Strategic Management Issues of Klaipėda Seaport Enterprises

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The article deals with the problems related to the necessity to strategically manage enterprises basing on the universal principles of strategic management. The issue becomes urgent while solving managerial problems of Klaipėda stevedoring companies. The transition from the planned to market economy, the boom of privatization and entrepreneurship, rapid integration into European economic system as well as a close dependence on Russia and other Eastern countries in the field of raw materials bring to light the problems which are vital to Klaipėda stevedoring companies and to the Lithuanian seaport as a whole.

The main method of research is the study of the scientific literature and statistics dealing with Klaipėda seaport. The study has helped to investigate and systemize the issues related to Klaipėda seaport strategic management. This analysis has allowed substantiating the change of practical objectives of enterprise strategic management depending on macro-environmental change dynamics in Lithuania.

The article presents a lot of statistical data taken from the author's study “Changes in Seaport Activity in Company Bega Under the Influence of Lithuanian Integration Into the European Union and Globalization” (2003) and the information collected from practical activity (the author is a member of the enterprise “Bega” board).

Keywords: strategic management, stevedoring company, macro-environment, success factors.

Introduction

The effectiveness of Klaipėda seaport enterprises and the activity of the port as a whole are of the utmost importance for Lithuania as the country of transit. Approximately 40 percent of income in the form of taxes and other contributions go into the state budget. The transition from the planned economic space to the market economy as well as privatization processes have produced a significant impact on the development of stevedoring companies. During the last decade the capacity of these companies has considerably increased followed by the expansion of storing possibilities, appearance of specialized terminals giving wider possibilities to service “Panamax” type ships, increasing efficiency, quality, safety. All these factors have decided the growth of Klaipėda stevedoring companies and their competitiveness aiming other Baltic seaports.

Integration into the European economic space, duties abrogation, load transition simplification have led to putting on pace to most processes.

However, these globalization and integration processes which have created conditions to develop the interior resources of stevedoring companies have not only abolished but even made some issues even more acute (e.g. the amount of shipping loads). The problem of developing interior strategic resources of Klaipėda stevedoring enterprises has been mostly oriented to loads from Eastern countries (Russia, Byelorussia, Ukraine, Kazakhstan, etc.). Loading companies have faced the necessity to pay the main attention to macro-environment which becomes a decisive factor of success in managing strategically Klaipėda freight companies.

The strategic position of a certain enterprise depends on the main tree dimensions: the general strategic management direction in the country, enterprise development and environment. Exterior environment includes not only the enterprise's competitive situation but also the general relationship of a certain enterprise with business environment, i.e. the prevailing directions of strategic management should be combined with the interior and exterior situation of the enterprise (Chandler, 1962).

The main research method of the article is the analysis of the influence of macro-environment change dynamics on Klaipėda stevedoring companies and their strategic management effectiveness.

The aim of the research is to highlight and systemize the specific issues of Klaipėda stevedoring companies and the dependence of their strategic development on macro-environmental change dynamics as well as to foresee their solutions according to the contemporary approaches to strategic management.

The article also deals with the analysis of the influence of macro-environmental change on the regulation of the enterprise strategic development as the object of the enterprise strategic management, and herein lays the novelty of the research.

The development of Klaipėda stevedoring companies

The state of Klaipėda seaport is best characterized by the data of 2000. That period has been characterized by the end of the privatization of loading companies, chaotic (speculative) load movement. On the other hand, Klaipėda stevedoring companies are functioning as independent Lithuanian economy subjects and the members of the world economic space. The state of the port, its place among eight ports of Baltic post soviet states and the structure of Klaipėda loads are best manifested by the official data.
Klaipėda port has been ranked fourth among eight Baltic seaports (following Ventspils, St. Petersburg and Tallinn). Klaipėda freight (without oil and its product loading) in this region has given way only to St. Petersburg port. The growth rate of Klaipėda port loading reached 29.6% in 2000 while in other ports it was rather insignificant (except Liepaja 27.6%).

In 2000 the loading processes of Klaipėda seaport companies was stabilized. Figure 2 presents the data about the amounts of loadings in various companies in the general port loading structure.

The biggest loading company “Klasco” has specialized in metal and metal products loadings. Only a small amount has been assigned to general loadings, such as fertilizer, timber, sugar, raw materials, etc. International Sea Ferriage transported passengers, railway compartments and other loads as well as in sea-container transshipment. The enterprise “Klaipėda Oil” specialized in oil and its products loading. “Bega” specialized in liquid fertilizer, corn. Figure 3 presents the data of loading in the whole Klaipėda port in 2000.

