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Dynamics of Commercial Ship Charter Agreements: Analysis of Operational Obstacles and Triggers for Contract Cancellation in Palembang City

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Abstract

Purpose – This study aims to investigate the implementation of ship chartering agreements at PT Marine Mandiri Shipping Sealine. Furthermore, it analyzes the operational and technical obstacles encountered and identifies the primary factors triggering the cancellation of charter agreements.

Methodology – This empirical research employs a descriptive qualitative approach. Primary data were gathered through field observations and in-depth interviews, while secondary data were acquired via a literature review. The collected data were systematically analyzed using NVIVO software to categorize themes and visualize the coding structure.

Findings – The results reveal that the company implements four primary chartering schemes: voyage, time, bareboat, and pool charters. The predominant obstacles are technical issues, such as vessel downtime due to damage, and operational challenges, including delivery delays. Additionally, the primary catalyst for contract cancellation is default, specifically the charterer's failure or delay in settling invoice payments.

Implications – The findings urge shipping companies to transition from corrective to preventive maintenance management to minimize fleet downtime. Additionally, this study reinforces contract law theories regarding the aggrieved party's right to claim compensation or terminate agreements.

Originality – This paper provides empirical insights into commercial ship chartering practices by mapping the hierarchy of operational issues and contract disputes within the domestic maritime industry.

Introduction

Indonesia is an archipelagic state that holds a strategic key to global maritime transportation. Approximately 60% of global trade utilizes cargo transported by sea, and 40% of this volume directly passes through Indonesian waters (Ministry of Transportation of the Republic of Indonesia, 2020). The transportation system plays a crucial role in regional development as it serves as a strategic element to facilitate economic activities, support functional connectivity, and distribute services across connectivity nodes (Salim, 2013; Nasution, 2008). In Palembang City, the Musi River is one of the waterways with dense shipping activities, characterized by high safety risks and logistical congestion (Aurelia et al., 2025). Numerous vessels operate in this area, including the fleet owned by PT. Marine Mandiri Shipping Sealine, a company engaged in the maritime industry, shipyard services, and shipping support services.

In the shipping industry, ship chartering practices have become highly essential, driven by the necessity to enhance investments, adhere to operational delivery schedules, and manage cargo surges resulting from trade dynamics (Suyono, 2005). Given the substantial economic value of the leased objects, every ship chartering process must be accompanied by a comprehensive written agreement to minimize the potential for fraud and to ensure legal protection for the chartered objects (Muhammad, 2013). The execution of these charters is guided by the positive legal framework, specifically the Government Regulation of the Republic of Indonesia Number 31 of 2021 and the Law of the Republic of Indonesia Number 17 of 2008 concerning Shipping, which guarantee that the chartering system operates appropriately and equitably.

Recent studies have extensively examined maritime logistics efficiency, sustainability, and legal aspects of shipping contracts. For example, Song and Panayides (2021) emphasized the strategic role of chartering arrangements in improving maritime logistics performance and port connectivity. Baskoro and Naufal (2025) highlighted the importance of operational resilience and sustainable management practices in maritime transportation systems. Meanwhile, Ramadhani et al. (2025) investigated operational barriers in time charter crew boat services and found that technical disruptions significantly affect service quality and customer satisfaction.

From a legal perspective, Herawati and Nurmayanti (2022) analyzed legal protection mechanisms for shipowners in charter agreements, while Purba et al. (2025) discussed operational procedures in shipping services and emphasized the importance of compliance with maritime regulations. Although these studies provide valuable insights, three important limitations remain. First, previous studies tend to focus separately on either operational efficiency, legal aspects, or risk management, without integrating these dimensions into a comprehensive framework of ship chartering practices. Second, most existing studies employ quantitative approaches or normative legal analyses, resulting in limited empirical evidence regarding the actual implementation of charter party agreements at the company level. Third, there remains limited research examining how operational obstacles, technical failures, and contractual disputes interact to trigger contract cancellation within the context of Indonesia's domestic maritime industry.

Therefore, this study addresses these gaps by employing an empirical qualitative approach to investigate the implementation of ship charter agreements at PT Marine Mandiri Shipping Sealine in Palembang City. Specifically, this research explores the types of charter schemes applied, identifies operational and technical barriers encountered during implementation, and analyzes the factors triggering contract cancellation. The novelty of this study lies in its integrated analysis of operational challenges and contractual disputes using NVIVO based qualitative coding, thereby providing contextual evidence from Indonesia's domestic shipping sector. Based on this background, the present study is focused on and limited to the operational activities of ship chartering conducted by PT. Marine Mandiri Shipping Sealine with its clients. Specifically, this research aims to investigate the implementation of ship chartering arrangements within the aforementioned shipping company. Furthermore, this study is designed to analyze the operational and technical obstacles encountered during its execution, as well as to identify the primary factors triggering the cancellation of ship charter agreements.

