



The International Maritime Human Element Bulletin

Issue No. 5 October 2004



Regulation is required to ensure safer and secure shipping and cleaner oceans. It is usually brought about as a result of a casualty that has an effect on the safety or security of shipping or an impact on the environment, or has caused public (or media) outcry. Regulations invariably are spawned from proposals from one or more participating nations within the various international bodies (IMO, ILO etc) and are eventually agreed by consensus within these bodies before being adopted as a convention, resolution or amendment, and ultimately accepted, ratified, acceded - or ignored - by the receiving countries.

Corporate Social Responsibility (CSR) is a concept, which is perhaps new to the global maritime industry. CSR presupposes that regulations are followed, and is a programme of self-regulation and voluntary commitment towards sustainability reporting. It encourages companies to be more accountable, inclusive and transparent for their performance on economic, environmental and social issues, including business ethics, labour practices and human rights. CSR is not just about satisfying shareholders - it reflects a commitment to working with many stakeholders - not least employees, their families, the local community and society at large, to improve their quality of life.

This issue of *Alert!* looks at the regulatory, business and ethical influences on the Human Element in the shipping industry.

The *Alert!* project is a forum for like-minded people to share ideas and solve problems on human element issues. The website www.he-alert.org - provides a reference resource for study and information. Contributions to the Bulletin and to the website database are always welcome, as are letters to the editor, which will be published on the website.

The Editor

Alert!
The Nautical Institute
202 Lambert Road
London
SE1 7LQ

Investing in quality - investing in people

Quality is often defined in the context of the relationship between the customer and the supplier; it is a measurement of how a product or service meets, or exceeds, a customer's expectations. But, the quality of management in ship operations impacts on the way in which the master and his crew conduct their business.

Not all ship operators aspire to the highest levels of quality. Port State Control reports record that some shipowners are failing to comply with international conventions, such that the condition of the ship or the quality of its crew falls below the required standard. There are some companies whose focus is on profit - at the expense of quality and of a safety culture. Their compliance with regulations aspires only to the acceptable, particularly in respect of crew working and living conditions, safety of life at sea and accident prevention.

Corporate organisations face the challenge of satisfying shareholders and the scrutiny of the wider public and environmental bodies. They now need to demonstrate a commitment to sustainable development through the three tenets of corporate social

responsibility - social, economic and environmental performance.

The opposite of the first group is the company that actively invests in quality, not only by complying with mandatory regulations, but also through self-regulation and voluntary commitment to industry standards and codes of practice. A quality company also invests in its people, by providing them with a safe and secure working environment, decent living conditions and fair terms of employment, and by promoting a 'Company Culture', through communication and empowerment.

It has already been suggested in a previous issue of *Alert!* that there is no such thing as 'the perfect ship', because the end product is inevitably a compromise between what is needed to satisfy the regulations, what is absolutely necessary to fulfil the operational role, and what is affordable. In reality, the end product reflects the attitude of the shipowner or shipmanager towards safety, security and quality. This affects the Human Element in terms of ship design and operation, and the health, safety, education and wellbeing of the crew.



Investing in people

2 Inside this issue:

Quality, Safety and Security - trust and mistrust	2
The Human Element in safety management	2
Consolidating International Maritime Labour Standards	3
Building the company culture	3
A total quality lifecycle	4/5
Sustainability reporting in the marine sector	6
Corporate social responsibility in shipping	6
Regulations - Do our assumptions need changing?	7
What's new?	7
Port State Control Reports	8
Reports and Studies	8



Quality, Safety and Security - trust and mistrust

*Captain Ajay Achuthan,
Extra master,
FNI, FCMMI Principal,
Massa Maritime Academy,
India*

Legislation must have a structured way of creeping up into the human body, mind and soul. If not, it leaves behind scars caused by the implementation process. Even though it is intended towards sustainable development of the human being and our environment, it also seems to cause stress and conflict whilst it is being implemented.

Whilst the principles and practices of *safety*, through effective implementation of the ISM code, and those of *security*, through the ISPS Code, are legislated by the IMO, those of *quality* are not. Why is this so? Deep introspection leads us to a very startling fact - it is so because *survival is not compulsory*.