The analysis of the process of Klaipėda port and the development of loading companies from the point of view of strategic management theories could be distributed into two periods: the first – the period of the development of companies’ interior resources (up to 2000); the second – adaptation to the companies’ activity macro-environment (since 2000).

The first period has been characterized by traditionally stable cargo streams, adequate railway transportation tariffs to all Baltic Eastern coast ports under the influence of globalization and international competition. Under such conditions loading companies pursued the main objective to increase companies’ activity effectiveness. The main feature of this period was large investments for the resources possessed and the creation of new specialized terminals (liquid fertilizer, corn, oil chemical products, containers, etc.) as well as the expansion of roofed and open storage of loads. Much attention was paid to loading quality, storage, efficiency, personnel development, loading cost decrease. At the same time the aquatorium of Klaipėda port was deepened, coasts modernized so that large ships (Panamax) could be serviced and the port permeability could be increased. These measures were taken forecasting the growth of loadings capacities and attracting new flows of cargoes.

The strategic management of this period has been directed to the development of interior capacities, and the concept of macro-environment has been narrowed to the adaptation in a competitive environment.

The second period (since 2000) called for specific activities which had a very considerable impact on Klaipėda sea freight companies and their effectiveness. A very strong regulating role of Russia influenced the diversion of the main flows of freight to the Russian ports. This was done by introducing discriminating tariffs on loads directed to other than Russian ports. Loading via Klaipėda port became economically not beneficial for most partners from Russia, Kazakhstan, Ukraine, Byelorussia and other post soviet republics because of high railway delivery prices. The structure of freight in Klaipėda port started changing: the amount of transit freight became smaller in the general freight structure. The dynamics of this change is presented in Figure 4.
sufficiently ensure the necessary loading in order to satisfy all the capacities possessed. The use of these capacities is about 70%, however, the exclusion of oil and its products from the general loading amounts, resulted in 25% or 50% of capacity use in some freight companies.

This situation caused higher competition among Klaipėda port freight companies making economic problems even more acute.

The managers of these enterprises had to pay special attention to the regulation of the influence of macro-environment. The tariff problems of transportation through railways were solved with the help of Lithuania business confederation, Klaipėda port enterprise association, personal contacts, lobbying activities. As this problem is of interstate importance, this year has had to be the time of intergovernmental meeting which might help to reach some agreement in the sphere of Russian freight increase through Klaipėda port. There exist all possible economic prerequisites for the solution of these problems: Russia ports are overloaded at the present time and this leads to lower loading quality and timeliness, moreover, economic evaluations show that the increase of railway loading tariffs does not pay back the losses suffered because of irrational choice of a load transportation route.

Herein a rather specific issue has arisen. The increase of the regulation of Russia state economy has made inter-economic relationship dependant on interstate relationship climate. Some relation coolness with Russia has been inspired by mass media (especially by profit-see-king organizations) while interpreting the incident with the Russian airplane SU27 as well as some imprudent opinions expressed by certain politicians and office workers and other activities have moved away the opportunity of an intergovernmental meeting which has been prepared for two years.

All these negative influences of macro-environment are not included into the traditional theories of strategic management which suggest enterprises to adjust to exterior environment. The formation of the latter is considered to be the case of creating political-legislative environment.

Theoretical interpretation of strategic management problems

Klaipėda port companies as well as other Lithuanian enterprises possess some common features in strategic management. Thus, for example, gas supply to the enterprise “Achema” is carried out according to bilateral economic agreement, however, its price is very much dependant on interstate relationship climate and favorable political-legislative surrounding. Alytus enterprise “Snaičių” managed to beneficially solve the problems of the production export to the Ukraine, such as duty issues, to some extent due to good interstate relations between Lithuania and Ukraine.

Common problems call for the necessity to make an attempt to interpret strategic management with rather sensible meaning. Such an interpretation might serve as a means of facilitating the search for problem solutions.

Lithuanian enterprises turn again to strategic management. This renascence of strategic management in Lithuania enterprises has been conditioned be a number of prerequisites such as: relative stabilization of a legislative basis limiting enterprise activities, increased confidence in stability especially after the entrance into the European Union, the increase of the qualifications of the managerial staff, supply with contemporary information and communication means, the possibility to use specialized worldwide services, research achievements in enterprise management.