To address these issues, this study employs an empirical research design with a qualitative approach (Moleong, 2017; Soekanto, 2006). Data collection was conducted through observations of operational activities and direct interviews with company representatives (management or relevant staff) as primary data sources (Sugiyono, 2020). Meanwhile, secondary data were obtained through a literature review encompassing relevant laws and regulations, scientific journals, and company documents. The findings of this research are expected to provide theoretical contributions by serving as an academic reference that reinforces existing theories, while simultaneously offering practical implications to assist in resolving issues related to ship chartering cooperation for companies, society, and the government.

While previous studies on ship chartering agreements have predominantly focused on international maritime logistics (Lun et al., 2023) or general legal liabilities (Baatz, 2021; Tarangya, 2023), there is a noticeable scarcity of empirical research addressing the specific operational dynamics within river based commercial shipping in developing regions. Palembang City, with the Musi River acting as a critical logistical artery, presents unique navigational, infrastructural, and technical challenges that often exacerbate vessel downtime. Therefore, this study aims to fill this gap by investigating the operational obstacles inherent to ship chartering in Palembang, specifically utilizing NVIVO assisted qualitative analysis to systematically map the triggers for contract cancellation. This approach provides not only a localized empirical contribution but also a novel methodological perspective in mapping commercial maritime disputes

Literature Review

Agreement and Contract Law

Fundamentally, ship chartering practices are grounded in the principles of the law of obligations and contract law. Article 1313 of the Indonesian Civil Code defines an agreement as an act whereby one or more persons bind themselves to one or more other persons. This definition is supported by Prodjodikoro (2000), who emphasizes that an agreement constitutes a legal bond among parties who mutually undertake specific obligations. A valid contractual relationship must satisfy four essential elements. Within the context of the shipping industry, these elements establish binding financial rights and obligations for the contracting parties. They include: (1) the existence of a legal relationship that gives rise to legal consequences; (2) actions involving proprietary or economic interests; (3) the presence of legally competent subjects; and (4) the existence of a performance obligation or duty to be fulfilled by each party (Sinaga & Darwis, 2015).

More specifically, Article 1548 of the Indonesian Civil Code defines a lease agreement as a contract in which one party undertakes to provide another party with the enjoyment or use of an asset for a specified period in exchange for payment of an agreed consideration (Muhammad, 2013; Baughen, 2019). In the context of ship chartering, this provision serves as the legal foundation governing the transfer of vessel usage rights from the shipowner to the charterer while maintaining the ownership rights of the lessor.

Ship Chartering Schemes and Types of Charter Parties

Ship chartering constitutes a fundamental contractual arrangement within the maritime transportation industry, significantly influencing not only logistics operations but also the sustainability and economic competitiveness of global maritime trade (Song & Panayides, 2021; Lesse, 2014; Plomaritou & Nikolaidis, 2016; Lun et al., 2023; Hernoko, 2022). As emphasized by Suyono (2005) and Purwosutjipto (2007), commercial shipping practices recognize various chartering schemes designed to accommodate diverse logistical requirements and financial management strategies.

One of the most commonly used arrangements is the voyage charter, which refers to a contractual agreement whereby a vessel is hired for a single voyage between designated ports. Under this scheme, the shipowner receives freight payments based on the volume or quantity of cargo transported and retains responsibility for providing the vessel and securing charterers (Suyono, 2005). The shipowner also assumes responsibility for operational matters, including crewing, maintenance, insurance, and navigation throughout the voyage. Another widely adopted arrangement is the time charter, which is established for a specified period, such as several months or years. Under this agreement, the charterer obtains the right to direct the commercial operation of the vessel, including determining routes and securing cargo, while the shipowner remains responsible for the technical management and maintenance of the vessel. Compensation to the shipowner is calculated based on the agreed charter period, regardless of whether the vessel is actively transporting cargo during that time (Salim, 2013).

In contrast, a bareboat charter involves the lease of a vessel without crew, insurance, fuel, or any supporting operational services. Consequently, the charterer assumes full responsibility for recruiting the captain and crew members, managing vessel operations, arranging insurance coverage, and bearing all operational risks and liabilities associated with the vessel during the charter period. The adoption of this arrangement is often motivated by cash flow management considerations and the charterer's financing relationships with banking institutions (Suyono, 2005). Another form of charter arrangement is the pool charter, which shares several characteristics with a time charter. Under this scheme, the charterer is responsible for port charges and fuel expenses, while the shipping company is obligated to achieve predetermined transportation targets within the agreed timeframe and provide regular reports concerning vessel movements and operational performance. Pool charter arrangements are generally implemented to optimize fleet utilization, improve operational efficiency, and distribute commercial risks among participating parties.

