

A Conceptual Approach to Personnel Activity Management in a Company Operating as an Agent for a Container Shipping Line

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ABSTRACT: The authors of the article have chosen a company acting as an agent for a container shipping line because the company seeks to decrease its service failures and reduce the chaotic nature of its activities by systematising them from a scientific point of view and refining its operations at the managerial level. Employees of the company are responsible for activities such as a search for customers, price offers, contacting clients, the conclusion of contracts, coordination of cargo transportation, document control, invoicing and payment control. Proper execution of these operations ensures the quality of services provided by the container line agent. The learning organisation concept, situational management theory and total quality management theory are applicable to the management of the personnel activity process in the line. In terms of management functions, planning is more suitable for activities such as searching for customers, price offers, conclusion of contracts and invoicing; organising is more required when searching for customers, contacting them and concluding contracts; leading is more suitable for activities such as contact with clients, conclusion of contracts and payment control; control is more required when contacting customers, coordinating cargo transportation, invoicing and controlling payment. A conceptual approach that theoretically reveals the principles and possibilities of the company's activities in the container shipping line can serve as the basis for future empirical research to identify problems in its personnel activity management.

1 INTRODUCTION

1.1 *Relevance of the research problem*

The increasing demand for high-quality logistics services has forced container shipping companies to decrease logistics service failures to retain customers [7]. The authors of the article have chosen a company acting as an agent for a container shipping line because the company seeks to decrease its service failures and reduce the chaotic nature of its activities by systematising them from a scientific point of view and refining its operations at the managerial level. The company's administration considers that modern

scientific theories can show what the company's operations are like in relation to these theories.

The purpose of this article is to create a conceptual model of personnel activity management in the chosen company acting as an agent for a container shipping line according to relevant scientific theories. The research type is theoretical-descriptive.

1.2 *Research methodology*

The selected methodological research principles are modern theories of management science that can purposefully shape a scientific basis for the

conceptual model of personnel activity management, considering the changes in the market, the need for continuous training of the company's personnel and the assurance of the quality of the personnel's activities.

Therefore, the scientific basis of the research consists of the following theories of management science:

- Situational management theory states that different management methods and tools can be effective in different circumstances.
- The learning organisation concept provides that all members of an organisation must participate in identifying and solving problems and exchanging information so that the organisation can learn and change. According to this concept, information and new technologies shape the structure and management of organisations.
- Total quality management theory states that an organisation must constantly improve. The main principles of this theory are group work, the creation of quality standards and continuous improvement [3].

The main research method is an analysis of scientific literature.

2 RESEARCH RESULTS

2.1 Personnel activity process in the container shipping line

Human resources are required for a company to act as a shipping line agent. All successful organisations depend on the performance of their employees [10]. It is possible to successfully organise the company's activities with the right staff and proper management. The agency activity process of the shipping line, operations of which were systematised according to the activities of various company departments, is shown (Fig. 1).

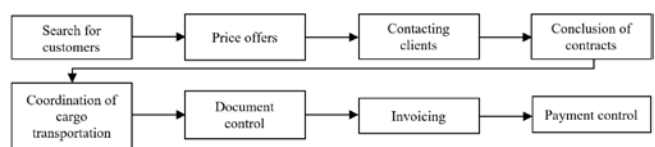


Figure 1. The personnel activity process in the container shipping line

A search for customers is an important operation aimed at attracting new customers and getting them interested in the services provided. Companies that want to stay competitive in today's shipping market need to build long-term relationships with their customers [14]. First of all, to attract potential customers, companies need to offer services that meet their customers' needs. The following factors are important for customers: financial factors (price for transportation, additional services and taxes); economic factors (decrease in price due to refusal of certain services or depending on the amount transported); strategic factors (geographic possibilities, planning of routes and their times); marketing factors (satisfaction of other customers due to services in terms of communication, adaptability,

reliability and diversity of routes and destinations); operational factors (provision of different services, ship distribution and coordination on a global scale) [15].

It is necessary to know the ways in which customers can be attracted. This requires advertising that is designed to influence people so that their behaviour is in line with the advertiser's goals. Effective advertising works as follows: it draws attention and interest and the object advertised becomes desirable and is acquired [19]. To find potential customers, a company must offer services that meet their needs and give the company a competitive advantage.

The cost of transportation consists of transportation from the place of pickup to the destination. Sea freight costs are determined by the following factors: geographical and geopolitical (geographic distance, position in the global shipping network, piracy, etc.); ship operating costs (current and periodic maintenance, voyage and cargo handling costs); transported goods; market; port infrastructure and its productivity [12].

