

## Review of the Hellenic Observatory of Corporate Governance Boards in Greek Maritime Listed Companies

Dr. Dimitrios N. Koufopoulos (BSc, MBA, PhD, AIIA, MCMI, FIC, MCSI), President of Hellenic observatory of Corporate Governance has recently announced the results of a very critical research regarding the structures & features of Greek Shipping Listed Companies Board Members and he concluded to very interesting & useful findings.

In his introductory notice he said that "we try to highlight some of the factors that contributed to general downward trend of the shipping markets and present how some of the ship owners have managed to cope with the financial crisis. This review will extent the previous findings presented in three previously published reports by the HOCC (Vol. 5, No. 1 in 2011, Vol. 4, No. 3 in 2010 and Vol. 3 No. 3 in 2009) that portrayed a picture of the board composition of Greek Maritime Companies listed on international bourses.

The current study attempts to contribute in the area of corporate governance by offering some further findings from an under searched but very critical sector in Greece. The entrepreneurial philosophy of ship owners and their family ties could give us useful lessons of corporate governance practices of an industry which is extremely cyclical and volatile.

**Number of Listed Maririme companies**



**Number of Greek Maritime Listed Companies (2001 – 2011)**

HOCC on key economic sectors in Greece. We trust you will find this study interesting and that our findings will assist the progress of the quest for solid corporate governance mechanisms".

Current demands for **transparency in the decision making** of the organizations have led boards to take various initiatives so as to ensure a framework in which decisions take into account the best interests of employees and shareholders. Widely known corporate scandals, such as those involving Enron and World-Com, have created an urgent need for good Corporate Governance practices and specific expertise in the Boards. Our annual study captured the status quo on the Board's characteristics of Greek owned Maritime Shipping Companies which are listed in foreign Stock Exchanges and we formulated significant conclusions about their structure.

At this point we should underline that **various scholars** have found that an effective board may vary from one industry to another and sometimes, across time, for the same company; thus, an ideal board structure have not yet been identified. National and organizational culture, history, size of the company and family ties are only some of the various factors that have to be taken into consideration.



**Number of Foreign Nationals in Greek Maritime Boards (n=33)**



**Shareholder Returns of listed shipping companies 2006-2011 (n=84)**

Our study further extends the findings of previous reports that have been conducted by the

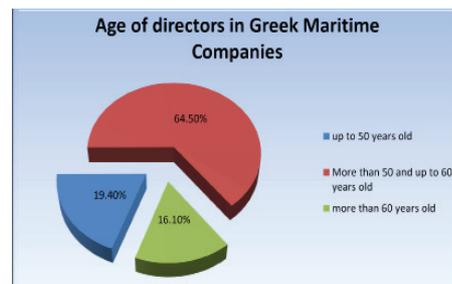
HOCC on key economic sectors in Greece. We trust you will find this study interesting and that our findings will assist the progress of the quest for solid corporate governance mechanisms".



**Average Board Size For the year ended 31.12.11**

In our study, the **average Board size consists** of 6.54 members. Directors stay in office for 42.5 months on average while there is even more stability with the Chairman's and CEO's position which average 51.8 months and 51.3 months, respectively. Notably, 87.7% of the companies retained the same Chairperson from 2001-2011

literat and. Cross directorships was another significant variable in our study. For the period 2001- 2011, out of the 292 directorships that were, 82 were held by 37 directors who possessed simultaneous positions in two or more listed companies' Boards during their tenure. For the whole period of these 11 years only 13 out of 192 directorships were held by women. From our study it is evident that there is plenty of room of public listed maritime companies to consider an increase in the number of women in their boards as the percentages are dramatically low. **CEO duality attracts significant attention** and many proposals have been made for the separation of the roles. Regarding CEO duality, it is very common in the shipping companies that the position of the Chairman and the CEO to be held by the same individual.



**Age of directors for the year 2011 in Greek Maritime Companies (n=31)**

In 18 out of the 31 companies operating in 2011 (58%), **CEO and Chairman positions** were in the hands of one person. It is very important to underline, that in Greek shipping companies there are strong family affiliations and networks. Family members apart from retaining ownership in the company usually hold key positions such as CEO or Chairman, in an attempt to control closely the organization. In most cases it is very obvious that family members are among the major shareholders. We have also noted that in many shipping companies the Founder serves as the CEO or Chairperson or holds both positions.

The shipping cluster and ship owners contribute significantly to the Greek economy in a number of ways. Despite the recent financial crisis, **Greek shipping companies have remained competitive** and have attracted global recognition. The entrepreneurial philosophy of ship owners and their family business structure could give us some useful lessons for healthy corporate governance practices.

Corporate governance may not be in the top priorities' list of Greek maritime companies, but, nowadays, it is a key factor towards gaining access to the international equities' markets and complies with disclosure requirements. By means of this study, we believe to have captured the status quo on their Board's characteristics and facilitated the quest for solid corporate governance mechanisms.



**Average Tenure of the whole Board (n=33)**