These chartering schemes differ substantially in terms of the allocation of operational responsibilities, financial obligations, and risk exposure between shipowners and charterers. Therefore, selecting an appropriate charter arrangement represents a strategic decision that significantly affects operational efficiency, contractual risk management, and the overall performance of maritime transportation services.

Obstacles in Ship Charter Operations

The implementation of ship charter agreements, whether in domestic shipping routes or international waters, is frequently confronted with various operational challenges. According to Nasution (2008) and the broader transportation management literature, these obstacles can be categorized into five major dimensions: technical, operational, financial, legal and contractual, and safety related constraints. Technical obstacles primarily concern issues related to vessel performance and condition. These include inadequate vessel maintenance, incompatibility between vessel specifications and cargo requirements, and vessel downtime or off hire periods resulting from mechanical failures or unexpected damage. Such technical disruptions may significantly reduce operational efficiency and increase the risk of delays and contractual disputes. Operational obstacles arise from factors that affect the smooth execution of shipping activities. Common challenges include delays caused by adverse weather conditions, port congestion, inefficient cargo handling processes, and complex logistical coordination among multiple stakeholders. In addition, under bareboat charter arrangements, insufficient experience and limited technical competence among charterers crew members may further complicate vessel operations and increase the likelihood of operational errors.

Financial obstacles are associated with the volatility of shipping costs and the sustainability of cash flows. Fluctuations in bunker fuel prices, rising maintenance expenses, and uncertain market demand can adversely affect the profitability of both shipowners and charterers. Under time charter arrangements, charterers may incur substantial financial losses when vessels remain idle despite ongoing charter payment obligations. Consequently, unstable cash flows and increasing operational costs represent significant financial risks within ship charter agreements (Salim, 2013). Legal and contractual obstacles generally stem from ambiguities or inadequacies in charter party clauses. Incomplete contractual provisions may lead to disputes regarding the allocation of responsibilities, compensation mechanisms, and liability for vessel damage or cargo losses. Additional complexities emerge in international shipping operations due to differences in maritime regulations and legal frameworks across jurisdictions (Purwosutjipto, 2007). Safety related obstacles encompass risks that may threaten human life, cargo security, and vessel integrity. These risks include maritime accidents, onboard fires, cargo losses, environmental incidents, and security threats such as piracy or armed robbery at sea. Effective risk management and strict compliance with maritime safety regulations are therefore essential to ensuring the continuity and reliability of ship charter operations.

Factors Triggering Contract Termination

Under the principles of commercial transportation law, the termination or cancellation of ship charter agreements may arise from several key factors (Muhammad, 2013). These factors generally relate to the inability or unwillingness of one or both parties to fulfill their contractual obligations, changes in external circumstances, or legal impediments that render the continuation of the agreement impossible or impractical. The most common cause of contract termination is breach of contract (wanprestasi). This occurs when one party fails to perform its obligations as stipulated in the charter agreement. Common examples include the charterer's failure to pay charter hire fees, delays in vessel delivery by the shipowner, or the use of the vessel in a manner inconsistent with the terms and conditions specified in the contract (Prodjodikoro, 2000). Such breaches entitle the aggrieved party to seek legal remedies, including compensation for damages or unilateral termination of the agreement.

Another significant factor is financial incapacity or insolvency. Contract termination may occur when the charterer no longer possesses the financial capability to fulfill payment obligations under the charter agreement. In such circumstances, the affected party is generally entitled to terminate the contract to mitigate further financial losses and protect its commercial interests. Contract cancellation may also result from force majeure events, namely extraordinary circumstances beyond the reasonable control of the contracting parties that prevent the fulfillment of contractual obligations. These events may include natural disasters, extreme weather conditions, armed conflicts, pandemics, or government regulations that restrict or suspend shipping operations. Under Articles 1244 and 1245 of the Indonesian Civil Code, parties may be exempted from liability when non-performance results from unforeseeable and unavoidable circumstances. Legal violations constitute another basis for contract termination. A charter agreement may be deemed invalid or subject to cancellation if the vessel fails to comply with applicable safety standards or if any contractual provisions conflict with prevailing laws and regulations. Compliance with maritime safety requirements and regulatory frameworks is therefore essential to maintaining the validity and enforceability of charter agreements.

Finally, a ship charter agreement may be terminated through mutual consent. Pursuant to Article 1338 of the Indonesian Civil Code, contracting parties possess the autonomy to modify or terminate their agreement by mutual agreement when changing business conditions or unforeseen circumstances render the continuation of the contractual relationship no longer beneficial or feasible. In such cases, contract termination occurs without legal dispute, reflecting the principle of freedom of contract and the parties shared intention to avoid unnecessary commercial risks.

