Master in Shipping and Sea Transports: Economics and Politics

MANAGEMENT of SHIPPING COMPANIES

Organization of Shipping Companies

Dr. Apostolos Fasianos

Contents

- Introduction to Organization in Shipping
- The shipping company as a system
- Organisational design and structure
- Structural dimensions
- Contextual factors
- Conclusion

Learning Objectives

- Be able to analyze the organisation of a shipping company.
- Understand the structure and the systemic nature of shipping organizations
- Understand the structural dimensions of the organisation by taking into account different degrees of formalisation, centralisation and complexity.

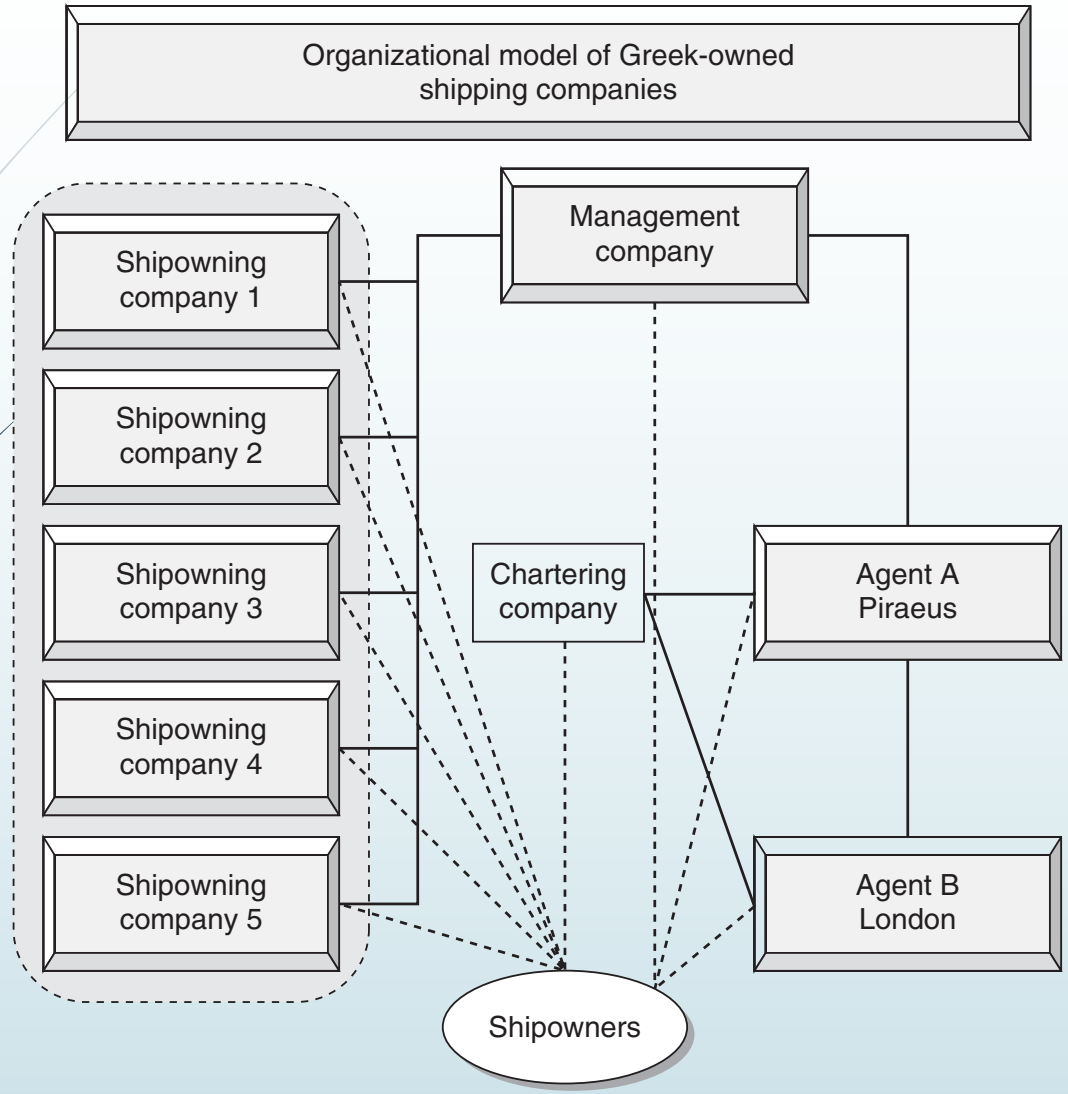
Introduction to Organisation

Organisation definition

The term "**organisation**" describes:

- a number of individuals who, in a co-ordinated manner, pursue the realisation of the same objectives and,
- the process under which the relations and manner of interaction between the individuals are determined.

Organisational model of Greek shipping companies



Source: I.Theotokas – G. Harlaftis (2018) *Leadership in world shipping.* London: Palgrave Figure 2.1

Factors affecting organization

- The organisation and organisational structure of companies and organisations are not fixed but are affected by:
- **internal factors**
    - Development
    - Alteration of strategies
    - Change of leadership
    - Change in the philosophy of management, etc.)
- **external factors**
    - new regulations
    - intensity of competition
    - reduction of demand
    - among others
- Adoptations in response to the above factors are essential

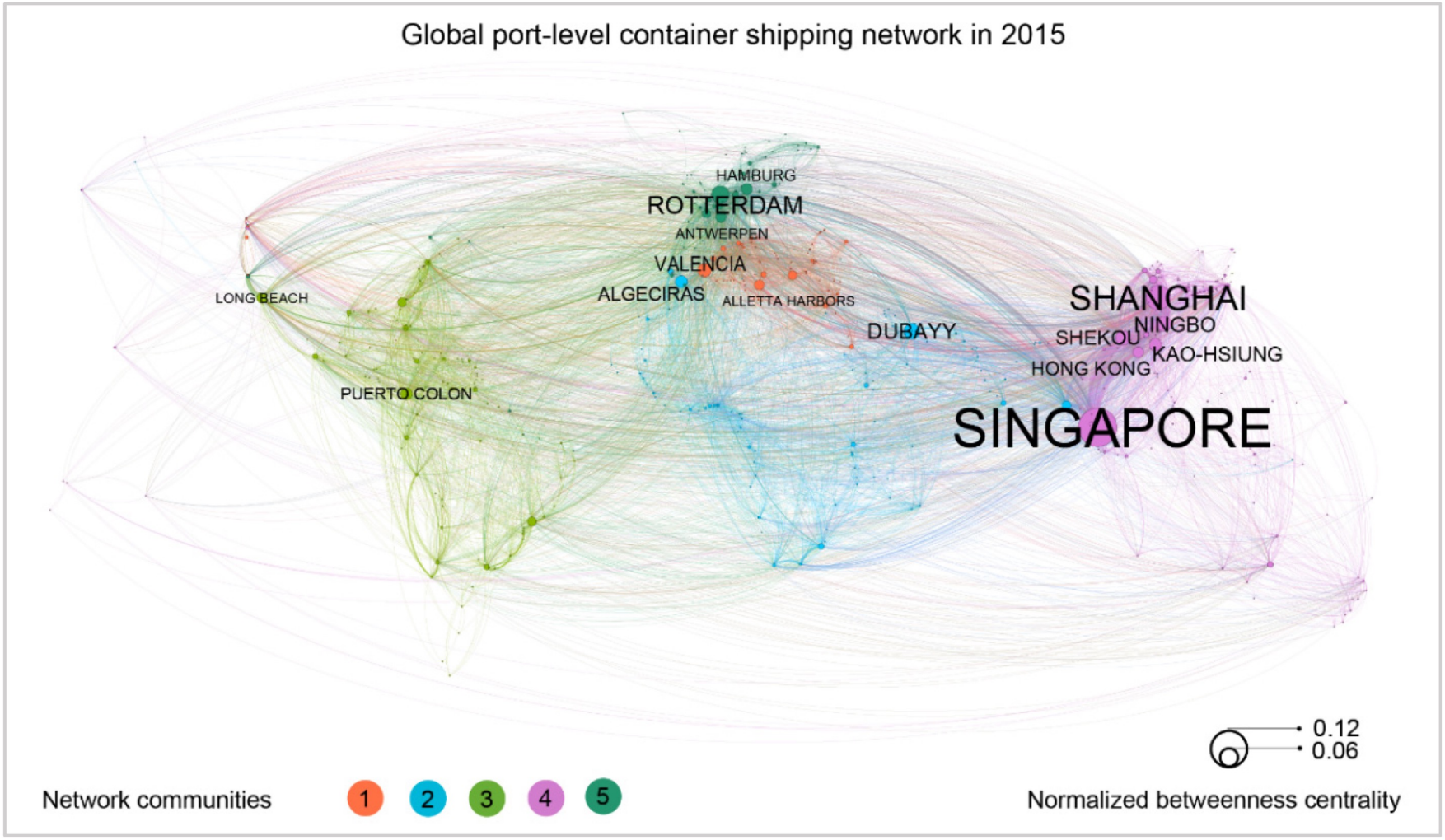
Approaches to Organization

- **'one and only best way'** approach: predominated in the thinking on organisational structure from the early twentieth century (Mintzberg, 1996)

- Modern approaches: organizations differ, and that what is applicable to one company is not necessarily applicable to another.

- **"Take everything into consideration"** approach: "effective organization depends on developing a cohesive set of relations between structural design; the age, size, and technology of the firm; and the conditions of the industry in which it is operating" (Morgan, 1986:56).

