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[Review]

Studies on Better Management Skills in Korean Shipping

Jin-Hwan Kim*

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Abstract

Purpose – The purpose of this paper is to look into some alternative for Korean shipping to overcome difficult situations in shipping, since then it is economic crisis at the end of 2000s.

Research design, data, and methodology – The research method to be adopted is first to review theoretical overview about shipping cycle, and then examine difficult shipping situations and studies management aspect, which is related to establishment of Korea Shipping Council.

Results – The boom and bust situations in shipping market have been identified as result of economic crisis at the end of 2000s. Trade volumes have fallen and shipping tonnage has risen respectively. In practical terms, shipping industry has suffered from difficult situations, following to supply and demand of shipping market, and Korean shipping had to face hard time as well, according to lack of management ability of shipping company. Alternatively, it should be asked shipping forum like Korea Shipping Council.

Conclusions – From situations of shipping markets since the end of 2000s, it is strongly asked that every parties got involved in shipping business should understand and share more expertise and knowledge of shipping market, which is finally related to decision- making process in shipping.

Keywords: Shipping, Boom, Bust, Management, Council.

JEL Classifications: E30, E32, H12, R40, R41.

1. Introduction

It is used to say that shipping is very much volatile nature of business influenced by many kind of facts especially from economic aspects. World economic recession at end of 2000s has made effects to shipping market seriously, so called, in terms of derived demand, and it hampers maritime industry severely, influencing shipping circles as well. Lack of cargoes makes shipping business difficult to run their company that has shown business deficits.

Tracing the market situation carefully, it can be found some fluctuations in the shipping market, in other words, boom and bust of shipping business cycles and this is very much related to business activities in shipping. Furthermore, it is clear that oversupply of tonnage means both less trade

volumes and much spaces, which explains that market is seriously damaged by supply and demand of shipping market.

Therefore, it is possible to examine market situations in terms of boom and bust cycle, and difficult situations in shipping could be revealed accordingly, then it can be figure it out some possible lesson or implications for Korean shipping industry to cope with next failure in shipping industry. In this sense, management skills in shipping should be emphasized.

In this paper, it has been studied that theoretical overview about shipping business cycles, shipping market situations, difficulty in shipping crisis, lack of management skill, and implications and lesson, then conclusion will follow.

2. Definition of Liner Shipping

The liner shipping industry is the portion of the maritime industry that includes all operations and related infrastructure

* Professor, Dep't of International Trade, Korea National Open University, Korea.
 Tel: +82-2-3668-4682, E-mail: jhkimkp@knou.ac.kr

involved in scheduled ocean-borne shipping (World Shipping Council, 2009). It consists of liner vessels and the people working on-board these vessels, ports, shipbuilding operations, longshore dock workers, shipbuilders, and all other on-shore support staff (World Shipping Council, 2009). Liner shippers transport most of the high unit-value consumer and intermediate goods, including ocean containerized cargo, vehicles, and other mobile machinery (World Shipping Council, 2009). The industry operates on all oceans and many of the navigable inland waterways world-wide, benefitting consumers and exporters globally (IHS Markit, 2009).

As far as functional aspects are concerned, Liner shipments can be defined as follows: First, in liner services vessel is planned on the basis of the frequency of calls given at certain predetermined ports along a given route. Secondly, vessels used for liner shipping also have quite different characteristics from other kinds of vessels : in particular, since containerization has taken place, and has virtually replaced all other forms of transportation of goods in cargo units, ships used in liner services are cellular container vessels, having different sizes and tonnages, and are capable of carrying from a few hundred boxes up to several thousands (Munari, 2012). The capacity of liner vessels to transport a large and variable number of goods in parcels or cargo units displays a third peculiarity of liner services ; in contrast, goods moved in liner services are high-value ones (Munari, 2012), i.e., either manufactured or semi-manufactured goods. Finally, substantially different are also the contractual terms accompanying liner transport : in liner shipping, the relationship between shippers and carriers is regulated by standard printed forms of contracts (e.g. bills of lading or similar documents) whose terms and conditions are directly prepared by carriers without any negotiation with their contractual counterparts, except as regards tariffs (Munari, 2012).