Liner shipping provides regular pre-announced services between certain ports, carrying cargo at fixed freight rates. Discounts may be applied and are offered to regular customers only. Considering the aforementioned factors of transportation costs and after clarifying the transportation needs, the price is offered to a potential customer.

Companies strive to maintain good and long-term relationships. They look for ways to effectively communicate with customers. The basic principles of communication are clarity, specificity, consistency and effectiveness [13]. Based on these principles, contact with clients becomes effective, the desired results are quickly achieved, relationships with long-term clients are maintained and relationships with new clients are created. Customers are contacted for information on cargo transportation conditions, the price of services, confirmation of services in case of unplanned events and payment conditions [1].

Usually, customers change service providers due to poor communication. It is important for companies to communicate effectively and maintain long-term relationships. The appropriate attitude of the company's employees towards customer needs and their quick response to requests are important elements that influence the quality of sea transport services [14]. Information technology helps employees react quickly. Social networks and mobile applications are reliable and fast ways to communicate. Phone calls and e-mails are among the main tools. Prices of services are usually discussed by e-mail and problems that have arisen are discussed by phone calls [1].

In liner shipping, the contract of carriage between a cargo owner and a shipping line is called a bill of lading. The contract of carriage specifies the carrier's and shipper's responsibilities, obligations and conditions, which are drawn up and printed by the shipping line's agent. This document is prepared on the basis of the international rules of The Hague and Rotterdam. A bill of lading usually contains the following information: a description of the goods, their amount, shipping dates, terms of the contract,

information about the sender and the carrier and information about transshipment ports and the destination [9]. Some shipping lines offer a door-to-door shipping service. In this case, the terms of the contract change. Contracts for containers or non-payment contracts for services received are signed with shipping lines that provide more services. It is necessary to conclude the contract responsibly and precisely so that there are no disagreements about responsibilities and obligations.

Line shipping is made up of cyclical routes on which ships navigate. To make use of large vessels efficiently, cargo is transhipped to smaller vessels at larger regional hub ports and transported further [2]. Companies that act as agents for shipping lines must coordinate all cargo transportation, depending on which service customers have ordered, i.e., "port-to-port" or "door-to-door". The following cargo transportation operations are coordinated: creation or change of ship route schedules; cargo handling and distribution; distribution of the company's empty containers; entering the necessary information into computer programmes; searching for carriers; preparation and control of documents and price determination [15]. These operations are adjusted, supervised and managed by shipping line companies. Problems and inconsistencies can occur during cargo transportation. To avoid this, it is necessary to plan and execute everything on time so that the cargo shipment goes smoothly [5].

Cargo documents are documents that are related to cargo shipment, for example, they contain information about the amount, weight, value, etc. Companies that act as agents for shipping lines must control the aforementioned documents [11]. The most important document that regulates commercial and legal relations between the parties is the contract of carriage, i.e., the bill of lading. Other documents, such as the delivery order (which gives instructions from the owner of goods on how to deliver them to their destination) and the cargo manifest (a list of goods) are also important when transporting goods by sea [21]. Some paper documents are still used in the transport sector. Copying, sorting and exchanging them takes a lot of time for companies' employees. However, to improve working conditions and optimise operational processes, many documents have become electronic. In this way, their control is carried out more simply and efficiently [17].

Cargo documents are issued considering the cargo type and delivery place. Therefore, different shipments require different documents, such as a certificate of origin, commercial invoice, cargo manifest (a list of goods) and various special documents (dangerous goods declaration, North American Free Trade Agreement certificate of origin, etc.) [21]. Control of cargo documents allows customers to avoid unplanned expenses because, without the necessary documents, cargo transportation may cause problems or not be carried out.

Invoices can be electronic or paper. In the VAT (value added tax) invoice, it is necessary to provide information which consists of the date of issue, a unique serial number identifying the invoice, the customer's VAT payer code, the name and address of

the service provider and of the customer, a description of the amount and type of goods supplied or the type and amount of services provided, the date of the transaction or payment, the applicable VAT rate, the amount of VAT payable, the partition of the amount of VAT payable according to the VAT rate or tax exemption and the unit price of goods or services excluding taxes and discounts [20].

The invoice shows base rates, surcharges and discounts. Base rates are the main part of the cost of liner shipping services, which are determined by shipping routes. Surcharges are collected by shipping lines to cover additional costs associated with transporting cargo, such as port congestion. Discounts are reductions in shipping rates that shipping lines offer to some customers. Discounts are applied to increase the flow of customers in a competitive market [9].