Organisations as a system



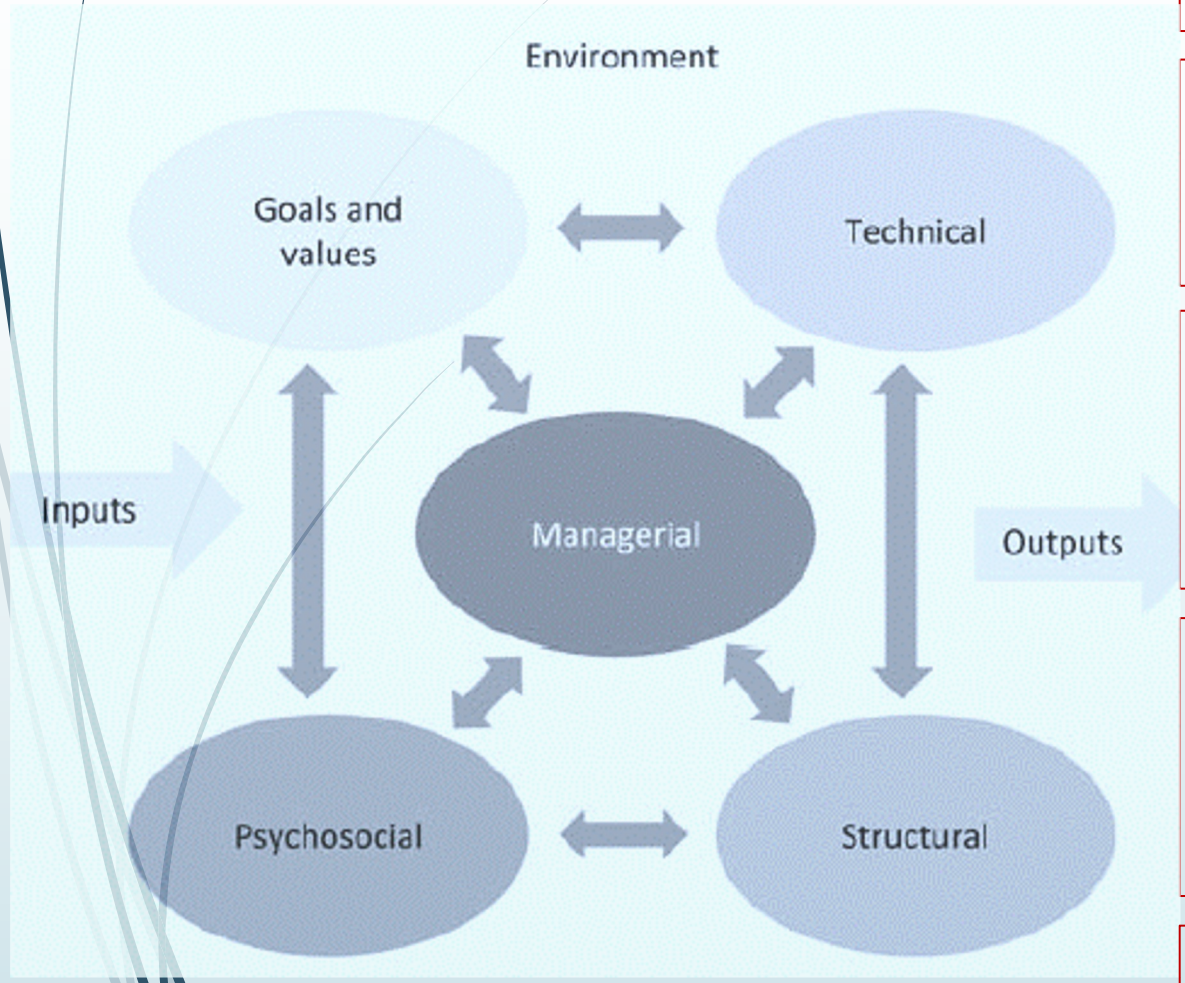
A shipping company is a system of **interrelated and interdependent parts** that includes land offices in support of the operation of the vessels.

The management of it is **complex**: it includes the handling of units of high capital value scattered in distant regions of the world, which makes the day-to-day monitoring of their operation difficult.

Crucial to set up an organizational framework to manage this complexity

Source: Wang, Zhihuan, Christophe Claramunt, and Yinhai Wang. "Extracting global shipping networks from massive historical automatic identification system sensor data: a bottom-up approach." *Sensors* 19.15 (2019): 3363.

Organisations as multiple systems



Goals and Values: the organisation carries out a function for society, and, if it wishes to receive inflows from it, it must comply with its demands. Example?

Technical: the necessary knowledge for the jobs. It is determined by the requirements of the organisation as regards its task and differs depending upon that task. Example?

Psychosocial: consists of interacting individuals and groups and is shaped by the behaviour and motivation of the individuals, the relations determined by their position and roles, the dynamic of the groups, the emotions, values, attitudes and expectations of the individuals. Example?

Structural: includes the ways in which the task of each organisation is divided up and coordinated. In the typical form, the structure is defined by the organisation chart, the positions and their description, the rules and the processes. Example?

Managerial: links the organisation with its environment, sets its objectives and plans and designs the structure and the mechanisms for its monitoring.

Organizations as multiple systems (examples)

1. Technical System:

The technical system of a shipping company involves the physical infrastructure, vessels, and technology used for transportation. This includes cargo ships, containers, navigation systems, and tracking technologies. The efficiency and reliability of these technical elements are crucial for the company's operations.

2. Structural System:

The structural system of a shipping company encompasses its organizational hierarchy and how different departments are structured. This includes divisions such as operations, logistics, finance, and human resources. The company's organizational chart illustrates reporting relationships and the flow of authority, highlighting how decisions are made and communicated within the organization.

Organizations as multiple systems (examples)

3. Psychosocial System:

Example: The psychosocial system in a shipping company relates to the organizational culture, communication patterns, and the well-being of its employees. For instance, the company may foster a culture that values safety and collaboration among crew members. Effective communication is crucial for coordinating activities, especially in situations like port operations or emergency responses.

4. Goals and Values:

The goals and values of a shipping company might include objectives such as timely and secure delivery of cargo, safety in operations, and environmental sustainability. The values could emphasize integrity, customer satisfaction, and responsible environmental practices. These goals and values guide decision-making and actions throughout the organization.

Organizations as multiple systems (examples)

5. Managerial System:

Example: The managerial system involves the planning, organizing, leading, and controlling functions within the shipping company. Managers are responsible for coordinating ship schedules, optimizing routes, managing human resources, and ensuring compliance with international maritime regulations. Effective leadership is essential for addressing challenges such as adverse weather conditions or changes in global trade patterns.

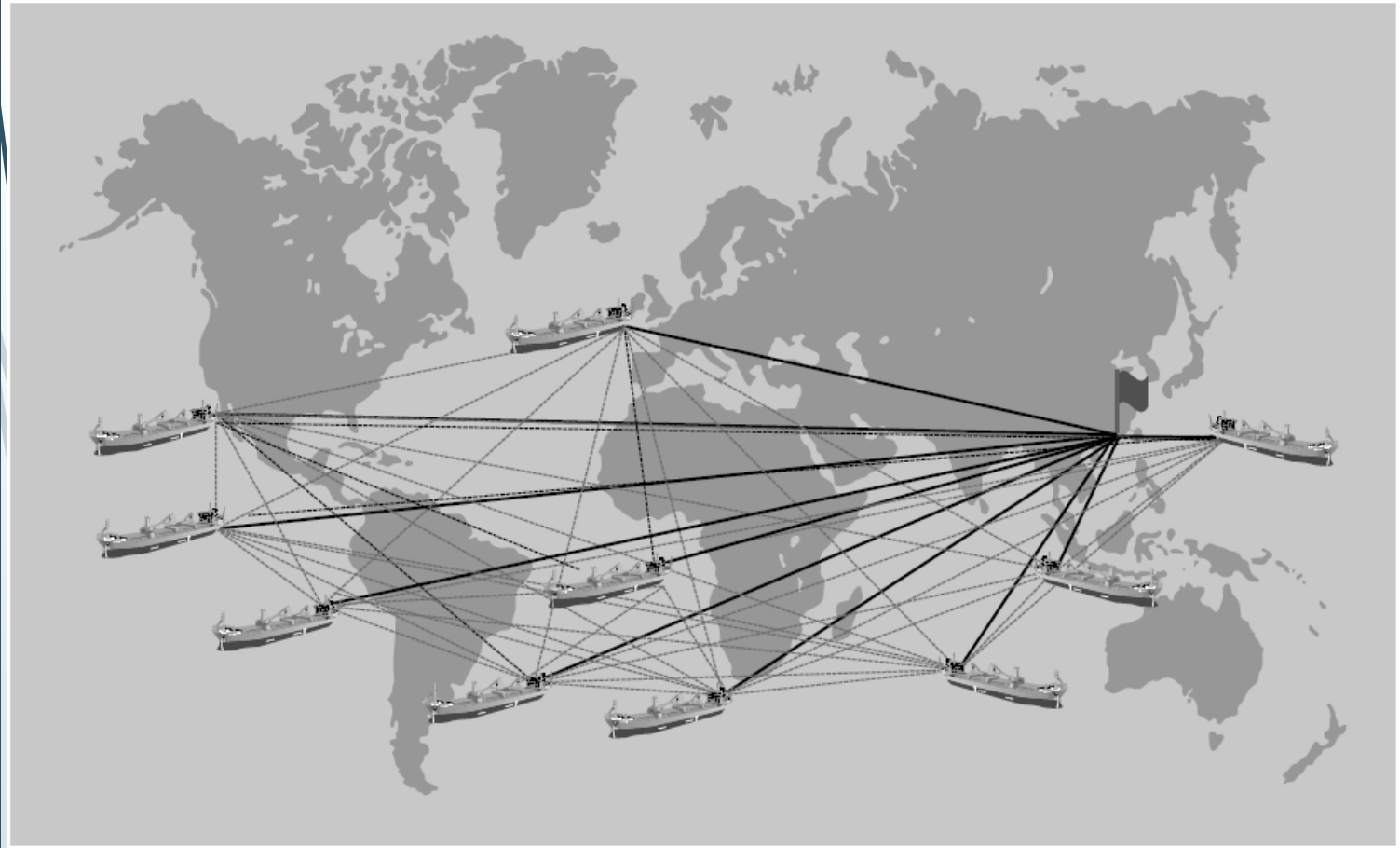
Understanding an organization as a holistic system allows managers and leaders to make more informed decisions, foresee potential issues, and design interventions that consider the broader impact on the entire organizational ecosystem. It also promotes a more comprehensive approach to problem-solving and strategic planning.

The shipping company as a system: characteristics

- **spatial dispersion (simple):** is the dispersal in space of activities and personnel. An organisation can carry out the same processes with the same division of labour and the same hierarchical structuring at many points simultaneously.

- **complexity:** includes a series of sub-systems/infrastructures on land in various shipping centres all over the world and some dozens of ships/sub-systems, moreover, of differing types, in constant operation at different geographical points worldwide.

The shipping company as a system: example



- Relatively simple system in which there is an infrastructure sub-systems on land and 10 ships/sub-systems
- Each ship also functions as a system consisting of the five sub-systems described earlier (goals and values, technical, structural, psycho-social, managerial).
- All these sub-systems have to achieve co-ordinated and effective operation, both in their interior and in their relations with the other sub-systems, in accordance with the planning and objectives of the company.
- In such a system, there are formal lines of communication between the office and each ship, but also informal lines which permit communication between the vessels
- How to reduce this level of complexity into a system?