3. Shipping Cycle and Market

3.1. Theoretical Overview

3.1.1. Environmental Factors

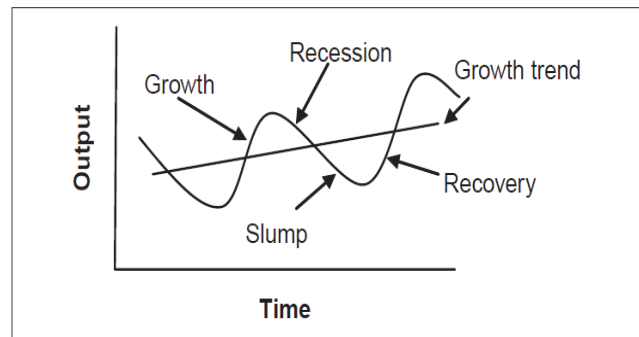
Cargo volumes and demand for maritime transport services are usually the first to be hit by political, environmental and economic turmoil (UNCTAD, 2013). Factors such as a slowdown in international trade, sanctions, natural disasters and weather events, regulatory measures and changes in fuel prices have an impact on the world economy and global demand for seaborne transport (UNCTAD, 2013). These changes may occur quickly and have an immediate impact on demand for maritime transport services. As to the supply of maritime transport services, there is generally a tendency of overcapacity in the market,

given that there are no inherent restrictions on the number of vessels that can be built and that it takes a long time from the moment a vessel order is placed to the time it is delivered, and is ready to be put in service (UNCTAD, 2013).

Therefore, maritime transport is very much relying on environmental aspects, which is very cyclical and goes through periods of continuous busts and booms, with operators enjoying healthy earnings or struggling to meet their minimum operating costs (UNCTAD, 2013).

3.1.2. Boom and Bust

The business cycle or economic cycle and or trade cycle is the downward and upward movement of gross domestic product (GDP) around its long-term growth trend (Madhani, 2010; Greiman, 2014). The term cycle is used to describe a process that moves sequentially between a series of clearly identifiable phases in a recurrent or periodic fashion (Hamilton, 2005). When such a pattern is exhibited in the overall level of economic activity, it is called the business cycle (Hamilton, 2005).



Source: Madhani (2010).

<Figure 1> Typical Business Cycle

A boom and bust cycle is a process of economic expansion and contraction that occurs repeatedly. The boom and bust cycle is a key characteristic of today's capitalist economies. During the boom the economy grows, jobs are plentiful and the market brings high returns to investors. In the subsequent bust the economy shrinks, people lose their jobs and investors lose money. Boom-bust cycles last for varying lengths of time; they also vary in severity (investopedia, 2017)

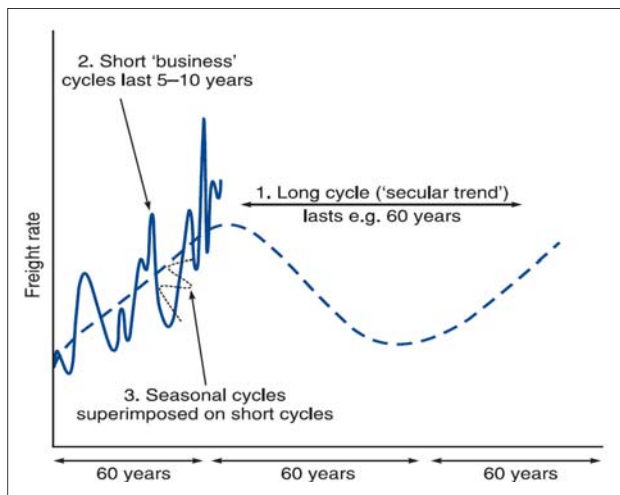
3.1.3. Shipping Cycles

It has been identified with three components of a typical cyclical time series. The first is the long-term cycle, shown by the dashed line. The long-term trend is of importance if it is changing, and the big issue here is whether, for example, the underlying cycle is moving upwards, which is good for business, or moving downwards, which is bad. The example in Figure 2. shows a long-term trend with upswings and

downswings lasting 60 years. The second component is the short-term cycle, sometimes referred to as the 'business cycle'. This is more closely aligned with the concept of most people on the shipping cycle. In Figure 2, these short cycles are shown superimposed on the long-term trend. They fluctuate up and down, and a complete cycle can last anything from 3 to 12 years from peak to peak. This is the form economic business cycles take and they are important drivers of the shipping market cycle (Stopford, 2009).