Research Methods

This study employed an empirical legal research design using a descriptive qualitative approach (Moleong, 2017). This approach was selected because the study aims to obtain an in-depth understanding of the regulatory framework, implementation processes, and practical challenges associated with ship chartering practices rather than testing hypotheses through statistical analysis. The research was conducted at PT Marine Mandiri Shipping Sealine, a company operating in the ship chartering service sector and located in Palembang City, Indonesia. The selection of the research site and subject was based on their relevance to the research objectives, enabling the researchers to directly observe and analyze the implementation of ship charter agreements at the operational level.

To investigate the research problem, this study utilized one primary sources data. Primary data were collected directly from the field through in-depth interviews. Interviews were conducted with key informants from the company's management to obtain comprehensive information regarding the mechanisms and implementation of ship charter agreements. Secondary data were collected through an extensive literature review. This process involved the examination of relevant shipping regulations, contract law literature, scholarly journal articles, and internal company documents related to ship chartering practices. The combination of primary and secondary data enabled methodological triangulation and enhanced the credibility and comprehensiveness of the research findings (Sugiyono, 2020).

The collected data were subsequently processed and analyzed using descriptive qualitative analysis techniques based on the interactive model proposed by Miles et al. (2014), as further elaborated by Ali et al. (2024) and Raco (2023). The analytical process began with data collection from interviews, and documentary sources. The data were then organized, coded, and categorized according to their relevance to the research questions. Subsequently, the categorized data were interpreted by linking the applicable theoretical frameworks and legal foundations with the empirical realities observed in the field. In the final stage, the findings were comprehensively reviewed to draw systematic and rigorous conclusions that addressed the primary objectives of the study.

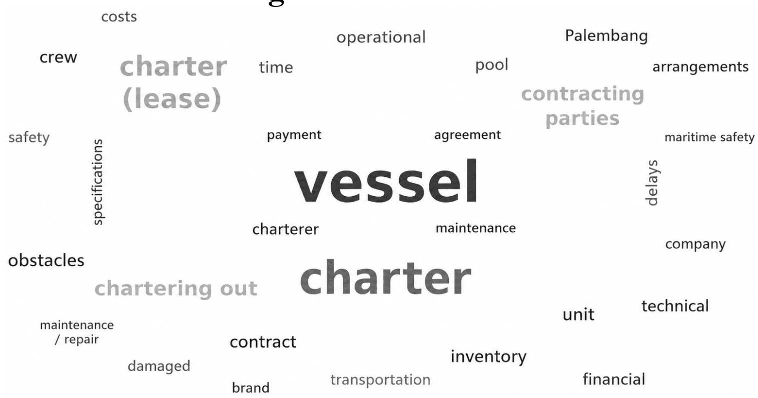
Results and Discussion

Results

The word frequency query represents one of the primary analytical outputs of NVIVO, illustrating the frequency of word occurrences within the data sources. This analysis incorporates an Indonesian stop word configuration to filter out common grammatical terms (e.g., conjunctions, prepositions, and pronouns). The results are presented in two visual formats: a word cloud Figure 1.

Figure 1 presents the results of the NVIVO word frequency query, illustrating the most frequently occurring terms in the interview transcripts. The terms vessel, charter, and lease emerge as the dominant keywords, indicating that the discussion primarily focused on ship chartering practices. The relative size of each word reflects its frequency of occurrence within the dataset. Supporting terms such as parties, voyage, time, pool, technical, operational, breach of contract, and payment further indicate that the interviews addressed not only charter arrangements but also operational challenges and factors contributing to contract termination.

