms that are closely related but different, even though they are very often used interchangeably in maritime affairs (Feldt, Roell and Thiele, 2013). At its most simple, maritime security relates to man-made risks and hostile acts such as disputes over maritime borders and resources, piracy, terrorism, illegal fishing, human trafficking, marine environmental destruction and the like (Buerger, 2015. p.159). Maritime safety, on the other hand, applies to accidental, dangerous or potentially dangerous events, such as marine pollution, and to the safety of crews or a ship (Carolin, 2013). Based on the above discussion, it appears that the welfare of seafarers, which includes their own safety and the safety of the marine environment, is a concern of both maritime safety and security. While evidence shows that there is a strong positive correlation between seafarers’ social lives and the safety of the marine environment, both social and environmental aspects are important features of the CSR of the shipping industry. The report issued by the International Transport Worker’s Federation (ITF), for example, suggests that fatigue, which is an indicator of the absence of social life on board ship, is killing seafarers; long hours, overwork and low staffing levels are causing collisions and sinking, costing lives, ruining seafarers’ health and endangering the environment (ITF, 1997). The shipping industry is also blamed for trying to improve its image at the expense of seafarers. In this study, the marine environment and social life of seafarers will be gauged against the CSR of the shipping industry.

4.1. The Marine Environment

Ships are large pieces of metal sailing across the world carrying potentially polluting materials. This means that the maritime industry has to deal, on a regular basis, with ship-related environmental issues such as bilge water, ballast water and anti-fouling paints. For that reason, substandard ships, and even ship-scraping policies, could potentially compromise the safety of
marine and land environments, as well as seafarers’ rights. For instance, shipping companies are required to recruit skilled and competent seafarers in order to reduce the risk of negligence that would result in marine pollution. However, the shipping companies, through open registration in general and flags of convenience (FOCs) in particular, are always trying to maximise their profits by hiring cheap and unskilled seafarers. As a result, ships flying international flags are the ones causing most marine pollution. For years, seafarers’ fatigue has been identified as a key source of maritime accidents, some of which have the deadliest impact on marine environments through pollution and spillage (ITF, 1997). Eventually, seafarers often find themselves criminalised and take a large proportion of the blame when pollution occurs on the seas. There is a long line of masters and senior officers who have been prosecuted and jailed for pollution incidents (ITF, 2005). Unlike ship owners, who often hide in a web of FOCs and offshore companies, seafarers are always an easy target in the wake of major incidents. Seafarers can potentially be arrested for: marine pollution; maritime security threats or failure to ensure safety of navigation.

4.2 Case studies

4.2.1: The Prestige oil spills

In the legal case regarding the Prestige spills, for example, Captain Apostolus Mangouras and his chief engineer Nikolaus Argyropulos were innocently held for two years by the Spanish authorities, accused of negligence leading to the marine pollution accident on 13 November 2002 off the coast of Spain. Despite the fact that this accident was partly due to the bad and untimely decisions of the coastal state authorities of France, Spain and Portugal, the seafarers were criminalised. However, after being traumatised for eleven years and kept out of service, on 13 November 2013, the Spanish court cleared the two seafarers’ names by saying they had done everything possible in their positions to attempt to prevent the disaster (Govan, 2013). In this case, no one was found guilty despite the fact that France, Spain and Portugal as countries should have taken their share of the blame.

4.2.2: The Tusman Spirit oil spills

On 27 July 2003, the single-hulled tanker Tusman Spirit went aground at the entrance to Karachi port, Pakistan. Later on it broke into two pieces and spilled over 30,000 tons of oil across Karachi beach (ITOPF, 2003). It was later revealed that, the nautical chart used by the ship’s master had the wrong depth of water marked, rather than the actual depth of the channel. Despite the Pakistani port authority’s mistake, eight crews of the Tusman Spirit were detained by Pakistan, initially for the purpose of helping the investigation process. However, the issue changed direction by holding the eight crews in return for US$7 billion compensation paid to Pakistani. After nine months in captivity, the crews were found not guilty and released.
In both of these case studies, the seafarers were entirely innocent; however, they suffered for somebody else’s faults. This is one of many scenarios of how seafarers can suffer in the name of the maritime safety and security. As further evidence of how seafarers can suffer, the International Convention for the Prevention of Pollution from Ships (MARPOL 73/78) tightens the nut every now and then: seafarers are the ones targeted for punishment, mostly for faults which are not theirs (MARISEC, 2006).

4.3. The Social Life of Seafarers

Generally, the issue of the social life of seafarers is governed by the Maritime Labor Convention (MLC) of 2006, in addition to some pressure groups such as the ITF. The MLC, which is commonly known as the “seafarers’ bill of rights”, came about through initiatives where the UN’s ILO tried to improve the working conditions of seafarers. The MLC aimed to ensure a) a safe and secure workplace that complies with safety standards, b) fair terms of employment, c) decent working and living conditions on board ship including shore leave and d) health protection, medical care, welfare measures and other forms of social protection (ILO, 2012). Having minimum guidance stipulated by the MLC is one thing; shipping companies’ compliance is another. The FOCs, for example, are widely blamed for turning a blind eye to the abuse of seafarers on board their ships (ITF, 2009). The FOCs either avoid ratifying the MLC or, if they have ratified it, do not enforce its implementation and by being out of the MLC this, gives FOCs an excuse against seafarer’s rights.