This fact dawned on me when a doctor friend of mine advised me against getting deeply upset when a senior colleague of mine was suicidal during a certain period of his life. 'We cannot stop anybody from committing suicide,' said the Doctor. 'Only the person concerned can do so if he

chooses to. So create an environment that he would want to survive in.' How very true.

Quality seemingly takes its root from a clear defined purpose and most importantly integrity of purpose; *safety* comes from an inherent need for survival after accepting the risk involved; *security* results from the humane and legal right of an entity to protect oneself against the hazards of external destructive forces. Furthermore, *quality* and *safety* (in the conventional sense) pertain to practices of trade, while security requirements come as a result of practices, which tend to stop trade from happening.

Thus, whilst *quality* and *safety* are based on *trust* foundations, security is based on those of *mistrust*. If we want to continue trade towards sustainable development, we have to learn and accept practices of *mistrust*.

A fuller version of Captain Achuthan's article can be downloaded from the website: www.he-alert.org (Ref: HE 00315)

Alert!

The International Maritime Human Element Bulletin

Editor: David Squire, FNI

Published by the Nautical Institute, the world's leading international professional body for qualified mariners

www.nautinst.org
Membership info: sec@nautinst.org

The opinions expressed herein are those of the editor or contributors and do not necessarily represent the views of The Nautical Institute or Lloyd's Register EMEA.

The Nautical Institute and Lloyd's Register EMEA, their affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to as 'The Nautical Institute and Lloyd's Register EMEA'. The Nautical Institute and Lloyd's Register EMEA assume no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this Bulletin or howsoever provided, unless that person has signed a contract with an entity from The Nautical Institute and Lloyd's Register EMEA for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

THE HUMAN ELEMENT IN SAFETY MANAGEMENT



*Dr Edmund Hughes MIMarEST CEng
Human Element Development Manager
UK Maritime & Coastguard Agency*

The Human Element in shipping is key to meeting the UK Maritime and Coastguard Agency's (MCA) commitment to improving maritime safety and reducing marine pollution.

To this end, we have developed a Human Element Strategy whose aim is to drive and promote continuous improvement in the effective integration of the human element into the maritime industry and its regulation. Key objectives include the provision of guidance and the development of accepted industry standards on human element issues; development of MCA human element expertise to provide support to our surveyors, the wider MCA, industry bodies and others; and the identification and commissioning of human element research.

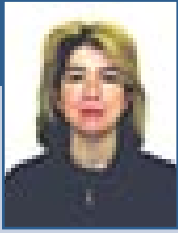
To ensure that our human element work is equivalent to that undertaken in other regulated industries a comprehensive

review of safety management systems has been undertaken. The conclusions were presented to the International Maritime Organization (IMO), whose role is seen as pivotal to improving the understanding of the human element in the wider shipping industry.

The International Safety Management Code is the cornerstone of further improvements in safety and pollution prevention. As safety management goals will only be achieved by improved understanding of human related risks and their mitigation, we have developed draft human element guidance. Additionally, to enable our ISM auditors to assess the capability of those responsible for safety to manage the human element a Human Element Assessment Tool (HEAT) has been developed and is currently being trialled.

Future initiatives will primarily focus on improving internal expertise and understanding of the human element in safety management. Continued liaison with key stakeholders will enable us to fully understand the challenges from various perspectives and ensure that effective solutions are developed.

Copies of the Review of Safety Management Systems can be downloaded from the website: www.he-alert.org (Ref: HE00325)



Natalie Wiseman
Secretary, International
Shipping Federation

Consolidating International Maritime Labour Standards

The current major activity of the International Shipping Federation (ISF) is to represent Shipowner interests at the International Labour Organisation (ILO) in discussions on a proposed Consolidated International Maritime Labour Standards Convention to provide adequate employment conditions for the 1.25 million globally employed merchant seafarers.

Both the Shipowners' and the Seafarers' representatives - through the International Transport Federation (ITF) - are involved in detailed negotiations with governments on the provisional text of the new Convention which will consolidate around 60 existing ILO maritime conventions into a single, simple to understand instrument. The Convention, while being comprehensive in coverage, is intended to be easier for governments to ratify, implement and enforce. It should also become a 'one stop shop' for all matters pertaining to working and living conditions on board ship. Several high level meetings have been already held and it is expected that the Maritime Technical Conference of the ILO will adapt, agree and adopt the new Convention in early 2006.

