

REPUTATION AND ITS IMPACT ON THE MARITIME TRANSPORT

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Abstract. *Maritime transport has been around and an important part of the world economy, since the most ancient of times. We can trace its beginnings to the earliest form of water transport in the ancient Egypt period, around 3200 BCE, and has remained until modern days the backbone of global trade. As the world has begun to broaden its horizons and has developed a more sophisticated taste, the maritime transport needed to evolve and respond to people's requests and needs. Thus, it has evolved and expanded into what it is nowadays. Even though transit times in maritime transport are higher than in any other means of moving goods, it facilitates the buyer to purchase larger quantities, or voluminous ones, at a more convenient price. However, as in any other area, the shipping companies, forwarders, and any other party involved in this transport branch are prone to reputation damage. In this sector especially, a good reputation is essential as it is the business card of the parties involved. The literature has been highly interesting on the topic, as the subject has governed our lives since even before all other means of transport have begun taking form. It supports a large percentage of the overall global transportation of goods. The research is based on analyzing the domain of maritime transport and highlighting the importance for companies in this sector to maintain their good reputation as is the prime way in which they can obtain and most importantly, maintain the clients in their portfolios. During the present times, the vast evolution of globalization as the motor of the economic field has been possible due to very fast and efficient maritime transport.*

Keywords: *forwarders; ocean freight; reputation; shipping companies; transport*

Introduction

The field of maritime transport is a highly active one and the linchpin of the global economy. Thus, it has always been present in international discussion forums. Major shipping companies and freight forwarders have always been striving to deliver the best quality to their customers, keeping them loyal to their services. The subject of reputation is very important in this field, as clients are very attentive to their privacy, and keeping them loyal is always a challenge for shipping companies and freight forwarders. For the good existence of companies in various countries and regions, ethics in the business field is of key importance.

Large companies, with high volumes of goods that need transportation via waterways, are highly attractive. Logistics suppliers are interested in capturing their attention and offering the best options, values, and transport solutions. Thus, these major logistics suppliers must always be careful about their code of conduct, as any company that is working with them, would foremost be interested in having discretion regarding the kind of business conducted and they need to be certain that one can count on their business partners.

Ocean freight, even to expedite their goods easier form of transportation, is the most attractive, as the importer can purchase high volumes of merchandise, and the costs would be much lower than expediting goods via airplane or truck. Also, another advantage of ocean freight is that it can easily connect ports between them, and transform many cities into major shipping hubs. Also, space is not as restrictive as using an airplane or truck, as container ships nowadays can easily accommodate hundreds of containers, meaning a large volume of goods.

When talking about cost-effectiveness, we should note that having the possibility of transporting large quantities at a reasonable price is an important factor for keeping the end price competitive towards the end consumers. Undoubtedly, it is in the companies' best interest to increase sales, rather than just to supply the right quantities but at much higher costs. We have the advantage that you can carry heavier goods by ocean freight. Airplanes can be more restrictive towards the weight and quantity of the merchandise, as their warehouses are not as big as the facilities at different ports within the world. Also, if some structural pieces do not have a standard form, transporting them via vessels can help the buyer obtain the much-needed pieces. This is the prime reason ocean freight is an essential transport branch, a very reliable one, and why companies expect a certain level of confidence that they put in their business partners.

Looking back at the beginning of maritime transport, we can point out that any major technological or infrastructure evolution greatly impacted the field. It is worth noting that the development of the steam engine, which happened around the mid-19th century, meant that now vessels weren't bound by the movements of the currents and of the wind, and they took a step towards independence in this field. Then, we can, of course, mention the construction of the Suez and Panama Canals, which resulted in transit times that would be highly reduced, thus making this form of transport even more attractive and sought after.

The research results are anticipated by the big shipping and forwarder companies, and clients interested in transporting goods. All major players in this field are awarding special attention to their reputation and are taking important steps to maintain it. If maintained, the customers would be satisfied with their services, which would mean more business for them. I have analyzed the first three major players both in the shipping lines and in the freight forwarder business and assessed the level of importance that they put into consolidating their reputation. Understanding which premises reputation is based on is very important for companies in the shipping field.

