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Seafarers' Employment Condition Survey 2020

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- As a leading provider of Eastern European crew, Danica deploys 1500 crew and boasts a database of more than 43K applicants from Eastern Europe.
- In 2020 we again invited all seafarers registered with us to participate in our annual Seafarers' Employment Condition Survey. We collected the data from May to October 2020.
- We are pleased to share the results and analyses of the survey with you. On the following pages you will find some interesting and surprising results which we hope will help you to enhance your HR-marine strategy
- Feel free to contact us at any time if you need any further information: CEO and founder Capt. Henrik Jensen, jensen@danica-maritime.com, Telephone +49 173 62 11 998. www.danica-maritime.com



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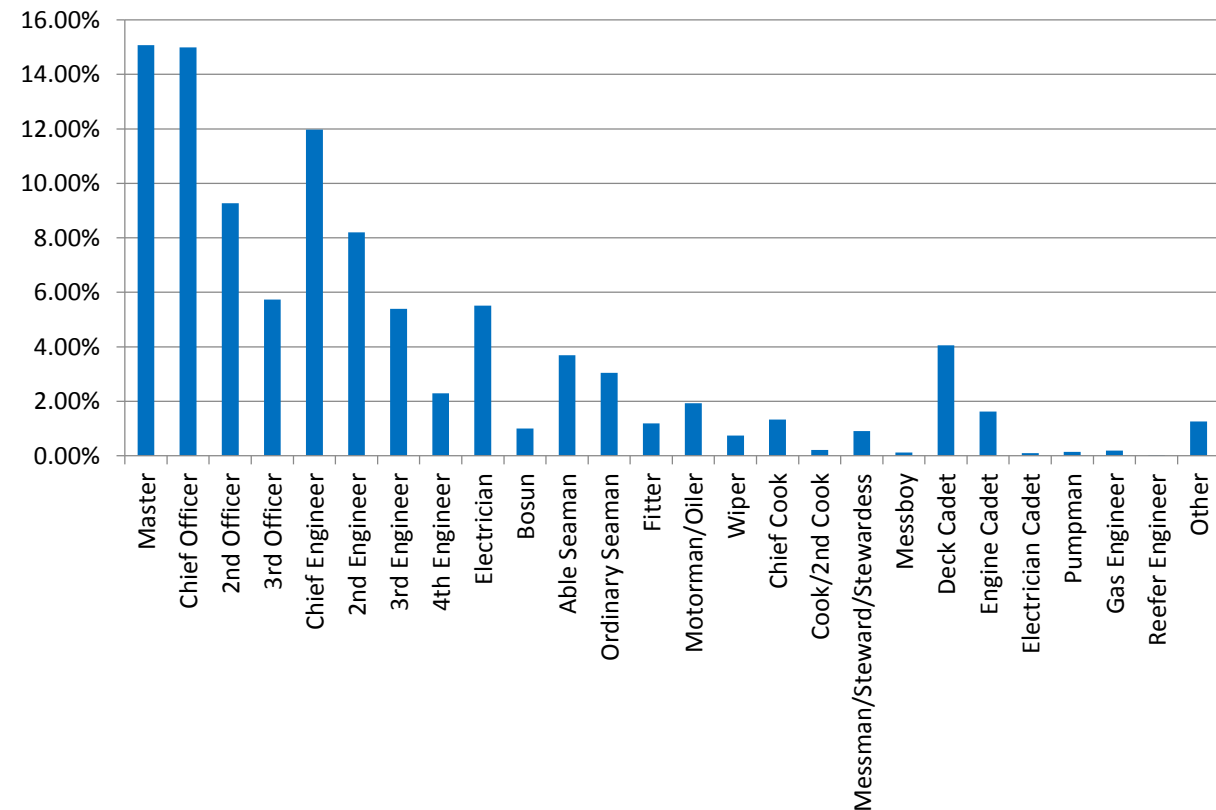
- Danica is headquartered in Hamburg and under Danish management. We have an integrated network of owned manning and recruitment offices across Eastern Europe and an associated office in the Philippines
- We deploy more than 1500 seafarers serving on 200+ vessels of all types
- We are privately owned and independent from technical managers/ship owners
- We have 40+ highly motivated employees ashore
- All seafarers new to us must pass a strict screening process to ensure they are competent
- Our in-house training centres provide high quality and efficient training including online courses
- We always represent the employers' interest while at the same time being a fair link to the seafarers

Who Responded?

- The 43,342 Eastern European seafarers in Danica's database of applicants were invited to participate in the survey
- In total 8,392 seafarers responded to the survey
- As in 2019 most of the responses came from senior officers
- The nationality of all respondents is Ukrainian or Russian
- The data was collected between May and October 2020
- The survey consisted of in total 42 questions



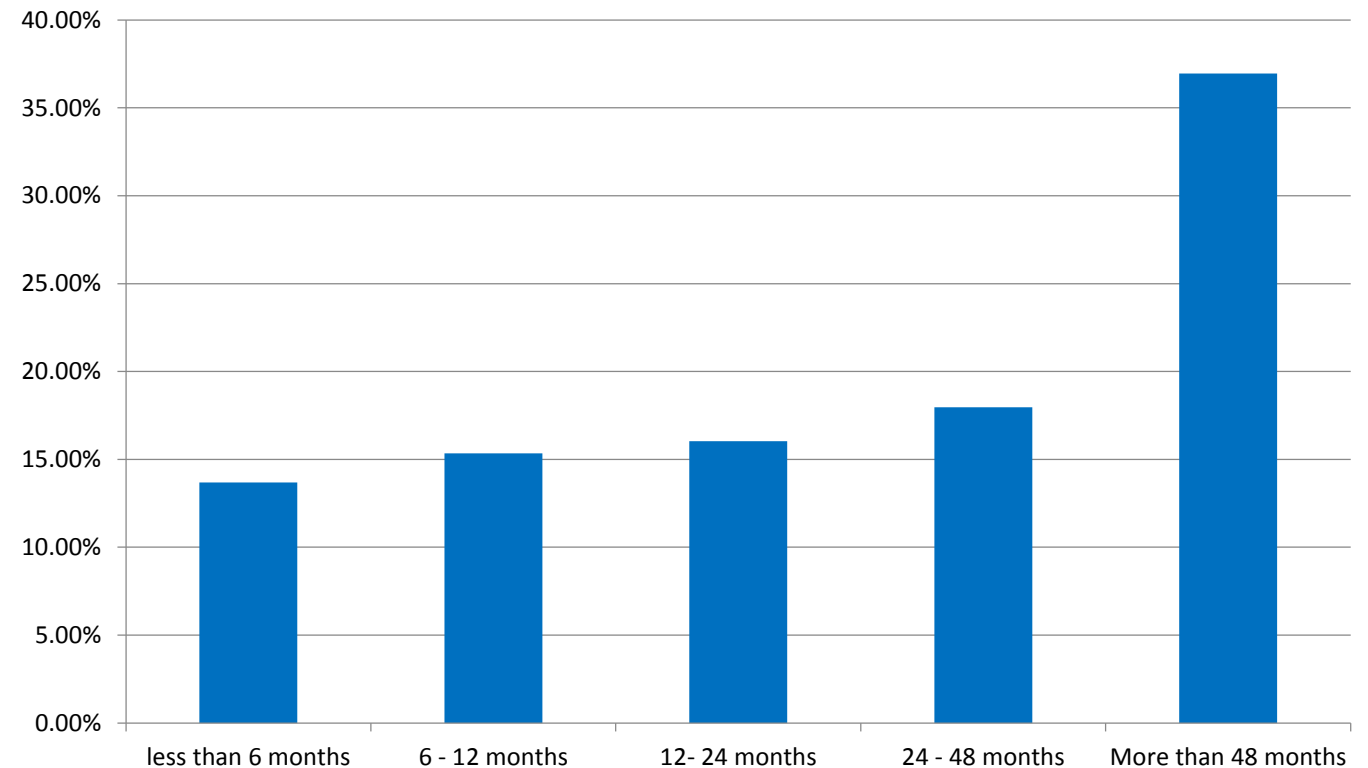
What rank did you have during your last contract?