Organisational design

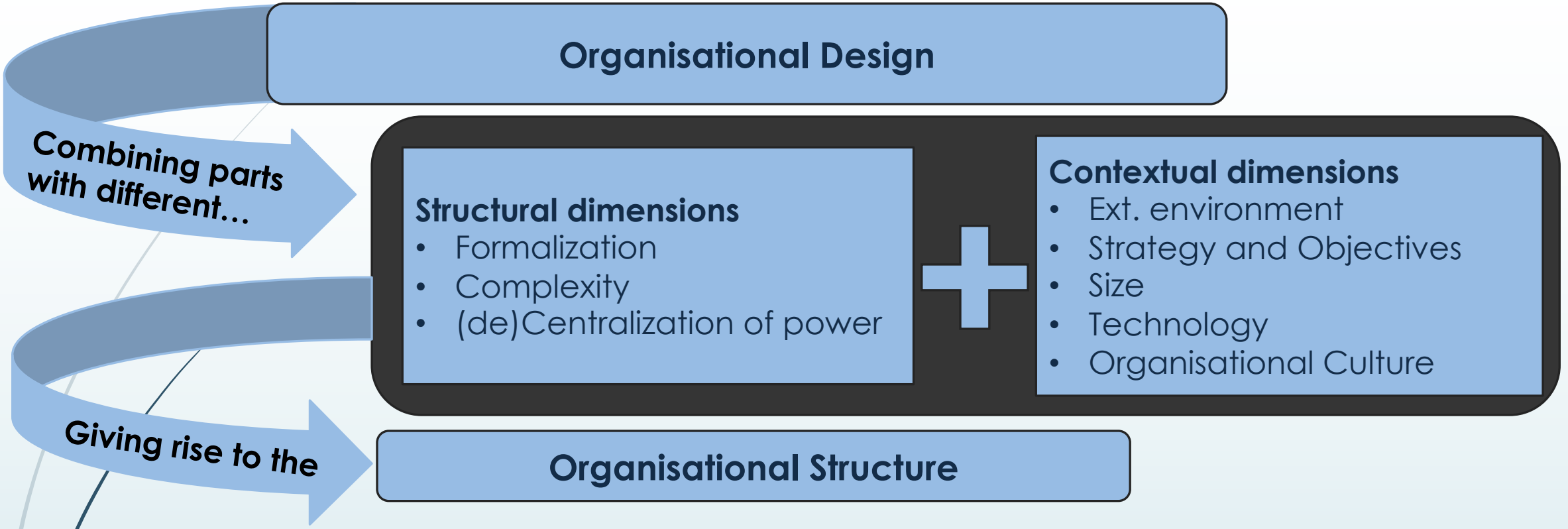
- **Organisational Design:** the process of combining the dimensions and constituent parts of the organisation in such a way that they form a single system.
- Making **decisions** about how specialized jobs should be allocated, the rules to guide employees' behaviors and at what level the decisions are to be made

Organisational Structure

- **Organisational Structure:** the arrangement of the departments (the constituent parts) of an organisation or of a company

- Three **structural dimensions:**
  - Formalisation
  - Complexity in the division of labour
  - Centralisation/decentralization of power

Organisational structure



- Formal reporting relationships including the number of hierarchical levels, managers' span of control, decision responsibilities and lines of authority; visualized by the **organization chart**
- The formal tasks that are assigned to individuals and departments
- Systems to effectively coordinate employees both within and across departments
- Formal and informal structure

Structural Dimensions – Formalisation (1)

- **Formalisation**: the degree to which jobs are standardized and behavior is guided
  - expectations regarding the means and ends of work are specified, written and enforced
- Influences the organization's operation at many levels:
  - linked with control (rules, procedures and policies designed to determine the way in which tasks are carried out, recorded in handbooks, and govern the action of individuals)
  - human resources
  - knowledge and its handling

Structural Dimensions – Formalisation (2)

- For each post in the ship, the following are precisely defined:
  - the title of the post;
  - the person to whom the holder of the post reports;
  - those who report to this person;
  - His/her replacement;
  - the qualifications of the holder of the post;
  - His/her responsibilities and competences.

Structural Dimensions – Formalisation Example

- **Job Title:** Logistics Coordinator
- Reports To: Logistics Manager
- Direct Reports: None
- Replacement: Logistics Manager

- **Qualifications:**
- Master's degree in Logistics, Supply Chain Management, or a related field.
- Proven experience in logistics coordination, preferably in the shipping industry.
- Knowledge of international shipping regulations and customs procedures.
- Strong communication and interpersonal skills.
- Proficiency in logistics software and Microsoft Office applications.
- Responsibilities and Competencies:

Coordination:
Plan and coordinate transportation of goods via sea freight, land transportation, and air freight. Collaborate with carriers, freight forwarders, and customs brokers for efficient logistics solutions.

Documentation and Compliance:
Prepare and review shipping documents, ensuring compliance with international shipping regulations.

Communication:
Communicate effectively with internal teams, suppliers, and customers, providing timely updates on shipment status.

Inventory Management:
Monitor and manage inventory levels to optimize storage and distribution processes.
Problem Resolution:

Structural Dimensions – Formalisation (3)

- Why keep these records?
  - The recording of explicit knowledge in handbooks and the standardisation of rules and processes minimise costs from changes in personnel and resources.
  - reduces the impacts from the frequent alternation of individuals in the organisational structure of the vessel.
  - Permits the smooth transmission to new arrivals on the vessel of the explicit knowledge which has been acquired from its operation in the past.
  - Increases the control range (i.e., "shortening" the hierarchical structure)
  - Each shipping enterprise develops systems in which the jobs, competences and responsibilities of each employee, the policies, rules, and the processes which determine the manner of action of the individuals and narrow the margins for any arbitrary behaviour on their part are explicitly described.

Structural Dimensions – Formalisation (4)

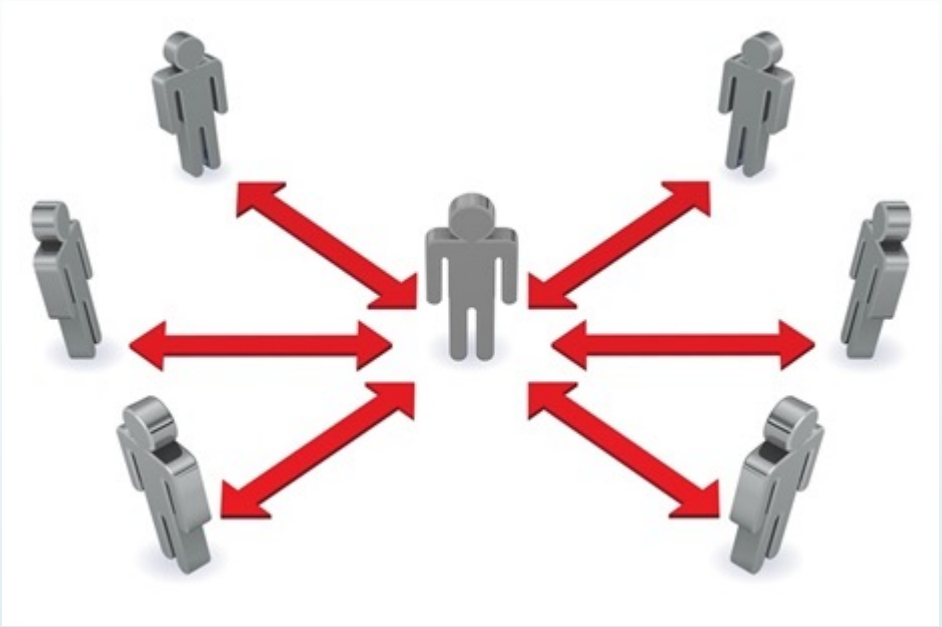
- Formalisation and Company culture
- The degree of formalisation of an organisational structure is related to its organisational culture
- In organisations with a strong and cohesive culture, formalisation is more limited, since the culture serves as a substitute for it, as it guides the attitudes and behaviours of the employees.
- Culture provides the scope to manage knowledge, particularly explicit, more effectively in the interior of the organisation

Structural Dimensions – Centralisation (1)

- **Centralisation – Decentralisation of power:** The sharing out of power in the organisation and the right of decision-making
  - Who has the right to take decisions
  - What is the nature of those decisions
  - **Centralisation** is the degree to which decisions are taken at the high levels of the organisation, while **decentralisation** is the degree to which the power of decision-making is transferred to the lower levels of the organisation (Daft, 2010:93).
- Factors contributing to the definition of the degree of centralisation
  - formalisation,
  - cost of decisions,
  - culture of the organisation,
  - skills of personnel,
  - conditions of the business environment
  - policies and mechanisms of control applied in the organisation

Structural Dimensions – Centralisation (2)

- Factors contributing to the degree of centralisation
  - formalisation,
  - cost of decisions,
  - culture of the organisation,
  - skills of personnel
  - conditions of the business environment
  - policies and mechanisms of control applied in the organisation



Discussion Question

- What would be your approach to shipping management of human resources? Would you be in favour of a centralized or a decentralized approach? Why?

Structural Dimensions – Centralisation (3)

- **Centralisation and monitoring**
- The degree of centralisation/decentralisation serves as an indication of the way in which organisations treat their employees.
- In organisations with a high degree of centralisation in the taking of decisions, the employees are in need of close monitoring, whereas in others, with a low degree of centralisation, the employees are able to monitor themselves.
- The degree of centralisation/decentralization in the taking of decisions is related to a number of factors, such as the size of the organisation, the level of technology, the training of the personnel, the culture prevailing in the organization.

Structural Dimensions – Centralisation (4)

- **Example:** In modern shipping decisions are taken by low level management, but these are strictly scheduled, predetermined by the rules, processes, policies, and handbooks of the enterprise.
- In the past, when the technologies and communications systems did not favour constant office-ship communication, the degree of decentralisation of decisions to captains was greater than it is today.

Structural Dimensions – Complexity (1)

- The existence of different types of work and of complex organisational and management problems with a significant impact on:
  - The behaviour of its members,
  - The structural conditions,
  - The processes which are carried out in its interior,
  - Its relations with the external environment

Complexity in Shipping - Example

BOX 4.4 Operation management of tankers and complexity

In an address given at the BIMCO meeting in 1995, the Greek shipowner Captain Panagiotis Tsakos spoke of the complexity of the task of a tanker's crew and the burdens resulting from the implementation of the regulatory framework in force at that time. As the *Surveyor*, in which the speech was published, notes, these demands, at the time of the *Erika* accident (Box 2.7) increased significantly. More specifically, Capt. Tsakos said (Tsakos, 2002):[4]

> A scenario with which all tanker personnel are familiar: the tanker arrives in Rotterdam with a full cargo of crude, after 40 days at sea, and goes alongside the terminal. It must discharge within 36 hours, or be considered a 'Poor Performance Vessel'.
>
> As soon as the gangway is secured, the following people start to board, usually within the first few hours, all demanding the attention of the master or chief engineer.