In general, excellent progress has been made to draft a Convention similar in

design to STCW with regulations, mandatory standards and guidelines. It encompasses areas such as:

- conditions of employment
- hours of work
- accommodation at sea
- food and catering
- health protection
- welfare
- medical care
- social security provision

Despite tremendous progress to date

there are inevitably some differences of opinion particularly around the provision of social security and cabin accommodation. However, the Shipowners remain confident that the new convention will be much better than the current plethora of ILO Maritime standards.

Note: The Maritime Labour Convention came into force on 20 August 2013:

www.ilo.org/global/standards/maritime-labour-convention/lang--en/index.htm



Captain Pradeep Chawla, FNI
Anglo-Eastern Ship Management Ltd

Building the company culture

Creating a good company culture goes beyond compliance with regulations. It goes well beyond looking for the last dollar in profits. It requires a company vision of keeping the goals of each individual at a higher priority than the sole pursuit of profits.

The employee's hearts must be won over to achieve excellence. This can only be achieved by taking a holistic approach of the employer and employee relationship and creating a work environment that the employees enjoy working in.

We, in Anglo-Eastern, embarked on our 'Journey of Understanding' some time ago,

soon after investing in a Quality Certificate. The certification was only the beginning of a major cultural change in the company. The commitment to 'improve' had been made but more work was needed to build up the desired company culture.

An extensive survey was carried out seeking the opinion of the seafarers on improvements that could be done. The suggestions were mainly in areas of social issues - inter-personal relationships, sharing knowledge between ship and office, job security, desire for knowledge, and recognition of their efforts.

The initial fears were that no single solution would work for the diverse number of crew nationalities employed, and the different clients around the world. We soon discovered though that employees from all nationalities had the same needs and desires.

If we were to summarize our experiences

the following areas of focus have helped us to grow as a company, and create a family of seafarers that we are proud of.

- Good Living Conditions Onboard
- Sufficient Manning Onboard
- Prioritizing Safety
- Retention Policy
- Investing in Training
- Sharing Knowledge
- Career Planning
- Involvement in Management
- Participation in Industry Forums
- Recognizing Individuals

We believe that as a company we have a social responsibility towards the well-being of our employees and their growth as individuals. We strongly believe that our faith in our employees results in direct benefit to the organization.

A total quality lifecycle



CORPORATE SOCIAL

International conventions, regulations & standards

Minimal International Standards for acceptable practice

- Conventions, protocols, recommendations, codes, guidelines and resolutions, relating to standards of maritime safety, efficiency of navigation and prevention and control of marine pollution from ships

Maritime conventions on working and living conditions and basic human rights.

- International Health Regulations
- Standards and regulations for telecommunications operations
- International standards for business, government and society
- International standards for electrical, electronic and related technologies
- Classification design, construction and through-life compliance rules and standards

National / Flag State regulations, legislation & standards

- National standards for acceptable practice conforming to generally accepted international regulations, procedures and practices
- Classification rules for hull structures and machinery, set by national registered organisations (classification societies)

Social performance

- Human rights
- Working conditions
- Habitability
- Business ethics
- Partnership
- Anti-corruption

Environmental performance

- Education & training of employees
- Regulatory compliance
- Voluntary compliance

A potential organisational improvement from basic regulatory compliance through corporate social responsibility to investment in a total quality lifecycle