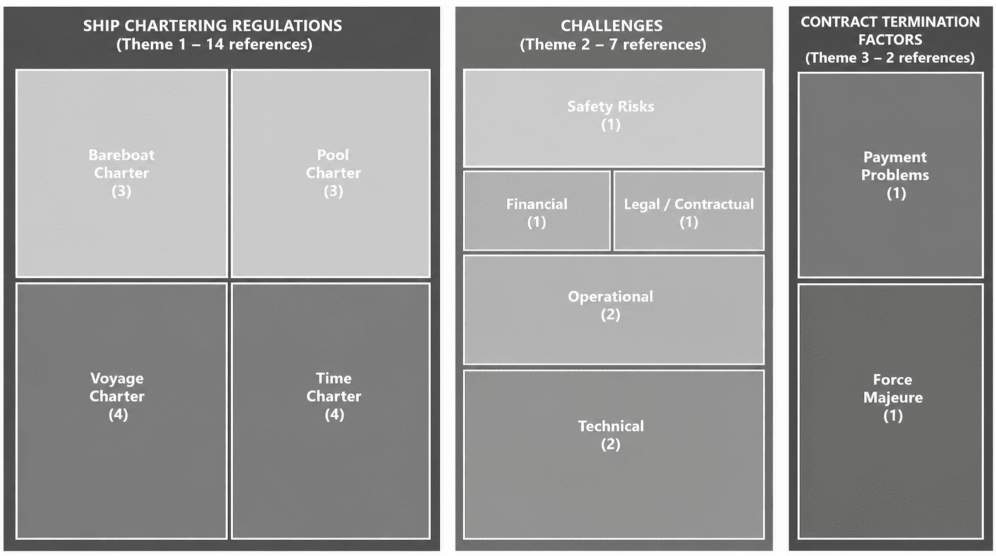
Figure 1. Word Cloud



Source: Data and analysis processed using NVIVO Methodology

Figure 2 illustrates the coding hierarchy generated through NVIVO in the form of a tree map, where the size of each box represents the number of coding references associated with each node. The theme Ship Charter Arrangements accounts for the largest number of references 14 references, followed by operational obstacles 8 references and contract cancellation factors 2 references. This distribution indicates that respondents provided more detailed explanations regarding charter schemes than issues related to contract termination. at the sub theme level, voyage charter and time charter received the highest number of references 4 references each, while technical obstacles emerged as the dominant challenge within the operational obstacles theme 3 references.

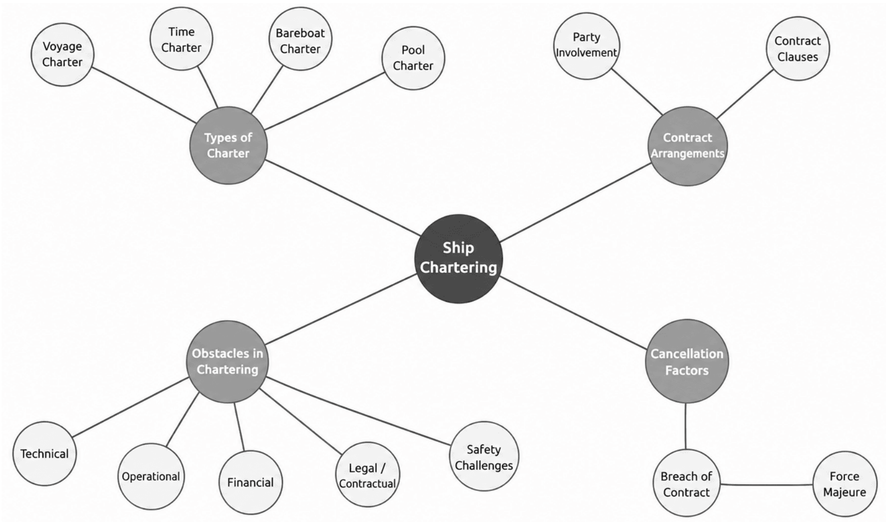
Figure 2. Hierarchy Chart (Tree Map)



Source: Data and analysis processed using NVIVO Methodology

Figure 3 depicts the network relationships among themes and sub themes identified during the qualitative analysis. The visualization highlights how the central concept of ship chartering is interconnected with charter arrangements, operational obstacles, and contract cancellation factors. The network structure suggests that operational issues and contractual problems are not isolated phenomena but are closely linked to the selection and implementation of charter schemes. This figure also demonstrates the multidimensional nature of ship chartering practices, where technical, operational, financial, and legal aspects interact to influence contractual outcomes.