On the other hand, life itself calls for strategic planning because business environment and short-term competitive advantages, such as cheap raw materials and workforce, require new enterprise strategies, new market niches for products, the balance of all enterprise activities, an attempt to find one’s distinctive features which would allow the enterprise not only to survive in future but to develop. The practice of Lithuanian enterprises manifests rather considerable differences in both approach to strategic management, methodology used and to the methods applied.

The turn to strategic management in Lithuanian enterprises coincides with the rebirth of the world-wide conception of management theory and practice. For decades these conceptions have been directed to certain enterprise problems (production quality insurance, business process rationalization, cost decrease, etc.), domination in the world management, however, now strategy has fallen into the focus of every enterprise. The explanation of such a turn is quite simple. It appears that successful interior problems solution is not sufficient because even well functioning enterprise may fail if no beneficial strategy is applied. Nowadays efficiency and activity effectiveness are not enough in order to ensure the enterprise’s competitive advantages. The first researches in this field appeared in 1990s (Stephan H. Hackle). It took almost ten years for the conception of strategic management it become a dominating one.

The concept of strategic management itself is not a new one. It has been widely used in the largest world companies. However, these strategies appeared to be too expensive, too formal and difficult to be put in practice. Recent world practice has shown that large companies having clear strategy may fail if they don’t assign necessary attention to environmental changes and strive for their objectives rather unconditionally.

Contemporary strategic management has become much more pragmatic and easier to be applied in enterprises of any size. This is achieved through a lot of improvements, the main of them being democratization. Strategic management ceased to be the prerogative of the leaders of higher level or of specialists from a rather narrow field. Strategic management becomes a business process bringing benefit as any other processes. Thus, the aim of strategic management is not an attempt to foresee the future as it used to be, but to prepare the enterprise for quick reaction to the changes in business environment.

The principles of the art of strategic management prevailing in a certain market at a certain time are based on the existing world-wide theories used in practice. Thus, strategic management position of a definite enterprise depends on three dimensions: the direction of strategic management in the country, the enterprise development and exterior environment. This environment includes not the enterprise’s competitive situation but also its general rela-
tionship with business environment. In other words, the main directions of strategic management should be adapted to the interior and exterior situation of the enterprise (Chandler, 1962). Or otherwise, strategic management should be viewed not only from the macroeconomic perspective of an entrepreneur (the leader) but also from macro-economic positions: the size of the corporation, interior organization, business policy and the stage of business policy development.

Analyzing the situation in Lithuania, it is expedient to pay attention to the prevailing direction of strategic management art, its certain phases, concept, forces which influence strategic management art itself as well as the choice of strategic management principles influencing the main interior and exterior effects.

As it has proved by the history of the 20th century, the main principles of strategic management develop and change through the entrepreneurs’ successful ideas that are accepted in practice and are turned by theorists into universal principles. The main principles of strategic management which are applied in practice in the long run become the art of strategic management, i.e. the possibilities to create the synthesis of an organization and its environment.

By this very nature the art of strategic management cannot be based on axioms and never changing theories. The art of strategic management is the experience passed on by the pioneers of a certain epoch who have discovered a new way to make the company’s management easier under the changing environment. Let’s take decentralization as an example of the art of strategic management. The leader of General Motors Sloan delegated decision making to department leaders, decentralized his organization and thus saved General Motors from bankruptcy.

The art of strategic management as a successful way of change together with the predominating managerial practice creates the management theory which formulates managerial practice and new principles of management art.

Thus the art of strategic management which is fixed in management theory comes back to the managers’ practice in order to be applied in concrete management situations. As very of these situations differs in both circumstances and personalities who implement them management theory can fix only the essential universal principles of management which generalize the activity of a certain leader who introduces changes in the organization. Thus, the task of the theory is to describe management art and to pass on systemized knowledge to practice.

At the contemporary stage of globalization and integration into European market, Lithuanian enterprises direct management strategy not to survival but to development. This tendency is especially evident in large Lithuanian corporations and industrial-financial groups.

The transition from survival to development strategy changes to character of strategic aims classical strategic management in the organization’s ability to adapt its state to dynamic environmental changes, capability to forecast the tendencies of these shifts and evacuate their influence on the organization’s vitality. At the stage of contemporary enterprise development the necessity to actively participate in environment creation in of the utmost importance.

Especially important and problematic issue in enterprise strategic management is the aspiration to influence legislative and normative development of the organization, i.e. state tax system, work relationship limitation, tariffs, and licenses.