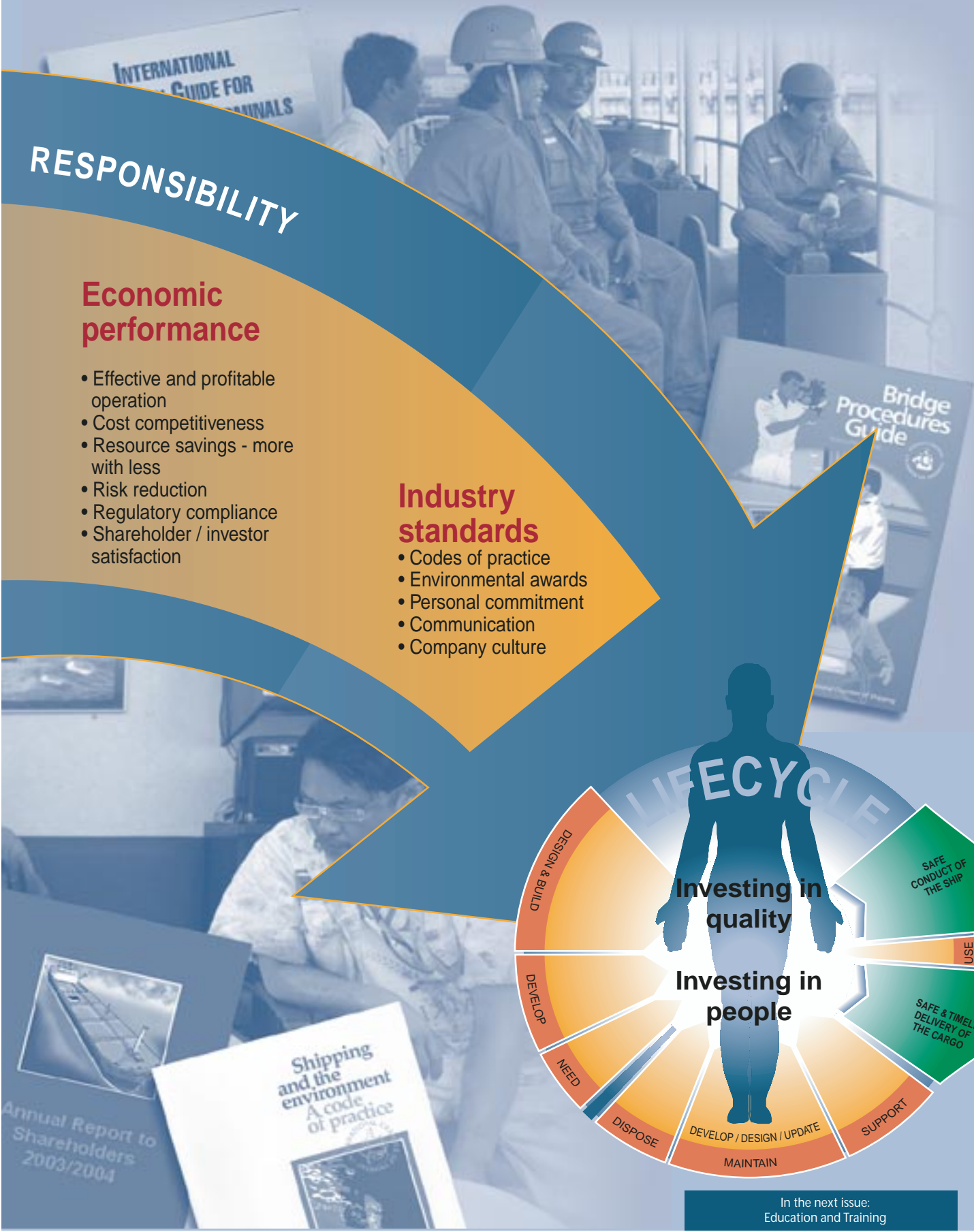
RESPONSIBILITY

Economic performance

- Effective and profitable operation
- Cost competitiveness
- Resource savings - more with less
- Risk reduction
- Regulatory compliance
- Shareholder / investor satisfaction

Industry standards

- Codes of practice
- Environmental awards
- Personal commitment
- Communication
- Company culture



In the next issue:
Education and Training

Sustainability reporting in the marine sector

Professor Annik Magerholm Fet
Department of Industrial Economics and
Technology Management,
Norwegian University of Science and Technology

Sustainability reporting focuses on the economic, social and environmental performance of a company - commonly known as the triple bottom line. One example of this is The Global Reporting Initiative (GRI), which gives guidance on selecting core indicators (general indicators of interest to most stakeholders) and on business specific indicators.

The GRI framework comprises of Sustainability Reporting Guidelines, technical protocols and sector supplements (sector specific documents). Technical protocols provide detailed definitions, procedures, formulae and references for specific indicators. Over time, most of the indicators in the GRI Guidelines will be supported by a specific technical protocol. Meanwhile, protocols for energy, water and child labour are already available while those for boundaries and health and safety are under development.

Examples of sector supplements include those for the automotive industry, financial services, tour operators and telecommunications. A number of other supplements are under development.

