

The Economic Effects of Huge Shipping Company -- Hanjin Group's Bankruptcies

----Case Study on Hanjin Shipping Group (South Korea) Bankruptcy

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Abstract

Hanjin's bankruptcy was an influential event in the last few decades due to its position in the liner shipping industry as the previous 7th of world top shipping companies. As the bankruptcy happened, there were many changes in maritime field which gave quite a mount of effects to different aspects. What are the effects in both short term and long term those from this bankruptcy? What had happened after this bankruptcy? And what will happen in the future? In this research, it has developed a qualitative approach to find out the effects from Hanjin's bankruptcy in both short term and long term time, and try to give some general points that for the huge shipping companies' bankruptcy.

Acknowledgment

This research was developed for the master thesis of maritime management, and the topic was inspired by the interest on the big event-- Hanjin's bankruptcy in 2016. As a remarkable event in the maritime industry, the 7th world top shipping company;s bankruptcy has caught enough eyesight from the world. Besides the pieces of the news on this event, and the effects of this bankruptcy, the researcher would like to explore in this field to find out the effects related with this bankruptcy both in short and long term aspects.

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1 Introduction

1.1 Basic Background

In 2016, if we define a significant event in the maritime industry, no doubt it must be Hanjin bankruptcy. Hanjin Shipping filed for bankruptcy protection Aug. 31, 2016, after months of efforts to raise liquidity and restructure its debt, triggering a mad scramble by shippers to locate and gain control of their containers. ("Hanjin Shipping bankruptcy", 2017) As the news published, the related reaction from the market and maritime industry involved many aspects. What were the effects just after the event happened? And how about the effects from then to now? After about half year, all the change and reflection in the market were still on but try to adjust to the predicted situation in the future, and another news make the issue coming into an end stage. On February 17, 2017, Hanjin Shipping Co. was declared bankrupt by South Korean courts. (Nam, 2017) It signs that the huge shipping giant has already become part of the passing history and finally disappear in the maritime industry which will not play roles in transportation. Hanjin has become a name and image that stores all the memory and history which can explain what this shipping company had to be in the past and how did it play the role in maritime world. By this fact, what influence has been brought to the society? What has changed within the field that related with the bankruptcy? And are there possible lessons or inspiration for the other existing shipping companies? In this research, the answers or some valuable information will be delivered about above questions. This thesis will try to answer wholly or partly the above questions by evaluating available information.

First of all, a brief introduction of the Hanjin will be listed for better realizing the background. Hanjin Shipping was Korea's largest and one of the world's top ten (7th) container carriers that operates some 70 liner and tramper services around the globe transporting over 100 million tons of cargo annually. Its fleet consists of some 150 container ships and bulk carriers. With 4 regional headquarters in the U.S., Europe, Asia and South East

& West Asia, approximately 5,000 global staffs as well as container terminals in world's major ports contribute to Hanjin Shipping's world-class logistics network around the world. (Hanjin.com, 2017) To discover the effects from the shipping companies in this level could be fulfilled with valuable findings and results which could offer useful data to academic field and applied research field.

1.2 Research Question

As a fact, when looking into the literature to seek the data or previous research on huge shipping bankruptcy, the outcome is negative which shows that there is not so much relevant information could be taken as reference. There is some research on the consequence or reasons of general corporate bankruptcies, mostly focused on the economic phenomenon rarely by analyzing a specific case. To the maritime sector, it is very difficult to find the related research on the shipping companies' bankruptcy especially the global huge shipping corporations. The reason behind that, during the last few decades, there is no world top shipping companies went to bankruptcy. But to this aspect, it is quite worthy to extend the research for the future study in this field by analyzing the Hanjin case. The effects from Hanjin bankruptcy can be generated in many different angles, but in this article, I concentrate on two aspects. Firstly, the short term economic effects from Hanjin's case. Secondly, the long term economic effects from the case that Hanjin, as one of the biggest shipping companies brought to the world after its bankruptcy. .

The research will concentrate on the economic effects from bankruptcy of Hanjin Shipping Group dedicate on both short-term and long-term period and generate from the single case to form some impacts in a general level as well.

Here there is necessity to give the definition of economic effect for understanding well. There are some information mentioned when come up this phrase as the data on GDP,

population and employment (Allen, L. P *et al*, 2018), and the situation about the industry, population and trend related with the economy aspect (Uexküll, & Mutert, 1995) as well. As Jm,C (2005) indicated the economical aspect, which described as in the market, the price fluctuates by the demand and supply, the issues related with the products contains with the price, quality and profit. It also comes with the equilibrium price, regulations, barriers to entry and the competition scope of the producers. Not only the ingredients within the market but also the market institution itself.

Taking reference above descriptions, and looking into the information in the commercial field shows that the economic effect is “ *The effect that an event, policy change, or market trend will have on economic factors such as interest rates, consumer confidence, stock market activity, or unemployment. Events such as regulatory changes, supply shortages or natural disasters can have a significant economic impact due to the way they affect the business activities.* ”(“What is Economic Impact? definition and meaning”, 2017) And as the business dictionary gives the definition as “*A macroeconomic effect on commerce, employment, or incomes produced by a decision, event, or policy.* ”(“What is economic impact? definition and meaning”, 2017)

Therefore, we can generate the economic effect as the price, demand and supply, consumer confidence, stock market activity, commerce, employment and unemployment or incomes, regulation in the market, and the market situation. In this article, all the above aspects could extend quite amount quantitative analysis respectively, therefore the exploration and discuss here concentrate more about the macroeconomics aspects on the market society, especially in the long run, concentrate on the market structure and the market trend , in the short run, the supply and demand on the price market and vessel/container market.

As to the other clarification is how to define the long term and short term effect. About this topic, the answer shows that it means in a long period and short period respectively; also

explained as the terms of the two are comparative period of time, means that, the short term effect can transfer into a long term effect when meet a even shorter time, that is, there is no forever short term or long term effect by an event. (Quora.com, 2017) And to the specific economic field, there are also some answers from the academic field, from the time distinguish, the short term and long term are subjective and relative, some define them as short term is 6 -12 months and long term is over 12 months; and some define them as short term is also 6-12 months, while long term is over 5 years, the time between, 1-5 years is within the category of middle term. And some scholars explain short term and long term in the way of various theories, that is, by distinguishing some characters in economics to confirm the short or long term. Says, in the short term, the labour market and prices are not in the equilibrium, related with tax, income, interest rate raising or reducing; while in the long term, equilibrium is assumed and related with structural issues, and consequently growth. (Quora.com, 2017)

After finishing giving some description on the economic effect and short&long term effect, the author in this research will based on the content of the two above description to define the “economic effect” and “the short& long term” in this research which includes the effects within 1 year, and over 1 year. The research questions of this article are listed as below

- 1. What are the short term (within 1 year) economic effects of Hanjin Shipping Group Bankruptcy?*
- 2. What are the long term (over 1 year) economic effects Hanjin Shipping Group Bankruptcy?*
- 3. What could be generated from Hanjin’s case to provide for maritime industry?*

The approach to the research questions will select a qualitative path with applying the case study method. The research will base on the data which will be collected from the documentation which include the news, the report from the professional institutions; from people who working in this field by interviews to illustrate the short& long term effects on economics. By analyzing the data gathered from different aspects, the research will show the outcome and answer the question.

2 Theoretical Framework

2.1 Theories

Bankruptcy Theory

The term bankruptcy is quoted the definition from Edward I. Altman (1968), “ *refers to the companies bankruptcy legally and either placed in receivership or have been granted the right to reorganize under the provisions of the National Bankruptcy Act*”.

Bankruptcy is a process that the assets are arranged to be reallocated according the holding claims on the debtor’s property. The corporate filed in the process to make the participants in the allocation process to be clarified, so that the governing party decides the priorities and the amount that each participant should receive in regarding with the assets.(Jackson, 1982).When bankruptcy happens, all the firm’s debts are canceled; and individual will be appointed to supervise the following bankruptcy procedure. For the private company, bankruptcy could trigger a forced sale of assets which followed by the creditor and debtor involved and an auction with bid(Aghion, Hart & Moore, 1992). The process of bankruptcy is fulfilled under the guidance of bankruptcy law which is concerned as an essential sector to ensure a timely resolution of the problems of insolvent or financially distressed corporate and a socially efficient disposition of such firms’ assets(Aghion, Hart &

Moore, 1992). Bankruptcy law has been interpreted exempt any systematic questioning and understanding of its normative role in a larger legal, economic and social world(Jackson, 1982).

2.2 Current Study in Literature

When start to find some reference from previous research on the bankruptcies and the effects from bankruptcies, there are some research information could contribute to this thesis. From the current exist literature, about bankruptcy, the concentration is on below listed aspects-- some develop research on the bankruptcy procedures (Roosevelt, 2000), research explored on the reasons of bankruptcy (Ooghe & De Prijcker, 2008; Sjögren, 1999), and the articles concentrate on the financial aspects of the bankruptcy(Altman, 1968) which among those it is rarely to find the research on the effects from the bankruptcy that has not caught the notice from the academic field. Moreover, there are only a few research on the case- based approach about the effect of the corporate bankruptcy, while looking into the exist research about effect, especially on the qualitative approach by collecting data from the interview the amount is negative. However, there are some research showed the effects of bankruptcy by the quantitative approach and generative description, which shows that from the literature the effects include -- it can cause the reduction on the demand of products (Opler & Titman, 1994), result in changes in the markets served and the way these markets are served (Ciliberto & Schenone, 2012), affect consumers' willingness to select and pay for the services (Ciliberto & Schenone, 2012), lose significant market share compared with competitors (Opler & Titman, 1994), affect the labour market (Maroto, 2012). In addition, the literature shows that the bankruptcy not only affects the firm itself, but also have influence on the competitors. (Ciliberto & Schenone, 2012) From the literature it has also been found that the effects of the bankruptcy on the contract performance which described the responsibility of the two sides related with legal aspect. (Triantis, 1993). To be specific, in the research (Ciliberto &

Schenone, 2012), it shows that the bankruptcy and the product-market competition which is a quantitative research to explore the effect. What can be found in the research are that, after bankruptcy happened, the way served in the market changed to ensure the profit of all the aspects, lots of renegotiation about the payment procedure are needed to protect the profit while cost more during the process, customer's willingness to pay the service from the bankruptcy company and be more cautious to make the decision on the service provider. In addition, due to the demand reduced, the company loses competition in the market compared with its competitors. All the above mentioned literature conducted the approach of the research by quantitative research, which analyzing the related data collected around the bankruptcy entity but not much around the qualitative aspect or the case its self. Therefore, from the literature could be found in the academic field, the inspiration is raised that this article could try to conduct a research based on the case analysis and a qualitative research to deliver the outcome that caused by the bankruptcy.