Seniority in Rank

- More than 55% of the seafarers who responded have 24 months or more experience in their current rank
- This is up 5%-points compared to 2019
- But when it comes to seniority with employer then it is a different thing. You will see that later in this report

How many months seniority do you have in your current rank?

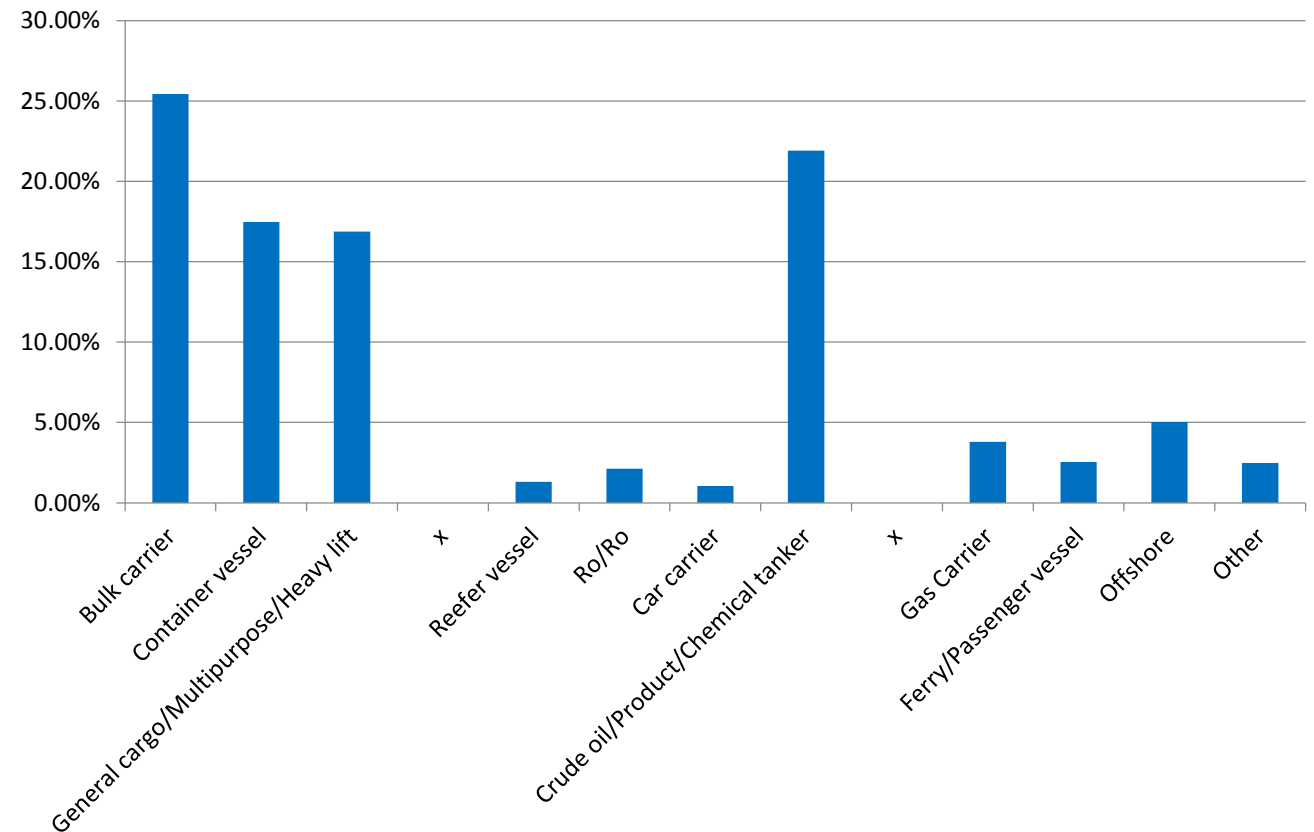


Vessel type

- The participants' vessel type experience very well reflects the vessel types which Ukrainian and Russian seafarers typically are deployed on, and the distribution is about the same as for 2019



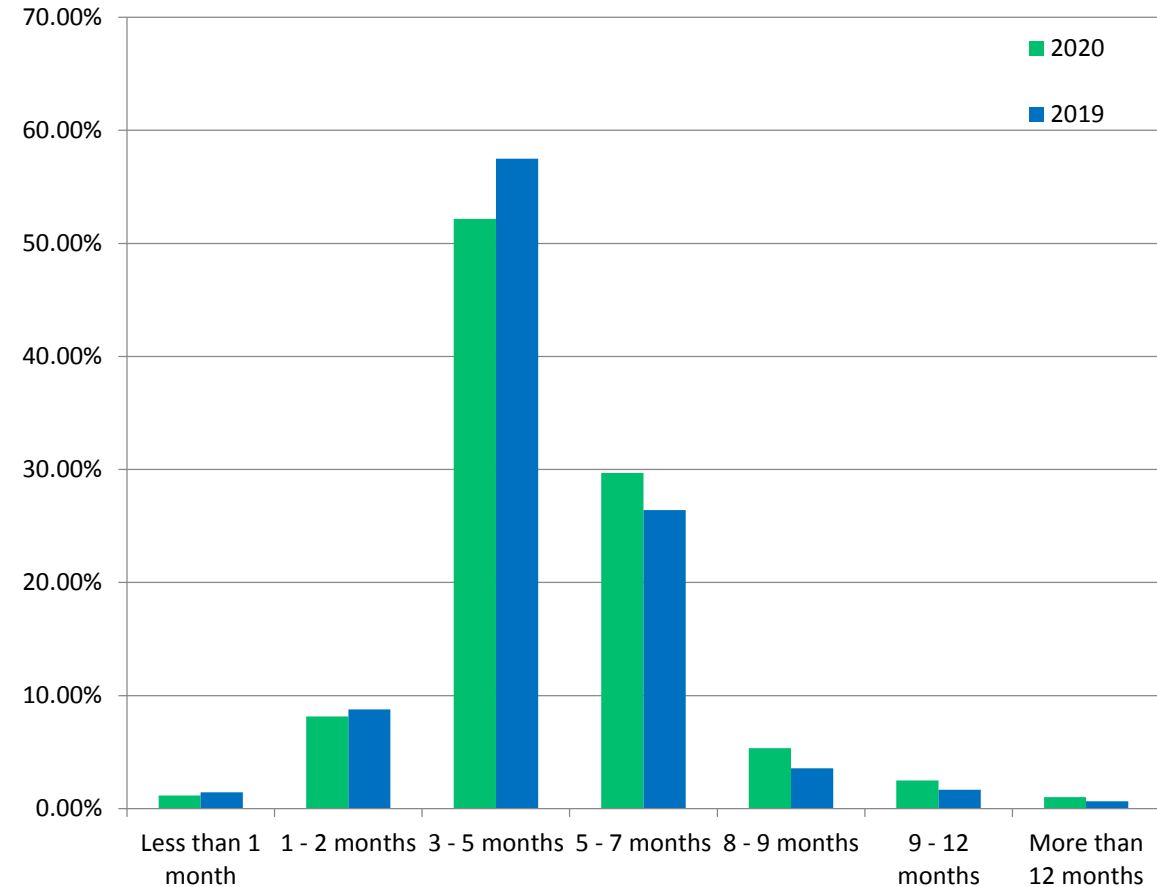
What type of vessel were you on?