Finally, there are seasonal cycles. These are regular fluctuations within the year. For example, in shipping the dry bulk market is often weak during July and August when relatively little grain is being shipped. Similarly, there is a seasonal cycle in the oil trade

relating to stock building for the Northern Hemisphere winter.

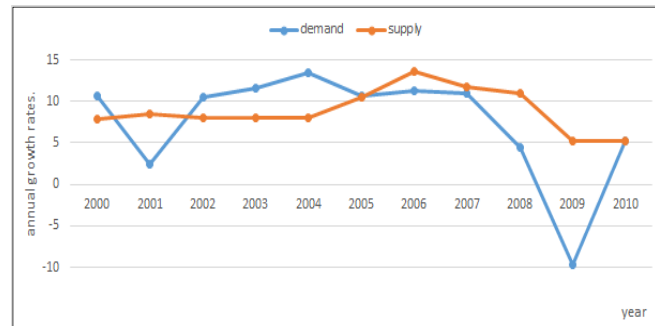


Source: Stopford (2009).

<Figure 2> Cyclical Components

3.1.4. Boom and Bust in 2000s Shipping

Cyclical pattern that maritime industry has is well known for the long time since shipping is all the time volatile nature of business from generation and generation, so called, boom and bust cycle (Kim, 2016). It is also matter of supply and demand (Kim, 2016). Between 2002 and 2004 as shown in <Figure 3> that is growth of demand and supply in container shipping 2000-2010 (annual growth rates), demand for containerized trade grew faster than the supply of container carrying capacity, so the industry ordered new tonnage. Usually, the new tonnage is delivered in a period time of two to three years, and from 2006, the supply of container ships on the market has been growing even faster than the demand (Kalgora & Christian, 2016). As the vessels ordered and few years passed, continued to be delivered by the world's shipyards, this led to a tremendous expansion of container ships fleet's capacity (Kalgora & Christian, 2016).



Source: UNCTAD Review of Maritime Transport 2009, updated with data from Clarkson Container Intelligence Monthly January 2010. Year 2010 is a Clarkson Research Services forecasting (UNCTAD, 2010).

<Figure 3> Demand and Supply in Container Shipping

The global financial and economic recession of 2008 has resulted in a sharp downturn of the economy and the shipping market has to be influenced by them accordingly (Kalgora & Christian, 2016). The global economic crisis, which has been triggered in late 2008 by an unprecedented financial crisis, has soon taken on vast proportions (De Monie et al., 2010). The crisis resulted in a generalized recession in all OECD countries and in most emerging economies, which is fundamentally challenging the direction of future trade flows and the sense of present trade organizational arrangements (De Monie et al., 2010).

Growth in 2008 was the slowest since 2001 and well below the 10 year average rate of 2.9% (WTO, 2009). In 2009, the world's GDP decreased by 2.2 percent, while trade dropped by 14.4 percent as traders and factories used up their inventories (Hoffmann, 2010). As far as shipping is concerned, it has been, in particular, influenced from global economic situations because of its nature of derived demand by world trade which is strongly connected with global GDP (Kim, 2016). Once the international movement of trade volumes has been fallen, demand for shipping in the maritime sector is also suffering from its impacts (Kim, 2016).

3.2. Shipping Market Situations

3.2.1. Supply in Shipping

The combined surplus tonnage of oil tankers, dry bulk carriers and general cargo ships at the end of 2008 (data is for 1 December 2008) stood at 19.0million dwt, 2.2 percent of the total world merchant fleet, corresponding to a 57 percent increase over the previous year, shown <Table 1>, that is tonnage oversupply in the world merchant fleet, selected years (end of year figures). During the first months of 2009 the situation continued to worsen, reaching 25.9 million dwt on 1 April 2009, corresponding to a 2.9 percent surplus.