Moreover, the above mentioned research can guide a general direction related with the bankruptcy in all industries but not explained in a detailed way, and almost rarely research explicit on the shipping industry, or even huge shipping company. It mat be because there is unnecessary to develop a research for shipping industry and also due to the huge shipping company seldom or never bankrupt in the last few decades. To a situation never happened previous, it is difficult to set up this topic and develop with related research. Therefore, according to the reality and the focus, in this article, the researcher will be based on the exist research to develop on the specific effects – mainly concentrate on the economic effects aspects from the huge shipping companies bankruptcies, by analyzing on Hanjin Shipping Group bankruptcy, to explore the effects and change after the significant event happened.

3 Methodology

In this part, it will focus on how to solve the problems and answer the questions. The research will apply case study method to develop a qualitative research. A qualitative research is described as most of the data from the books, articles, newspapers, interviews which may contain the spoken or written words and observed images as the resource for the analysis, and interprets a research phenomenon.(Denscombe, 2010) It is widely used in the small-scale studies with the condition of that the researcher usually has a comprehensive perception of the data collected in the analysis. It is mainly applied in the research categories such as case study, phenomenology and grounded theory etc., and research methods like observations, interviews, documents and literature are widely used. (Denscombe, 2010).

3.1 Identification of Case Study Method

By Yin (2014) the statement on case study introduced as below:

“Case study research is one of the several forms of social science research. Others include experiments, surveys, histories, and archival analyses such as economic or statistical modeling. Doing case study research would be the preferred method, compare to others, in situations when (1) the main research questions are ‘how’ and ‘why’ questions; (2) a researcher has little or no control over behavioral events; and (3) the focus of study is a contemporary (as opposed to entirely historical) phenomenon.”

In addition, according to Denscombe (2010), case study method can be applied to describe and explain the events, process and relationships in the real world by delivering the explanation of the phenomenon and explores the core issues including the prospects and problems that may have effect on that phenomenon.

In this research, the case Hanjin bankruptcy is an influential event to be analyzed and followed by a series of effects in a quite long time afterwards. The research questions are about what are the effect and countermeasures, therefore, the case study method is appropriate to this research which will be applied to analyze and explore the answers.

3.2 Research Design

The design of the research will take consideration on the research questions and how the researcher will arrange the approach to find the answers. A research design is the logic that links the data to be collected to the initial questions of study, and then there will be some set of conclusions or answers to these questions. (Yin 2009) Another longer statement compared to Yin (2009) indicates that:

“...guides the investigator in the process of collecting, analyzing, and interpreting observations. It is a logical model of proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation.”

(Frankfort-Nachmias, and Nachmias 1996)

The case study method is selected to structure the research design, within the concept of the case study method, there are two types of case study which distinguished as single case study and multiple case study. The other two types of case study method which known as the holistic and embedded case study design can combine with the single and multiple case study design. Among all the designs of different structure, the multi-case designs have stronger convinced ability and more accurate possibility. (Yin 2009)

The design of the research on the analysis of the case selected, Hanjin bankruptcy, will focus on solving the following problems of what to study, the relevant data, what data to

collect and how to analyze the result. With the structure of the research, the following sections are designed in the research process:

1. Explore the current documentation on the effects of huge shipping group bankruptcy. Data from the report, news, website, and academic paper.
2. Select the potential interviewees who work in various aspects within maritime industry to provide the information about the effects of Hanjin bankruptcy to the report.
3. Divide the interviewee group as two categories, the management level and the operational level. Thus, divide the information from different aspects.
4. Design the interview questions according to the roles from the two levels, covering the situation when the bankruptcy occurred, the problems they had, how to solve that, and what is the potential influence in the future.
5. Analysis and generation from the pieces interview answers about Hanjin case extending into several points on the on the general short & long term effects.

Above are the data collection and analysis procedure, after that, the conclusion and related discussion are summarized to show the outcome of the research.

The plan of the research is the tool for guiding the process of the whole study to ensure the study can be finished on time in each section, including below 5 steps:

Phase 1 The exploration on the current literature and applied theories.

Phase 2 The data collection process.

The data from documentation.

The data from interviews.

Phase 3 Data Analysis.

Phase 4 Complete methodology and record above information

Phase 5 Finish the results and discussion

For more clearly and directly realization of the plan it will be illustrated by the Gantt graph as below, to show the executive record of the research.

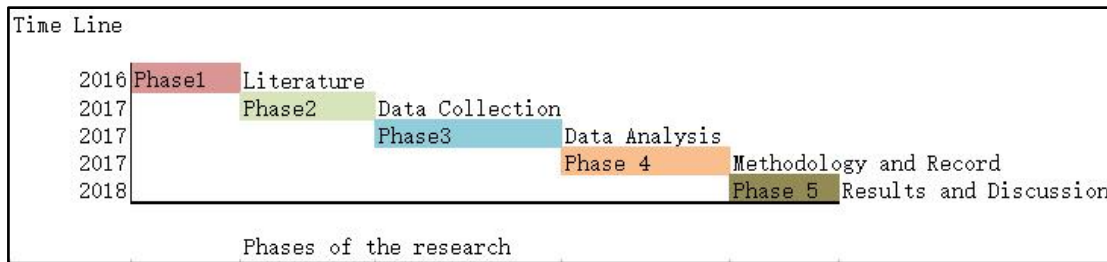


Figure 1. The Gantt Graph for the research schedule

3.3 The Necessary Conditions of Case Study Research

The quality of the research can be measured by four logical aspects to confirm the concepts of trustworthiness, credibility, conformability and data dependability. (Yin 2009) Since they have been always applied to confirm the quality of empirical social research, the tests or the conditions also can be used in the case study research, and it could be used over economical effects from a bankruptcy as well. The details are as below:

Construct Validity: Identifying correct operational measures for the concepts being studies

Internal Validity: Seeking to establish a causal relationship, whereby certain conditional are believed to lead to other conditions, as distinguished from spurious relationships

External Validity: defining the domain to which a study's findings can be generalized

Reliability: Demonstrating that the operation of a study—such as the data collection procedures—can be prepared, with the same results. (Kidder, Judd and Smith 1986)

The four standards are all required in any research to ensure the study with validity and reliability, by which make the article contribute the significance and the value to the further study.

3.4 A Qualitative Research

Quantitative research and qualitative research are the two categories of research. The research usually selects one of the two types according to the research question and data character. Some researches will apply the combination of the two kinds of research approaches to proceed in the project.

As Denscombe (2010) describes in his study, for data analysis and interpretation, the characters of the data will decide the research itself to be undertaken by quantitative or qualitative approach.

The quantitative research has many obvious symbols, such as many numbers as the basic data for analysis, objective data in nature etc. The surveys, statistics report, or the physical experiment provide the first hand data which based on the large-scale studies and a wide range resource collection that involve larger quantities.(Denscombe 2010) Resulting from the large-scale of investigation in quantitative research, the findings of such research show the results and phenomenon to explain a common sense. In general, the quantitative

research focuses on the analysis of specific variables in isolation, or in a connection where existing a limited range of other variables, in this aspect, it restricts the opportunity for a holistic study (Denscombe 2010).

While compared with the quantitative research, the qualitative research based on the data without large amount of numbers, but from the books, articles, newspapers, interviews which can include the spoken or written words and observed images as the resource for the analysis, and interprets a research phenomenon. This approach is widely applied in the small-scale studies with the condition of deep and comprehensive understanding of the data collected in the analysis from the researcher. The qualitative approach is mainly applied in the research categories such as case study, phenomenology and grounded theory etc., and uses the research methods like observations, interviews, documents and literature. (Denscombe 2010).

The researcher in this study developed a qualitative research based on the data collected from the current research literature and books in the field of corporate bankruptcy, moreover, the real news, official report on the Hanjin bankruptcy from the internet, the interviews with the related people working in this industry to describe the effect from this event from different perspectives. Based on the data, to analyse and summarise the economic effect on this bankruptcy from both short term and long term angles. Therefore, the research is conducting a qualitative approach to explore the answers for the research questions.

3.5 Data Collection

Data collection is an essential section to conduct the case studies in one research. The types of data include documents, archival records, interviews, direct observations, participant-observations and physical artefacts. The principles of data collections are described as using

multiple sources of evidence (triangulation to develop converging lines of inquiry), creating a case study database and maintaining a chain of evidence. (Yin 2009)

The data collection content in this article will gather the data from two aspects: documentations and interviews. The documentation is the empirical source that to illustrate the economic effect on some aspects while the interviews can add up the deeper and more comprehensive on the rest of the variable aspects.

3.5.1 Documentations

The data in this category is usually collected from letters, memoranda, communications, agendas, announcements, minute of meeting, written reports on events, administrative documents (proposals, progress reports, internal records), formal studies, newspaper clippings.(Yin 2009) In this case study, it includes the newspaper, report and the official news and record from the website.

The strengths of the documental data stated as below several points: stable which means the data can be reviewed repeatedly; unobtrusive which describes as not created as a result of the case study; exact which shows as the data contains exact names, references and details of an event; broad coverage which indicates that the data comes from long span of time, many events and many settings. (Yin 2009)

The documentation data in this research can have a certain level reliability and the data comes from the official and real record which include the report and news, but it also has some limitations on the original authors' bias and attitude to the event of Hanjin bankruptcy.