Contract length

- The contract lengths were longer in 2020 compared to 2019. Most probably this trend is caused by the Covid-19 pandemic and the limitations in executing crew changes
- We can see from the detailed data that the typical period onboard for a top-4 officer was 4.7 months (in 2019 it was 4.1 months)
- For junior officers and ratings the average contract length increased from 6.1 months in 2019 to 7.2 months in 2020
- The relatively small number of crew who spend 8 months or more onboard doubled from 2019 to 2020

How long was your last contract?



Remuneration

- We also asked the seafarers about their remuneration and fringes benefits.
- As recruitment experts for Russian and Ukrainian seafarers, deploying more than 1500 crew members across all vessel types, Danica is in possession of in-depth wage intelligence.



Our General Manager Yulia Filchukova has overall responsibility for recruitment in the Danica Group.

Feel free to contact Yulia to learn the details about wage levels for Ukrainian and Russian seafarers.

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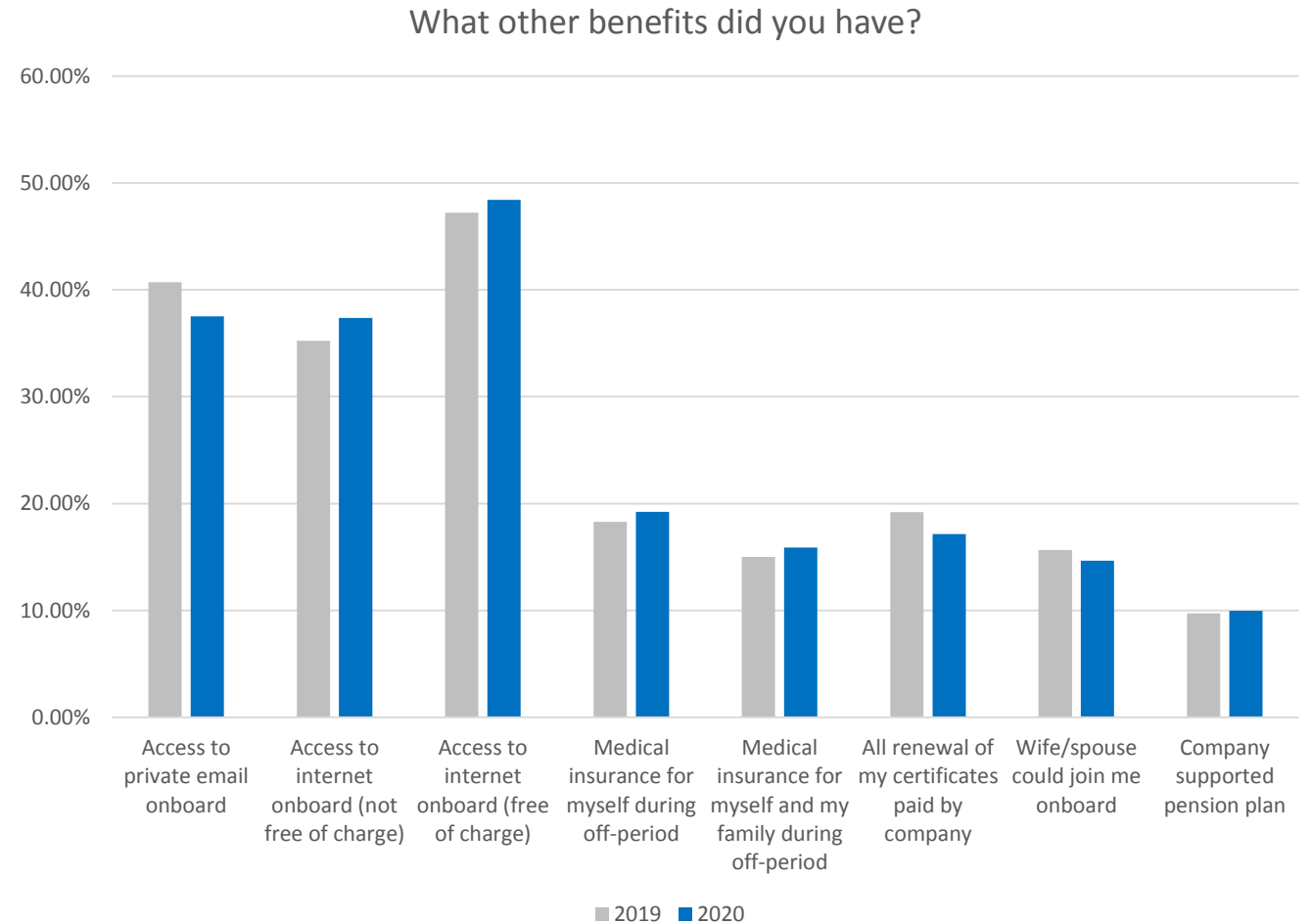
The Danica survey, in combination with our in-depth knowledge of the Eastern European crew employment market, gives us a unique detailed insight about salaries for each rank and each vessel type and size.

Due to the complexity of the wage data, we cannot list all wages in this short recap of the survey. However, we can advise that:

- The general trend is that wages remained the same in 2019 and 2020
- There are decreases in wages paid to crew on offshore vessels
- The wages for senior rating ranks (Bosun, fitters and cooks) have increased about 10-15% across all vessel types
- In October/November we have observed a minor increase in wages for senior officers on bulk carriers. We believe this is triggered by a higher demand as Eastern European seafarers are able to relatively freely despite the Covid-19 pandemic

Fringes

- There are only minor changes from 2019 to 2020 in the fringe benefits offered to seafarers
- Access to the internet has slightly increased
- Also, the number of crew who are offered private medical insurance by their employers has risen
- Shipping companies should be aware that it is not only the salary level determining which employer a seafarer selects
- We are experiencing increasing difficulties in recruiting seafarers for vessels where internet access is not available