Receipt of payment for services performed means that the contract has been fulfilled and both parties have accomplished what was signed in the contract. The control is carried out by checking whether the payment has been received. Companies that transport goods and provide other services include clauses on non-payment for services in their contracts. This simplifies the process if there are problems and services are not paid [11].

A client must pay for the services received at the time and according to the procedure specified in the contract. If the contract cannot be fulfilled due to the client's fault, the price that was determined must be paid. If losses occur during the provision of services for which the service provider is not responsible, the customer must also compensate them. When providing liner shipping services to several customers during one shipment, the customers are jointly responsible for all unexpected cases [8]. Thus, payment control is a clear and short operation whose execution shows whether the customer fulfils the condition specified in the contract.

2.2 *Management of personnel activities in a container shipping line*

Management of personnel activities in a container shipping line can be understood as a distribution of the organisation's human and economic resources in accordance with planning, organising, leading and controlling to provide services requested by customers. Process management involves working with personnel in a constantly changing maritime business environment [4].

The personnel activity process in the container shipping line is related to management functions and management theories (Fig. 2).

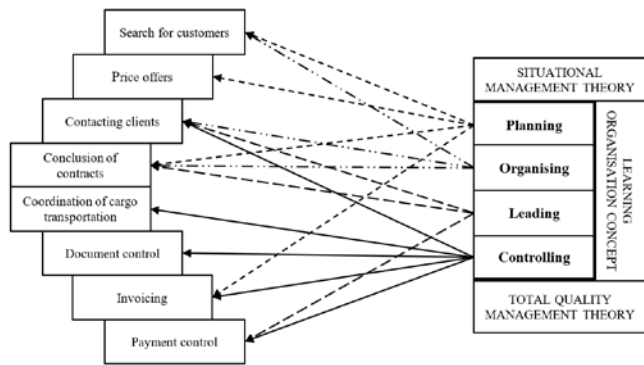


Figure 2. The relationship between the activity of a container shipping line agent, management functions and management theories

Management functions are applied to the shipping line agent's different operations, which can be relevantly based on situational management theory, the learning organisation concept and total quality management theory.

Planning is important to getting the agency process right. During the process of planning personnel activities in the container shipping line it is necessary to plan mainly four operations:

- Search for customers (there are anticipated ways and means for reaching customers).
- Price offers (the market, competitor's services, advantages and disadvantages of the company are analysed; the right price is determined and the ability to negotiate for greater benefits for the company must be available).
- Conclusion of contracts (suitable conditions are provided for those seeking to sign the contract).
- Invoicing (it is necessary to provide the agreed base rates, premiums, discounts and the right time to send the invoice).

Planning is a management tool that gives the shipping company dynamism in response to external and internal changes. Customer service is a core work for a shipping line agent. If the work is done right, it is possible to find long-term customers, meet their needs and gain a competitive advantage [13]. When planning operations, it is necessary to determine the stages that, if properly carried out, will ensure that the planning is accomplished well (Fig. 3).



Figure 3. Procedure of planning [16]

Companies can individually apply these planning stages to their activities. For some activities, they are not necessary. But for a company that, for example, focuses on learning, it is important to do it. In some cases, it is not necessary to carry out all the planning stages. For example, invoicing does not require all stages, but this activity is planned anyway. To facilitate the planning of personnel activities in the container shipping line, new electronic tools are being developed to solve various challenges. To automate the ordering and invoicing operations investments are made in software for real-time container tracking. Planning is a key management function and

companies aim to simplify it as much as possible to make it less challenging [18].

Organising includes the distribution of tasks and the delegation of related responsibilities, as well as the allocation of resources throughout the organisation to achieve common goals [4]. For a company to be competitive in the current shipping market, it is necessary to establish long-term relationships with customers [13]. Therefore, when organising the search for customers, contacting the customers and concluding a contract, it is important to choose the right tools and use them purposefully, pay attention to the customers' needs and meet them during the aforementioned operations. The purpose of organising as a management function is to optimise the organisation's activity processes and create conditions for increasing the efficiency of these processes by properly selecting work methods, employees, resources, place and time [14]. It is necessary to organise contact with customers to maintain proper relations. Therefore, e-mails and phone calls should be organised in such a way that important information reaches customers in time and other activities can take place afterwards [1]. A quick employee's response to requests and his or her appropriate attitude towards customer needs influence the quality of maritime transport services [14].