3.5.2 Interviews

The interviews are the guided conversations to collect the valuable data for the research. It should be paid attention on following the structure of inquiry and asking actual conversational questions in an unbiased manner. During the conversation, give the opportunities of open ended questions to espousing facts and opinions. The interviews can make the data collection process targeted and insightful which mean that the data focuses directly on the case study topic and provides perceived causal inferences. (Yin 2009) The interview in this research will provide the main data on the effect of this bankruptcy besides the data from documentation. The information from the people working in this field will give the direct feedback and reflection on this issue which can include the economic effect from the bankruptcy.

3.5.2.1 The Selection of Interviewees

The selection procedure of interviewees is according to the contribution to the events, the unique insights and angles and the positions they hold in the events or organizations but in this aspect it mainly depends on the goal of the whole research not strictly regulated. (Denscombe 2010).

The selection process in this research, based on the research plan and research questions, the interviewees should come from two categories, the direct staff working in the shipping links and points, such as the vessels, ports, shipping companies, who are taking the responsibility on operating issues. This type of interviewees, direct handle the cargo and the ships, the data systems, the related work in the ports. After the official news on the Hanjin bankruptcy, the previous operating procedure and the system should be stopped and taken into an emergency model. The interview will happen with these people to collect the first hand data on the effect.

The other type of the interviewees will come from the management level of the mentioned links and points, such as the presidents, managers, pilots, and the key persons in the related institutions and organizations, to get the data from the strategic and more general level of the effect. The corporation and communication of different firms of the system, and even further aspects of the bankruptcy issue.

The interviewees are selected and shown in the below list:

Interviewees	Job Title	Company	Location
A	PHD candidate	Gothenburg University	Gothenburg, Sweden
B	Charterer Manager	Charterer Company	Dalian, China
C	Lawyer	Ningbo Port	Ningbo, China
D	Technical Supervisor	TORM	Guangzhou, China
E	Contract Manager	Honor Line	Dalian, China
F	Operation Manager	Cosco China	Dalian, China

Table 1: The selected interviewees in the research, details, and information

The reasons for these interviewees selection are the candidates meet the standards mentioned in above chapters, they are working in the shipping network and points, directly handle the containers, vessels, human resource which related or owned by Hanjin Group. Some of the interviewees are in the management level which make them have a deeper feeling on this event, the effect form their perspective can show the long-term aspect of the bankruptcy issue. The connection with participants are by the help of the researcher's

personal network through suggestion, inquiry, and direct contact. The interview selection process also take consideration with the location factors of the interviewees, to make sure the feedback and respond can be more specific from all over the world. The researcher would make the research can be more objective and try to make it represent a general and comprehensive opinions.

3.5.2.2 Some Issues on the Interview

Interviews are playing key roles in this qualitative research because of providing the first hand data for analysis which may decide the degree of the value of the research. To make interviews successful, a series of initial factors must be operated appropriately, proper interview skills, communication skills, effective-conducted interview, and the way of organizing and structuring the interviews.

The issues on the interviews about the conduction should be noticed due to what are indicated by Easterby-Smith et al (2008) -- the outcomes and results may be affected in a negative way. Among any interview, the following several issues should be paid more attention by the researcher—trust and social interaction, appropriate language, interview recording and ethical concerns. (Easterby-Smith et al 2008; Denscombe 2010; Yin 2009) The details of the four aspects are shown in the next several paragraphs:

Obtaining Trust and Social Interaction

Building up the interviewees' trust and confidence on researcher; avoiding the uncomfortable feeling of the interviewees, such as the communication style, interview place and style.

The two aspects will directly affect the quality and accuracy of the information that the interviewees provide. (Easterby-Smith et al 2008) In addition, the eyesight and body language are also important to build the trust between researcher and interviewees.

Using the Appropriate Language

Proper language can make the communication between two aspects can understand each other well which include both question and answers directions. To get an expected and contribute answers, express the questions in an easy understanding way is necessary.

Recording the Interviews

Due to the memory has the character of unreliable information storage, to avoid the data missing and error, the tools for recording can make the interview to video or audio for further re-listen and analysis. (Denscombe 2010) The audio tapes can provide more accurate version of the interview content than any other methods (notes, video etc) (Yin 2009), but all the process of recording should get the approval of the interviewees, if it lead any disturb or offence it should be stopped and avoided. (Easterby-Smith et al 2008)

Ethical Concerns

As a case study research, there are lots of factors related with human affairs and real life events, so the requirement of the ethical standards is asked in a high level. (Yin 2009) The participants in the research must be protected in every possible way, practical issues include acquiring the informed consent of participants, privacy and confidentiality of data and avoiding harm and deception to the participants etc. (Yin 2009)

In the executive process of interview, the researcher followed the standard and guided the interviews. The interview questions were designed in advance based on the research questions and the background of the interviewees, and then the researcher contacted the interviewees to confirm the time and place. The questions were asked after the interview purpose also introduced the aspects related to the research questions. All the device for recording the conversation with the consent of the interviewees to respect them in the maximum level. Some of the interviews were taken by telephone and email due to the

personal time schedule and private relations with the interviewees, the informal form is more proper to operate. The trust and confidence are built not only on the interview but also benefit from the cooperative experience with each other and previous contact during the past decades. Therefore, the interviewees delivered their information in a quite positive way which contributed significantly in this research.

3.6 The Research Quality

As discussed in previous chapter, the necessary conditions of an empirical research contain four aspects-- Construct Validity, Internal Validity, External Validity and Reliability. (Kidder, Judd and Smith 1986)

The four aspects can play the role of testing the credibility and the quality of a research so it becomes one part that most of the research couldn't ignore. To this research, the researcher will use the four points to analyze the quality of the research.

3.6.1 Construct Validity

The construct validity is defined as the identifying correct operational measures for the concepts being study. (Kidder, Judd and Smith 1986)To be extended, the meaning of construct validity to testify the measurement chosen in the research process qualified or not with the research content.

In this research, the research questions are about the economic effects from the huge shipping group bankruptcy. The operational measurement in this research develops a frame with qualitative data which includes literature information, documentations and interviews. The selection of the information makes the analysis based on the qualitative research process which in a certain degree the construct validity. It is qualified because of that the analysis is according to the existing data in hand to get the situation about the effects and then to

generate the results. It is just as what Yin (2009) states that the application of multiple sources of evidence will contribute a lot of construct the validity of a research. But as the research aims to explore the economic effects both from the short term and long term, and there should be followed up the specific data to be proved. However, this research analysis is based on the qualitative data and due to the length and time limitation, the result and the discussion may only can cover part of the research question. .

3.6.2 Internal Validity

The internal validity is ensuring to establish a causal relationship, whereby certain conditional factors are believed to lead to other conditions, as distinguished from spurious relationships. (Kidder, Judd and Smith 1986) Internal validity measures about whether the degree of the findings of a research follows the research plan or research question of the study. (Yin 2009) In a research, it is about the confirmation of the findings are exactly in accordance with the goal of the research which is quite necessary.

Hanjin Group is a well-known world famous huge shipping company which had played significant role in maritime industry and many contacts work with this group form the crews, forwarder companies, ports, ship management companies. There are some figures which could show the position of this company, about 70 liner and tramp services under operation, globe transporting over 100 million tons of cargo annually, consists of some 150 container ships and bulk carriers, 4 regional headquarters in the U.S., Europe, Asia and South East & West Asia, approximately 5,000 global staffs as well as container terminals in world's major ports, which contribute to Hanjin Shipping's world-class logistics network around the world. When the news that Hanjin Group was bankrupted, the first world top shipping company bankrupted within these 20 years brought the huge influence in the shipping industry, and raised the interest on exploring the effect from this event.

The first section of the research is showing the background of this specific event -- Hanjin bankruptcy which introduced from the year 2016 that the group got into bankruptcy protection til it finally was announced bankruptcy by court in Feb, 2017. Coming with the introduction of Hanjin Group including what it has created during the past 20 years and what is the obvious phenomenon when things happened. The following part is the research question of this article with the definition of economic effect and short& long term period. Then literature review provides the bankruptcy theory and the current studies on the impacts of bankruptcies as well as what is lack in the academic field. By introducing the above content, the researcher clarify the direction and the goal of the research which can make a supplement of the current research field-- a case study on the economic effect from huge shipping bankruptcy.

The data collection includes the information from the website, report and personal interview to contribute the qualitative research. From which the related information and data can reflect the reality that the economic effect from the bankruptcy event. From a theoretical description to a practical case, based on the literature and data collected , the research transformed the information into the findings that the short & long term economic effect from Hanjin bankruptcy. To any situation, there will be some countermeasure to fit the situation to optimize the profit under the certain condition. In this aspect, some information was delivered directly when the data collection happened. What's more, the data from various reports, websites, and many interviewees and selected more in common to each question as the one to be analyzed, and it can represent a certain extend of universality. The data collection and analysis follow the principle of solving the research questions, and the findings give the answers the research questions appropriately to fulfill the goal of the research. In this sense, the internal validity of this research is qualified.

3.6.3 External Validity

External validity measures about to what extent the definition of the domain to which a study's findings can be generalized (Kidder, Judd and Smith 1986). It is about whether the findings from the research can be applied in other similar phenomenon. In other word, it is about the result can explain or contribute in a general level. While, this section is also considered as the major obstacle in a case study -based research but the findings of the case study research can be generalized to the theory is one standard to test the external validity. (Yin 2009) The reason for this obstacle is the data in this research from one case by which it has some degree of uniqueness, sometimes it could not be applied in other case in the same category.

In this research, the findings about the research questions that the short term and long term economic effect on bankruptcy of huge shipping giant based on the qualitative data and interview data which contain the information can be generated to the bankruptcy theory and supply-- demand theory. In details, the short term effect from bankruptcy makes the loss of the corporate which gave loan to the bankrupted company, just as the bankruptcy theory describes when bankruptcy happens all the debt come into stop. And the lack supply of the shipping capacity caused by huge shipping bankruptcy make the supply and demand is not in the equilibrium situation, which present as the supply is shortage whilethe demand keeps the same level. In this situation, it must lead the consequence of the price raised sharply which can fit the supply-- demand theory. Therefore, in this aspect, the findings can be generalized up to a certain degree of the theories applied in the research, which indicates, the external validity owns a quite extend of guarantee.