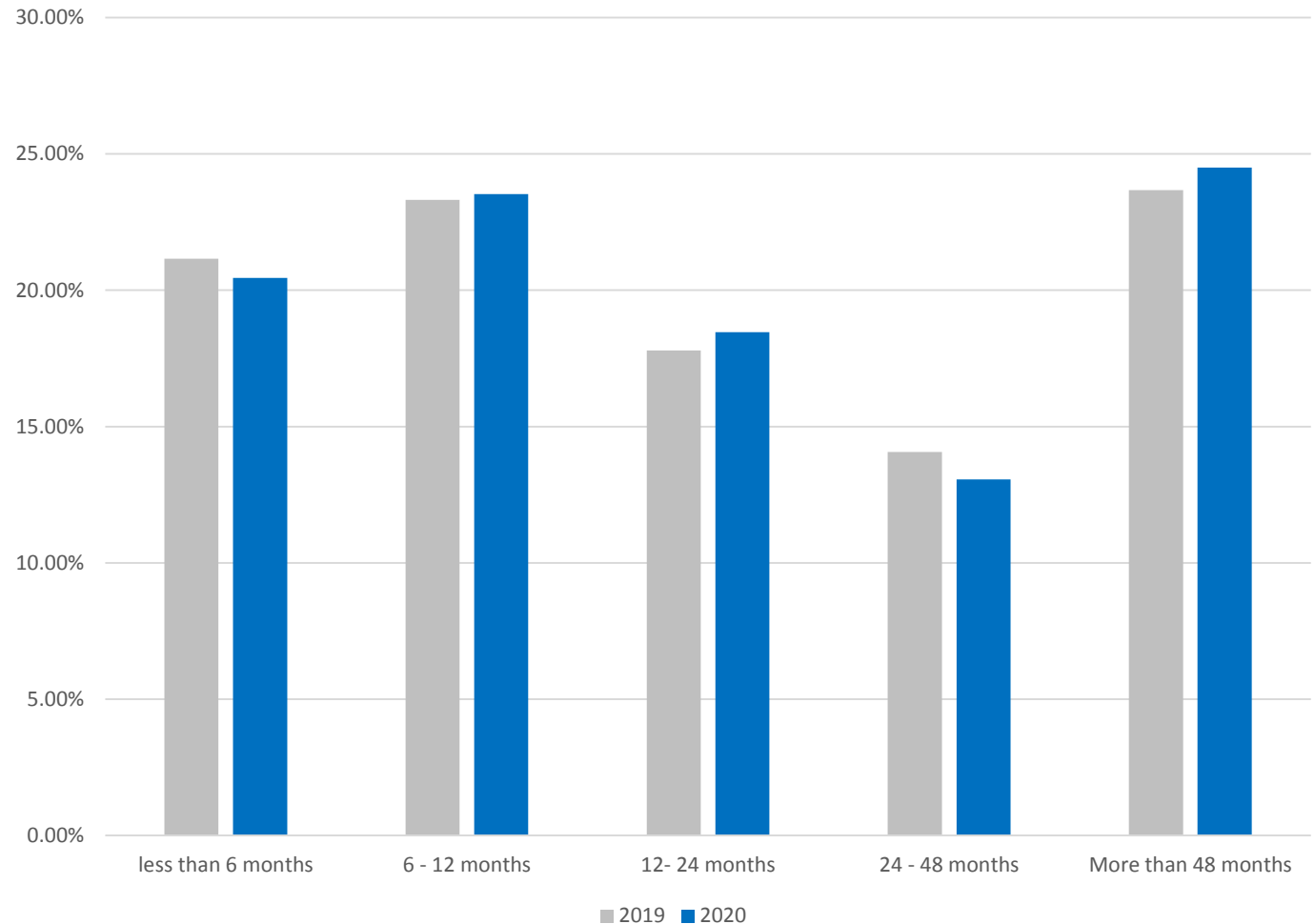


Company seniority

- The seafarers seniority with their present employers continue to be the same.
- It is a surprise that 62% of the seafarers have less than 24 months experience in their current company and only 24% have 48 months or more experience
- Compared to seafarers employed through Danica then the numbers are 34% with less than 24 months experience and 41% has more than 48 months experience
- There are many reasons for this fluctuation and with the next set of questions we tried to find the reason for high frequency of changing employer



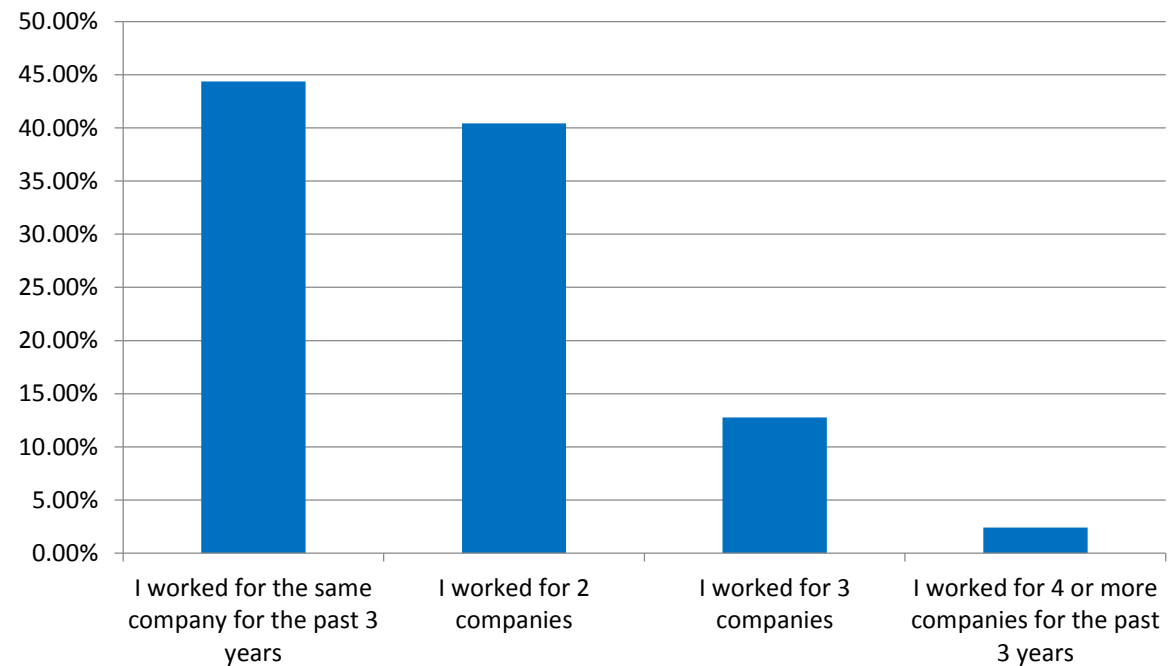
How many months seniority do you have with your current company?