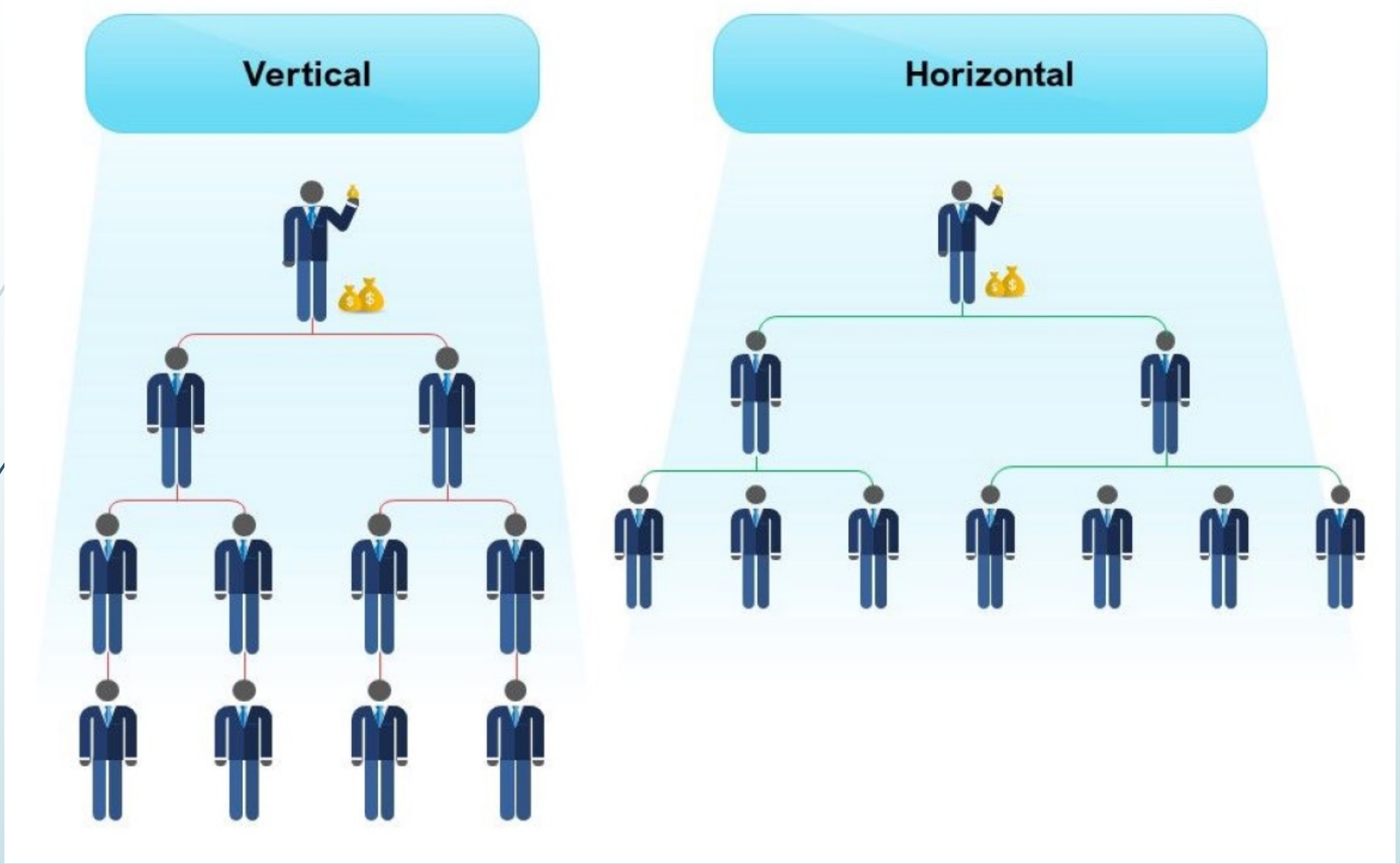
- Agents (owners and charterers)
- Immigration
- Terminal safety inspector with check list
- Cargo inspectors for ullage and handling
- Ship chandler with store barge
- Bunkering barge master
- Lube oil supplier
- Electronics/instrumentation/automation specialists for repairs
- Class surveyor
- Customs – usually with search party
- Port authorities for inspections (IGS, smoke emissions, etc.)
- Port State Control inspector
- P&I club inspector
- Oil company 'X' vetting inspector
- Oil company 'Y' vetting inspector
- Flag State inspector/harbour master
- Medical team for drug test
- ISM inspections
- Anti-piracy teams
- Add in a few more who, as we all know, expect to be received on board on a vessel's arrival in port.

The ship's personnel are expected to cope with all these visitors while, at the same time, dealing with the operations of discharge, security and safety.

Structural Dimensions – Complexity (2)

- Dealing with complexity
- Criteria to measure the degree of complexity of an organisation
  - horizontal complexity
  - vertical complexity
  - geographical distribution or spatial dispersion

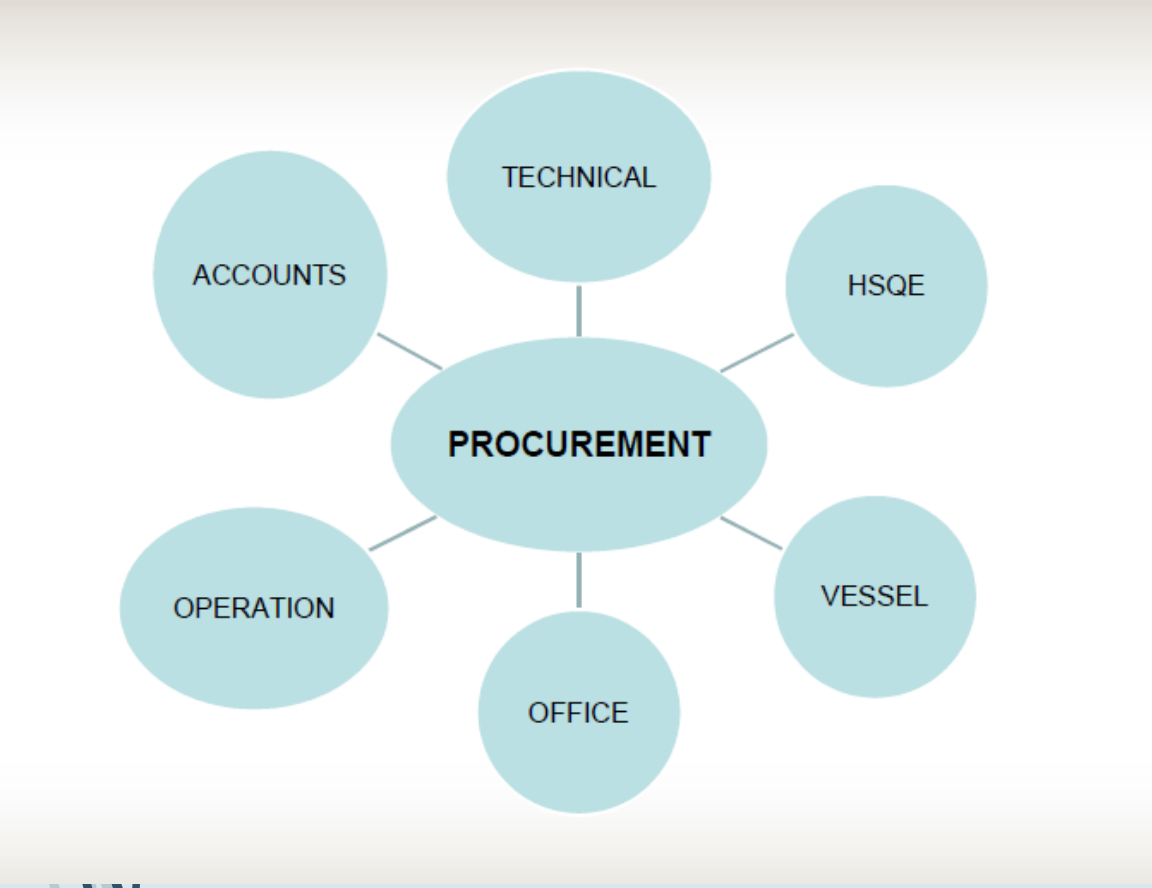
Structural Dimensions – Vertical Horizontal Complexity



Structural Dimensions – Horizontal Complexity

- **Horizontal Complexity:** The division of the task carried out by the organisation, and can be estimated by measuring the number of different jobs which are carried out.
  - Rule of thumb: the more departments there are, the greater the horizontal complexity will be.
- Shipping enterprises are organisations with large horizontal complexity.
- Ships as organisations show smaller horizontal complexity.

Example of a Shipping Company departments



- Health, Safety and Environmental protection Department
- Commercial Department
- Technical Department
- Human Resources Department
- Accounting Department
- Procurement Department
- Accounting and Finance Department
- IT and Telecommunications
- Legal and Marine Insurance
- Chartering Department

Structural Dimensions – Vertical Complexity (1)

- **Vertical Complexity:** the division of the hierarchical levels of the organisation
  - can be estimated by measuring the posts between the managing director and the employee who is lowest in the hierarchy.
- The greater the vertical complexity in a company, the greater the difficulty of monitoring, coordination and communication (Hall, 1996).
- The specialisation of the fleets they operate affects the vertical complexity of the shipping companies.