<Table 1> Oversupply in the world merchant fleet

	1990	2000	2004	2005	2006	2007	2008	1 Apr.09
Million dwt								
Merchant fleet, three main vessel types (a)	558.5	586.4	667.0	697.9	773.9	830.7	876.2	896.2
Surplus tonnage (b)	62.4	18.4	6.2	7.2	10.1	12.1	19.0	25.9
Active fleet	496.1	568.0	660.8	690.7	763.7	818.6	857.2	870.4
Percentages								
Surplus tonnage as percentage of merchant fleet	11.2	3.1	0.9	1.0	1.3	1.5	2.2	2.9

Source: UNCTAD (2010).

a. Tankers and dry bulk carriers of 10,000 dwt and above, and conventional general cargo vessels of 5,000 dwt and above (UNCTAD, 2010).

b. Surplus tonnage is defined as tonnage that is not fully utilized because of slow steaming or lay-up status, or because it is lying for other reasons (UNCTAD, 2010).

<Table 2> Growth of container shipping

(Unit : %)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009a
Demand	10.7	2.4	10.5	11.6	13.4	10.6	11.2	11.0	4.7	9.1
Supply	7.8	8.5	8.0	8.0	8.0	10.5	13.6	11.7	11.0	9.6

Source: UNCTAD (2010).

a. Total container transportation equipment including multi-purpose and other vessels with some container-carrying capacity. Data for 2009 : forecast.

The tonnage supply of large oil tankers (10,000dwt and above) increased in 2008 by 30 million dwt to 414 million dwt, as new buildings delivered outweighed tonnage scrapped, laid up or lost (UNCTAD, 2010). Overcapacity in this sector increased significantly, to 14.4 million dwt or 3.5 percent of the total world tanker fleet in December 2008, and to 4.0 percent in April 2009. In 2008, the supply of large dry bulk vessels increased by 34 million dwt to 418 million dwt in December, reaching 426 million dwt in April 2009 (UNCTAD, 2010).

For the conventional general cargo fleet of vessels of 5,000 dwt and above, overcapacity also increased over the previous year, reaching 2.8 percent of the world fleet of this sector in April 2009 (UNCTAD, 2010). The surplus fleet of ro-ro vessels stood at 8.7 percent, and that of vehicle carriers at 3.5 percent (UNCTAD, 2010). As regards the growth of supply and demand in container shipping, based on the scheduled vessel deliveries, the fleet was expected to grow in 2009 by 9.6 percent- the second-highest growth rate over a 10 year period. This contrasts with an expected downturn of demand by 9.1 percent. Table 2, showing growth of demand and supply in container shipping, 2000-2009a (annual growth rates), illustrates how supply seems to follow demand – albeit with a delay of two to three years. The recent boom especially in container shipping is now bound to be followed by a historical bust (UNCTAD, 2010).

3.2.2. Demand in Shipping

World trade slowed down in 2007 and 2008, and has been shrinking at a fast rate since November 2008, in both

volume and value (UNCTAD, 2009). Trade volume growth decelerated first in the United States and other developed countries (UNCTAD, 2009). Indeed in 2008, import volume growth actually turned negative in the United States and Japan (UNCTAD, 2009). Trade expansion was more resilient in developing and transition economies (UNCTAD, 2009). In particular, countries that had benefited from terms-of-trade gains until mid-2008 (UNCTAD, 2009) (i.e. mainly countries in Africa, the Commonwealth of Independent States (CIS), Latin America and the Caribbean, and West Asia), were able to increase their imports significantly, although in some cases the volume of their exports slowed down or even declined, which is export and import volumes of goods, by region and economic grouping, 2003–2008 (annual percentage change) (UNCTAD, 2009).

In the final months of 2008, the contraction in investment and consumption of durable goods in many countries was reflected in lower private domestic and foreign demand, leading to a sharp reduction of trade in manufactures (UNCTAD, 2009). Lower demand by producers for raw materials added to the unwinding of speculative positions by financial investors in primary commodity markets, causing a sharp correction of previously rallying prices in these markets (UNCTAD, 2009). In 2009, world trade is thus set to shrink considerably, by 11 per cent in real terms and by more than 20 per cent in current dollars (UN/DESA, 2009a & b).