Change of employer

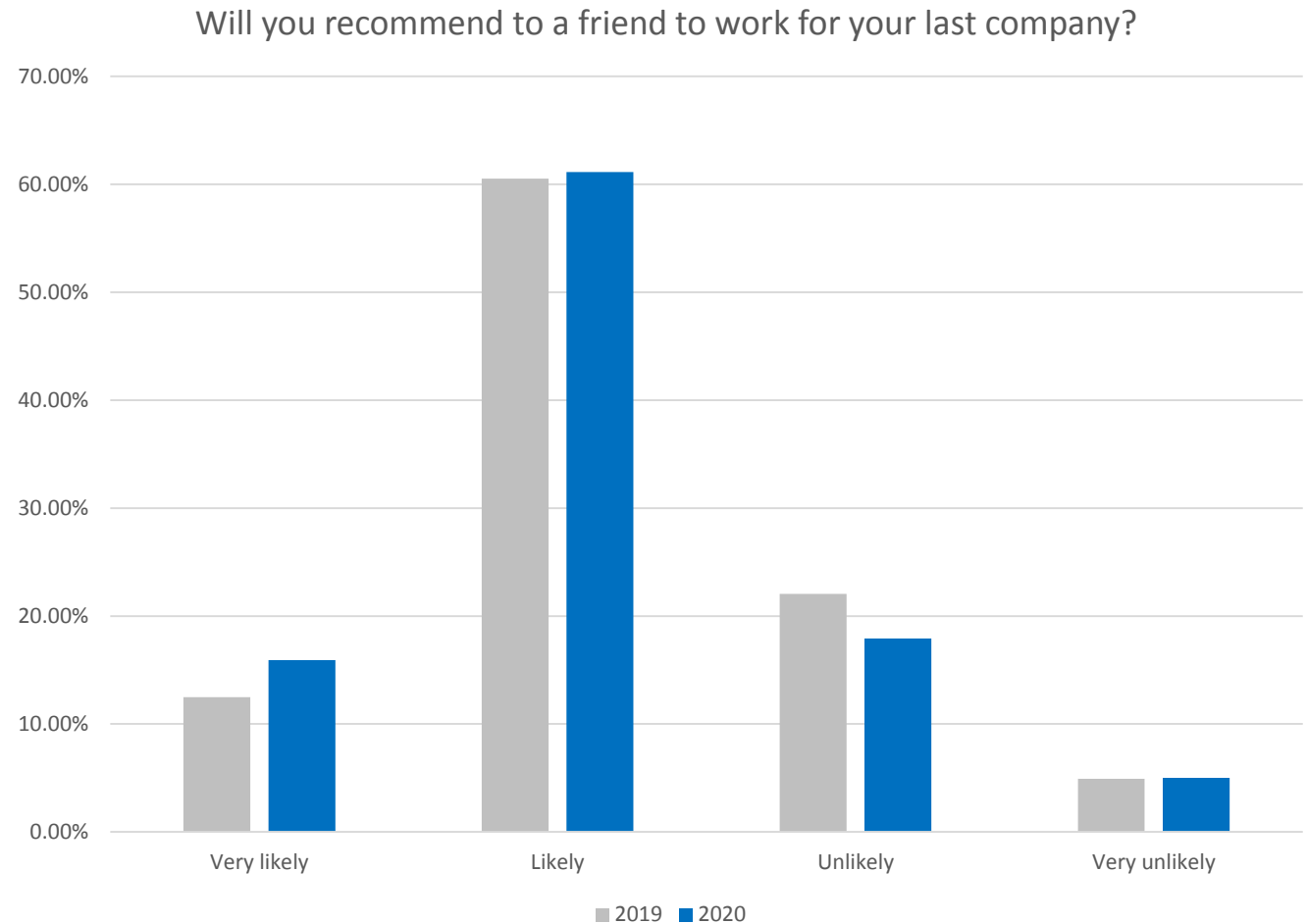
- Most seafarers (55%) worked for two or more companies in the past 3 years
- However, a large group (45%) had only one employer in the past 3 years
- It looks like some seafarers are steady whilst others are moving employer rather often
- The trend is the same across all ranks although ratings are slightly steadier with the same employer

How many companies did you work for within the last 3 years?



Engagement

- Despite the seafarers are changing company very often 77% of them would recommend a friend to join the company they last worked for
- This is an increase since 2019 and in general seafarers became more positive about their last company
- Compared to similar statistics for office employees ashore, the seafarers are considerably more positive about their employers
- In other words: In general the seafarers are happy with their employer hence there must be other reasons for changing employer so often

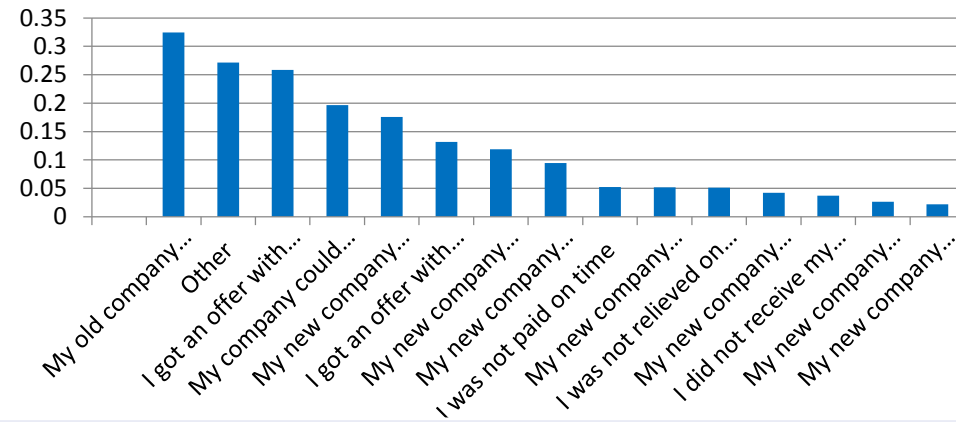


Reason for changing employer

- It is not always the seafarers' decision to change company: 32% of the seafarers were made redundant due to fleet reductions
- 29% got an offer with a higher salary – that is up 3%-points from 2019
- 19% changed as the planning in the old company did not fit them
- 21% changed due to better promotion prospects – that is up 3%-points from 2019
- 14% changed as they got a shorter contract
- 15% as they wanted to join a newer vessel - that is up 3%-points from 2019
- 11% to get access to internet – in 2019 it was 9%



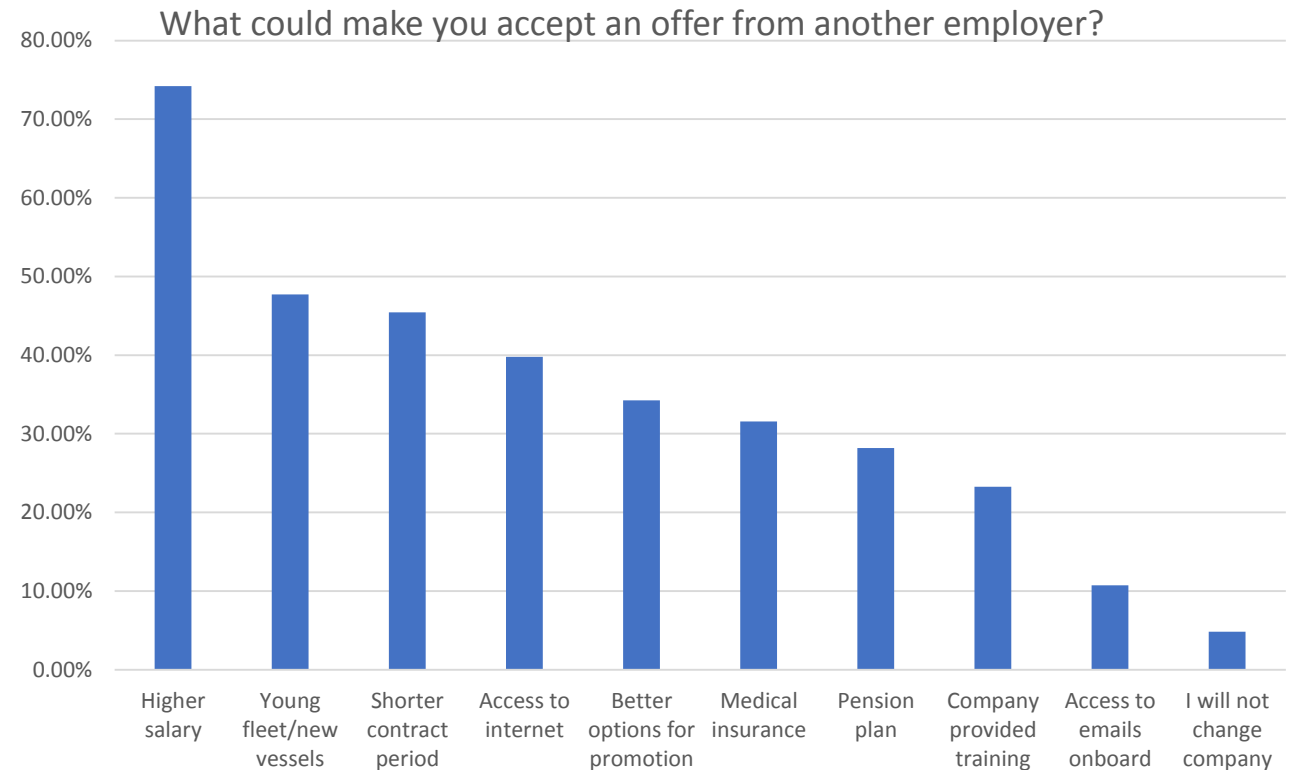
Why have you changed company?



