

Formation of the effectiveness of public and private sector companies of the maritime industry based on an integrated analysis of financial results

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Abstract

The maritime industry in Lithuania is based on the public, state, and private sectors, and on the interests, activities and partnership of business companies operating in the aforementioned sectors. Despite the management of the public sector in Lithuania being criticized for showing performance shortcomings, the state of Klaipėda's seaport management and performance results refutes this criticism. The overall result of partnerships and co-operation is obtained – it reflects the port's competitiveness level in the region. According to a report conducted by the International Monetary Fund, the potential output growth in 2014–2015 has declined since the global financial crisis. Policy actions are required to boost the productivity levels, and to foster capital growth. In order to achieve these objectives, it is essential to know the company's financial situation better, because the better the financial state of the company, the more new port service users, cargo owners, shipping lines, and investors it attracts. The standard analysis of financial indicators is insufficient. Hence the method of integrated analysis is applied. The results of it might be considered as guidelines for both the state seaport authorities in order to improve the port's competitive position in the region, and for the private companies for their business development.

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1. Introduction

The effectiveness of activities in the maritime sector, which are based on public and private sector co-operation and partnership, generally strengthens the international and political positions of the country, as the activities and development in the sector have a direct link with international economic cooperation, attraction of foreign investments, membership in international organizations and other crucial factors.

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The **scientific relevance** of the issue justifies the idea that by defining the problems of effectiveness from the point of view of globalization and integration, some problematic analogies may be determined. It is essential to point out these problematic analogies in order to increase the efficiency and effectiveness of the activities in the maritime industry. According to the results of the public administration research, certain weaknesses in the management of the public sector may be found, as well as in flexibility, entrepreneurship, performance and other shortcomings (Gudelis & Rozenbergaitė, 2004; Guogis & Gudelis, 2009; Patapas, Raipa, & Smalskys, 2014; Raipa, 2009, 2014). There is a lack of financial and economic research of the Lithuanian maritime industry. The financial analysis of maritime companies, evaluation of efficiency and principles of economic behavior formation according to economic cycles is an insufficiently analysed area. The studies and research of foreign authors from different countries (Baird, 2002; Branch, 2009; Cariou, Ferrari, & Parola, 2015; Cullinane, 2011; Harwood, 2009; Stopford, 2009; Talley, 2012, etc.) focus more on the economic impact rather than the efficiency of the maritime industry.

The **object of research** is the economic effectiveness of maritime industry companies in the post-crisis period, in the years 2010–2014. It must be noted, that the effectiveness of these companies plays a crucial role in attracting foreign investments and in the development of the companies operating in the industry.

The **objective** of the research is to determine problems associated with the formation of effectiveness in the maritime industry in the post-crisis period, according to the cyclic developmental trends in the maritime industry, based on an integrated analysis of the financial results of maritime industry companies.

The main tasks of the research are the following:

1. To theoretically support the use of an integrated analysis of financial results as a method to evaluate the performance of public and private sector companies of the maritime industry in relation to local and global economics.
2. To analyze the financial performance of public and private sector companies in the maritime industry of Lithuania using an integrated analysis of financial results.

Research methods: analysis of the scientific literature, statistical analysis, integrated analysis of financial results, ranking key economic performance indicators.

According to the authors of the research, it is necessary to evaluate the effectiveness of companies based on their financial indicators, because these indicators make an evaluation of a company's competitive position in the market more reliable, and provide a credible basis for predicting future developmental trends and decision-making as well. It is also necessary to take into account the mismatch between the economic cycles of the maritime sector and other business sectors, its scale of effect, and the influence of macroeconomic indicators (Belova & Mickiene, 2008, 2010, 2011, 2012). It has been determined that in the general analytical activities of enterprises, standard methods of financial indicator analysis prevail, yet in aiming to reflect their state more accurately, it is crucial to apply an integrated analysis of financial results and ranking key performance indicators (Mackevicius, 2008; Mackevicius & Valkauskas, 2010).

Empirical research was conducted on two different private stevedoring companies, significant for their Klaipeda port activity and the Klaipeda State Sea Port Authority, a state enterprise. The selected stevedoring companies, the Klaipeda Stevedoring Company, JSC (KLASCO) and Klaipedos Smelte, JSC are relatively similar in terms of the long duration of their activity in the port industry, as well as their geographical location, sufficient space in their territories for handling and storage, and versatility in processing good freight traffic. However, the change in the nature of their activity differs – the activities and specialization of KLASCO have remained unchanged, although they still occupy the largest share of the market and their development is consistent and oriented in the same direction, whereas Klaipedos Smelte has fundamentally changed its specialization since 2008 – from general cargo to containerized cargo. Also, the foundations for the Klaipedos Smelte container distribution centre (hub) have changed their status in the Klaipeda Sea Port – from being a feeder port (Short Sea Shipping, Port-to-Port) to a hub.

According to the integrated key performance analysis of a company's efficiency from the point of view of global economics: according to the evaluated status of a company's effectiveness, it is possible to define its economic behavior under the fluctuation of global economic conditions by an assessment on two levels: internal management functions, and external, in view of the adaptation of a company under changing market conditions.

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