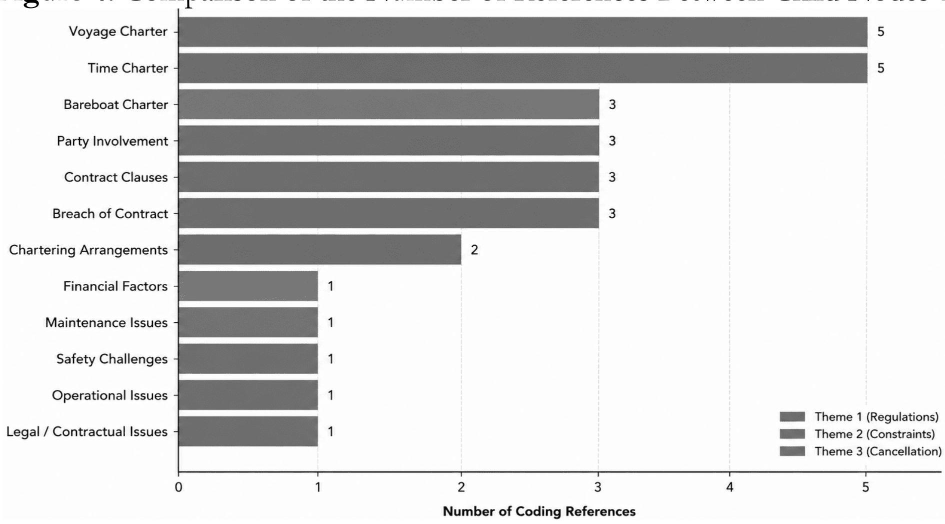
Figure 3. Projact Map 2



Source: Data and analysis processed using NVIVO Methodology

Figure 4 compares the number of coding references across the identified child nodes. voyage charter and time charter received the highest number of references 4 references each, followed by bareboat charter, pool charter, and technical obstacles 3 references each. Operational obstacles accounted for 2 references, while the remaining sub themes each received a single reference. These findings indicate that respondents focused primarily on explaining charter arrangements and technical issues, whereas topics such as safety risks and legal obstacles received comparatively limited attention.

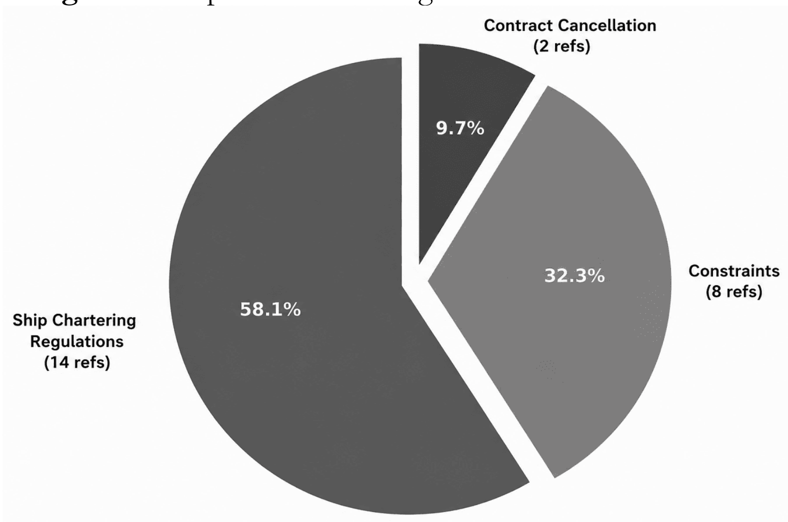
Figure 4. Comparison of the Number of References Between Child Nodes 1



Source: Data and analysis processed using NVIVO Methodology

Figure 5 presents the proportional distribution of coding references across the three main themes. The ship charter arrangement theme accounts for the largest share of references 58.3%, followed by operational obstacles 33.3% and contract cancellation factors 8.4%. The predominance of the first theme suggests that respondents devoted considerable attention to explaining the various charter schemes implemented by the company. Meanwhile, the relatively lower proportion of references related to contract cancellation indicates that such incidents occur less frequently or were discussed in less detail during the interviews. Overall, the distribution reflects the respondent emphasis on operational practices and contractual arrangements rather than dispute resolution mechanisms.

Figure 5. Proportion of Coding at the Three Theme Level



Source: Data and analysis processed using NVIVO Methodology

Discussion

Ship Chartering Arrangements

The research findings indicate that PT Marine Mandiri Shipping Sealine has implemented four ship chartering schemes, namely voyage charter, time charter, bareboat charter, and pool charter. Correlated with Indonesian positive law, the implementation of these schemes aligns with the principle of freedom of contract guaranteed under Article 1338 of the Indonesian Civil Code. This principle grants parties the legal authority to determine the form of their agreement, provided it does not contravene prevailing laws, public order, and morality (Prodjodikoro, 2000). Specifically, the diversity of these contract types reflects the flexibility of the domestic shipping industry in responding to logistical demands within the Musi River waters and inter island routes, such as Palembang to Merak.

From a maritime law perspective, the company's application of the voyage, time, and bareboat charter schemes corresponds with the standard classification of international maritime transport contracts (charter parties) that are applicable globally (Suyono, 2005). Under voyage and time charters, the technical control and manning of the vessel remain with the shipowner, signifying that the company bears full responsibility for the fleet's seaworthiness in accordance with Law Number 17 of 2008 concerning shipping (Republic of Indonesia, 2008). Conversely, in a bareboat charter, there is an absolute transfer of control over operational management and manning to the charterer. According to Purwosutjipto (2007), this bareboat scheme significantly shifts operational and financial risks to the charterer, a mechanism often utilized as a managerial strategy to maintain the stability of the shipowner's cash flow.

Meanwhile, the adoption of the pool charter schemewherein the owner charters the vessel to a second party, who subsequently sub charters it to a third party for specific transport (e.g., oil) implicates multi layered legal liabilities among the parties (Wilson, 2010; Baughen, 2019). In the context of commercial carriage law, this multi layered legal relationship potentially engenders complexities in contractual jurisdiction should disputes or cargo damage arise in the future (Muhammad, 2013). Furthermore, a discrepancy in the informant's statements initially mentioning three types during the early stages of the interview but later elaborating on four indicates a conceptual ambiguity at the practitioner level. This reinforces the urgency for further confirmation or contract document triangulation to ascertain whether the bareboat charter is positioned as part of the general charter category or if the discrepancy is merely an oversight in enumeration.

