Women in the Board of Directors: The Case of Greek Listed Shipping Companies

Dr. Aspasia S. Pastra, World Maritime University, Sweden

Dr. Dimitrios N. Koufopoulos, University of London, UK

Dr. Ioannis Gkliatiis, University of Hertfordshire, London

Konstantinos A. Athanasiadis, Hellenic Observatory of Corporate Governance (HOCG), Greece
The current study presents the Board Characteristics of all the 40 Greek-owned public shipping companies which have been listed in foreign Stock Exchanges (Securities & Exchange Commission, the New York Stock Exchange, the London Stock Exchange, the Nasdaq Stock Market and the Singapore Stock Exchange) for the period 2001-2017.

The Board Characteristics examined are: CEO duality, Board Size, Outside Vs Inside Directors, Cross Directorships, Tenure and Women’s Appointment.

The findings are based on the database of the Hellenic Observatory of Corporate Governance (http://www.hocg.eu/)
The Greek Shipping Context:

Greece is the first ship owning country in terms of dead-weight tonnage, possessing a market share of 17.3%, followed by Japan at 11.7 %, China at 9.6 % and Germany at 5.6 % (UNCTAD, 2018).

Greece is one of the leading maritime nations with 4,371 national and foreign vessels.

There are 597 Greek shipping companies, both listed and non-listed, of which their fleet is expanding fast (Petrofin, 2018).

Approximately 52% of the shipping companies listed in NYSE and NASDAQ are owned by Greek nationals.
The Board of Directors

- Board of directors is the elite group of the organisation which is appointed to monitor the top management team and the operations of the organisation.

- The board consists of its Chairman, Chief Executive Officer (CEO) and the Directors ("functional" Board members either executive or non executive).
Roles of the BOD

- MONITORING: responsibility of directors to monitor the Top Management Team and CEO on behalf of shareholders.

- PROVISION OF RESOURCES: the ability of the board to bring resources to the firm, resources being “anything that could be thought of as a strength or weakness of a given firm”.

HILLMAN and DALZIEL (2003)
Governance Layers of a Shipping Organisation

Board of Directors

CEO

Top Management Team

Operations
Chartering
Crew
Supply
Accounting and Finance
Technical
HR
Internal Audit

Supply and Logistics
IT and Communication
Fleet A
Fleet B
Findings: Board Positions

For the period 2001-2017, we found 433 directorships (board positions) created in these 40 listed shipping companies.
Findings: CEO Duality

- “CEO duality” occurs when the same individual holds both the CEO and Chairperson’s positions in a corporation (Rechner and Dalton, 1991). It is generally accepted in literature that the role of Chairman and CEO should be separated.

- In our study the CEO duality was examined as of December of each year for the period 2001-2017 and we notice an increased tendency for many companies towards a more concentrating structure of governance. For 2017, in 68% of the listed shipping companies the CEO and Chairperson positions were in the hands of one person.
Findings: Board size

- Determining the optimal size of a board of directors, one that maximizes corporate performance, remains an ongoing challenge for management scholars. Some researchers have suggested a ‘sweet spot’ of 8 to 10 members (Lipton & Lorsch, 1992) while others suggest that boards should be sufficiently large, but not larger than 7 or 8 members (Jensen, 1993).

- For the period 2001-2017, the average board size was 6.64 and most companies prefer a board of 7 members.
Findings: Outside Vs Inside Directors

- High proportion of outsiders on the board has been considered a sign of good corporate practice. In the literature it is strongly argued that high participation of independent (outside) directors can bring different attributes to the boardroom and objectivity in strategic decision making.

- Out of the 433 BOD positions that were created in these 17 years, 242 seats were occupied by outside directors (external directors).
Findings: Board Tenure

Long tenured executives could bring significant advantages to the organization and perform their duties with greater skills and knowledge. Nevertheless, there are findings that demonstrated that longer tenure could befriend management at the expense of shareholders.

- We noticed that shipping companies have stable boards without many fluctuations in their composition during the last 17 years.

- The average Tenure of the whole board was 61.29 months (approx. 5 years)

- The average Tenure of CEO was 80.76 months (approx. 7 years)

- As for the average Tenure of the Chairman, we noted that it had an average of 82.24 months.

- The average Tenure of Directors, after excluding the tenure of the Chairman and CEO, was 56.53 months.
Findings: Cross directorships

- Cross directorships occur when a person affiliated with one organization "sits on the board of directors of another organization" (Mizruchi, 1996: 271).

- For the period 2001-2017, we found 433 directorships (BOD positions) of which 82 were held by 36 directors who possessed simultaneous positions in two or more listed companies’ boards during their tenure.

- Out of these 36 directors, there were 28 (77.8%) who held positions in 2 different boards, while 6 (16.7%) directors served in three companies.
A very interesting finding is the sharp discrepancy that exists between men and women in the board composition of shipping companies. For the period 2001-2017, 407 out of 433 board positions were held by men (94%). Respectively, there were only 26 directorships held by women (6%).

The total number of directors appointed in the 433 positions was 370 after excluding mobility and cross directorships. Out of the 370 directors, 352 (95.1%) were men; while there were only 19 female directors (4.9%). Only one woman was simultaneously the Chairman and the CEO of four different maritime companies, who preferred the duality structure for their governance. Besides, one woman was the CEO of the company.

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
<th>Percentage Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Positions</td>
<td>407</td>
<td>26</td>
<td>6%</td>
</tr>
<tr>
<td>Directors</td>
<td>352</td>
<td>19</td>
<td>4.9%</td>
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</table>
Findings: Women

Female directorships and directors 1.1.2017-31.12.2017 in the 25 listed companies

| Companies with no female directors | 15  |
| Companies with one female director  |  7  |
| Companies with two female directors |  2  |
| Companies with three female directors |  1  |
Current Stage of Women in the boardrooms around the world

- Drastical measures were taken by, Norway back to 2006 which enforced a 40% female quota law on the board of directors of publicly listed companies.

- Other European countries, such as Iceland and Spain have also implemented type of quota regulations, whereas others, such as UK, have set into place voluntary measures.

- Deloitte’s research on 7,000 companies in 44 countries found that women held 15% of all board positions in 2017; a slight increase from 2015 when the percentage reached 12%.
Why Gender Diversity in the Boardroom should be considered by ship-owners?

- The shipping community should take into account the large number of studies of the last decade which confirm the positive relation between gender participation in boards and financial performance and organisational effectiveness.
Why Gender Diversity in the Boards should be considered by ship-owners?

- Dunn (2012) confirmed that when women are appointed into male dominated groups bring with them specialized knowledge and skills.
- Women could break the barriers and contribute in specific areas of the shipping companies where specialized knowledge is needed. For example they could bring valuable knowledge in areas such as economics, finance and maritime law.
- Female board members are more likely to set challenging questions and increase the collaboration capacity of the board.
- Recent research supports of the magic number of “3” women on boards (e.g Torchia et al., 2011). Only one female in the board does not imply that will boost the performance of the organization. Increasing ratio of women directors is associated with decision-making dynamics and a high level of influence on the decisions of the board.
The real obstacle in the appointment of women in leadership positions is the lack of urgency.
Referencing list

Empirical research in corporate governance and the role of women in the shipping sector remains extremely low. By means of this study, we believe to have made a basic step in capturing the status quo on their ownership structure and Board’s characteristics of the public Greek owned listed shipping and facilitated the quest for solid corporate governance mechanisms.