GRI gives a comprehensive list of economic, environmental and social performance indicators. The social dimension concerns an organisation's impact on the social systems within which it operates, and include:

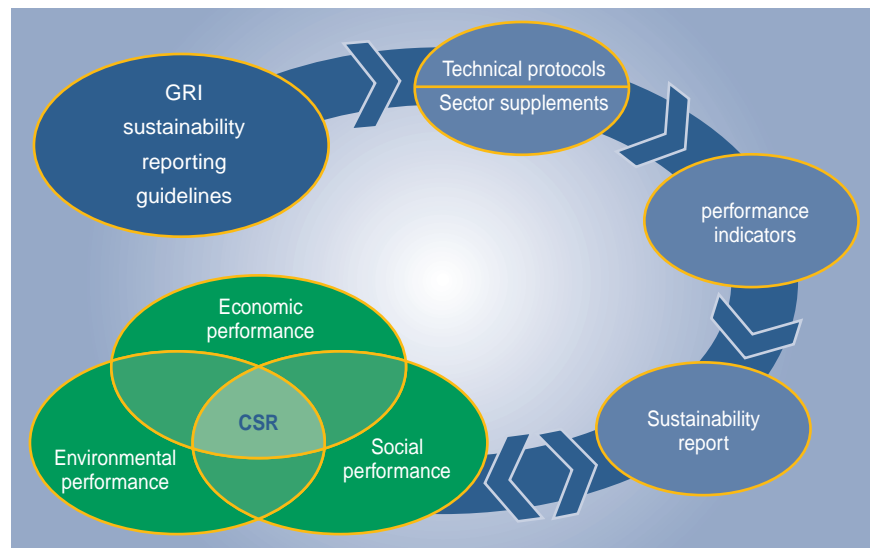
- Labour practice and decent work (employment, training and education)
- Safety and health
- Sickness absence
- Strategy and management
- Diversity and opportunity
- Corruption
- Human rights (non-discrimination, child labour)
- Society (communication and voluntary work)

The specific aspects for labour practices and human rights performance are based mainly on internationally recognised

standards such as the Conventions of the International Labour Organisation (ILO) and international instruments such as the United Nations Universal Declaration of Human Rights.

A challenge for the maritime sector is to work out a common set of sustainability performance indicators, and to develop reporting practices in accordance with GRI that meet the requirements from their customers and competitors within, for example, the transportation sector.

Further information on the Global Reporting Initiative can be found at: <https://www.globalreporting.org/standards/Pages/default.aspx>



Corporate social responsibility in shipping

Petter Vilsted, DNV Research

Globalisation produces challenging questions and alters perceptions of the role of private companies. Customers and civil society increasingly expect companies to manage their social performance and address societal challenges. Efforts by land-based industries to handle these expectations are summed up in the notion of Corporate Social Responsibility (CSR), which is defined by the World Business Council for Sustainable Development 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'

The Norwegian Shipping Association, the shipping companies Jepsens and Eidesvik and Det Norske Veritas, have co-operated since autumn 2003 in a research project on how shipping companies can address CSR,

the social dimension of sustainability.

Eidesvik - an offshore company - has conducted an extensive survey of employees, employees' families, local community and suppliers. From this it transpired that the company is perceived as a cornerstone company and is facing corresponding expectations regarding local community involvement. A majority of those surveyed believes that exactly the same business principles and standards should apply for the company's operations in West Africa as in Norway.

Jepsens has been present in Manila since the early 1980s. An extensive stakeholder dialogue in the Philippine maritime cluster has revealed that social performance strengthens a corporate brand and makes commercial sense. Furthermore:

- Investment in training not only increases productivity, but also empowers and serves as a safeguard of seafarers' rights.

- Training makes a seafarer more desirable to others, but loyalty helps safeguard the investment and may also result in fewer grievances and claims filed against a company.

- Loyalty is built by exercising social responsibility. By proper crisis management, correct handling of allotments and claims, proactive family assistance and involvement, agents and principals are able to retain qualified crew by more than wages.

The project is in the process of tying together the various activities into a final document and further information, together with a copy of the document *CSR in shipping* can be obtained from petter.jorn.vilsted@dnv.com.

A copy of the DNV Technical report on the CSR Management System can be downloaded from the website: www.he-alert.org (Ref:HE00330)



Regulations - Do our assumptions need changing?