The findings confirm previous studies indicating that voyage, time, and bareboat charters remain the dominant contractual schemes in maritime transportation due to their operational flexibility and risk sharing mechanisms (Song & Panayides, 2021; Plomaritou & Nikolaidis, 2016). However, this study extends previous literature by identifying the implementation of pool charter arrangements within domestic shipping operations in Palembang, an aspect that has received limited attention in earlier Indonesian maritime studies. Furthermore, the ambiguity identified among practitioners regarding the classification of charter schemes suggests that operational understanding at the company level may not always align with theoretical classifications in maritime law literature.

Patterns of Operational and Technical Obstacles

The identification of obstacle patterns at PT Marine Mandiri Shipping Sealine reveals five primary categories; however, the distribution of coding references demonstrates a pronounced dominance of technical 3 references and operational 2 references obstacles. This dominance underscores that the primary challenges within the company's shipping management lie not in regulatory or macro financial aspects, but rather in the physical reliability of the fleet and the efficiency of the supply chain. Specific issues, such as inadequate vessel conditions and off hire incidents, directly diminish commercial productivity and precipitate substantial economic losses for both shipowners and charterers (Baatz, 2021; Plomaritou & Nikolaidis, 2016; Lun et al., 2023; Tarangya, 2023; Ramadhani et al, 2025). Within the maritime industry, an off hire period represents a significant financial detriment, as the charterer is relieved of the obligation to pay charter hire while the vessel remains inoperable (Suyono, 2005). Financial aspects which are heavily influenced by the fluctuations of the commercial shipping market (Stopford, 2009) along with contract law and safety risks, although only briefly mentioned, constitute critical areas necessitating further investigation in future research.

Furthermore, obstacles arising from the incompatibility between vessel specifications and charterer demands reflect a misalignment between fleet inventory management and the dynamics of the domestic shipping market. Delays in cargo delivery, constituting a key operational obstacle, further exacerbate the risk of demurrage disputes within the framework of maritime law. Operational impediments primarily comprise delivery delays and the necessity for vessel repairs (Lasse, 2014). Consequently, these findings necessitate a strategic shift by the management of PT Marine Mandiri Shipping Sealine, transitioning from a corrective maintenance model (breakdown maintenance) to a structured preventive maintenance approach to minimize fleet downtime (Salim, 2013; Nasution, 2008).

The dominance of technical and operational barriers found in this study is consistent with Ramadhani et al. (2025), who reported that vessel downtime and maintenance related issues significantly affect charter performance. Similarly, Wilson (2010) emphasized that operational resilience and preventive maintenance are critical factors in ensuring sustainable maritime logistics. Nevertheless, unlike previous studies that focused primarily on efficiency and customer satisfaction, this study demonstrates that technical disruptions also have legal and contractual implications, particularly through increased risks of off hire claims and demurrage disputes.

Analysis of Contract Cancellation Triggers

Within the thematic category of contract cancellation, breach of contract (wanprestasi) is identified as the primary determining factor, with the charterer's failure or delay in payment serving as its concrete manifestation. This empirical finding closely aligns with the reality of civil contract law enforcement in Indonesia. Pursuant to Articles 1238 and 1243 of the Indonesian Civil Code (KUHPerdata), a breach of contract grants the aggrieved party the full right to demand specific performance, compensation for damages, or the reciprocal rescission of the agreement (Ali et al., 2024; Subekti, 2005). Payment delays by the charterer disrupt the operational financing structure of the vessel, which jurisprudentially often culminates in commercial contract disputes (Herawati & Nurmayanti, 2022; Plomaritou & Nikolaidis, 2016), particularly under Time Charter schemes that rely heavily on periodic hire liquidity to fund fuel (bunkers) and crew wages.

Although the informant emphasized the charterer's financial constraints as the primary trigger, the specific phrasing used during the interview indicates the presence of secondary factors that have not yet been explicitly articulated. In commercial carriage law, contract cancellation is also frequently precipitated by other forms of breach, such as unauthorized route deviation, the transport of prohibited cargo, or the shipowner's failure to provide valid seaworthiness documentation (Muhammad, 2013). Consequently, these implied factors represent a crucial knowledge gap that warrants empirical exploration in future research phases to map all dimensions of cancellation triggers holistically.