While the shipping industry and the IMO are tightening maritime safety and security measures every now and then, seafarers are the ones being caught in the middle. The security measures implemented by shipping companies are aimed at preventing seafarers from being exposed to maritime security threats. However, the burdens they place on seafarers in this regard are not proportional to the risks. Recently, in the wake of an escalation of Somalia-based piracy, the shipping industry, in collaboration with the IMO’s Djibouti Code of Conduct (DCoC), issued Best Management Practice (BMP4) designed to protect ships and the seafarers against Somalia-based piracy. It is an undeniable truth that BMP4 has kept many seafarers away from Somalia-based pirates. Nevertheless, to a large extent, the implementation of BMP4 depends on seafarers’ skills. BMP4, in fact, adds extra work for seafarers without corresponding extra payments or at least extra rest hours. Eventually, the extra work causes fatigue in the seafarers. BMP4, for example, outlines the procedures that companies and crews should follow in order to prevent ships from being attacked and hijacked. As has been explained previously, all these measures are neither in the seafarers’ contracts nor reflected in their pay slips.

According to the report issued by Oceans Beyond Piracy (OBP) in 2014, the human costs of maritime security are significant. The OBP indicates that, worldwide, there were over 5,000 seafarers’ attack-incidences in 2014 alone. The report further noted that, to date there are approximately 26 seafarers who have been held in captivity by Somalia-based pirates for more than 1,150 days i.e. over three years (OBP, 2014). Statistics show that over 2,000 seafarers were taken hostage between 2009 and 2014, mostly by Somalia-based pirates (Truss, 2015). When seafarers are taken hostage by pirates, for some reason, some ship owners or operators refuse to negotiate with the pirates. This might be down to financial reasons or due to political
complications imposed by their states or sometimes as part of the flag state’s directives. For whatever reason, the desperate seafarers and their families are the ones who suffer. Surprisingly, most of the shipping companies do not seem to have a back-up plan in their CSR plans that would assure the sustainability of the families of the captured seafarers in the events of seafarers have taken hostages. It is claimed that the seafarers’ contracts are automatically terminated the moment they are not in service, even if they have been taken hostage by pirates on board their ship. This is one of the cruel behaviours of some of the shipping companies towards seafarers, mostly those on ships flying a FOC.

The International Ships and Port Facility Security (ISPS) code is an important maritime security initiative, enacted through chapter XI-2 of the SOLAS convention. The ISPS code came following the horrific 9/11 terrorist attack on US soil. The ISPS code aims to reduce the likelihood of maritime security threats on commercial ships, ports and offshore installations. In the wake of the 9/11 event, it is now believed that ships and their crews might be used to deliver deadly attacks on other countries’ shores, ports and offshore installations. Evidence suggests that most maritime crimes, such as piracy, theft, smuggling and the like, are facilitated in one way or another by seafarers, this includes the selling of information to criminals (McNaught, 2005). For that reason, there is a chance that some terrorists could conceal their true identity behind the names of seafarers and eventually might get their dark business done using ships. This is one of the reasons why many seafarers have been refused shore leave in many parts of the world, though mostly in the US.

According to a survey undertaken by the Seamen’s Church Institute on 18–24 May 2014, 1,030 seafarers from 60 different nations were denied shore leave in 27 US ports (Seaman’s Church Institute, 2014, p. 14). The report mentions the following as reasons for refusal of shore leave: 86 per cent of the seafarers were denied shore leave because they did not have visas, seven per cent due to terminal restrictions, seven per cent due to vessel operations and less than one per cent due to US Customs and Border protection restrictions. According to the ILO’s Seafarers’ Identity Documents Convention of 2003 (ILO-185), seafarers do not need visas for shore-leave purposes, subject to minimum procedures at ports (IMO, 2004; ILO-185, 2003). Shore leave is one of the fundamental rights of seafarers and in fact is one of the important elements of the CSR of shipping companies. Due to the fact that seafarers work and live on board ship, their lives are full of stresses. Unless they have some days off from their ship, exhaustion and fatigue could be a source of maritime accidents. Surprisingly, many shipping companies do not seemed to be concerned about the welfare of seafarers in this regard.

5. CONCLUSION

Despite their importance, seafarers and their rights have, for a long time, been ignored by the shipping industry. Although the shipping industry has many stakeholders to look after, seafarers are perhaps the most important of all. Seafarers are the main engines of the shipping industry; they spend most of their time on board ships and far away from their homes and families. Shipping companies across the globe are always cutting operating costs by hiring cheap and unskilled crews, with varying degrees of maritime safety and security training. The race to recruit
cheap and unskilled seafarers has led to many detrimental social effects on seafarers such as low pay, poor health care, “indentured servitude”, blacklisting, agent fees, abandonment and prosecution (Naeef, 2012). The CSR of the shipping industry is mostly ending up in the shipping companies’ books with very little practical effects on the welfares of the seafarers who risk their lives for the ships owners’ private profits. The industry is blamed for not doing much above the minimum standard set by the IMO and ILO. This is contrary to the CSR philosophy, which requires companies to go beyond the minimum requirements on a voluntary basis. There are many complaints from pressure groups that seafarers are going beyond their normal responsibilities. This puts them in the line of fire from maritime criminals, mostly pirates and armed robbers. This study suggests that more has to be done in shipping companies’ CSR policies to protect seafarers and their families when disasters happen at sea.

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