3.2.3. Shipping Freight Rates

The ship owners introduce very high freight rates in the period of the economic growth but in the periods of crisis

the freight rates are decreased to the lowest possible level (Gouvenal & Slack, 2012a). The equilibrium price in shipping markets is where the availability and quantity of freight to be carried is equal to the supply of shipping provided by the carriers (Mico & Perez, 2002). The amount of freight rate is affected by the market of the ship derived from the goods market, the movement of goods, service prices and protectionist action (Oblak et al., 2016). However, container freight rates do not represent only the costs that shippers have to pay for the transport of their containers, but they are an important factor in defining the structure of the spatial connection of the market (Gouvenal & Slack, 2012a).

However, market conditions certainly appear to have played an important role in accounting for the considerable spatial shifts that were the result of high volatility in rates (Gouvenal & Slack, 2012b). It is significant that the most volatile of markets between 2007 and 2009 were the largest (Gouvenal & Slack, 2012b). Carriers charged high rates in many of the trade lanes with Asia because of the size of the trade flow in periods of economic prosperity, as in 2007 (Gouvenal & Slack, 2012b). Companies appear to have sought to maximize revenues (and profits) in the strong markets, despite competition (Gouvenal & Slack, 2012b). However, competition and lowering demand forced the companies to lower their rates to levels that fell in some cases to be below cost (Gouvenal & Slack, 2012b). For example, rates from China to Northern Europe fell from 2,300 euros per FEU in 2007 to 212 euros in 2009 (Zhao, 2016). The fall in rates greatly exceeded the drop in traffic, estimated to be around 20% less than 2007 totals (Gouvenal & Slack, 2012b).

As far as container trade is concerned, by the end of 2007, the level of all-in freight rates of the three main containerized routes (Pacific, Asia–Europe and transatlantic) were all above the end of 2006 levels. Thus, 2007 marked a recovery from 2006, when all routes experienced a drop.

Freight rates in the containerized business have significantly declined, with the 60% decline in the Europe-Asia lane, between 2008 and 2009 being a prominent example (Alphaliner, 2009). The shipping sector has been also influenced by the difficult economic situation of the manufacturing companies, as the shutting down of enterprises leads to weak export demand.

On the other hand, the range with the greatest stability tends to be a niche market, a small market that creates a small number of containers. Therefore, for Australia, the eastern Mediterranean, and the Middle East, West Africa and Central America, the fare difference for that port is less than €400 per FEU. Indeed, rates have actually been raised for Mexico and the western coast of South America.

4. Bankruptcy in Korean Shipping Company

The low-cost transportation [would] affect the economic trade-off between small-scale local manufacture and centralized high-volume operations—favoring the latter - resulting in greatly increased volumes of trade. Decades of growth in container trade, far exceeding global GDP growth, quickly followed (Saxon & Stone, 2017). Even as recently as 2001–07, container-trade volumes were growing by about 11 percent a year - triple the rate of global GDP growth (<Figure 5>).

Today, the industry may be at an inflection point. The underlying growth of trade faltered after the global financial crisis: since 2012, the volume of traded goods (including non-containerized goods) has increased approximately in line with GDP. Since the financial crisis, container-trade growth has slowed as shown below.



Source: Saxon and Stone (2017).

Note: ¹Twenty-foot equivalent unit.

²Compound annual growth rate.

³Ratio of TEU growth to GDP growth.

<Figure 4> Global Container Trade and Real GDP Growth

During shipping depression in the dry cargo sector, ship owners adopted two tactics: 1) to “survive” and 2) “look after opportunities”. Ship owners are mostly reactive-managers and apply Porter’s strategy of “cost leadership” mainly through economies of scale, cutting-down fleet’s average age as well total cost. A short history of “shipping business management” showed a heavy reliance of managers on larger ships (par excellence up to 1973; and till today in a lesser degree). This needed 3 actions: 1) planning, 2) improved decision-making and 3) knowledge of finance (Goulielmos, 2017).

Although the company was widely considered “too big to fail” and expected to be rescued by a combination of group, creditor and counterparty support, negotiations were

unsuccessful. What followed has demonstrated the impact of an unplanned insolvency filing: recognition being sought in over 40 countries to try to maintain some form of control, ships idling in open water with an estimated 500,000 TEU – or \$14bn worth - of cargo on board, charter parties in limbo, ports refusing entry to Hanjin vessels and so on. Some of this could have been avoided with a properly planned and co-ordinated insolvency and orderly wind-down, as unpalatable as that may have seemed to the company or lenders at the time, but many commentators now believe that liquidation is unavoidable. Although all parties will likely be seeking a way out of the receivership process, given the container shipping industry is as much about reliability as it is about price with the adoption of just-in-time production globally (Deloitte, 2016).