Structural Dimensions – Vertical Complexity (2)

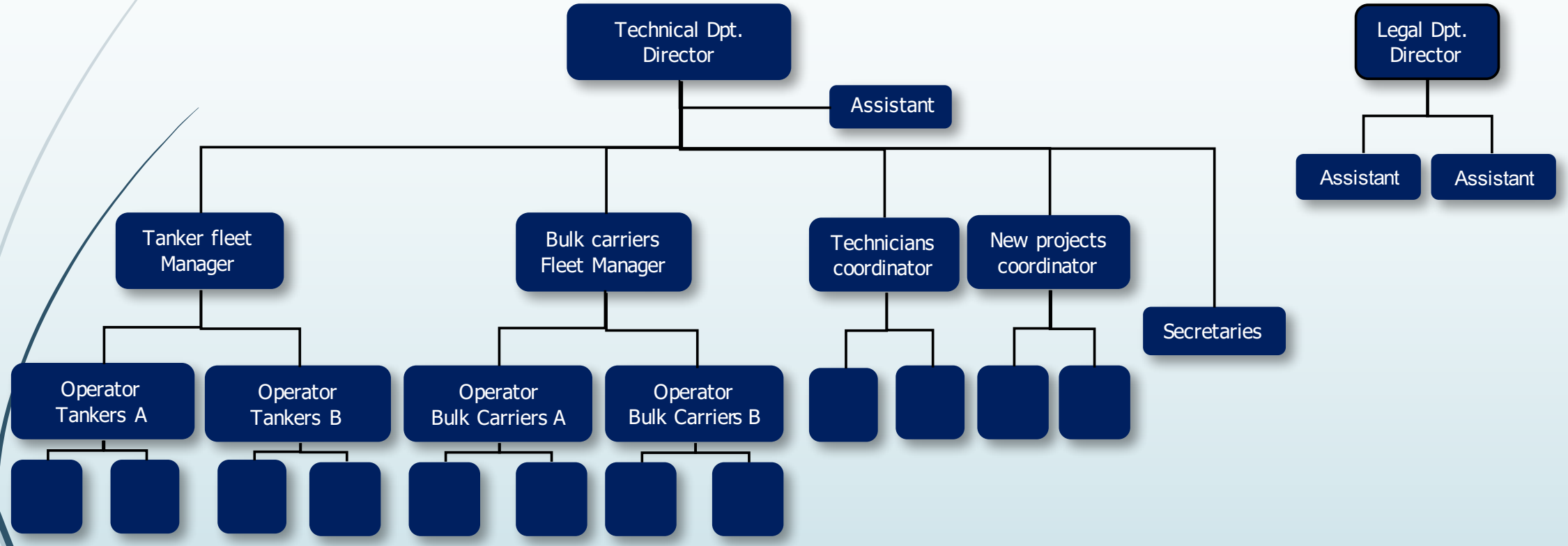
- **Measuring vertical complexity**
- Ratio of employees on land offices per ship:
- Rule of thumb: the ratio of employees working in the company's offices on land to each vessel fluctuates between 0.5 to 4.
- The larger the ratio, the more the operations that are organised in-house by the shipping company
- What affects this ratio?
  - Outsourcing → the higher the outsourcing the lower the ratio
  - Incorporation of IT → the more the IT the lower the ratio
  - Strategy → the more "aggressive" the strategy the higher the ratio

Structural Dimensions – Vertical Complexity (3)

- **Example:** liners are companies with higher degree of vertical complexity compared to bulkers. WHY?

Structural Dimensions – Vertical Complexity (4)

- Even within a company, different department and/or divisions are characterized by different degree of vertical complexity.
- Example:



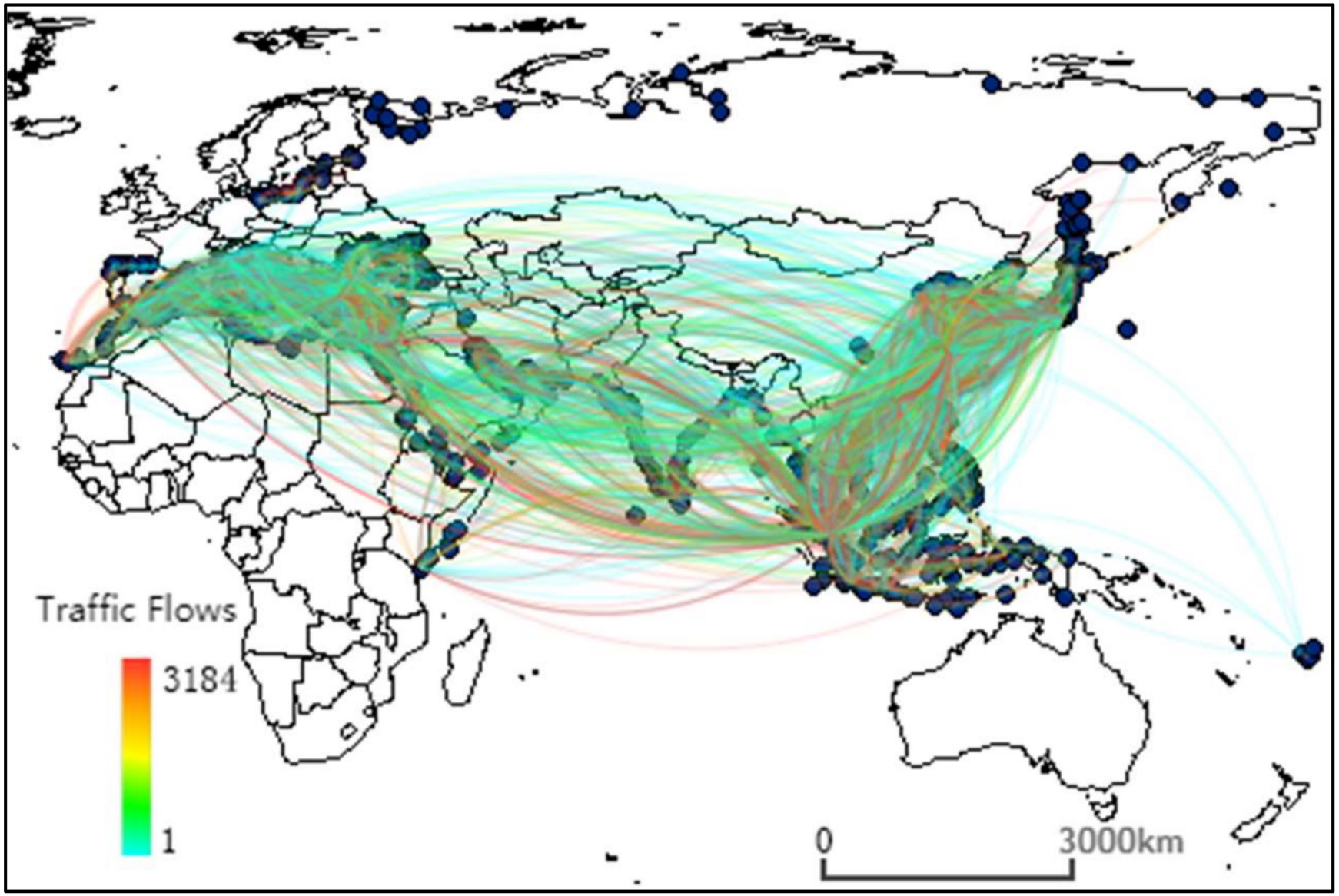
Structural Dimensions – Spatial dispersion

- **Spatial dispersion:** includes both horizontal and vertical complexity
- the activities and the personnel may show a geographical distribution according to either their horizontal or their vertical dimension.
- Example in shipping:
  - Own terminals in many different ports
  - Land offices and Headquarters in many different cities
  - Many ships
  - Fleet manager and ships

Structural Dimensions – Spatial dispersion

- Spatial dispersion depends on:
  - Strategy,
  - type of shipping company
  - size, etc.
- important for an estimation of the complexity of an organisation if in many different locations
- shipping enterprise manifests a large degree of spatial dispersion, as its vessels operate in all the seas and there might exist offices in different parts of the world

Structural Dimensions – Spatial dispersion



(a)

Spatial dispersion – The Case study of TORM acquisition

- In June 2007, **TORM** and **Teekay Shipping Corporation** completed the joint acquisition of the OMI Corporation, with the former acquiring control of 24 ships (product tankers) from the OMI fleet.
- After the acquisition, TORM created a fleet with more than 100 ships, mainly tankers.
- The aim of both purchasers was to acquire a quality fleet and to enhance their position in the consolidated tanker market.
- For TORM this move contributed to its strategic aspiration to become a global company, increasing its organisational capacity and scope.
- The increase in size meant the introduction of new roles and responsibilities, new offices in international maritime centres and a new organisational setting.
- The challenge for the company was to make sure that the quality of services delivered to customers would continue to be of the same level.
- To succeed, it was crucial to bring together the different cultures of TORM and of the part of OMI that came in a single organization.
- After the acquisition, TORM implemented a cost-saving programme, introducing changes to its organisation (focus on process standardisation, better use of IT, decrease of operating cost, optimising the company's land based organisation) with the aim of improving its efficiency (Tanker Operator, 2009).

Spatial dispersion – The Case study of Odfjell

- Odfjell is, a company active in specialised shipping for transportation and storage of bulk liquid chemicals, acids, edible oils and other special products.
- Odfjell operates a fleet of **80 chemical tankers** whose carrying capacity ranges from **4,000 to 75,000 dwt**, and two **Large Gas Carriers** of **9,000 cbm**.
- These ships are dispersed in the oceans, car- rying specialised cargoes, having to deal with complex conditions as all tankers have.
- The Odfjell group consists of **25 companies** registered in various countries, and it operates offices in Bergen, Tokyo, Shanghai, Manila, Singapore, Melbourne, Durban, Mumbai, Dubai, Buenos Aires, Sao Paolo and Houston.
- Its network includes owned terminals in eight ports in Europe, Asia and North America, and terminals party owned by related parties in many ports of Latin America.
- At the end of 2016, it employed **2,890 employees** in the network activities. For such a complex organisation, horizontally, vertically and spatially, co-ordination is a constant objective, for which an organisational structure supporting clear lines of communication and accountability, and rules for delegation of authority that specify responsibility, have been established (Odfjell, 2017a).
- Employee per land office per ship:

Spatial dispersion – The Case study of Odfjell

Figure 4.4 The spatial dispersion of activities and structure of a large specialised shipping company

Source: (Odfjell, 2017b). The map describes Odfjell presence per 1 June 2017. Used with permission.

- Discussion Questions

- Considering the information about Odfjell provided earlier, how would you measure the complexity of this organization?
- What measures would you propose to moderate this complexity?