The identification of payment default as the primary trigger for contract cancellation supports previous findings by Herawati and Nurmayanti (2022), which highlighted financial non-compliance as a major source of disputes in ship charter agreements. These findings are also consistent with classical contract law theory concerning breach of contract and the right of the aggrieved party to terminate agreements and claim compensation. However, this study extends previous literature by demonstrating that payment delays not only affect contractual relationships but also disrupt operational cash flows required to maintain vessel readiness and continuity of shipping services.

The NVIVO thematic analysis reveals that vessel downtime due to damage and delivery delays are the primary operational bottlenecks triggering contract cancellations. These findings corroborate the assertions of Baskoro & Naufal (2025) and Ramadhani et al. (2025), who noted that technical unreliability remains a persistent issue in domestic shipping lines. However, unlike the findings of Plomaritou & Nikolaidis (2016) which highlighted regulatory and documentary compliance as the main triggers for cancellation in international waters, this study demonstrates a different dynamic in a river based context. In Palembang's Musi River, mechanical failures directly lead to cascading delivery delays that ultimately breach the strict readiness clauses of the charter party. Local geographical and infrastructural constraints significantly amplify the impact of these technical failures, compelling charterers to exercise their cancellation rights as theorized by Baughen (2019) and Tarangya (2023).

Methodological Evaluation: Data Triangulation and Saturation

From a methodological standpoint, an evaluation of the data collection process indicates that coding based on a single interview source is insufficient to achieve data saturation; consequently, the resulting conclusions remain merely indicative (Creswell & Creswell, 2018). The characteristics of empirical qualitative research dictate that a conclusion can only be deemed robust and credible when no new information or variation in patterns emerges from the addition of further data sources (Moleong, 2017). Therefore, the findings generated through the NVIVO software in this study are preliminary and indicative, meaning they cannot yet be broadly generalized.

To address these limitations, future research must integrate source and technique triangulation methods (Sugiyono, 2020). Utilizing the qualitative analysis functionalities within NVIVO enables researchers to incorporate additional interview transcripts from various stakeholders such as field operational staff and charterers and to conduct a content analysis of the company's physical charter party contract documents. Through the execution of advanced matrix coding queries, subsequent researchers will be able to precisely compare the distribution of coding references across multiple informants, map convergent themes (shared perspectives), and analyze divergent patterns (differing perspectives) to yield a comprehensive and valid maritime law study (Miles et al. 2014).

Conclusion

This study aimed to examine the implementation of ship charter agreements, identify operational obstacles, and analyze the factors triggering contract cancellation at PT Marine Mandiri Shipping Sealine in Palembang City. The findings indicate that the company implements four main chartering schemes, namely voyage charter, time charter, bareboat charter, and pool charter. These arrangements reflect the flexibility of domestic shipping companies in adapting contractual mechanisms to diverse logistics demands while remaining consistent with the principles of freedom of contract and Indonesian maritime regulations. Furthermore, the study reveals that operational challenges are primarily associated with technical barriers, including vessel downtime, inadequate fleet conditions, and mismatches between vessel specifications and charterers requirements. Operational delays also contribute to inefficiencies and increase the risk of contractual disputes.

These findings demonstrate that operational reliability is a critical determinant of charter agreement performance.

Regarding contract sustainability, the study identifies breach of contract, particularly delayed or unpaid charter fees, as the principal factor triggering contract cancellation. This finding reinforces contract law theory, which grants the injured party the right to seek compensation or terminate the agreement when contractual obligations are not fulfilled. Based on these findings, shipping companies are encouraged to strengthen preventive maintenance systems, improve fleet planning based on market demand, and implement stricter financial screening and payment monitoring mechanisms for prospective charterers.

This study has several limitations that should be acknowledged. First, the research was conducted within a single shipping company, which may limit the generalizability of the findings to other maritime contexts. Second, the analysis relied primarily on interviews with internal informants and did not incorporate the perspectives of other relevant stakeholders, such as charterers, shipping agents, and regulators. Third, the study did not directly analyze the contents of charter party documents, thereby limiting the ability to examine contractual clauses in greater detail. These limitations indicate the existence of remaining knowledge gaps regarding the implementation and dynamics of ship charter agreements in Indonesia. In particular, additional forms of breach of contract and secondary factors contributing to contract termination may not have been fully captured within the scope of this research.

Future studies are therefore encouraged to adopt a more comprehensive approach by incorporating multiple stakeholders and conducting textual analyses of original charter party documents to strengthen data triangulation and achieve greater data saturation. Comparative case studies involving different shipping companies are also recommended to enhance the generalizability of the findings. Furthermore, future research should investigate other forms of contractual breaches beyond payment related issues and explore non-technical challenges, particularly safety risk mitigation and regulatory compliance under Government Regulation No. 31 of 2021 concerning the Administration of the Shipping Sector, in order to develop more resilient managerial strategies for Indonesia's maritime industry.

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