What is also unclear is the longer term impact on the shipping industry – although the too big to fail mantra is clearly a thing of the past, there is continued dislocation between Admiralty law and insolvency law globally which inhibits the ability to properly restructure. This is evidenced by the fact that a significant number of shipping companies of all sizes are in financial distress, whilst there have been limited failures or “proper” restructures outside of debt repayment moratoriums. Continued intervention by both lenders and governments has not allowed market forces to operate – perhaps the lesson to take from Hanjin is that contingency planning is needed in any uncertain, distressed market (Deloitte, 2016).

However, Hanjin shipping, South Korea’s largest container shipping company, filed for receivership on 31 August 2016 making it the highest profile casualty of the state of the global shipping industry and the first major operator to seek protection for over 30 years.

From the situations the Hanjin shipping has faced, it is inevitable for every parties involved in shipping business to look for why such a big company in the world has to go bankruptcy and to influence world shipping markets. Many reasons for Hanjin shipping crisis could be illustrated one by one, but it is more reasonably considered into lack of management skill in shipping business, which means there are not many shipping experts to be able to deal with serious business situations faced with financial difficulties that leads to shortage of cargoes in world trade markets. Consequently, failure to cope with difficult situations of shipping markets has caused Korean shipping company to go insolvency, this means lack of and strategic and managerial skill in that company.

5. Implications and Lesson

5.1. Changes in Liner Markets

The financial recession of the post 2008 period has a

significant impact on international trade, transport and logistics (Ng & Liu, 2010). The derived effects are considered to be both negative and positive, in the sense that the recession provides the carriers with the opportunity to review and establish new methods in the advent of optimization. Apart from the negative effects, the financial crisis gives the opportunity to shipping companies to optimize their fleet capacity, decide on the type of vessels needed to be ordered, as well as to decide on alternative shipping routes (Samaras & Papadopoulou, 2010). As a consequences, the liner shipping industry has been influenced as well, in terms of capacity, new ship-building orders, supplied services and collaboration patterns among the key players.

5.2. Management Skills Required

Shipping is a kind of professional area of business which means a lot of variable could be considered to run firms and it has to cope with much volatile nature of situations arisen in shipping market. Therefore it should be needed able management personnel or team those who can properly manage shipping matters, equipped with expertise, knowledge and know-how. This doesn’t mean everybody can join this business and run company easily, but this means some people those who has sense of shipping matter can make a this business more efficiently.

From the workplace, person in management has faced to challenges in everyday’s life. This requires strong skills in the following areas (Carvalho, 2017).

- Numeracy – with increasing sophistication, the need for numeracy becomes more essential and whilst not necessarily looking for a mathematics graduate, the ability to understand and analyse data is very important.
- Problem-solving – the ability to analyse the hard facts, the hunches and hearsay, and arrive at a logical, workable conclusion.
- Decision-making – having the ability to take often-vital decisions is essential to any management role, and this depends on quick and effective appraisal of relevant data, empathy and judgement. Failing to take decisions is never acceptable!
- Project management – such skills are of growing importance across both logistics and transport as people increasingly work in cross-functional teams.

From the above-mention skills, it is carefully reviewed a certain level of ability and capability in workplace of shipping company, especially in Korea shipping circles. These are some skill that could apply to any kind of business model, not except for shipping sector only. If it is not properly working well, it makes any form of company cause trouble and fall in difficulty finally.

5.3. Decision Problems faced

Liner shipping operators face a wide variety of decision problems in operating a liner shipping network. First, at the strategic planning level, the fleet size and mix problem and the market and trade selection problem need to be solved. In the fleet size and mix problem, operators decide on the fleet composition and in the market and trade selection problem on which trade route to serve. At the tactical planning level the network needs to be designed, prices need to be set and empty containers have to be repositioned. Finally, at the operational level, operators need to determine the cargo routing through the network and how to deal with disruptions. Furthermore, they can make adjustments to the earlier set prices and need to determine a plan to store all the containers on the ship during the loading process. These problems are considered in respectively the cargo routing, disruption management, revenue management and stowage planning problems. Some problems have to be considered at both the tactical and the operational planning level, such as setting the sailing speed and optimizing the bunkering decision and designing a (robust) schedule (Mulder & Dekker, 2016).