My old company reduced their number of vessels and I could not rejoin	31.78%
I got an offer with higher salary	29.51%
My new company gives me better options for promotion	21.24%
My company could not offer me joining at the time it suited me	19.07%
My new company offers has a younger fleet/new vessels	14.94%
I got an offer with shorter contract period	14.01%
My new company offers access to internet	11.32%
My new company provides training	6.36%
I was not paid on time	6.05%
My new company offers medical insurance	5.17%
I was not relieved on time	4.86%
I did not receive my full salary	4.75%
My new company offers a pension plan	2.84%
My new company offers access to emails onboard	2.43%
I was dismissed	1.14%

Triggers to change

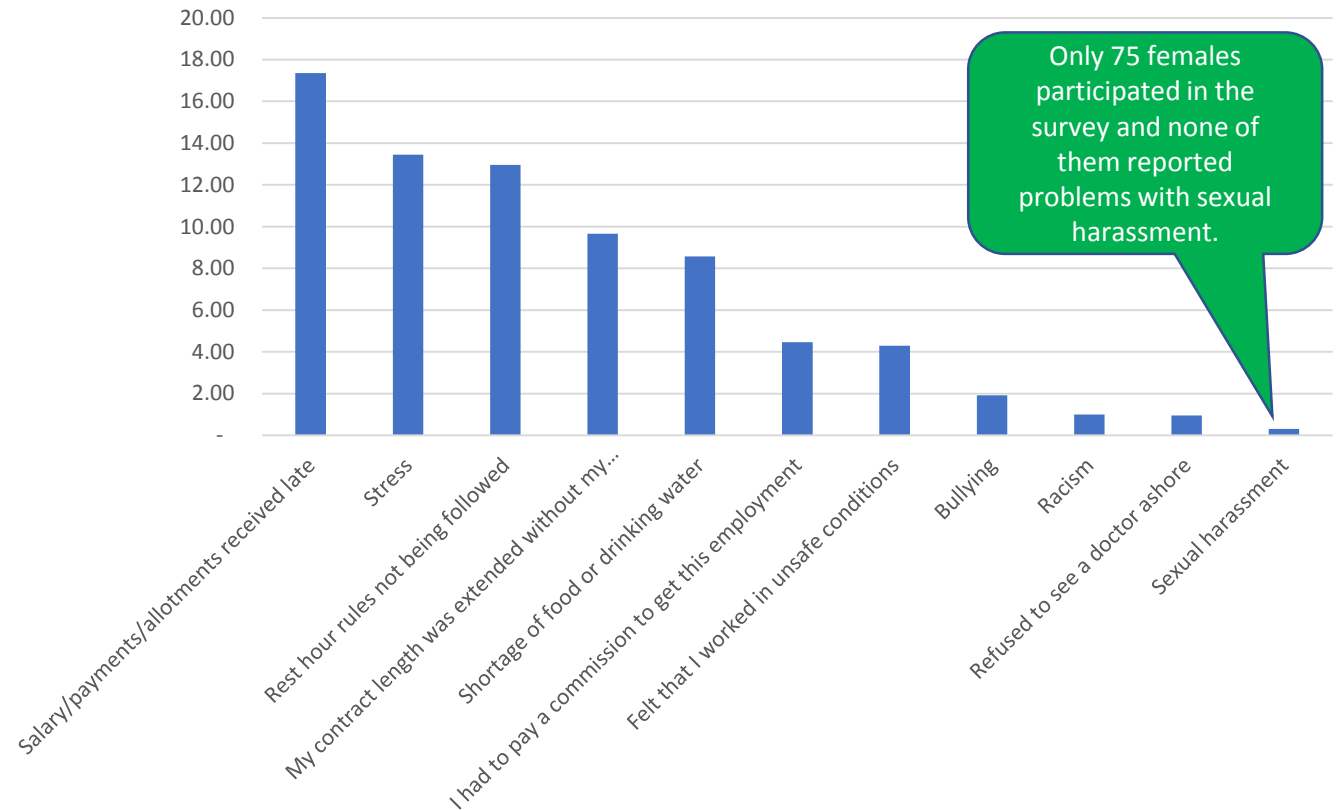
- We also asked what could trigger a change of employer
- Only 4% answered that they will not change company
- 74% will change for higher salary
- Joining a younger vessel and shorter contract period are equally important (47% - 45%)
- 40% will change to get access to internet. This is a this at the same level as in 2019
- Medical insurance and pension are also important parameters
- We also asked the participants if they check the employment market during their home period: 92% do so.



Problems during employment

- We asked what problems the seafarers encountered during their last onboard period. The problems the seafarers faced did not change from 2019, and 42% encountered one or more of the following:
- 17% experienced they were not paid on time or not paid at all
- 13% felt they had stress
- 12% faced violation of rest hour rules
- 10% were not relieved on time
- 9% faced shortage of food or drinking water
- 5% had to pay a commission to get employment
- 15% worked under unsafe conditions
- Maybe it is not surprising that seafarers are job jumpers?

Did you encounter any of the following during your last contract?