The problem is that under the conditions of integration into the European Union, the state orients itself towards integration processes and tasks and withdraws from stimulating the growth of the country’s potentials. This disproportion became even more evident in the process of privatization in Lithuania. The state ceased to be the headmaster of economy subjects and keeps away from the solution of many problems, however, holds the monopoly of the formation of the legislative environment of enterprises. On the other hand, the main functions of the state are dependent on the successful activity of economy subjects.

However, exterior environment is not only a competitive situation or the country’s economic situation which strategic management solutions are applied to it is the state’s relation with a concrete industry or in general with business. When the state becomes alienated from business, starts to realize solutions impeding business development, in a democratic capitalist state business takes the governing of the state and makes a stronger lobbying influence. In such case, strategic management becomes oriented not to the effectiveness of the enterprise and the increase of competitive advantages but to the creation of a suitable environment.

Predominating schools of strategic management, interior dynamic of organizations and competitive forces become less important for business than the creation of a suitable environmental for it. If there is no balanced relationship of the state with business, this mission is usually implemented by business people themselves, and when environment creation reaches such phase, it is done by the strongest lobbying groups.

Thus the associations representing the interests of business people are created. They are later engaged into a general dispute with the state at various committees (Tripartite, Work Board, Transport and Transit Committee), however, businessmen themselves become open political players.

Recently the influence of business representatives on the formation of Lithuanian political-legislative business environment. This is illustrated by the tax reform procedure. The state cannot change business taxation unilaterally without paying attention to businessmen’s needs.

Such practice of strategic management makes it possible to treat the motion of strategic management itself quite differently. If in the classical strategic management theory the main stress was put on the organization’s ability to adapt itself to the dynamic economic environment (survival conception), then the contemporary concept of strategic management includes the participation in the creation of this environment applying it in achieving the strategic objectives of an organization (development conception).

Conclusions

It might be stated that all the main prerequisites for the implementation of strategic planning have already been formed in Lithuania. At present more and more enterprises in Lithuania understand the importance of strategic planning for successful development and try to
solve practical problems dealing with it. On the other hand, this is conditioned by the changes in the conception of strategic planning itself as it becomes more and more pragmatic and democratic.

Transition from the planned to market economy, integration into this European and world space, globalization processes, privatization boom are the main circumstances substantiating the necessity to organize the strategic management of enterprises basing on the contemporary principles of strategic management.

The theory of strategic management as a continuous cyclic principle implements some aspects: strategic management art, strategic management practice, strategic management theory, new principles of strategic management art. The change of business environment is closely related to the transformation and formation of new directions in the priority spheres of strategic management in Lithuanian enterprises.

The contemporary stage of strategic management is characterized by the reorientation of Lithuanian enterprises from the survival of development strategy. The main direction in strategic management is the necessity to reinforce the creation of business environment and the direct participation in it.

The analysis of Klaipėda freight companies and the development of their strategic management has made it possible to formulate success factors which characterized by universal features and their solution is very much dependent on the principles of the contemporary strategic management theory.

References

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Klaipėdos jūrų uosto įmonių strateginio valdymo problemas
Santrauka

Straipsnyje nagrinėjamos problemas, susijusios su būtinumu vykdyti įmonių strategiją valdymą, remiantis universaliais strateginio valdymo teorijos principais. Tai tampa ypač aktualu atskleidžiant Klaipėdos jūrų krovos kompanijų strateginio valdymo problemas. Perėjus nuo planinės į rinkos ekonomikos sąlygas, vykstant privatizacijos ir antreprenyrystės būmui, spartiai integracija į europinę ekonominę sistemą, kartu išliškis gerokai priklauso nuo Rusijos ir kitų rytų kraštų kaimyninių valstybių žaliavinių išteklių, ekonomikos, krovinių srautų. Lietuvių atsiranda specifinių problemų, nuo kurių sprendimo kokybės labai priklauso Klaipėdos jūrų krovos įmonių strategines įspėjas ir įspėjimas Lietuvos jūrų uosto strateginio valdymo sėkmės veiksnių prioritetui ir veklos efektyvumui.

Pagarindinio tyrimo metodas. Literatūros bei statistikos apie Klaipėdos jūrų uosto duomenų analizė, ligiologinė analizė. Šiuo metu bandyta strateginio valdymo teorijos požiūriu įsirinkti ir susisteminti Klaipėdos jūrų uosto įmonių strateginio valdymo problemas, pagrįsti įmonių strateginio valdymo praktinių tikslų kaita, priklauso nuo makroaplinkos pokyčių dinamikos Lietuvoje. Lietuvos, kaip tranzito valstybės, ekonomikos raidos efektyvumui labai ryškių įtaką turi Klaipėdos jūrų krovos įmonių ir apskritai uosto veiklos efektyvumas. Į valstybės biudžetą patenka vidutiniškai apie 40 procentų pajamų, gautų perkrovos uoste vieną toną krovinio, ivairių rinkliavų bei mokeščių pavidalą.