5.4. Better Management Skills

World economy has suffered from 2008 Lehman brothers crisis and it has hardly influenced to shipping sector that is in trouble. Trade volumes coming from result of world economy have sharply fallen down and economic crisis has struck every sector of business, including shipping and maritime sector as well. Lack of cargo means business in maritime sector isn't going well. Supply and demand do not match with each other. Lower freight rates has widely spreaded in the world shipping markets. Additionally, overcapacity of tonnage is related to lower rate of shipping tariff, and shipping company has to bear some deficit, not to be able to fulfil operation cost and repayment expense for financial charges.

Under the circumstances that world shipping has suffered from severe difficulties in the markets, it is asked to considered to look into the causes of bankruptcy of big Korean shipping company. Then, it is clear that Hanjin shipping crisis has come from lack of expertise and management skill of people who got involved in, especially shipping business in Korea maritime society. It is fully recognized that people in Hanjin shipping is responsible for such a big crisis first of all, and people in maritime circle of Korea around Hanjin shipping is also related to such a Korean shipping problems in one way another. Mis-matured skills of shipping management has been exercised to shipping business, which is finally go bankruptcy in terms of high rate of long-term charter party negotiation and wrong-doing investment, etc. which is not right decision to make a

process.

Many sectors can be included in this matters including bank and even maritime research institute, etc. If these parties would have, even a little, concerned with shipping market situations at that time, such a big problem in Korean shipping industry couldn't have happened anyhow. No ability to oversee just few month ahead makes Korean shipping be in trouble. However, it is also noticed that some rescue efforts could not be worked properly because Hanjin shipping has lost a certain creditability of Korean maritime circles, when in trouble. As consequences, failure to make that company go back to shipping market can be regarded as a responsibility of all maritime society in Korea.

Then, it is strongly suggested for Korean shipping industry to set up a certain association such as so-called Korean shipping council (KSC) to cope with this kind of shipping crisis for next time in the future. Every part of sector in maritime industry can joins here and has a discussion and shares specific information floating on shipping market, then it can be used for decision-making materials to Korea shipping management. Those are shipping company, government, bank, port authority, research institute, universities, media, shipper, freight forwarder, shipbuilder, shipping agency, etc. Then KSC can meet regularly and take a out some idea and bring the raw materials as suggestion that shipping companies utilizes with decision making tool in their shipping business.

6. Conclusion

Shipping is not easy-going job and business, required more professional knowledge and expertise whenever and wherever in supply and demand market. It is also very volatile and changeable nature of business as well. This means shipping personnel in maritime sector has always traced what is going on shipping markets and how it should be coped with such a situations when in difficulties. Some studies and researches have to be done all the time by shipping staff who are ready to apply to day by day business decision-making process. This includes any form of knowledge and expertise be utilized and can be shared with business circles in Korea shipping society.

From the lesson of 2008 world economic crisis, capability to forecast business cycle ahead should be emphasized strongly from previous experiences and any patterns of shipping business historically. Matters concerned with internal factors as well as external ones should be carefully examined, for example, any outgoing expenses from the company and a certain strategies to cope with freight rates due to supply and demand of shipping business in international markets. It is also pity that total failure to forecast even just ahead future of shipping situations in 2008, wrong doing business exercise before 2008 and lack

or mis-matured of efforts to overcome crisis situations after 2008.

As mentioned earlier, KSC (Korea Shipping Council) should be established to cope with, and make a counterplan for difficult shipping situations in the future. This Council may be able to provide, more usefully, expertise and information to the maritime field in Korea shipping environments. Furthermore, parties got involved in this shipping business can contribute to Korea shipping industry and can play the important role based on previous crisis, equipped with valuable lesson of previous time. In conclusion, the way of cope with the last hard time is painstaking efforts of shipping personnel, keeping with more professional knowledge be studied, as well as supplied by public institution like KSC.

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