4 Greek and British Shipping Companies

The business structure of Greek shipping business, as shaped in the 20th century, has its roots in the last third of the 19th century. Greek shipping businesses developed in parallel with European shipping businesses that participated in international freight markets. The comparative analysis of Greek and British firms at once confirms this fact and points out the international dimension of Greek businesses, which enabled them to utilize their particular characteristics in order to occupy a competitive place in international freight markets.

In this chapter an attempt is made to determine the common characteristics of the structure and business practices of British and Greek tramp-shipping companies throughout the 20th century. The internationalized tramp-shipping companies have many features in common with multinational trading companies. According to Geoffrey Jones, ‘in services, ownership advantages rest particularly in “soft” skills, embodied in people rather than in machinery or other physical products. Knowledge, information and human relationships often proved the ownership advantages of service sector firms’ (2000: 6).

4.1 Network and family

As has been mentioned already, in the case of Greece it is impossible to understand the development of shipping businesses without considering the roles of human relations and networks and analyses of personal/family capitalism (Harlaftis, 1996). The European shipping business retains a family character based on international networking and a particular business culture, at the core of which lies the trust between and the good reputation of its members. The expression ‘My word is my bond’, which typifies the way in which business has been conducted on the Baltic Exchange since the mid-19th century, continues to carry the same weight today. Tramp shipping is a business sector that is based exclusively on networks and personal relations.
A network is defined as a specific set of relations linking a certain group of people: these can be relations of transaction, relations of communication or relations of kinship. These relations are at the central point of network analysis (Harlaftis, 2002). Mark Casson defines a network as ‘a set of high-trust relationships, which either directly or indirectly link together everyone in a social group’ (1997: 813). And trust, which is at the very centre of networks, is ‘a governance device, in the sense that it helps to reduce transaction costs, and has the advantages of low cost and flexibility due to lesser need of detailed contracts. However, it cannot be purchased and installed at will. It can be present ex ante . . . ’ (Nooteboom, 2000: 64). Trust is further promoted by the culture. In high-trust cultures complex interdependencies between firms can be sustained by ‘arm’s length’ contracts (Casson, 1993: 42).

Looking at networks can help in understanding how official mechanisms of the market can be bypassed and direct communication based on interpersonal relations favoured. From the analysis so far it becomes clear that the competitive characteristics of Greek shipping companies were neither capital nor national cargoes but the human resources, knowledge and management abilities that allowed the formation of what is called ‘know-how’. Gordon Boyce, the first historian to use the tools of business history and institutional economics in British shipping history, demonstrated the vital importance of network analysis for understanding British maritime entrepreneurship and the degree to which British shipping was based on family/personal capitalism. Even though his research took businesses in tramp shipping into account, he focused on the liner companies (Boyce, 1995). Utilizing the same theoretical tools to analyse Spanish shipping, Jesus Valdaliso has argued that the constitution of networks based on trust and personal relations was at the base of the development of the biggest Spanish shipping companies from the mid-19th century to the interwar period (Valdaliso, 2000). It becomes clear that the framework of personal/family capitalism, the creation of networks based on trust, shaped a particular business culture that distinguished international shipping – whether tramp shipping or liner shipping – at least until the Second World War.

Figure 4.1 shows the basic characteristics of the organizational structure and the management as well as the business methods of the companies active in tramp shipping between 1870 and 1970. In the figure, two aspects of this type of businesses are analysed. The first concerns the organization, and the second the management and the business methods applied in the businesses’ attempt to respond to the peculiarities and the demands of the erratic freight markets in which they participated.

4.2 Organizational and managerial patterns

As mentioned previously, a basic characteristic of the organization of the tramp-shipping business is that it is primarily a family business with roots