Literature review

The specialty literature has been highly interesting in this field. We can point out that there have been from university courses, to articles and international discussion forums on the issue. Even though the extant literature offers valuable insights into the issues related to reputation and its risks, several aspects remain undeciphered. When talking about the ethical decisions of entrepreneurs, very little is known about this context. Trading routes weren't as evolved and spread as they are nowadays, and with any new progress and invention that occurred as time passed, we saw blooming in this sector, and today we can speak of many trading routes, with no area on this globe that you can't ship goods from or towards. The invention of the steam engine in the 19th century,

allowed ships to become independent from wind patterns. The construction of the Suez Canal made the connection between the Mediterranean Sea and the Red Sea easier and shortened the distance between Europe and Asia. Until then, vessels were forced to go via the Cape of Good Hope, meaning a longer distance, higher costs, and in the end, higher priced products.

Also, through reviewing what the literature mentions, the fact that maritime routes are well established, taking into consideration the strategic placement of the port, the marine currents, the possibility of development for the respective port, and the interest that the global market is showing to the goods in the respective country. However, even by considering these aspects and maintaining the before-established routes, there can be unforeseen events, which can lead to major accidents with effects even after their happening, which happen due to the massification of the transport sector. There were in modern history some unfortunate events like Amoco Cadiz and Exxon Valdez, which were ecological disasters involving oil tankers, due to the regular flows of ships that are constantly happening. Even more recently, in 2021, one of the largest container ships, owned by Evergreen Marine Corporation, based in Taiwan, the Ever Given, remained grounded while passing through the Suez Canal. The scandal at that moment brought a serious reputation blow to the shipping company and the Suez Canal Authority, which was accused of not taking care of the Canal properly.

In 2018, trade via sea accounted for more than 80% of the total global trade in volume and 70% when discussing value. This kind of growth started after World War II and has reached this impressive percentage these days. Also, maritime shipping is one of the most globalized in ownership and operations. We are discussing ships registered exclusively in offshore paradises, due to more permissive taxes and regulations than in their home countries. However, this kind of practice does not affect their reputation as it is widespread.

When talking about “reputation”, the literature points out that is a concept linked to, but not the same as, image, and it consists of an outsider’s subjective opinion on a company’s qualities in aspect with its past performances. As is already shown in all specialty literature, reputation is mostly built over time. It represents how consistent the company has been with its openness and ability to accomplish its clients’ requests at the highest level over time. Starting some five-ten years ago, corporate image and reputation have become very important in the competitiveness of the companies. The thought that a company’s financial status can be highly impacted and affected by the firm’s overall reputation on the market, has influenced how most corporations view this subject. This definition is easily observed in the maritime transport sector in the first three largest shipping companies, i.e., A.P. Moller-Maersk Group, owners of the Maersk Line; Mediterranean Shipping Company, most commonly known as MSC; COSCO Group, owners of the COSCO Shipping Co., Ltd.

These three shipping companies are the largest in cargo freight worldwide; they also cover almost every corner of the world through their shipping routes and impressive fleet of vessels. There isn’t a destination to which they don’t go, and their attention to their customer’s needs is their business card and why clients return exclusively to them.

Apart from shipping companies, this business has freight forwarders as a solution for clients to expedite their goods. In the regular relationship between a client and a

shipping company, the exporting or importing company must do all the heavy lifting. But, if you work with a freight forwarder, they are experienced people who can take the heavy lifting off the exporter or importer's shoulders and manage all the problems that may appear. They organize expediting the container to the client's premises and its return in the container yard. Working with a freight forwarder has its benefits due to the reasons as mentioned above, but the costs of exporting or importing the goods might slightly increase, as the forwarders are also charging a fee for their stepping into the problem.

The international forwarder field is dominated by some of the biggest names in the logistics department, which offer their clients highly specialized packages and offers in order to transport their goods. The first three places are occupied by DHL, Kuehne + Nagel, and DB Schenker, resonating names in the industry that have a reputation and a name made through the hard work of thousands of people, as the companies are spread worldwide and through their network are easily meeting the client's needs and hopes to fast and highly profitable movement of goods.