3.6.4 Reliability

Reliability of a study is realized as demonstrating that the operational process of a research—for example, the data collection procedures, could be prepared and operated, and then get the same results. (Kidder, Judd and Smith 1986) The reliability test is aiming to reduce the errors and bias in a study (Yin, 2009), which may result in the situation that the coincident data and information make the findings and result inaccurate. The essence of reliability is to ensure the same or similar results will be found out in the later researches and studies which apply the same method or procedure.

To qualify with the reliability of the study, the research is proceeded by the following aspects: the data collected in a common way that contains the literature, documents, websites and interviews, which the later researchers would also collect data from these aspects. However, according to Yin (2009) mentioned, a prerequisite for reliability test is that whether other researchers would like to repeat a previous case study, and they need to handle the study by following up the earlier procedure. This indicates that the later researcher can apply the same methodology but with some other procedures, such as the literature, theories etc., in the whole research. To explain further, the theories selected in later research could be taken place by other theories, while in the data collection part the similar information is found, but still the findings is related with the current literature and theories are shown in another version. Means, the final findings are not influenced by different theories when the other sections keep the same in some extend, and later findings are related with the previous one. Thus, if a further research study is conducted with applying the same theoretical framework, methodology and similar data collected, it would most likely approach to the identical consequence.

3.6.5 Research Ethics

The main ethical consideration is about the Interviews. As a case study research, there are numerous factors related with human affairs and real events, thus, the conditions of the ethical standards are required in a high degree. (Yin 2009) The participants who take part in the research must be protected in every possible way. And some practical issues are including acquiring the informed consent of participants, privacy and confidentiality of data and avoiding harm and deception to the participants etc. (Yin 2009) In the research, it is highly considered with the opinions on this aspect, so the interviewees' information are should be kept and not published in the article. And for another aspect, the quality of the interview content, will depend on the communication degree and the trust between the interviewees and interviewers.

In this study, there are 6 informants who deliver the information as important input to the research and contributed significantly in the study. By the answers of the interview questions, the data analysis can be proceeded with comparative enough information based on the first hand data with reality. Due to the research ethics is a necessary concern in any study, thus in this article, the information about the names all come from the official published documentation, and for those who gave the information in the research by interview, the researcher keep the names of them and just use character ABCD to represent them but mentioned their general position, by the principle for ethical consideration.

4 Case Analysis and Results

To Hanjin case, the analysis will start from the data from the documentation and the interview, to have a clear view and understanding on the whole case. To be cleared to find the effect from the bankruptcy, the reasons of the bankruptcy is also one valuable aspect to be explored which can provide some clues. Within this part, the reasons will be demonstrated in the documentation part as data to contribute to the analysis process also with the data related

with the short and long term effect of the bankruptcy. Coming up with the data from the interviews from the selected interviewees in this research, the analysis bases on the data collected in the two aspects.

4.1 The data from the documentation

4.1.1 The reasons of Hanjin bankruptcy

Any event happens within the general background. Hanjin's bankruptcy happened in the time that the shipping industry suffered the unexpected situation continuously.

Even though the winter time of maritime industry has kept almost 10 years since 2007, the company in maritime industry bankrupt is not a surprise, but none of these bankruptcy companies in the scale of Hanjin Group, with the rank of seventh of the world owning the capacity of over 600,000 teu on the water. (Hand, 2017) But in 2016, the bankruptcy of the Hanjin Group in South Korea did bring a big warn in the shipping industry because as a world-famous huge global shipping company, it has numerous cooperation and business relation with all over the world in this industry, that a major container line can bankrupt. (Hand, 2017) A huge influence by the bankruptcy has been shown to the industry with the disruption on the global trade network and driving up the freight rate. (Average cost is \$177 up to \$778 sea freight from the US west coast to Asia) ("A By-the-Numbers Look at Hanjin Shipping's Collapse", 2017) Besides, the data can describe the change when the bankruptcy happened, \$14 billion value cargos on Hanjin ships idle outside port couldn't enter in the ports, 40,000 containers stranded on the ships, within two weeks the market value downsized to one-third from \$293 million etc. ("A By-the-Numbers Look at Hanjin Shipping's Collapse", 2017) What's more, the vessels of Hanjin have been controlled and ports are refusing to work for Hanjin ships because of the fear that they will not be compensated. Hanjin Shipping's collapse is by far the largest container shipping bankruptcy in history and coming with the

consequences will continue to reverberate throughout international supply chains and the transportation sector. ("Hanjin Shipping bankruptcy", 2017)

As commented in the news about Hanjin Bankruptcy, the financial problem is one main factor to make this company collapsed, but it also resulted from a multiple factor environment contribute to the consequences together. In the bankruptcy, the financial problem is always the formal reason which made the enterprise declaring bankruptcy. But the unexpected situation may caused by several reasons behind that which result in the insolvency and to declare bankruptcy. On the global environment aspect, the ongoing downturn container shipping industry which heavily influenced the Hanjin Group, was caused by the pessimistic global GDP, overcapacity of container vessels, muted growth in demand of container ships and not enough cargoes, the slowing down growth of Chinese economics and some other related factors. What's more, the dented profit and crippled financial health caused by downturn have become one dangerous threaten to the major top twenty shipping companies in the world. ("Amid Industry Downturn, Global Shipping Sees Record-Low Growth", 2017) Besides the environment, a political factor may need to be noticed, which made the group finally dropped into an extreme financial crisis situation that lead the declaration bankruptcy. Over the past years, the government and politician support the shipping company which made it the management and operation had got used to be rescued by the nation system. Some unclear reason made the politician and government stopped to provide the help and support to Hanjin this time, therefore, the financial problem extended as the bankruptcy .While Tim Worstall, from Adam Smith Institute in London, insisted that currently the cargo was not the negative factor that caused the stressed situation but the low freight rates. He considered the price of the liner shipping was the main reason to make the situation into an anxious level even the bankruptcy. ("Forbes Welcome", 2017)And the factor that caused the low rates is the overcapacity in the market according to the supply and demand situation.

In 2016, Janet Porter, the editor-in-chief of containers at Lloyd's List which is a shipping industry news provider gave the description on the shipping industry, it was the one of the worst years in terms of the losses which presented as the global shipping growth would be zero compared with the normal growth was 6-8 percent in the years before. And she pointed that there were too many ships but not enough cargo ended with a supply and demand imbalance, and the transportation cost was quite low and shipping companies struggled to make any profit. The container market analyst Jonathan Roach claimed that, “...*the container vessels are the cogs of the global economy, and the slowing economy of Europe and China are hitting the industry hard. As the example, the less exporting form China make the demand of the cargo transportation reduced.*”

From Vessel Value, Bennet says that, aiming to looking for the more efficient model and cut the cost of the shipping lines, at some moment the merges and acquisition happens among the shipping industry to reduce the competition in the market, what he added more, is that, in the market, 1000 vessels needed to be scrapped in order to recovery the market. ("Amid Industry Downturn, Global Shipping Sees Record-Low Growth", 2017) Therefore, the over supply of ships made the current shipping industry suffering the unexpected environment, it was inevitable leading the downsizing price and a series of problems to the shipping market. The current over supply of ships started from 5 years ago when every shipping company ordered massive new vessels by promising the greater capacity and efficiency but actually the global economy did not keep up, so that the vessels ordered in advance which never hit the ocean lead the supply much over the demand as a consequence (Davies et al., 2017).

As the global background is a weakened economy since the crisis in 2008, the environment hurt the demand and trade and at the same time the steam line are continued to be built more and larger vessels which were considered as cost- effective when the freight was

high in the past few years ("Hanjin Shipping bankruptcy causes turmoil in global sea freight", 2017).

4.1.2 The effect from Hanjin bankruptcy

The related information which displayed the impact from this bankruptcy could be found everywhere on the internet as a huge global event. What we can see about the impact has been recorded on the reports and news from various angles.

As a report says that “ *The bankruptcy of the Hanjin shipping line has thrown ports and retailers around the world into confusion, with giant container ships marooned and merchants worrying whether hundreds of tonnes of goods being carried by the South Korean company will reach shelves.*”(“Hanjin Shipping bankruptcy causes turmoil in global sea freight”, 2017)Even the negative effect stated to show around when it began to file into bankruptcy protection. Since that time, the vessels of Hanjin were rejected to enter in the port to proceed offload and other operation due to the worries about no guarantee on payment for the tugboat pilots or stevedores’ work (“Hanjin Shipping bankruptcy causes turmoil in global sea freight”, 2017).Almost at the same time, 10 ships were seized in China on behalf of the creditors, such as charterers, ports authorities, or other parties and some legal action would be taken from the group to stop the same situation in other countries.

A headline from a news even noted that,

“ *When South Korea’s Hanjin Shipping went down, it showed that the whole global transport industry could be in trouble*” in which article the author explained why companies were all in to a mess after the bankruptcy. The detailed data can be seen from below words, “*Currently, more than 80 massive Hanjin container ships are in limbo — either en route or anchored near their destinations, unable to offload their cargo because terminal operators fear Hanjin won’t be able to pay them. As a result,*

\$14 billion worth of goods are languishing in a maritime limbo. At least eight Hanjin ships have been seized as of Friday. Four vessels parked off Long Beach, California, have been prevented from entering or leaving the port, including one that was taken by U.S. marshals after a fuel supplier filed suit against the freight company.” (“That sinking feeling: Why the bankruptcy of shipping giant Hanjin has so many companies worried”, 2017)

Since the collapse happened at the high seasonal demand, some vessels were just on the schedule of shipping transportation. In the US, at the ports Los Angeles and Long Beach, there were 3-4 vessels were floating offshore or anchored away from the terminal, and some vessels were ready to leave as planned still sitting near the ports. What’s more, the world’s largest retail trade association, the National Retail Federation, wrote to Penny Pritzker, the US secretary of commerce and Mario Cordero, the Federal Maritime Commission chairman, urging them to negotiate the South Korean government, ports and others to prevent disruption. The association also expressed that *“the bankruptcy was having a ripple effect throughout the global supply chain that could cause significant harm to both consumers and the US economy”* since Hanjin represents almost 8% of the trans-Pacific trade volume for the US market (“Hanjin Shipping bankruptcy causes turmoil in global sea freight”, 2017).