Julian Parker OBE FNI
The Nautical Institute

Society has always been subjected to rules, whether imposed by warlords, religious leaders, or the social norms of the time. However when trade between tribes and nations developed there was a need for shared understanding and, because money was involved, a fair system of payment and later compensation in the event of loss or damage was established.

Risk and reward have been unstable partners in business. The motivation to exploit an opportunity for profit, particularly if there was a comfortable system of compensation, proved a valuable incentive when occupying new business frontiers, but a weakness in the complex chain of supply and demand of interacting company management and trade.

In shipping, Lloyd's Register was set up in 1760 to give underwriters a reasonable assessment of risk, and in 1904 The UK Marine Insurance Act codified the principles by which insurance claims would be underwritten.

In 1894 a variety of shipping instruments which covered almost every aspect of ship operations from victuals and fresh water to discipline and design, were consolidated into the UK Merchant Shipping Act. In the late 19th century, the UK became the focus of maritime commercial law and it is the principles of English maritime law, which still predominantly govern the commercial operation of ships today.

Many provisions of the Merchant Shipping Act were adopted by other countries and used by The International Maritime Consultative Organisation (IMCO) - now known as the International Maritime Organisation (IMO) - with the primary aim to *'provide machinery for cooperation among governments in the field of regulations, and practices relating to technical matters affecting shipping engaged in international trade.'*

The IMO has had three less than comfortable roles to discharge, that is to:

- harmonise the regulatory regimes of over 100 maritime states
- respond to disasters and political imperatives such as introducing the International Convention for the Prevention of Pollution from Ships (MARPOL), following oil pollution incidents
- draw up instruments by consensus

relevant to modern shipping practices, eg: ship survivability criteria, radar performance standards, AIS, fire protection etc.

There is still some considerable divergence between IMO conventions and national laws which have historical, political, technical and social overtones, and can be confusing for the international seafarer. It is one of the ironies of modern rule making in the IMO that the process has been separated from enforcement and so there is only indirect feedback concerning the effectiveness of new measures. Who in the IMO for example can say with certainty what effect the implementation of the ISM Code has had on safety standards? The ISPS Code is another initiative without a formal mechanism for evaluation.

The lack of coherent enforcement measures has led to a plethora of inspection, audit and survey practices, which are seen as varied and intrusive to those on board. These multiple inspections are often perceived as penalties; they cost money; they take time to prepare for and to carry out; inspectors only criticise, because they can provide only sanctions and not rewards.

The true extent of the exponential growth in rule making can be seen in Captain Maclachlan's seminal work *The Shipmaster's Business Companion*, which is a compendium of treaties and laws relating to the business of a ship. The new edition, published by The Nautical Institute earlier this year, is double the size of the previous edition published in 1997. It may surprise some readers that over 100 certificates have to be kept in the ship's office for verification by some official at some time.

The key point in human element terms is that rule makers nationally, commercially and internationally have so overburdened the one person who carries the responsibility for compliance that their value starts to be degraded.

Of course, in a commercial environment there are always going to be tensions between enterprise and regulatory control, but there is a need to strike a balance between the culture of compliance and that of improvement. The shipping industry has probably reached the stage of regulatory block where seafarers become bewildered by the variety of instruments.

What is the fundamental issue? Operators in a tough commercial environment

recognise that they need to compete on a level playing field and accept rules as the only practical way of maintaining minimum standards and conditions. However the users must have some ownership of the process if they are not going to feel marginalised, imposed upon and used.

So what of the future? A sensible practical step is to re-constitute the Human Element Working Group within the IMO, with the essential task of making the unpopular (in regulatory terms) links between the conventions and the capability of the people who have to implement them (primarily the seafarers).

For the longer term, regulations need to be based on performance criteria and not prescription. Furthermore, there has to be a real sense of industrial participation in realistic operational goals, because that is the foundation for effective safety management. The new developments in IMO concerning goal-based standards now deserve the support of all nations and not just the few.

Further information on *The Shipmaster's Business Companion* can be found at:

www.nautinst.org/en/shop/checkout/shop-product-details.cfm/the-shipmasters-business-companion---4th-edition

The 2003 annual reports of the Port State Control authorities covering the Asia Pacific Region (Tokyo MOU) and Europe (Paris MOU) indicate that there are still some flag States, recognized organizations, and shipowners who are failing to fulfill their obligations under the international maritime conventions.