Contextual factors of organizational structure

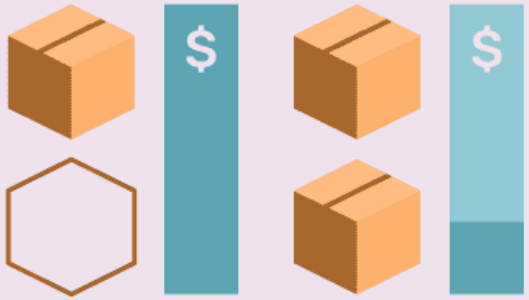
- Organisations are designed by people of different views and approaches.
- organisations may be re-designed and adapt their structures to the demands of their internal and external environment.
- Important contextual Factors include:
  - Size
  - Technology
  - Organisational culture
  - Business or operational environment
  - Strategy

Contextual factors - Size

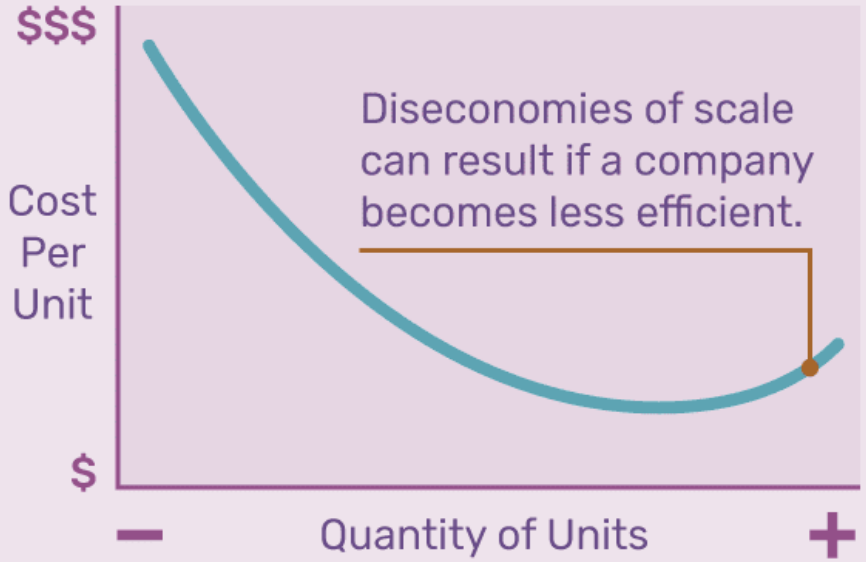
- No unique criterion (commonly accepted) as to how to classify shipping companies according to their size
  - The number of vessels under management is commonly used as a criterion to classify the size of the company.
  - Does not reflect
    - the magnitude and quality of capital which has been incorporated
    - the number of persons it employs
- For example, the organisational structures of dry bulk shipping companies will be limited in number.
- A bulker company which manages 40 vessels may, on certain conditions, operate effectively with 100 employees in its offices. A liner would need way more employees to operate 40 vessels.
- The extent of the organisational structure is connected, then, with the size of each company, which, in its turn, is closely connected with efforts to achieve efficiency and a reduction of cost by means of **economies of scale**

Economies of Scale

An economics term that describes a competitive advantage that large entities have over smaller entities.



Manufacturing costs can fall 70% to 90% every time the business doubles its output.

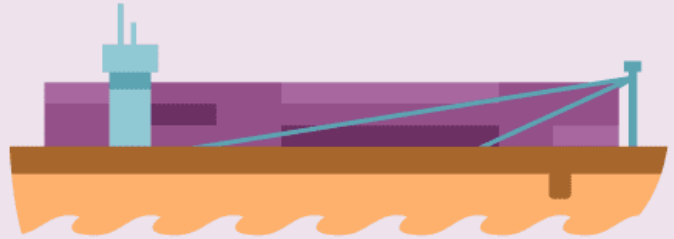


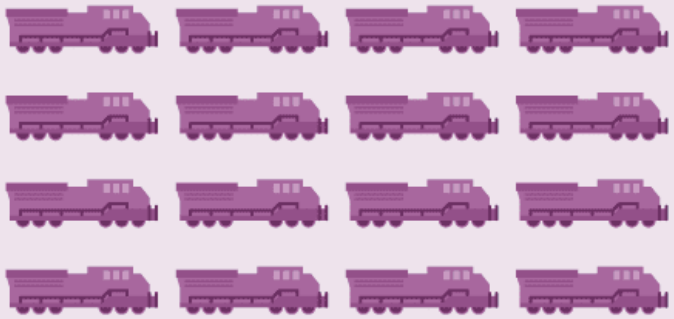
Internal

The sheer size of the company allowing bulk purchases.

External

Receiving preferential treatment from government or other external sources.



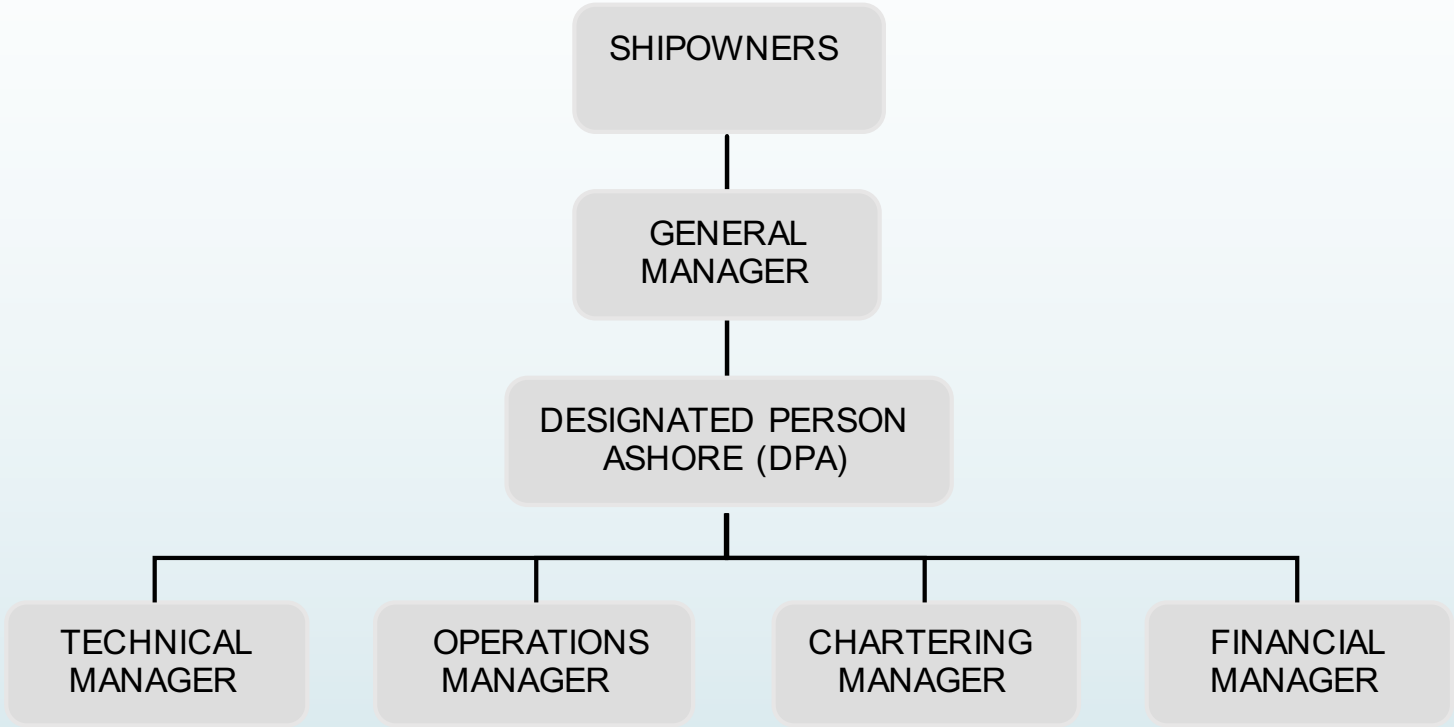


Large shipping companies can use ships that carry as many goods as 16 freight trains.

Contextual factors - Size

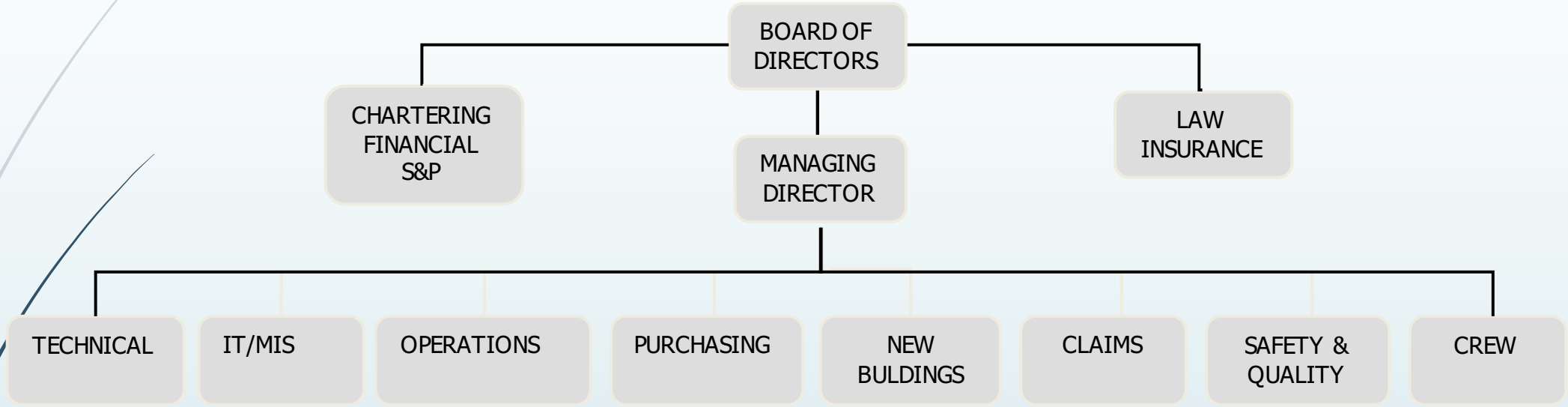
- The doubling of the number of a company's ships does not necessarily lead to a doubling of its personnel in its offices on land
  - Economies of scale effect
- The number of staff is a function also of the individual characteristics and strategies of the company
- For dry bulk shipping companies, the ratio of a ship to the number of those employed in their offices ranges from 1:0.5 to 1:4, depending
  - The strategy of the company with regard to outsourcing of activities
  - The emphasis on issues related to quality
  - The use of modern IT in its operation

Example: Organisation chart of a shipping company operating a fleet of four handysize bulk carriers