Tačiau, šie globalizacinių ir integracinių procesai, sudarę sąlygas įsivykti į jūrų krovos įmonių vidiniams resursams, ne tik nepašalinti, krovinių, kraunamų per Klaipėdos uosto, srautų apimties problemas, bet negažyti į jų pasekmes. Klaipėdos jūrų krovos įmonių įvairių resursų vidaus strategija labiausiai buvo orientuota į apdorotinėms kroviniams srautų iš Rytų valstybių (Rusijos, Baltarusijos, Ukrainos, Kazachstano ir kt.). Krovos įmonių susidūrė su būtinybe pagrindinių dèmesi skirti makroaplinkos klausimams. Būtent makroaplinkos įtaka įvaręs su apimties, eko- nomikos, socialinių asmenų santykii ir įvairių rinkliavų poveikį strateginio valdymo sėkmės veiksniui.

Konkrečios įmonės strateginio valdymo pozicija priklausančius yra nuo trijų pagrindinių dimensijų: vyraujančio strateginio valdymo meno krypties šalyje, įmonės vystymosi padėties bei išorinės aplinkos. Ši išorinė aplinka apima ne tik įmonės konkurencinę situaciją, bet ir bendrą konkrečios įmonės santykių su verslo aplinka, kitaip tariant, vyraujančios strateginio valdymo kryptys turi būti derinamos prie įmonės vidinės ir išorinės situacijos (Chandler, 1962).
Makroaplinkos pokyčių dinamikos įtakos analizė Klaipėdos jūrų krovos kompanijų strateginio valdymo efektyvumui – tai pagrindinis šio straipsnio tyrimo objektas.

Svarbiausias tyrimo tikslas – ištyrėti ir susietinti Klaipėdos jūrų krovos kompanijų strateginio vystymosi priklausomumo nuo makroaplinkos pokyčių dinamikos specifines problemas, jų sprendimo kryptis šiuolaikinės strateginio valdymo teorijos požiūriu. Straipsnyje pabandyta nagrinėti makroaplinkos pokyčio įtakos įmonės strateginiam vystymuisi reguliuojamo proceso kaip įmonės strateginio valdymo objektą – tai pagrindinis tyrimo naujumas.


Tokia situacija Žymiai padidino konkurenciją tarp Klaipėdos uosto krovos kompanijų, kartu dar labiau išryškindama ekonomines problemas.

Visa tai priprętė įmonių vadovus ypatingai susirūpinti makroaplinkos poveikio suregulavimui.

Tačiau čia susiduria su dar viena specifine problema: susipriežė Rusijoje valstybinis įkio reguliuojamas padidinto tarpūkinių, tarpekonominių santykių priklausomybė nuo tarpvalstybių santykių klimato. Antai ir santykių su Rusija atšalimas, inspiruotas savoškio Lietuvos žiniasklaidos įmonių (pelno siekiančių įmonių) interpretavimo incidento su Rusijos lektuvu SU 27, kai kurių politikų bei tarnačio neapgalvojų pasiūlymų gerokai nubuuidavo naujas nuotais tarpvyriausybės įgalinimą.


Problemų bendrumas išprima bandymą jas interpretuoti strateginio valdymo teorijos požiūriu. Toks interpretuotinas galėtų būti vienas iš būdų, paliavinančių praktinių šių problemų sprendimą paiešką.

Dabartiniam strateginio valdymo raidos etapui būdingas Lietuvos įmonių persiūrėtavimas nuo išlikimo į vystymosi strategiją, ir prioritetinė strateginio valdymo organizavimo kryptimi tampa neįtikėtina. Įspūdingai stiprinti įtaką verslo aplinkos formavimo procesui arba tiesiogiai jame dalyvauti.

Atlikta Klaipėdos jūrų krovos kompanijų strateginio valdymo raidos analizė leido suformuoti sėkmės veiksnius, būdingus tam tikram šios raidos etapui. Šiame processi iškylančios problemas turi universalumo požymių, ir jos turėtų būti sprendžiamos remiantis strateginio valdymo teorijos principais.

Raktažodžiai: strateginis valdymas, jūrų krovos kompanijų, makroaplinka, sėkmės faktoriai.

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