The group’s vice president for supply chain and customs policy, Jonathan Gold, said that the bankruptcy make tons of products which were ready to be uploaded from the factory or offloaded to the shelves in the market had to stay there without any moving. Some were at the dock to be picked up and some were on the ocean. The ships, railways, ports, people work here were not willing to work on these products that no one would pay them (“Hanjin Shipping bankruptcy causes turmoil in global sea freight”, 2017). The Wall Street Journal reported the deliveries of roughly 540,000 containers would be delayed by up to a month. (Davies et al., 2017)

Meanwhile the shippers, cargo owners and consignees of the cargo were drawn into a sense of huge insecurity due to the loss of the valued cargo. While there was some other sound about this situation would fade soon because the Hyundai was taking over the work that Hanjin could not finish, that picking up the cargo to the destination, from Hackett Associates, founder of maritime industry consultant ("That sinking feeling: Why the bankruptcy of shipping giant Hanjin has so many companies worried", 2017).

It was also because of the seasonal high demand on shipping, the losses of the capacity need to be taken over by other liner shipping companies which lead a result that the freight of the shipping line sharply increased and a single day the price was up to 50%. ("Hanjin Shipping bankruptcy causes turmoil in global sea freight", 2017). Due to the vessels were already high capacity and the shippers were wind up paying a premium price to squeeze in the container, the ships from other companies took over the containers from Hanjin need a quite high price. ("Hanjin bankruptcy causes shipping chaos", 2017)

To this aspect, Nerijus Poskus, director of pricing and procurement for Flexport, predicted that the situation would last for at least one or two months ("Hanjin Shipping bankruptcy causes turmoil in global sea freight", 2017). As recorded, the freight from China to west coast ports of the US rose from \$1,100 per container to as much as \$1,700 after the news published, while the cost from China to the East Coast jumped from \$1,700 to \$2,400.

Besides these factors, the more serious problem is about the customer confidence, to Hanjin Group, but also to the whole liner shipping industry. Just as Rahul Kapoor, a director at maritime consultancy Drewry Financial Research Services, says that, "*Unlike dry cargo, liner shipping is all about marketing and service reliability – we haven't seen any large carriers come back from collapse. There is a loss of faith among customers. It's very unlikely Hanjin can come back from the ashes.*" ("Hanjin Shipping bankruptcy causes turmoil in global sea freight", 2017) As the consequence can be seen, after half year that Hanjin Group filed

into bankruptcy procedure, on 17th Feb 2017, it was declared by court the bankruptcy. Till now, one year past, Hanjin has already disappeared in the maritime industry but only leaves memories that the ever 7th largest shipping group in the world.

As James Mercante, head of admiralty, transportation and maritime insurance practice at Rubin, Fiorella and Freidman, a New York-based insurance law firm, expressed that,

“The Hanjin bankruptcy is a mega-event for the maritime industry, for all interests, not just for the cargo its ships are carrying, but also for terminal operators and longshoremen. You’re going to see hundreds and hundreds of insurance claims and litigation surrounding this going on for well more than a year.” (“That sinking feeling: Why the bankruptcy of shipping giant Hanjin has so many companies worried”, 2017)

But in a long run, the ships will be taken over by other owners, the cargo will be delivered and price will return to normal level. This is considered as a good aspect of this event, which is good for the rest of the industry due to the insufficient demand of the market. Usually the the consolidation is the solution, but this time Hanjin suffered bankruptcy instead of the normal merges and acquisition, says an economist Marc Levinson. (Davies et al., 2017)

As a multinational corporation, Hanjin has ships, subsidiaries, crews, creditors, and contracts all over the world. It filed bankruptcy in South Korea, but the legal fallout will be international. In 1986, when shipping giant United States Lines went bust, it took two years to put together a reorganization plan, and four more years to totally liquidate the company. The resulting litigation carried into the 2000s. (Davies et al., 2017)

4.2 The data from the interview

The interviews were taken during the research processing, for collecting the data that needed in this study. The interviewees were selected in the maritime industry, and most of them were directly dealing with the related issues with Hanjin Group. Among them, there are charterer managers, shipbuilding supervisor, Phd candidate in maritime field, contract manager in top forwarder company, operation manager in top shipping companies, lawyer in famous port etc. From the information provided by them, the valuable data was collected in this research which contributed to the data collection and the foundation of the analysis. The researcher designed a list of interview questions according to the research questions which was provided to the interviewees in advance one day before the interview by phone. The data collection process included the conversation based the list of the question, the researcher asked the questions and the following question according to the information that given by the interviewees. And the interviewer made record during each interview, to ensure the answers and the information accurate and without misunderstanding or out of memory.

Interviewee A, PHD candidate in Gothenburg University, Sweden

The interview with him is for collecting some opinions from the academic field, and he gave his answers like below when the interview was taken,

“The bankruptcy happened without any pre-sign in my field, since I am having research on short sea shipping and the maritime part in Gothenburg University as well while Hanjin is a company in deep sea shipping. People were not in discussion on this topic around my colleagues. But as I know, some of the university, such as the university in Denmark, Germany, Belgium, scholars in those universities have had some research on the effect of this bankruptcy. The effect could be a long series within the industry which may not disappear in the next few years.”

So far as i could see about the influence of this event, i would say, many shipping companies have taken lessons from the bankruptcy, they understand the bank and the financial chain is weak and risky which may not that supportive as it looks like. In this case, the alliance which already existed in the shipping field may adjust the structure and the operation to make the alliance more intensive and cooperative to reduce the cost and make the profit all together. At the same time, the shipping companies would like to avoid and distribute the risks in the alliance, as I know they established some funds in the alliance for all the member companies in case any of them meet the emergent situation. And more and more shipping companies joint into the cooperation by organizing the alliance and acquisition. ”

Interview B, charterer manager in one private company, Dalian, China

The interview was proceeded by a phone call conversation, since the interviewee could only answer some of the questions due to the interviewee did not have so much opinion to the rest questions. Therefore, her answers are displayed below, not strictly following the questionnaire structure.

When Hanjin Group announced into bankruptcy protection in August, 2016, she just signed a contract with Hanjin about one voyage that from one port in Russia to one port in Southern China. After the news published, she and her colleagues were merged in a panic mood around the company. First, they did not clear that if this voyage would be influenced by this unexpected event; second, they did not know how to proceed with next step sue to there was no previous experience about this issue. While after consulting the lawyer, the company she belonged decided to pay the payment that agreed in the contract before the voyage started.

“It is about 7000\$ USD per day, the period is for one month, even though it is common in the normal procedure, but let us pay for a company that announced into bankruptcy, still it is risky. We worried about that whether the voyage could be executed successfully and the safety of the targeted bulk vessel which could be controlled by other parties at any time before or during the service period.” She told the researcher in the interview, *“At that time, every day, every morning, the first and the most important thing was checking the website that showing the dynamic status of the vessels of Hanjing company. But unfortunately, everyday, we could just see the vessels were still in the sea, ports, without moving or changing the location. It consisted for quite long time after the bankruptcy. Since our company doesn’t have so much business with Hanjin container line, as you know, the bulk vessels service is distinguished from the liner vessel service, therefore the concern and focus on Hanjin finished when the bulk vessel completed the service that on loading the coal form the Russian port to southern China. But the most suffering companies were those having business with Hanjin group on containers and liner service. It was more complicated.”*

Interviewee C, the lawyer in Ningbo Port, China

The interview with the lawyer was also taken by skype meeting, made appointment one day before the interview taken. The interview was taken strictly following the question list, and the information is listed according to the question specifically. For generating the information, some data is introduced by organized words and paragraph, and the other key information is shown by the original words from the interviewee.

The news about the bankruptcy was spread just on the day announced, 31st August, 2016, and Ningbo Port organized all the related departments to have a meeting to make decisions on how to dealing with the related issues. As planned, the formal bankruptcy announcement should be proceeded in December of 2016, but it was delayed until February of 2017. To Ningbo Port, it was a optimistic status that they have closed one debt that the payment was finished just one month ago, and the new bills of Hanjin was not so much at that time. And she also expressed that it was very unexpected about this event, because the day before 31th August, she was co-working with the employees of Hanjin China, but there was no any information about the event even the employees from Hanjin. After the news was published, there was no information spread among the employees who were not involved in the issue. And the strategy and plan related to dealing with Hanjin bankruptcy was highly confidential and not deliver to other colleagues and departments.

“It has influenced quite wide range of industries, companies in the shipping or maritime line, some of it was affected directly, some of it indirectly. Especially to those container companies, forwarder companies which are highly connected with Hanjin container line, and comprehensively working with Hanjin in many aspects.”

She expressed to the researcher, *“ We established a focus group specialized to deal with the related issues from this bankruptcy, it includes the related departments which have the cooperation with Hanjin group. All the parts in the group cooperated with each other to satisfy the detailed fee in different section, and the property related with Hanjin in hand, confirm those needed to be kept, protect our own benefit by proper legal operation. All the process we combined the inner negotiation and the legal operation has gone through a tough period until the problems solved. We have spoken to Hanjin branch companies in Ningbo and Shanghai, and the charterer companies, container companies as well by the assistance from the*

lawyers in maritime. Because as a port, all the above mentioned aspects are related with our work, for example, there were a lot of container stowed in the port. It did affect very wide scale, to our case, it was nearly 20 companies involved and all the issues need to be handled properly and efficiently, thus, it was really a complicated process to go through.”