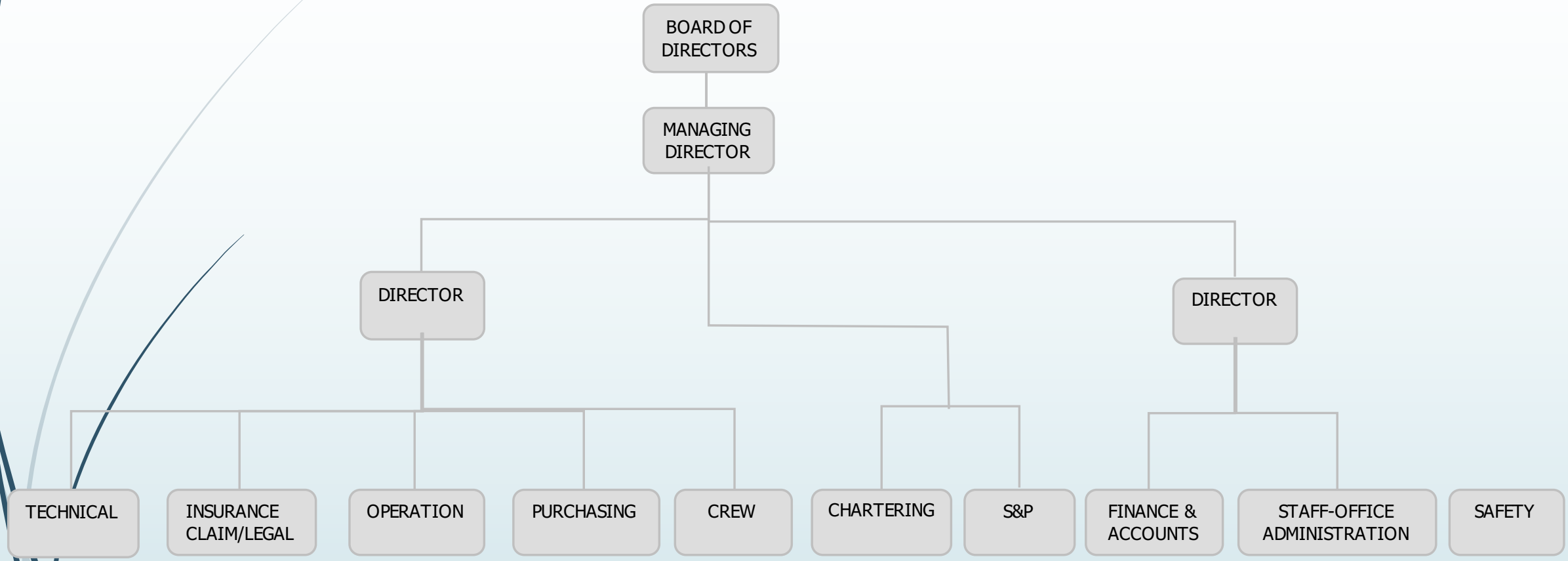
Source: I.Theotokas (2018) *Management of Shipping Companies.* London: Routledge Figure 5.2.

Example: Organisation chart of a shipping company operating a fleet of 12 bulk carriers



Source: I.Theotokas (2018) *Management of Shipping Companies.* London: Routledge Figure 5.3

Example: Organisation chart of a shipping company operating a fleet of 19 tankers and bulk carriers



Source: I.Theotokas (2018) *Management of Shipping Companies.* London: Routledge Figure 5.5.

Example: Organisation chart of a shipping company operating diversified fleet of 119 ships

Source: I.Theotokas (2018) *Management of Shipping Companies.* London: Routledge Figure 5.6.

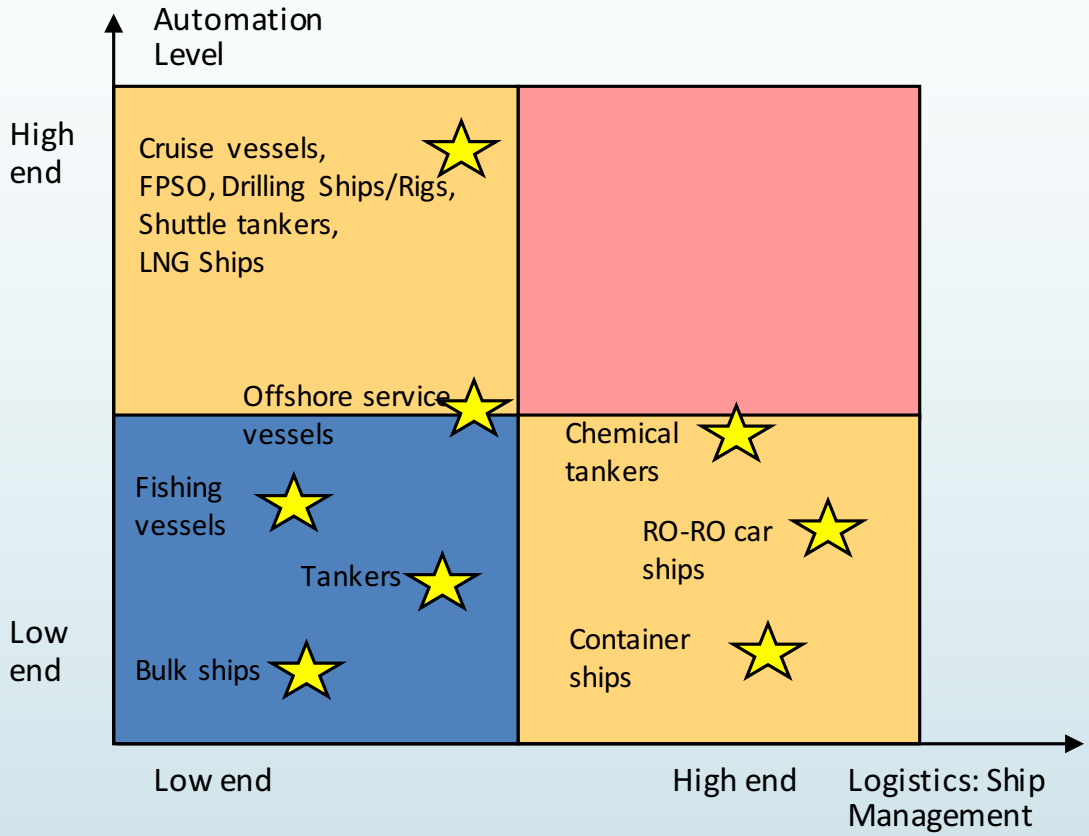
Contextual factors – Technology (1)

- The productive process of an organisation which includes work procedures and mechanical equipment (Daft, 2010)
- Technology involves “the acting on and/or changing an object from one state to another… The object can be living being, a symbol, or an inanimate object” (Goodman et al, 1990)
- Service companies’ characteristics
  - The product is non-material
  - Production and consumption take place simultaneously
  - The role of the labour and knowledge of the workforce is important
  - There is interaction with the customer
  - The human factor plays a very significant role
  - The quality of the service is easily perceived but difficult to measure
  - Rapid response to the customer's requirements is essential
  - The location of establishment is particularly important

Contextual factors – Technology (2)

- The technology incorporated in the offices' operation may vary the extent and dimensions of organisational structure and the profile and capacity of personnel.
- High technology equipment
  - allow delegation to the ships' personnel
  - leads to flat organisation
  - reduces the need for staff
  - reduces complexity from spatial dispersion
  - information sharing – team work

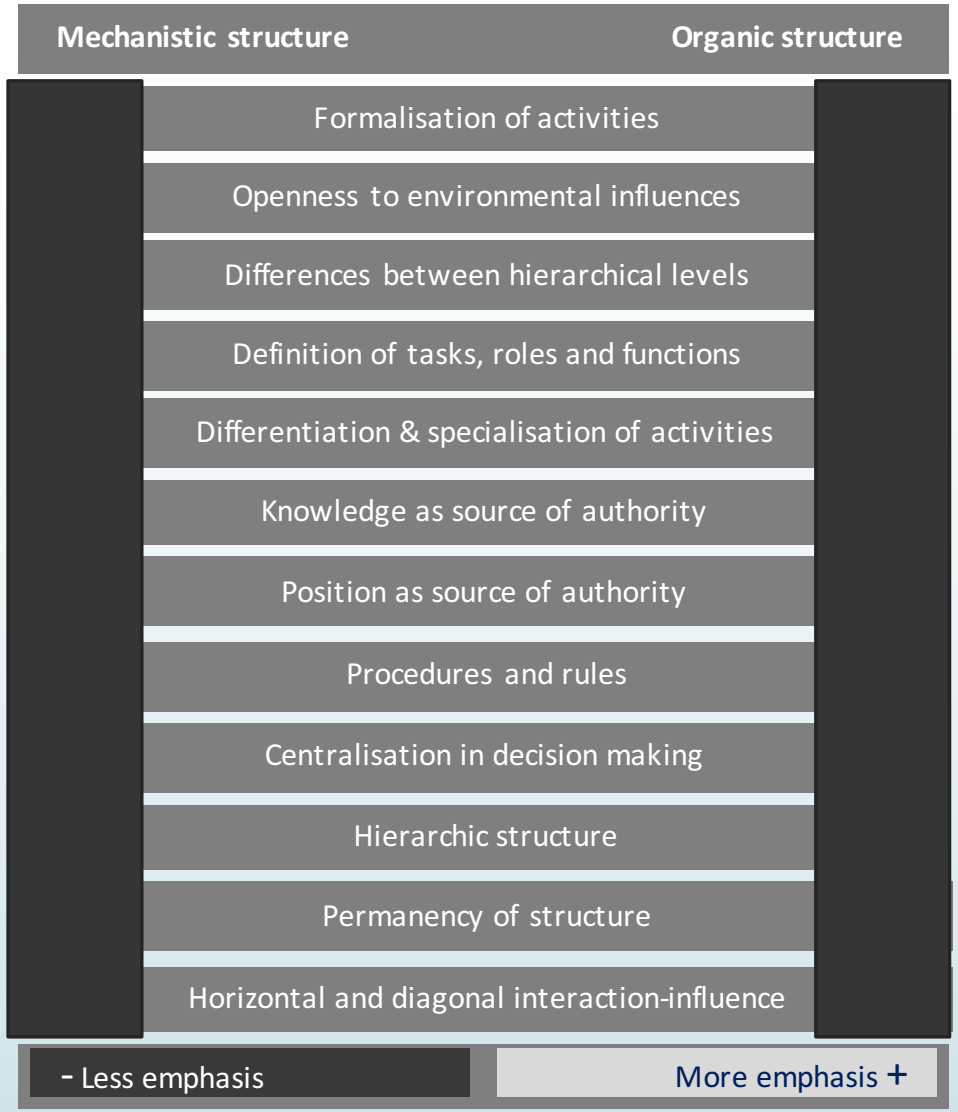
The technology of vessels and of the offices on land, to some extent determines both the extent and the basic dimensions of its organisational structure



The ‘operational environment’ factor

- The dimensions of an organisation are in a state of composite interdependence both with one another and with the conditions of the environment
- Companies analyse the degree of uncertainty and change in the environment and adjust accordingly the dimensions of their organisational structure
- Burns and Stalker distinguish two types of environment and corresponding structures:
  - mechanistic structure: structure based on rules, policies and procedures.
  - organic structure: structure that facilitates innovation and adaptation to the changing demands.

The ‘operational environment’ factor



Source: I.Theotokas (2018) *Management of Shipping Companies.* London: Routledge Figure 5.8.