The companies have embedded core values in their internal policies, to which they pledge to perform at the highest level. I have reviewed them and will proceed to analyze them and offer some results. These values will be impressive, and what's even more remarkable is that they abide by the values until the last person working for those companies. An instrument that can both help and damage a company's reputation is the internet, as all people have access to it. It is a good way of finding out more about a partner you are willing to enter into business with.

Methodology

For half a year, I have been analyzing the information available on the internet regarding the three major shipping companies and two of the largest freight forwarders. I have extracted and would like to further present their background and the results in their conquest to domination in the maritime sector.

Table 1. Top 10 shipping lines, based on no. of containers transported (Source: Mover Focus – Top 30 International Shipping Companies) (Author's Own Source)

Shipping company	No. of containers transported
A.P. Moller-Maersk Group	4.176.517
Mediterranean Shipping Company S.A. (MSC)	3.657.272
China COSCO	2.966.582
CMA CGM Group	2.696.710
Hapag-Lloyd	1.688.396
ONE (Ocean Network Express)	1.579.868
Evergreen Marine Corporation	1.303.420
Yang Ming Marine Transport Corporation	644.185

Shipping company	No. of containers transported
PIL (Pacific International Lines)	393.498
Hyundai Merchant Marine	392.314

In table no.1, it is more expressively shown the number of containers transported by each of the top 10 shipping lines. The first three are leading the top by far with the most, all due to the attention that they offer to the client's needs, their commitment to offering the best of service, to their core values which are leading them into transforming in the global shipping companies which they are at the moment.

A.P. Moller-Maersk Group, owners of the Maersk Shipping Line, is by far the most renowned, and the oldest one from the top. They have a long history of high performances, exclusive offers and services bound to satisfy even the most demanding clients. Their long-lasting legacy is the motor that encourages them to continue in this business, and their values are what guides them into doing business every day and what ensure they will last tomorrow.

They have five principal core values, constant care, the company is "actively preparing for tomorrow", as they are solving issues that arise in the present, but also, they are taking care of the possibility of what the next day offers, and how they can improve day by day their business. Through *humbleness*, they strive to remain open-minded to new opportunities, to new challenges given by the customers and always looking for a way of solving them. *The employees*, Maersk is committed in offering their employees the perfect environment in which they can grow professionally, develop themselves and through this helping the brand into further thriving and developing their reputation and image. *Uprightness*, "our word is our bound"; which is the most important value that Maersk has and the driving one, as they work each day to maintain the trust their clients and partners have put into their vision. They adhere to the principle of speaking honestly and openly, acting with integrity in respect to a client.

Least but not last, is "*our name*"; Maersk has a heritage and a burden, as their name is their business card. Through their name, they promise and commit to customers that they offer trust and excellence at the highest levels. Every employee at Maersk are ambassadors who represent and safeguard the Maersk name, working every day for a more sustainable and integrated world.

These values maintain Maersk in all important tops and are the main reason they have passed through a scandal without a scratch. Some five years ago, in 2017, the A.P. Moller-Maersk Group were the victims of a cyberattack, with the hackers at that moment keeping their systems down and for ransom. The attack has paralyzed all their systems, with many information being vulnerable to the hackers; we are talking here about classified information regarding vessel schedules, client's information and cargo, prices and finances of the group. Only due to their beforehand name and reputation, they managed to avoid a serious loss in business and client trust. They have recovered quickly, even though their system had problems for some months to come, but they have maintained almost 120 years of reputation intact. Leading through a set of values and acts of leadership differentiates companies, and the Maersk Group is one of the ones who apply ethics in their daily activities.

The Mediterranean Shipping Company is counting on four values in order to attract new customers and keep the already existing ones. They put a great effect on the fact that they are a *“family company”*; the commitment that the founding family has on each of the employee is inspiring and pushes them always forward into evolving to the best of their possibilities. *“We have passion”* as they are always looking for the best solution and they inspire their clients to thrive by their side. *“We are in continuous evolution”*, talking about always trying to expand their business and conquer new routes striving to deliver the perfect package offers to the clients in order for them to be competitive, whilst maintaining their commitment to the environment and the safety measures. *“We care for people”*, through their belief that as each person is different, they must adapt and embrace this diversity and forge authentic relationships built on ethics, respect and team spirit.