“ To protect the right and benefit of the port, we made some differentiated policy compared with all over the world, while the other ports were forbidding the vessels form Hanjin entering into the ports or controlled the vessels for benefiting, we were taking the action that allowing the vessels of Hanjin enter Ningbo port to have a normal procedure, that was the cargo owner could pick up the cargo as normal and the crew could take the responsibility that finish the loading work. Protection was also necessary, therefore, the handling fee need to be prepaid in advance to make sure the procedure could be executed. As a result, there were 10 vessels entered into Ningbo port with the containers on the ship which all the properties after the normal operation in the port were taken by Ningbo port as the bargaining chips for the final negotiation with Hanjin group.” When the interviewee was asked about the effect of this action, she answered, *“ By all means, the positive influence is greater than the potential risks or loss at that time. When most of the ports around the world rejected Hanjin vessels, Ningbo made a different reaction to the bankruptcy but achieve to a satisfied consequence that raising up the the good reputation in the maritime industry and built up a expected honor.”*

From the moment of the bankruptcy announcement to set up the specialized group for handling the case, until all the negotiation completed and the related file closed, Ningbo port had gone through around 7 month to finish the handling process to minimize the negative influence from the event. And the effect is mainly about the normal work within the group

that related with Hanjing group. When the related additional work with this case has been finished, the effect to the Ningbo port is reduced and even could be considered as none.

About the long term effect, to have a over over view on current situation, it has caused the lack of the containers in the industry. Because of that most of the containers those had been printed with “Hanjin” mark were not belonged with Hanjin group, while they were rented or provided by some specialized container companies. When the bankruptcy happened, quite a lot of the containers were kept by different parties all over the world for protecting the debtor’s benefit. Thus, it resulted in the situation that quite a mount of containers were lost or missing in the market and even no one knows about the exact location of the containers. As a consequence, the containers are circulated in the market in a short supply which directly caused that the price of the rent of the containers increasing during the past one year, even now, after the event happened more than half year, the effect on supply and price is still exist.

Interviewee D, supervisor of ship building, TORM, Guangzhou, China

The interviewee works in the shipping company TORM which the head office located in Denmark, as the supervisor of ship building in the shipyard in Guangzhou. The bankruptcy to him shows the negative sign of the industry and could cause a series of effect to the industry and the related industry. To this point, he gave his explanation,

“as a sign of the shipping trend, it no doubt shows the negative signal to the market. The bankruptcy made the market lose the confidence so that the shipping companies canceled the plan of building more ships and it will definitely affect the shipbuilding industry. The decrease of the amount of shipbuilding orders and the related employment rate of the shipbuilding will make the ship building industry unstable.”

“As a consequence, the bankruptcy could cause the ship owners and shipping companies change their mind and make some decisions on the next few years. If they

all see the maritime field as a frustrated future, they would take the conservative action. The unexpected situation on the ship yard, such as the ship building orders sharply decreased, will cause all the related companies on the supply chain include the upstream and downstream suppliers in the ship building field. Therefore, all the mentioned economical problems that from the situation from the industry and the trend may cause a new round of bankruptcy which may involved the ship yard, suppliers and other related companies. As the statistics report shows that, there are 70% small companies have bankrupted during the past few years and most of them are small/ medium size enterprises which were not capable to go through the tough environment within the industry. And on the other hand, for example, the still existing shipyard are mainly with the state background and the strong financial support.

Hanjin bankruptcy delivered a negative sign, which has been declared by China official, that the shipbuilding industry is a bad industry and it will lead the that it's difficult to be approved from the bank when the related companies need some loan from the bank. And the same situation will exist the suppliers which may include the companies which provide the paintings, oils, decoration, and furniture, steel, engines and other equipment. As a shipyard, all the bills are not paid just on the moment that the orders are delivered, it is usually paid in a few month. In this way, the suppliers will take the responsibility to cover the value of the orders, that is, the suppliers provide the staff without accepting any payment for quite long time. When the situation is not positive within the industry, the time may postpone quite long time and as a consequence, without enough cash flow the companies will face a risk that could not maintain normal operation and many of them bankrupt and after that

a series of dispute will be caused between the shipyard and the suppliers , and even the conflict raised from the employees, workers and etc..”

Interviewee E, contract manager, Honor Lane, Dalian, China

Interviewee E is from Honor Lane which locates the first five rank of NVO name list in the US costume. Usually, the NVO does not have the owned ships but has the contract with the main/ big shipping companies to occupy some volume of the ships, containers and with a more competitive price/freight from the shipping companies.

As the interviewee introduced in the conversation, before Hanjin announced officially, there was some information about this event spread among the network. But as the previous words from official media, the South Korea government had some words on that they would protect Hanjin group but not Hyundai group. This was completely opposite to the final result and out of everyone’s expectation. As a fact that Hanjin was mainly taking the route line between Asia and North America which almost took 70% of its container line business. After this event happened, there were three cases related with the interviewee influenced in a quite large degree. About the specific details, he told the researcher,

“ All the normal business schedule were suddenly canceled and converted to deal with the unexpected problems. One container from Hanjin was in Suez Channel and could not move to finish the transportation process, and the vessel was facing the risk that it would be controlled by some other parties. The container was on the sea for over two months and finally arrived Hamburg six months later. At that moment, the port asked to pay 2000 euros security deposit including all the fee in the port to ensure the container’s safety. And the deposit will be returned to the payer when the container was back on time. Fortunately, the shipper did not give up the cargo and behaved quite cooperative when handing the related process. And all the operation

with this case was completed in half year and no problem left with this case. Another two containers were on a vessel which had been stopped by China court when it left from Shanghai port, and about the way how to deal with the two containers had been discussed for quite long time. It was suggested that the cargo could be taken out and fill into other containers, and it was also suggested that the containers could be considered as import case that the vessel from Pusan to Shanghai while the Shanghai port refused to let the containers enter into the port when the suggestion was delivered. Therefore, another proposal was come up that the vessel shipped to Pusan and made the cargo as export case to South Korea which was finally approved. About two months later, the containers arrived at Pusan and then were picked up by some small companies organized by South Korea government. By then, the case was completed and I do not need to worry about the containers and the case. Besides the specific handling process was affected, many companies were influenced as well. Most related companies in the industry just kept the main sale groups and the rest of the employees were fired. It did cause the unemployment rate increased and of course the satisfaction and reputation from the clients was affected negatively.”

According to the the information that delivered to the research, Hanjin shipping line was mainly focusing the business between China and the USA, served the big client Walmart for many years. Besides Walmart, it also served for many companies which had the business on transporting the clothes from Asia to the US due to the competitive advantage--fast and stable, even though it is comparatively more expensive than the other shipping companies. The detailed data is that the normal voyage from China to the US is around 13 days, and Hanjin served as 7 days; and the shipping rate for the first is 1000\$ USD while the later one is 3000-4000\$ USD per day. However, after the bankruptcy happened, the clients' business was

affected seriously, and they had to cancel or stop all the contract with Hanjin group. And some of them even made some decision on the cooperation in the future, such as Walmart group decided they would never cooperate with South Korean companies to express the disappointment and the anger. Walmart converted to start the contract with Maersk to have the future shipping service and refused to accept any service from the companies related with South Korea.

Another aspect is about the alliance, he told the researcher, before the bankruptcy, there were several alliances in the shipping world, Hanjin was in the alliance CKYHE which consisted by C- Cosco, K- KLine, Y-YangMing, H-Hanjin, E-Evergreen five groups. The goal for the alliance was for efficiency improvement in the shipping industry, therefore, the groups shared the volume/ space, vessels/containers, and routes. When bankruptcy happened, not only the Hanjin's vessels and containers were kept but also the ones from other companies in the alliance were influenced in the period and caused a series of dispute among the alliance members. As a consequence, all the alliances broke down and reorganized some new alliances, established new rules and policies within the alliance, formed new process and operation to avoid the potential risks and problems in the future in maximized level. The new alliance even set up a specialized fund to gather capital from the member companies in case any of them would have financial problems and the alliance could help the member company go through the emergent moment. It also caused the speed up process of the mergers and acquisition within the shipping industry, as the data showed, there were about mainly 15 shipping companies while after the bankruptcy the number had decreased to around 7 by now. The reason behind the change was mainly analyzed as in the shipping market, the single shipping companies had to occupy 7% of the market so that it could make the cost-benefit balance. Otherwise, the company would face the risks that could not survive in the market in the future. It lead the shipping giants start the acquisition process to make the new organized companies

take enough market shares. To be specific, CMA merges ACL, Maersk cooperates with Hyundai, Cosco merges OOCL, the three shipping companies MOL, NYK, K-Line merge as ONE which the situation present concentration nerve exists at any time before.

Interviewee F, operation manager, Cosco, Qingdao, China

As Cosco was in the same alliance with Hanjin, Cosco played very important role to deal with the problems about the Hanjin containers and volume and even vessels. It also about the shared space and routes, and when Hanjin met the unexpected situation, Cosco self owned cargo, containers, and vessel were all influenced. It had been quite long time that Cosco's regular process could not be proceed as normal. According to the interviewee's information, CKYHE alliance, which was among the four famous alliances 2M/O3/ G6/ CKYHE, changed to only three alliances formally. The bankruptcy caused the mess situation in the alliance, and the related companies spent quite a lot of strength on solving the related problems, including the information exchange, handling process and closing case in the whole handling procedure.

4.3 Analysis and Results

From above data collected in the documentation and interview, the analysis could be proceed based on the data and information. What is true is that the change after the bankruptcy did have some influences on different aspects, and the phenomenon exists in different situation, such as in many countries, many people, but they had the same or similar experience and opinion about this event in common.

From the news that how the related effect from this event, just as what has recorded in last chapter, the reaction from the related industry represented the influence and could be generated as several points to show the effect. The analysis is listed in the following chapters.

Disorder In The Industry

Among previous chapters, especially from the news recorded, the vessels, ports, retailer, containers, and the cargo were totally dropped into some unexpected situation. It seemed the global transport industry was not prepared about the sudden event and suffered the panic so much when the event happen. Take Ningbo Port, China, as an example, when the bankruptcy happen, the interviewee in this research, the lawyer made full effort to attend the work related with this bankruptcy. It also involved in the the other departments to cooperate together for dealing with the problems that Hanjin brought. And another interviewee from Honor Line mentioned the same situation in his field, that all the related business were stop and the people focusing on the cases related with Hanjin which lead a total of mess to everyone's work. It also recorded, that there were about hundreds of vessels, more than 540,000 containers were involved and affected in this event as well. No matter the vessels and containers were controlled, or the cargo were stuck at some terminal which could not arrive the port as the predicted schedule, or the voices from all aspects made the industry into a disorder situation. Quite a amount of work stopped, the conflict between the shipping companies, the related cooperative companies and the ports were inevitable, and the confusion and judgment raised as a consequence.

