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

Dr. Dimitrios N. Koufopoulos (BSc, MBA, PhD, AIIA, MCMF, IC, MCIS), 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 view will extents the previous findings presented in three previously published reports by the HOCG (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. Our study further extends the findings of previous reports that have been conducted by the HOGC 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 WorldCom, have created an urgent need for good Corporate Governance practices and specific expertise in the Boards. Our annual study captured the status quo on international bourses.

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, companies have 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 and the 84.4% of the companies continue without CEO change. It would be interesting in our next annual study to see if tenure continues to increase over time in an increasing complex and volatile global economy. For maritime companies, in which a founding family member plays a prominent role, may benefit from a longer tenure.

Regarding the board’s age, a remarkably high percentage of board members (64.5%) as of 31.12.11, runs their sixth decade of their life with an average age of 54.6. However, there is evidence from previous scholar studies that younger directors above 40 years old could bring fresh ideas to the organization since this demographic is more IT literate and. Cross directorships was another significant variable in our study. For the period 2001-2011, out of the 292 directorships that were, 82 were transfers, 74 directorships was another significant variable in our study. For the period 2001-2011, out of the 292 directorships that were.

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