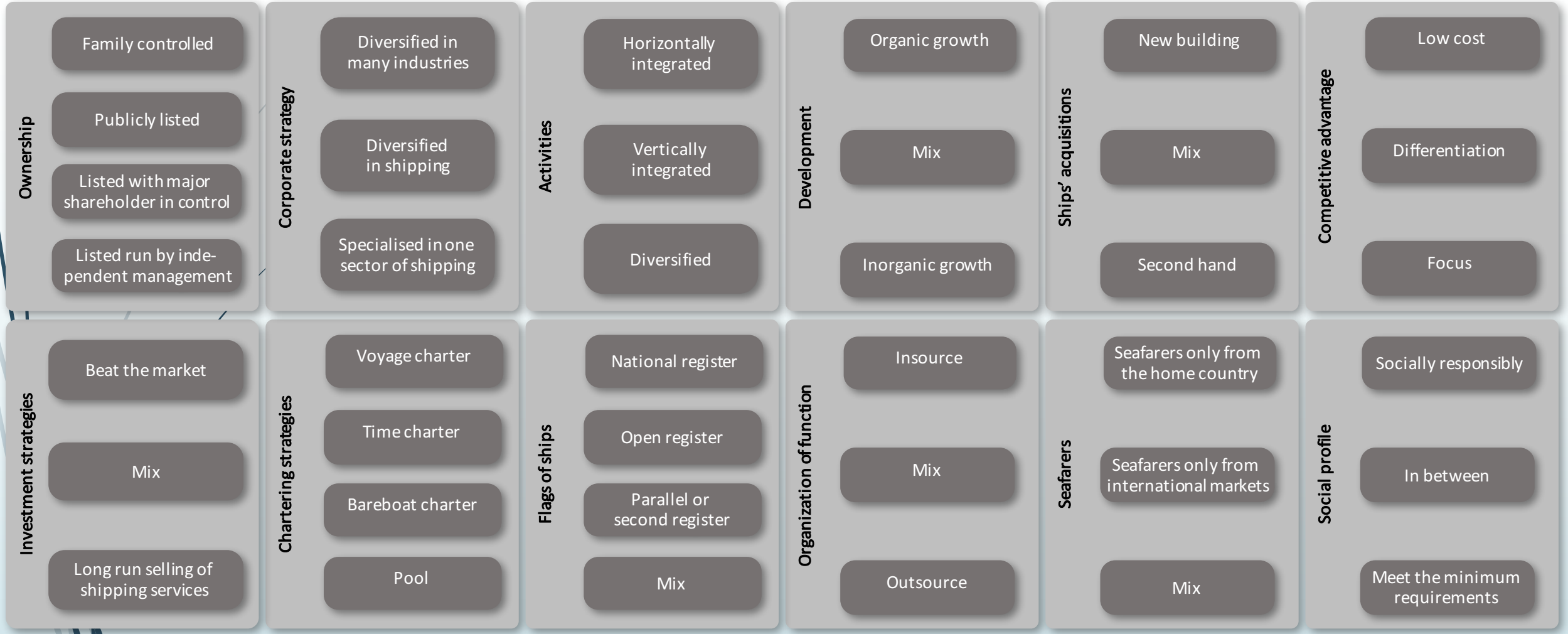
The ‘strategy’ factor

- **strategy:** the definition of the basic long-term aims and directions of action, and the distribution of the available resources for the achievement of these aims.
- The strategy of a company can be examined on three levels :
  - Corporate Strategy: this strategy involves the company’s aim the choice of the activities (the business portfolio) which it will develop to realise it
  - Competitive Strategy: this concerns the company’s competition in specific markets in which it is active
  - Functional Strategies: this concerns the way in which the different processes of the company contribute to the corporate strategies and the competitive strategies

Strategic fit

- The successful course followed by a company is a function of the degree to which it achieves strategic fit with its environment and supports its strategy with appropriately planned organisational structures and management process (Miles and Snow, 1990)
- **Strategic fit:** response to the demands of the environment with a suitable combination of organisational structures and process
  - Fragile
  - Early fit
  - Minimal fit
  - Tight fit

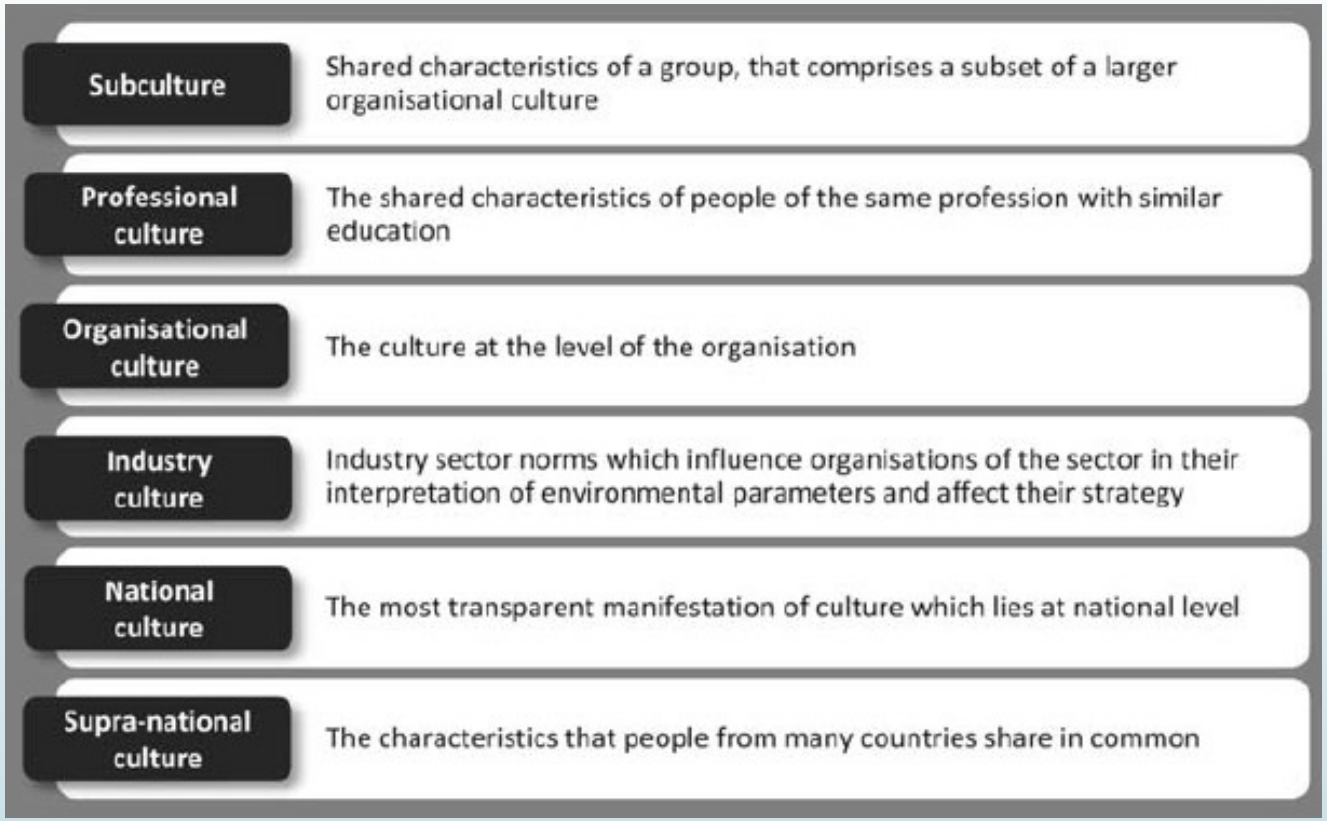
Level of strategies and alternative options



Source: I.Theotokas (2018) *Management of Shipping Companies.* London: Routledge Figure 5.12.

Organizational culture (1)

- **Organizational culture:** a pattern of basic assumptions, invented, discovered or developed by a group as it learns to cope with its problems of external adaptation and internal integration (Schein, 1990).
  - it determines (along with other factors) the organizational structure
  - it provides the people of the business with an “identity
  - levels of culture →



Types of organizational culture

Companies can be divided into four categories in the light of the structural characteristics which predominate in their culture:

- **power culture**; **role culture**; **task culture**, **person culture**, (Handy, 1993).

Culture	Orientation	Characteristics	Strengths	Weaknesses
 POWER	Leader oriented	Depends on central power source, Depends on trust, Few rules and procedures	Ability to move quickly and react to threat	Depends on size of organisation, Depends on the leaders
 ROLE	Role oriented	Rules, Procedures, Roles, Job descriptions Works by logic & rationality	Offers security & predictability to individuals, Operates in stable environment	Limited flexibility, Slow to change even if needed
 TASK	Project/job oriented	Influence based on expert power, Team culture, Unifies power of the group	Extremely adaptable, Offers flexibility, Works quickly	Hard to produce economies of scale or depth of expertise, Control is difficult
 PERSON	Individual oriented	Minimal structure, serves the individuals	Fulfillment of individuals' goals	Organisation subordinate to individual, No control mechanism

Organizational culture

Characteristics of organizational culture defining the dimensions of organizational structure:

- **attention to detail:** the degree to which employees are expected to show accuracy, skill in analysis, and attention to detail;
- **orientation towards the result:** the degree to which the managers concentrate on the results or the outflows, and not on the procedure or the way in which these results are achieved;
- **orientation towards individuals:** the degree to which the managers, in taking decisions, assess the impacts which these will have on the individuals in the organisation;
- **orientation towards the team:** the degree to which work is organised on the basis of teams and not individuals;
- **aggressiveness:** the degree to which employees are more aggressive and competitive than co-operative;
- **stability:** the degree to which decisions and actions as to organisation stress the importance of maintaining the status quo;
- **innovation and risk-taking:** the degree to which employees are encouraged to be innovative and to undertake risk.

Discussion Question

How does the unique and often isolated nature of maritime work impact the development and maintenance of organizational culture within shipping companies? Consider the challenges and opportunities presented by the remote and multicultural environment of seafaring for shaping a cohesive and effective organizational culture?

Conclusion

- Shipping companies are organisations with the dimension of a social entity who pursue a specific aim.
- As other organizations, ships and shipping companies are characterized by different levels of of formalisation, centralisation and complexity.
- We addressed ways to measure these characteristics and distinguish them between different shipping companies
- We last discussed the concept of organizational culture and the role of contextual factors shaping it

References

- Theotokas, Ioannis. *Management of shipping companies*. Routledge, 2018. Chapter 4
- Theotokas, Ioannis. Management of shipping companies. Routledge, 2018. Chapter 5