Economical Loss Of The Cargo Owner

From the data collected, when the event happen, there were quite a lot of the vessels were taking the cargo to the west or east coast of the USA, and also the Europe at the end of the September. When the bankruptcy happened, as the data showed, more than 80 vessels with about \$14 billion worth cargo were in the limbo to wait the guidance. Among the cargo, there were large amount of the clothes to be hang up in the shopping mall for the sales season. And from interview, a fact was realized that the cargo owner chose Hanjin as the shipping company because the advantage that Hanjin with a short voyage and the fast deliver even though they would like to take the comparative high price for the fast service. When to see the

effect on the cargo owners, first they could not receive the cargo on time for their original arrangement, and they could not supply to the retailers, and missed the sales season. As what we know, for example, the clothes for the latest sales season were those for autumn while due to the effect, the cargo were finally delivered in winter or even in spring, even some of the cargo were not delivered to the cargo owner, obviously, the cargo owner suffered the economical loss due to the bankruptcy.

Loss Of Trust And Reputation

As it was a fact that Hanjin ranked as the 7th largest shipping company in the world, no doubt it had high reputation and good image in the industry. But as the director of maritime consultancy Rahul Kapoor expressed, the liner shipping relies on the marketing and the service reliability, and he thought Hanjin would not come back to the market afterwards. As the data collected in the research, yes, Hanjin was finally disappeared in the business world but only as some record, but the negative effect was expanded into the whole South Korea. As the data shows, Walmart which was loyal big customer of Hanjin Group, now rejected to sign agreement to any shipping company from South Korea. In another word, they stopped current cooperation and refused to have further cooperation with South Korea. Instead they selected Maersk as the cooperative partner to take the transportation task in the future. No doubt, the unexpected influences were not just in the shipping industry, but the country as well. For this point, currently by this research, the data is only about Walmart, so far the similar information that if there were other big or medium size companies also come up this policy in the business cooperation is not clear, but one point is confirmed that the Hanjin's bankruptcy did give quite big negative influence to the reputation to South Korea shipping industry and the country itself. The sudden bankruptcy gave a huge shock to the world, as a consequence, people lost the trust on shipping industry, and even the future development of shipping industry. Anything could happen without any foresight.

Sharp Fluctuation of Price In The Market

As the data shows in the research, there was a quite obvious sign in the market that the prices fluctuated sharply. Just take the example, after the bankruptcy, the freight of China -- US increased from \$700 to \$1400 almost double price over night. The reason behind that mainly was the amount of the vessels, volume, containers were not on service while demand still exist. At that moment, all the shipping companies and related companies had a period of time that not enough capacity to be provided to the market. Not only the freight of China -- US increased, the freight in the worldwide all fluctuated by being influenced by this event.

From other information collected in the interview, the price fluctuation exist till quite long time, even one year later. The freight increased was a reflection from the market just after the event, could be seen as a short term effect, while the price of the containers recently were the continuous influence in the long term. After the bankruptcy, the all involved aspects for the consideration of their own benefits not only controlled the vessels but also kept the containers those were printed with "Hanjin" mark. It was did known as that some of the containers were delivered successfully by an immediate and proper operation, but most of them were missing and lost in the market. No one knows the exact location to find them. In other words, for compensating the lost, people had to keep the containers to make them as their own fortune to cover the value which they lost due to the bankruptcy. Nevertheless, a main fact was ignored that

Adjustment On The Supply and Demand

As the data shows in the research, the information from different aspects delivers the information that one of the reason which lead Hanjin bankruptcy is the over supply of the liner vessels in the market. And Bennet from Vessel Value gave her opinion that there were about 1000 vessels need to be scrapped to recover the market. What's more, the fact that the

shipping industry built many massive vessels during the last five years give the market too much volume capacity while there were not enough demand to match the transportation capacity. As a consequence of the imbalance in the market, the operation of the business shows lack of activities, negative performance and unsatisfied profit or even loss very year. The bankruptcy made the market was adjusted in the supply and demand aspect, because some of the vessels were sold to other shipping companies and some of them were scrapped for changing into the steels to keep the rest of value. The amount of the vessels decreased which optimized the situation in the market to make the supply and demand more balanced. In some ways, it was an event that caused by the need of the market, from the aspects of competitions, unbalance, and adjustment. Basically, it could be any of the shipping companies, for this time, Hanjin was the one on bad luck not only for the situation in the market but also for its own inner factors which including the financing problems, political relationships and other complicated factors.

Another aspect could be influenced from the supply and demand angle is the shipbuilding industry which is an industry highly connected with shipping industry. As it is well known that the shipbuilding market depends on the comprehensive environment due to it is affected by the financing environment, policies, the current situation of shipping companies, trade, and the expectation in the future from the related industries. The bankruptcy in some extend controls the increasing amount of the new-building ships since it delivered a strong negative sign to the market that it was over supplied in the shipping field as well as the shipbuilding field. As the interviewee from TORM who was working in shipbuilding field said that, after a few days from the bankruptcy, there were several shipbuilding orders were canceled. Not only this happened, it also showed that the new shipbuilding orders were less and less, the reason behind that not only due to the disappointed opinion on the development in the future but also influenced by the more strict audition and permission from the bank side

on the financing issue with the shipbuilding. Therefore, decreasing amount of new shipbuilding presents in the shipbuilding market.

Rate of Unemployment Within The Industry And Related Industry

It is a series of reflection from the few points in last section which describing the situation in the ship building field. As a result of the decreasing amount of the new building ships, the rate of the unemployment increased in this industry. As the interview taken in the research shows that, the orders of ship building were canceled so that the opportunities for the employees were reducing due to the change in the environment. Just as the moment that i took the interview, the interviewee was planning to seek his next job in other companies because of that the current employer just canceled some ship building plan according to the event and the estimation on whole background. The negative expectation was not only from the companies but also from the employees who hold the disappointment on the industry development in the future. Thus, there are quite amount of people who work in this field worry about the opportunities and their career. Definitely, this negative thought will make the ship building plan decreased and the unemployment increased as a consequence in the long term.

Besides the long term unemployment increased, the short term unemployment is also showing out due to the bankruptcy. Hanjin was a huge group in the world before, when it bankrupt, as the interviewee expressed, the branch companies of Hanjin in China only kept the sales department and fired all the other employees without any preparation and allocation. From this situation we can see the general policy from the head quarter's decision and it could be the solution all over the world. The time after it bankrupted the rate of unemployment increased sharply because there were thousands of employees lost their jobs in a quite short time.

Change The Structure of The Shipping World-- New Alliances Establishment

Carrier alliances are vessel-sharing agreements: all carriers within an alliance pool together their fleets of ships, moving containers on one another's behalf to extend their service offerings and geographic coverage.

Before the bankruptcy, there were several alliances in the shipping world, Hanjin was in the alliance CKYHE which consisted by C- Cosco, K- KLine, Y-YangMing, H-Hanjin, E-Evergreen five groups. For efficiency improvement in the shipping industry, the groups shared the volume/ space, vessels/containers, and routes. When bankruptcy happened, other companies in the alliance were influenced in the period and caused a series of dispute among the alliance members. As a result of the new situation, all the alliances in the world broke down and reorganized some new alliances, established new rules and policies within the alliance, formed new process and operation to avoid the potential risks and problems in the future in maximized level. CKYHE alliance, which was among the four famous alliances 2M/O3/ G6/ CKYHE, changed as only three alliances formally. These new ocean alliances will represent 77.2% of global container capacity and 96% of all East-West trades' container capacity. The three major alliances are "2M" Alliance which combined by MSC and Maersk, "OCEAN" Alliance which contains CMA/ COSCO/ Evergreen/ OOCL, "THE" Alliance which consists of Hapag-Lloyd/ KLINE/ MOL/ NYK/ Yang Ming. Shown as the picture below.



Figure 2. The Alliance in the shipping world in April 2017

There are some description from FLEXPOR about the alliance, the information list below to have a clear and general view.

2M

Maersk and MSC have a combined capacity of about 6 million TEUs, and that's about 29.5% of the overall global market share in container capacity. By the end of 2016, 2M's container market share to 33.4%.

OCEAN

The Ocean Alliance brings together the world's 3rd, 4th, 5th, and 9th largest container lines and is seen as a direct attempt to counterbalance the dominance of the 2M alliance in the market. This follows CMA's recent takeover of Neptune Orient Lines and the

consolidation of its APL, USL, and ANL brands, as well as COSCO's giant merger with China Shipping. The Ocean alliance will represent roughly 26% of global container capacity or about 5.5 million TEU's.

The Ocean Alliance will own 41.43% market capacity on the Transpacific trade lane, and 34.86% in Asia-Europe, allowing for considerable strength across both major trade lanes.

THE Alliance

THE is another alliance marked by the industry's recent moves towards greater consolidation. Hapag-Lloyd is looking to finalize talks to bring its merger with UASC to completion, while the three Japanese carriers in the alliance announced their intentions to merge, creating the sixth largest container operator in the world. THE will represent roughly 16% of global container capacity.

THE Alliance will have 28.68% market capacity on the Transpacific trade lane and 23.41% in Asia-Europe.

It is also mentioned that " These alliances are pragmatic arrangements, which means that their compositions change every few years.