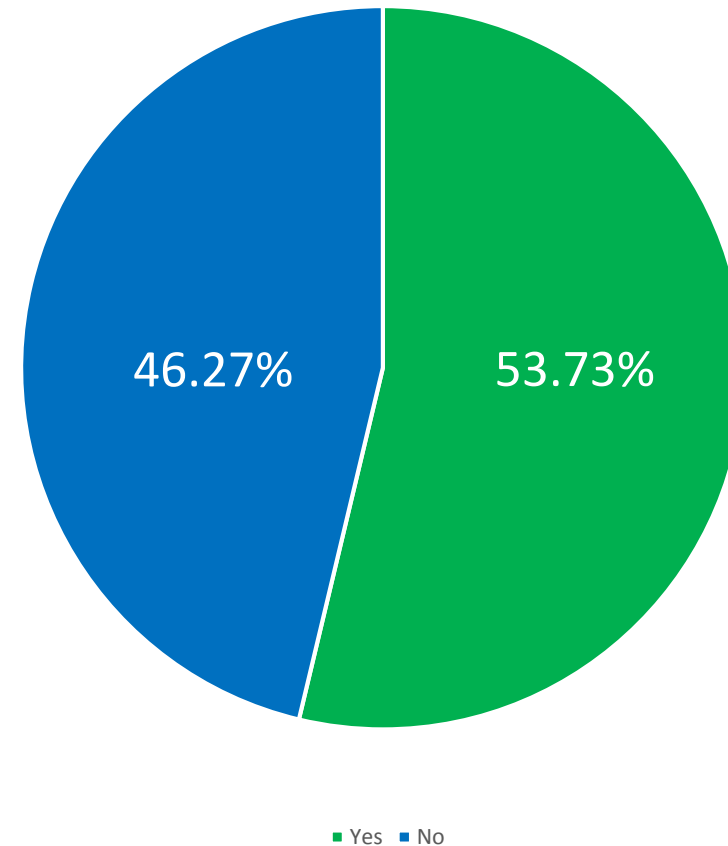


Training

- Danica's survey also looked into the training provided
- 53% of the seafarers receives some sort of training provided by their company when they are home
- The training activities did not decrease during the Covid-19 pandemic; in fact there is a slight increase in seafarers receiving training by their employer.



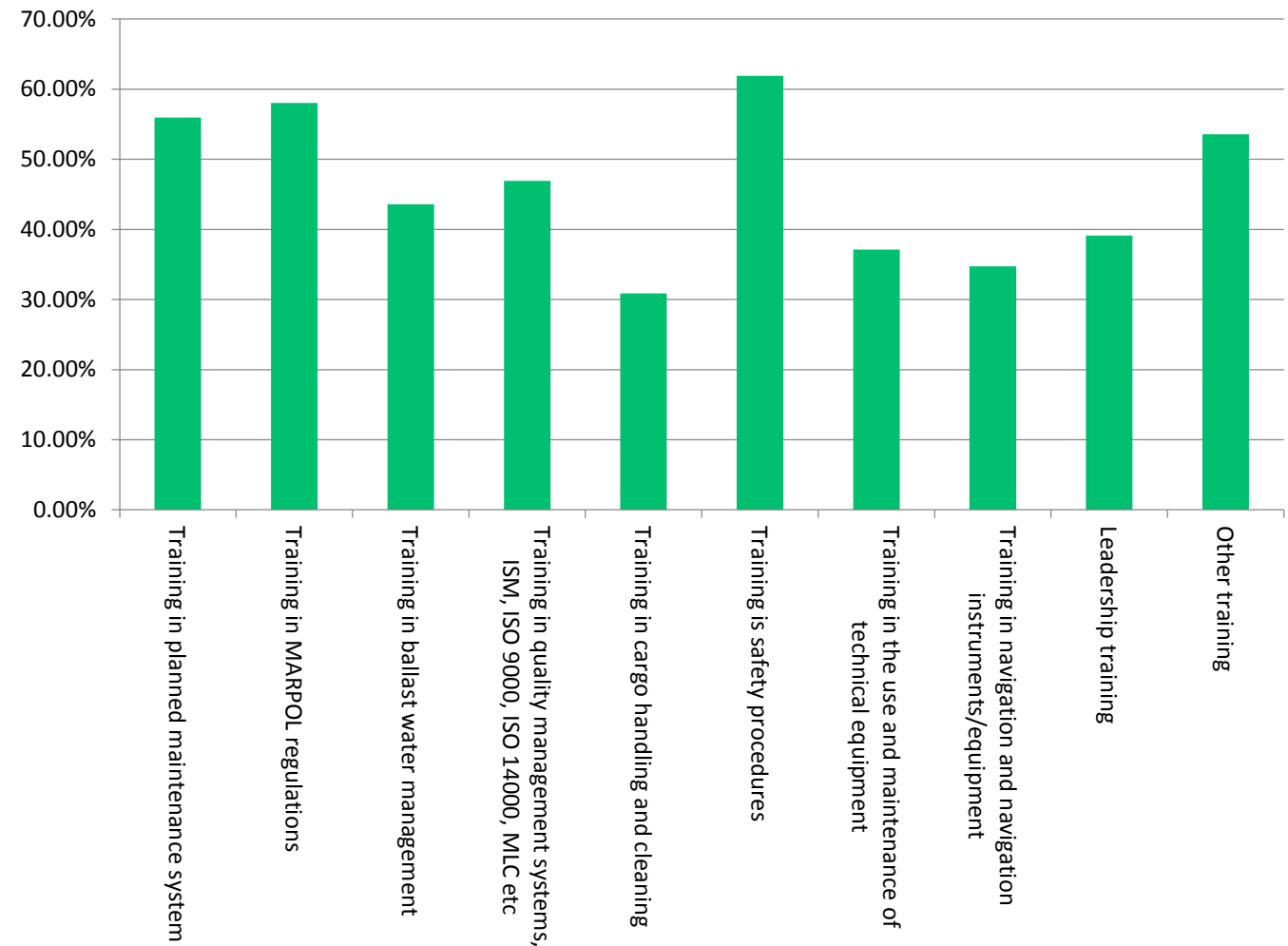
Does your company provide you with training during home periods?



Training during home periods

- The 52% who received training received different kind of training as shown in the graph to the left (multiply selection was possible)
- Training in planned maintenance systems, MARPOL regulations and safety management systems continues to be the most common areas for training like in 2019.