The aspect of the shipping companies has been highly insightful, as tradition is vital, the clients appreciate commitment and values orientated towards the customer. It has not been surprising the fact that on the first places in tops are companies with a strong legacy and history in the business. There are companies with insight into the business and a strong wish to maintain their reputation by keeping also their principles. In the end, the clients appreciate the existing of those principles and are always looking for partners who share the same thinking as them.

In the study there has also been approached the part of freight forwarders. Whilst they do not have directly containers and vessels, they intermediate the export and/or import for their clients. They are appreciated by the companies due to the fact that they take some of the risks upon them; they organize all the aspects of the transport and facilitate the solving of different issues that may arise during the transports.

Table 2. Top 25 Global Freight Forwarders (Source: Armstrong & Associates - 2021 Top 25 Global Freight Forwarders List) (Author's Own Source)

Service Provider	Gross Revenue (US \$ Millions)	No. of containers shipped	2021 Rank
DHL Supply Chain & Global Forwarding	28.453	2.862.000	1
Kuehne + Nagel	25.787	4.529.000	1
DB Schenker	20.761	2.052.000	2
DSV Panalpina	18.269	2.204.902	2
Sinotrans	12.174	3.750.000	3
Expeditors	10.116	1.091.380	4
Nippon Express	19.347	660.152	5
CEVA Logistics	7.416	1.081.100	6
C.H. Robinson	15.490	1.200.000	7
Kerry Logistics	6.867	1.019.924	8
UPS Supply Chain Solutions	11.048	620.000	8
GEODIS	9.135	866.631	9
Bolloré Logistics	5.265	761.000	10
Hellman Worldwide Logistics	2.972	905.100	11

Service Provider	Gross Revenue (US \$ Millions)	No. of containers shipped	2021 Rank
Kintetsu World Express	5.750	640.063	12
Agility	4.018	771.000	13
Yusen Logistics	4.248	764.000	14
CTS International Logistics	2.160	1.021.007	15
Hitachi Transport System	6.346	662.000	16
DACHSER	6.591	492.440	17
Toll Group	7.260	523.300	18
Maersk Logistics (DAMCO)	6.369	401.369	19
Apex Logistics International	2.274	190.000	20
Logwin	1.292	698.000	21
Mainfreight	2.467	347.638	22

The above information has been gathered with the help of the data provided by Armstrong & Associates, who put together a highly documented top, with the most powerful freight forwarders in the world. The classification is dominated once again and without any doubt, by DHL and Kuehne + Nagel, on the first place, followed closely by DB Schenker and DSV Panalpina. These freight forwarding companies are known worldwide and well respected, mainly because they have a strong history, and a brand name that offers confidence, and the clients are sure that they can expect high-quality services from these firms.

Kuehne + Nagel International AG is the prime logistic company, based out of Switzerland, and spread worldwide with offices, from where goods are controlled and exported and imported, however the need require. They strongly accentuate maintaining their clients through well-established values that motivate and drive their employees to offer only high-quality services. Their values are divided into three categories: *people*, *customers*, and *society*. The people with whom they connect and interact inspire them always to perform and deliver the promptest offers and services that can satisfy and solve the issues of even the most pretentious customers. The bottom line is that for Kuehne + Nagel's values are interconnected between them and cannot exist one without the other, as they sketch basically the core existence of a company.

Possibly that this interconnectivity helps them to perform at such a high standard and remain, for years to come, the first and most important logistics specialist. Even though they are battling with DHL for supremacy, an advantage that DHL does not have is that Kuehne + Nagel has always been specialized on these matters and not have evolved from international courier to more logistics solutions.

