

The Role of Organisational Characteristics of Ship Owning Firms in the Use of

Third Party Ship Management

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Abstract

The last four decades have seen the rise of third party ship management and its evolution into an industry in its own right. This signified a new reality in ship management practice, whereby the traditional custom of doing business with the ship owner being also the ship manager was abandoned and a revolutionary model that assigned the role of the owner and the role of the manager to two different entities was proposed. In essence, then, third party ship management comes very close, in principle and in practice, to the separation of ownership and management as experienced in many industrial fields, after the emergence, in the last half of the 19th century, of the salaried manager. The purpose of this paper is to examine the forces at work in the process of such separation with a view to provide an insight into the relevant, contemporary parameters that can be considered instrumental in the strategic decision to employ third party ship management. The focus is particularly on the role certain organisational features of ship owning firms, i.e. the company's size, type, and age, play in the choice of the latter to recruit professional managers. The results of a relevant study carried out in Greece and the UK together with appropriate commentary are presented in detail.