Between the two authorities, a total of 40,433 inspections were carried out and 156,047 deficiencies recorded, with 2,737 ships being detained for deficiencies which were hazardous to safety, health or the environment. In both areas, the number of deficiencies represent a steady increase over the last few years, but while the number of detentions in the Asia Pacific Region increased by 31%, there has been a positive downward trend in Europe. The Paris MOU reports that while most ship types indicate a slowly decreasing trend in detentions, general dry cargo ships and bulk carriers still account for over 77% of all detentions.

Both reports indicate a high percentage of deficiencies related to life-saving appliances and fire safety measures, but that of the Paris MOU adds that deficiencies in working and living conditions - crew and accommodation, food and catering, working places, accident prevention - have increased by 29% over a two year period. Most of these deficiencies relate to ships of more than 15 years old. Consequently, it intends to carry out a Concentrated Inspection Campaign over a 3 month period from 1st October 2004, targeting some 5000 ships.

The report is robust in its comment on working and living conditions:

Crew working and living conditions are often an area where ship owners tend to cut corners. Management companies, with often European roots, register ships under exotic flags, certified by shady classification societies. Several crewing agencies are prepared to provide a "mix-and-match" crew that is forced to work under poor working

and living conditions. Under such circumstances no one can expect a safety culture on board these ships.

It also reports a 186% increase in the number of ISM major non-conformities when compared with the 2001 results - an increase which, the report adds, demonstrates that management systems are not working for certain ships.

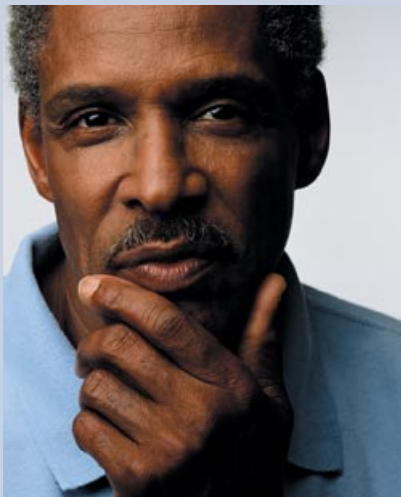
There is a blunt message from the Paris MOU:

If all parties are quality minded there is a strong bond and the involvement of port State control should be minimal. On the other hand the objectives may be focussed only on profits, at the expense of a safety culture. For these entrepreneurs there is no room for complacency.

Reports & Studies

DEPENDABLE SYSTEMS AND COMPETENT PEOPLE - ESSENTIALS FOR SAFETY

The management of risks as technology changes is considered alongside the influence of people, as part of complex maritime transport systems. Although Classification has become principally a



regime for the development and implementation of standards for the hull, propulsion and steering machinery and essential mechanical and electrical engineering systems, Lloyd's Register continues to take a close interest in the human element. Marine safety depends on many contributory factors. The ship and its systems must be reliable and dependable. Additionally, competent people must be available to operate the ship and that competence extends to the availability of the complete range of skills that are necessary, at the appropriate level and with sufficient capacity. These attributes cannot be considered independently. The research work of Lloyd's Register and its current campaign to support research and promote awareness of human element issues aim to develop appropriate strategies for management of total marine system risk in a coherent framework, using goal setting philosophies and process management.

(Vaughan Pomeroy, Manager Research and Development and Director Naval Business Lloyd's Register).

This paper can be downloaded from the Alert! website www.he-alert.org (Ref: HE00320)

SAFETY AND PERCEPTIONS OF RISK

New research, which will result in a better understanding of maritime risks, will benefit from a major programme of support for research at Cardiff University, Wales (UK), by Lloyd's Register. The Lloyd's Register Research Unit (LRRU) within the Seafarers' International Research Centre at Cardiff University will focus on the 'human element' of seafaring, with a view to informing policy makers and ultimately preventing accidents and saving lives.

Its first project seeks to determine how shore-side managers and shipboard workers perceive risk aboard ship and to examine the extent to which these different groups share common understandings of risk, and danger, in a shipboard context.

The aim is to produce an understanding of perceptions of risk in the specific context of the maritime sector. This should prove useful to shipping organisations seeking to develop appropriate management safety strategies and to those attempting to create a successful safety culture.

For further information about this project, or the work of the LRRU in general, go to: www.sirc.cf.ac.uk