For the runner-up, the DB Schenker Group, their six core values motivate them to succeed in this business field in which they activate and be able to pass some of their competitors at the top. The group's six values are: *play fair*; *be honest*; *be one team with one goal*; *walk the talk*; *win together*; *push limits*; *take customers further*. All these six values talk about respecting the clients first and foremost, then respecting their employees,. Without each person involved in the company, their success won't be possible, and the top management is fully aware of this. The company has understood very well the fact that without their employees they won't be able to succeed in such a

demanding and fast-moving sector, and have managed to establish a system of rewarding their employees, for those to do their jobs better, be satisfied with the working environment, and thus managing the clients better.

Well-treating their employees is the key secret to having such a successful business. Suppose the employees are well taken care of, then they will offer the best of service to the clients, and their reputation will remain without a spot on it, as they will be rewarded with the clients' full trust and business to manage and offer them solutions to any issue that may arise during the transport of goods.

Results and discussions

The main purpose of the article has been analyzing the biggest shipping companies and freight forwarders regarding their approach to reputation and ethics. I have started from the premises that all major companies which conduct businesses worldwide and have offices located almost in every major country should have guidelines regarding reputation and ethics, which they can follow and abide by in search of global success.

Through analyzing statistical information provided in specialty literature, it has been shown that each company's core values are their guiding star, prime and sole motive, which drives each employee, and each person who enters into contact with them.

These companies are putting great effort and interest into providing their clients the best of services and packages. They count on the customer's satisfaction and loyalty to provide them with the best transport solutions. Basically, the interested firms should rest assure that these companies are the best in their field, and they are set on a singular goal, *customer satisfaction*.

What is astonishing is the fact that we are talking about companies with a long history. We are talking about family-owned firms, which also put another principle at play, their honor; and in the period in which they started, the honor was the most important aspect of someone's life. They have transported it in the modern days, and whenever these firms are brought into the discussion, their honor and name are what is of impact first and foremost. Some clients may even start doing business with them solely due to their good name and morality, and after to appreciate their values, which can also become theirs with time.

The international community well receives the subject, firms are going to great lengths to be sure that they follow into this pattern of core values and reputation. They also put interest in sustainability, and on their internet pages. The market nowadays is of this nature; it would be impossible for a company to achieve global recognition and a good name without investing in social causes, in the environment, or principles meant to coordinate their whole activity.

Conclusions

The present paper aimed to study why the most powerful companies in the shipping industry and freight forwarding have such success and what differentiates them from the rest of the competition. From the start, we can establish the fact that they are renowned companies, which are always striving to maintain their name, to keep the

trust of their customers, and always develop and transform to be all the time at the current with the trends and innovations which are done in the transport sector. Companies are all investing in maintaining their corporate reputation, and the same happens with firms in the transport field.

For example, they are continuously interested in the environment and through their involvement, they seek to form campaigns which support this topic. In these terms, the DB Schenker Group have introduced in the Island of Gotland, the first electrical trucks from their fleet, which will distribute the goods to customers. The international community is applauding this initiative, and the company is on track of impressing more and more business partners. This could mean more business to come their way and also maintaining the existing ones.

Then, the shipping lines have invested also in environmentally friendly equipment, using recyclable materials, or using floors in their containers from bamboo. This change and improvement come from a series of pledges that companies are doing towards improving the way of transporting goods, especially as a vessel uses a high quantity of fuel and other materials which produce fumes, damaging the environment. The problem is sensitive, as the vessels travel all around the globe, thus their influence on the atmosphere is even greater.

The most powerful shipping companies and freight forwarders have learned that everything could be possible through a good example and hard work. This is why yearly tops done by statistical companies don't often vary too much, and the same companies are present for a very long time.

Even though other companies may enter the top, it would be almost impossible to pass the already familiar and potent names in the industry. All in all, by putting their core values and clients in the center of the business, they have successfully managed to maintain their reputation, and moreover to expand it and develop into the new era of maritime transport; where the focus is aimed to studying changes and their involvement in the subject.

Ultimately, the most important aspect of this paper, which should remain in our memory, is that large and powerful companies have always had a strict and well-established code of conduct. This is why they all have strong reputations that are not easily forgotten by their clients and the whole business world.

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