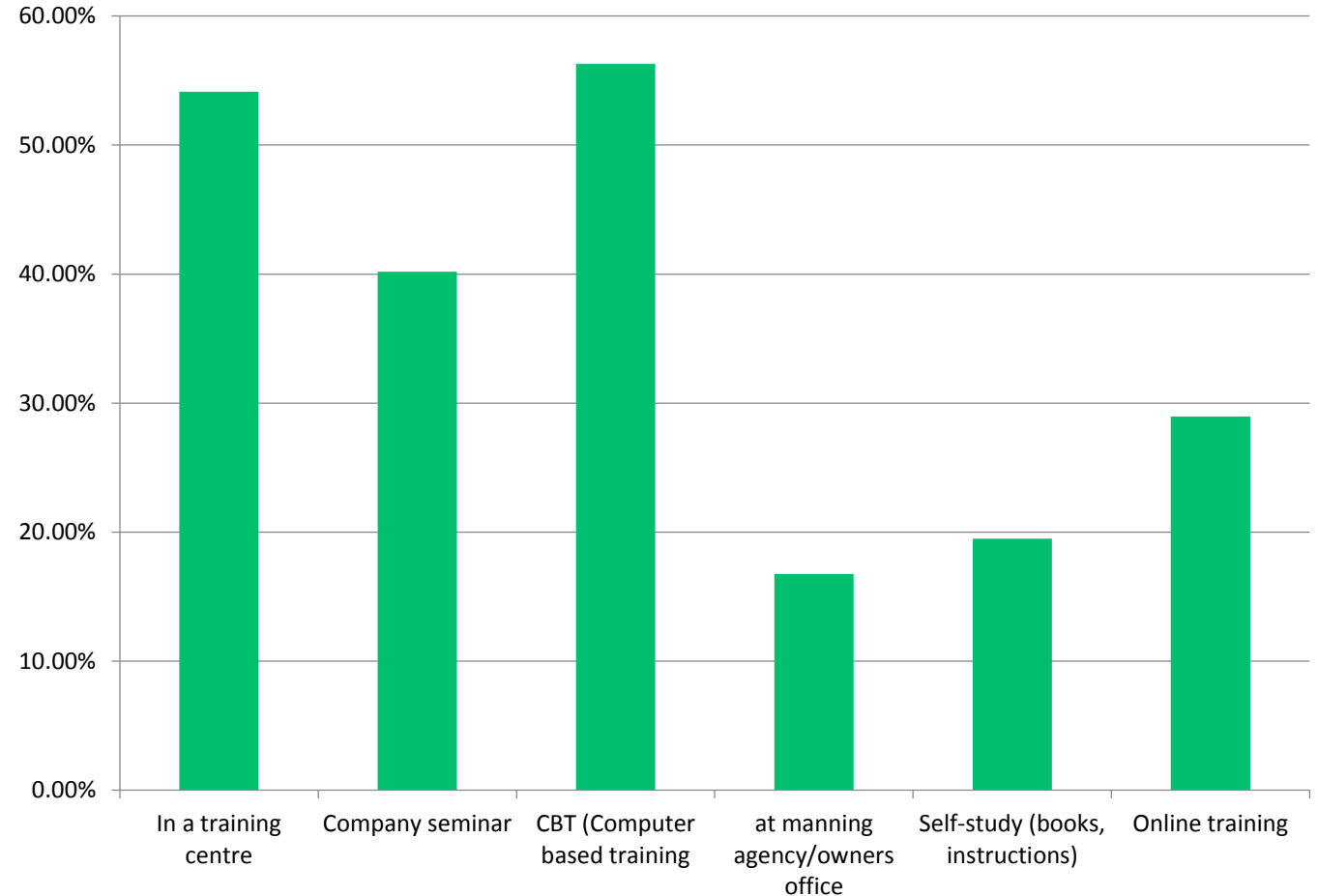
What subjects did you receive training in?



Delivery of training

- The Covid-19 pandemic changed how training is delivered:
- Nearly 30% of the seafarers (who received training by their company) received this online compared to 4% in 2019
- The use of CBT training nearly doubled from 2019 to 2020
- The participation in company seminars dropped from 55% in 2019 to 40% in 2020. Many of the company seminars were done online
- Training delivered in training centres also dropped.

How/where did you receive the training?

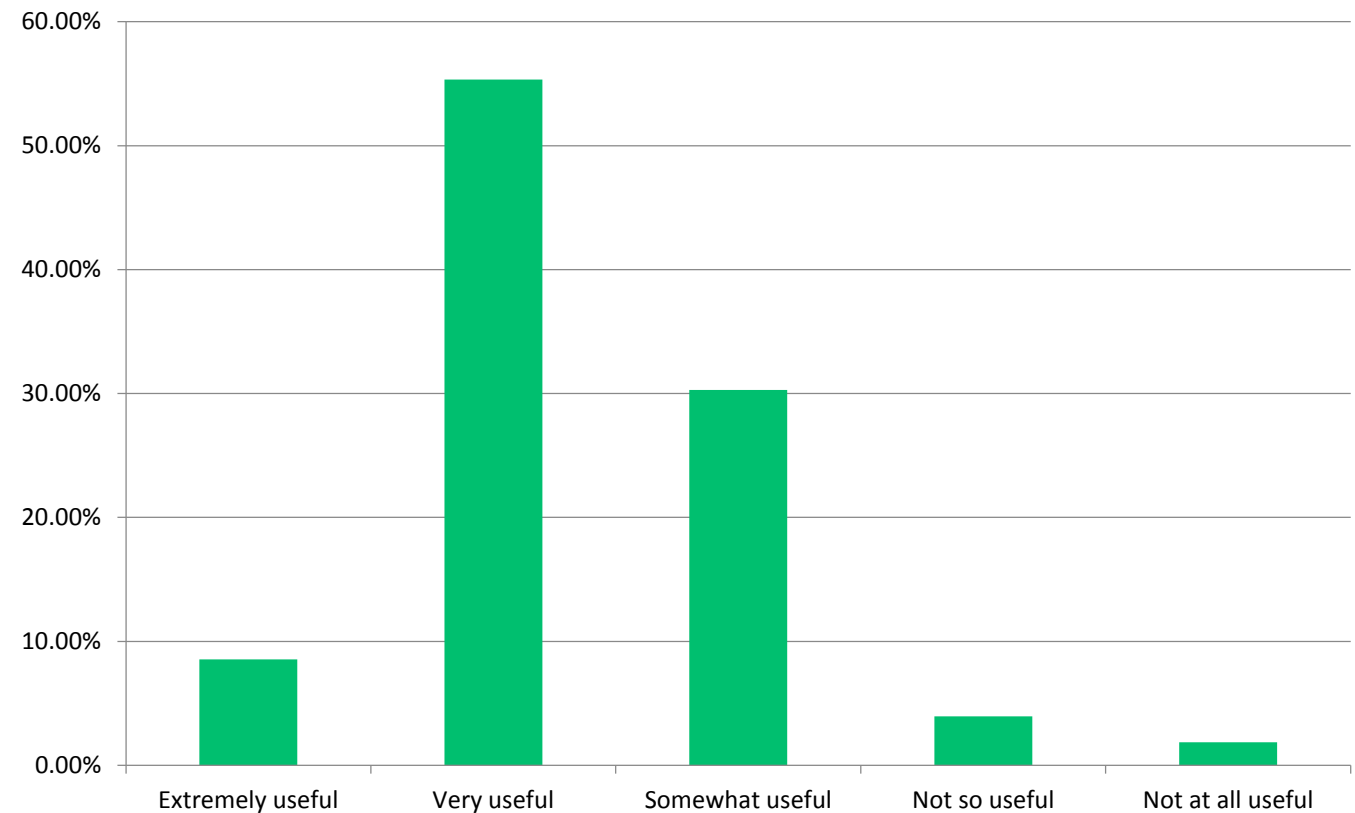


Was the training useful?

- From the seafarers' perspective the quality of the company provided training increased from 2019 to 2020:
- In 2020 63% found the training extremely or very useful. In 2019 only 53% reported that.
- In a separate question 85% of the seafarers, who had participated in online training, found the training to be better compared to classroom training.



When you consider the time and efforts you spent for the training do you then think it was



We connect demanding shipping companies with highly competent seafarers

- Danica provides a full range of crewing solutions to optimize the manning of your vessels in a cost-efficient way without compromising on quality
- We partner with our clients and assist them in enhancing the crew performance through developing a crew strategy supporting their business goals and executing the strategy
- Danica delivers personalized services. Our crewing solutions are individually designed to fit your specific needs. We call it Danica Hands On
- You can choose a full-service package or cherry pick from our individual services, like crew logistics, payroll or training and competence management
- Although this survey is about East European seafarers we also provide seafarers from the Philippines



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We will be pleased to assist you with any further information. Please contact:

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