When organising the conclusion of a contract, the main element is having the right conditions. The contract specifies responsibilities and obligations and provides important information about the services provided. Therefore, organising the aforementioned operation is a long and responsible process because the services will be provided in accordance with the agreed conditions [9]. When organising activities, employees constantly create, acquire and transfer knowledge, which helps the company adapt when an unexpected situation occurs. If the company chooses employees with the right competence, it will be easier to achieve its planned goals. To improve employees' performance and engagement, their meetings with managers can be organised, where problems are discussed and resolved and teamwork is encouraged. Feedback received from employees is important, on the basis of which the company can improve by properly organising its activities in customer service [10].

Leading is a management function concerned with influencing people to achieve organisational goals. All tasks in organisations are initiated by the leading process. Managers provide information to employees so that the desired goals and objectives are achieved. The managers, having understood the principles of leadership, have to effectively implement them. Leading is about rallying people and motivating a team to work willingly and effectively to achieve the set goals. Leading is not only about giving orders but also about accepting and carrying them out. To ensure this, the motivation of groups and individuals is needed. Otherwise, the efficiency may be lower than desired [4].

A company that provides services must initiate contacts with customers. This is to realise the company's goals, such as creating and maintaining long-term relationships with potential customers [13].

By initiating contacts with customers, other personnel operations can be more efficient. During the conclusion of a contract, the aim is to make the conditions as beneficial as possible for the company. Various offers, additional services and discounts for long-term customers are provided. The goal is to influence customers to get them interested [9]. Leading as a management function is important for payment control to understand whether a customer met the terms of the contract. Controlling, another management function, is carried out by checking whether the payment has been received. This operation is important for concluding the next contract with the same customer because if there are problems or non-payment of bills, the company may refuse to provide other services to the customer [11].

Factors that can help improve the function of leading include understanding the goals of the company, communicating expectations clearly, ensuring that methods of performance evaluation are clear and accurate, making employees' development a priority, using technology effectively, training employees to perform their duties well, and integrating changes [6]. When leading is done well, it can contribute to the well-being of employees and the organisation as a whole.

Controlling means checking that everything is going according to plan, following instructions and setting rules. If the results are not satisfactory, they are regulated and repaired [4]. Controlling helps evaluate how planning, organising and leading have been carried out. Controlling can be fulfilled after all other functions of management have been performed, but in terms of time, control can be continuous, periodic or random, namely:

- Continuous control is performed all the time; during it, data is collected and processed without interruption.
- Periodic control takes place at set moments and repeats in a certain order.
- Random control is the collection of data at a random moment, unexpectedly, i.e., without the knowledge of the subject being controlled [16].

When contacting customers, it is necessary to check the appropriateness of this operation. Clarity, specificity, consistency and effectiveness are key to maintaining contacts and attracting long-term customers [13]. When coordinating cargo transportation, the most important thing is to check ship route schedules, cargo loading, the distribution of the company's empty containers, as well as the information in computer programmes and documents [15]. If a discrepancy is found, it is important to correct it so that there are no errors or interruptions in the transportation of goods.

During the control of cargo documents, it is important to check all the necessary documents, considering the type of cargo and the intended place of transportation [21]. After completing the mentioned operation, this avoids problems and unplanned expenses since, without the necessary documents, the shipment may cause problems or may not be carried out, causing damage to both the company and the customer.

The invoice contains basic rates, premiums and discounts. This is an important document that shows the exact amount to be paid by the customer for the services received. Therefore, during the control of invoicing, it is important to check the indicated amounts and services that have been provided to the customer [9]. Payment control is carried out at the time specified in the contract, by which the payment must be received. The control is carried out by reviewing the bank transfers received in the company's account. Receiving payment for the services provided means that the contract has been fulfilled and both parties have accomplished what was signed in the contract [11].

3 CONCLUSIONS

The agency process of a container shipping line is directly related to a company's employees, their qualifications and the way they approach customers. The company's employees are responsible for operations such as searching for customers, price offers, contacting clients, conclusion of contracts, coordination of cargo transportation, document control, invoicing and payment control. Proper execution of these operations ensures the quality of services provided by the container line agent. The learning organisation concept, situational management theory and total quality management theory are applicable to the management of the personnel activity process in the line.

In terms of management functions, planning is more suitable for activities such as searching for customers, price offers, conclusion of contracts and invoicing; organising is more required when searching for customers, contacting them and concluding contracts; leading is more suitable for activities such as contact with clients, conclusion of contracts and payment control; control is more required when contacting customers, coordinating cargo transportation, invoicing and controlling payment. A conceptual approach that theoretically reveals the principles and possibilities of the company's activities in the container shipping line can serve as the basis for future empirical research to identify problems in its personnel activity management.

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