2016 has been a particularly tumultuous year marked by historically low ocean freight rates, major shifts in the alliance landscape, and rapid industry consolidation exacerbated by the recent Hanjin collapse. CMA CGM purchased APL, Hapag-Lloyd and UASC will merge, and the three Japanese carriers (KLINE, MOL, and NYK) have agreed to form a joint venture. The assembly of both the Ocean and THE alliances were in part, at least, to challenge the dominance of the longstanding 2M alliance (particularly now that they will incorporate HMM in some capacity to boost their Transpacific market share). The events of 2016 serve as a

testament to how quickly the landscape in this industry can shift and how even these newly constructed alliances are always subject to potential change.” (Poskus, Poskus & Manders, 2018)

Speeding Up Process of Merges and Acquisition

Apart from the new alliances, merges and acquisition is the another way to connect the companies in the shipping field which is also an efficient way to reallocate the resource in the industry. It was also mentioned in the FLEXPOR T’s article which was shown in last part that Hanjin collapsed event lead the shipping world restructured and speed up the merges and acquisition process. As the data showed, there were about mainly 15 shipping companies while after the bankruptcy the number had decreased to around 7 by now. The reason behind the change was mainly analyzed as in the shipping market, the single shipping companies had to occupy 7% of the market so that it could make the cost-benefit balance. Otherwise, the company would face the risks that could not survive in the market in the future. It lead the shipping giants start the acquisition process to make the new organized companies take enough market shares. To be specific, CMA merges ACL, Maersk cooperates with Hyundai, Cosco merges OOCL, the three shipping companies MOL, NYK, K-Line merge as ONE which the situation present concentration nerve exists at any time before.

New Finance Solution Providence-- New Fund Establishment

Besides the new alliances establishment, the new alliances even set up a specialized fund to raise fund from the member companies in case of any of them would have financial problems in the future so that the alliance could help the member company go through the emergent moment. The cooperation in the alliances is not only focusing on the traditional way

but also starting to try new type of cooperation to avoid their own risks in the future. From this point, it is more like within the alliance, the members in the alliance try to develop an insurance function to benefit all the attendant members in the long run. From the bankruptcy event on Hanjin, they realized the importance of the cash flow and financial support never than before. And

Comprehensive preparation seems quite important in the issues of each one' survival opportunity.

5 Findings

Based on the analysis and results, the findings of this research are shown clearly in the chapters. To make the answers more appropriate to the research questions, the findings will be generated from the two aspects -- the short term and long term economic effects from Hanjin bankruptcy. As defined at the beginning, the short term is less than 6 months and 6 months included, and the long term is more than 6 months. And the effects from Hanjin bankruptcy are also demonstrated from the two aspects according to the analysis and results in last chapter.

5.1 The economic effect from Hanjin Bankruptcy in short term

In short term, the effect was shown within 6 months and then weakened in the market listed as below.

Disorder In The Industry

The disorder showed in the industry mainly focusing in the market, including dealing with the unexpected and extra issues, handling all the problems, and solving the conflict between the different sides. From the data in the news and internet, and the data collected in the interview, the disorder problems caused by the bankruptcy were solved out by 6 months

around. That means, the effect in this aspect last less than 6 months. After 6 months, the disorder in this aspect was not so obvious from current analysis.

Economical Loss Of The Cargo Owner

The economical loss on the cargo owner side is the effect within 6 months as well. Due to the issues related with the containers and ship which caused the loss happened during one period, after the close several months, the problems were solved by different parties and the effect from the bankruptcy was fade as the time passing by.

Sharp Fluctuation of Price In The Market

By the reason of Hanjin bankruptcy, there was sharp price fluctuation in the market due to the sudden change in shipping field. And for this point, as the data collected, it included the short term and long term both aspects. From the short term angle, the freight sharply increased because, at that moment, the vessels from Hanjin and other shipping companies in the same alliances were controlled so that they were not in the condition “available”, the lack of supply made the freight raised. It was also shown in the in the research, that is, even now one and half years passed, the container’s price were comparatively high than before due to the lack of supply which caused by the legacy reason from this bankruptcy.

Speeding Up Process of Merges and Acquisition

As the reality showed that, after the bankruptcy, the members in the shipping world were astonished by the sudden change and changed their mind to meet the market and shipping business. They seemed realized that they need to join one union by all possible means to break down the potential risks and challenges in the market. The example of Hanjin, as once seventh ranking in the world, gave other shipping companies a good lesson that everyone was not that in good condition and risks around even bankruptcy. The members in

the market reached a consensus, that is, to operate and share the market individually was not wise in this time but to be fastened together that may get survived in the fierce competition market. Therefore, the several months after bankruptcy, a series of mergers and acquisition started from a wide range in the shipping world. To be specific, CMA merges ACL, Maersk cooperates with Hyundai, Cosco merges OOCL, the three shipping companies MOL, NYK, K-Line merge as ONE and other mergers and acquisitions. Generally, there were about mainly 15 shipping companies while after the bankruptcy the number had decreased to around 7 by now.

5.2 The economic effect from Hanjin Bankruptcy in long term

In long term, the effect was shown after 6 months, and it can extend in next few years. The effect is listed as below.

Loss Of Trust And Reputation

As the fact of the bankruptcy, quite a lot of clients of Hanjin suffered the loss and a series of problems which lead to the results that not only Hanjin but also the other shipping companies in South Korea can not win the trust anymore. That means, represented by Walmart, there are lots of companies who were clients of Hanjin lost the trust on the South Korean companies, that may also influenced other industries, cooperative partners and so on. All the related companies even though they were innocent, but they had been marked as “unstable, unsafe, and not worthy to trust”. As one interviewee mentioned that, the liner company mainly complete in the service, once bankruptcy, no one can recover the reputation and position in the market. South Korea, the industries especially shipping industries lost the trust and reputation all over the world.

Adjustment On The Supply and Demand

Since the reasons behind the bankruptcy included the over supply of the container ships but not enough transportation demand in the market which represented as unbalance in this field, the bankruptcy adjusted the supply and demand of the vessels, capacity of transportation to make the market more approach to the balance level. In the bankruptcy process, the collapsed Hanjin need to be rearranged its fortune to pay back to the debtor in some extend, therefore, some of vessels had to be unpacked into the steel so that it could be proceeded into the next level.

Rate of Unemployment Within The Industry And Related Industry

Due to the sudden change in the shipping field, there were thousands of employees lost their jobs overnight. From short term, the rate of unemployment may not be shown up obviously because the rate usually need some time to collect the data in some certain period of time. It only showed at the numbers of the fired employees but from the long term perspective, the rate of unemployment will increase due to the negative expectation from the whole industry and related industry. It is no doubt that the shipping industry that the shipping companies will be cautious to develop their business, and cut the cost on the operation section, also by merges and acquisition to make their survive and get the certain shares in the market, and all the possible strategies will lead the decrease on the amount of the employees. Moreover, the related industry, such as the suppliers-- shipbuilding companies, equipment suppliers are all effected by the change in the shipping industries which the rate of the unemployment will increase in the next few years.

Change The Structure of The Shipping World-- New Alliances Establishment

According the above analysis in last chapter, the new alliances establishment was the direct consequence of this bankruptcy and it did change the structure of the shipping world. Old alliances were broken down, and new alliances were established which will represent the

scene in the shipping field and play the important roles in the next several years in the market. In another word, the shipping market will be controlled and guided by the new born alliances which they have the power to set up the rules and regulation in the market.

New Finance Solution Providence-- New Fund Establishment

After learning the lessons from Hanjin bankruptcy, some of the new alliances suggested the effective solution for avoiding the possible risks and problems especially the finance crisis of each member in the alliances, as a result, a new style of cooperation beyond the exist model was created, the fund within the alliance. It was financially provided by each of the members and will support the one which need the finance support urgently in the future. From this point, the cooperation has developed from the shared model cooperation to resist the risk together in the long term.

For the rest of the similar players in shipping field, to avoid the same crisis on themselves, they set up new policies and established the fund within the alliances. To the law and regulation aspects, there were many modification and change but in this research it had not been explored in specific. It could be another topic to be analyzed in the future research.

6 The Limitation and Discussion

6.1 Limitation

About the limitation in the research, it could be generated in below several aspects,

The research aims to find out the economic effects from the huge shipping giant's bankruptcy and applies case study analysis method on Hanjin's bankruptcy in 2016. The data is collected from documentation and interview which described the effects from the bankruptcy. In other word, the effects were only from Hanjin case, and it did represent some

general influences from the single bankruptcy, however, it may not represent all possible effects from the huge shipping companies bankruptcy. The analysis and results can be exact for this single case, but, if there will be other huge shipping company would bankrupt in the future, it may show up other specific effect from that case. Therefore, the results and finding are more appropriate for Hanjin case and are also applied into the general situation while only need to be noticed that there will be other effects appears from later similar bankruptcy.

The research started in November 2016 when it was two months later after the bankruptcy, and lasted more than one year to complete the research in February 2018. All the mentioned effects were analyzed and concluded based on the data collected during the period. Some of the long term effects were dynamic during the several months which the effects are shown up little by little as the time passing by, developing and changing in the market. Therefore, the current results and findings can only represent the current fact, while it could not be predicted what effect will appear in the next few years. In this aspect, the later researcher can follow this topic continuously to explore more effects on the huge shipping company's bankruptcy.

6.2 Discussion

From the current research in this aspect, it has pointed the effects from the Hanjin's bankruptcy in both short term and long term. The findings of the research are more qualitative approach to describe the effects based on the qualitative data collected, while the research is lack of amount of numbers or quantitative data to support the findings. It will be more valuable and convinced if there is more deeper exploration in each aspect with exact numbers and analysis. As the limitation in the research, it is difficult to complete the comprehensive exploration but it is worthy that the researchers can continue the more specific research in each effect and extend the content. As the more information found out, the effects could be

represented not only in the general level but also more specific and deep in the different direction. In the process, may the more significant reality could be found out. Such as in the short term effect, the fluctuation of the freight rate, here in this article we conclude as it is caused by the bankruptcy of Hanjin, the vessels and container were in unavailable condition, but there may also caused by the environment and the market psychology. That means, the price market fluctuation was not only caused by the bankruptcy but some other factors influenced that. Among which how much extend of each factor influenced the result is worthy to develop research on. And for the long term effects, the adjustment on the supply and demand of the market, it could be with specific figures in the liner shipping industry, the changes after the bankruptcy by quantitative analysis approach. The same analysis could be developed on the unemployment in a particular region which high connected with liner shipping field to have a research in the direction.

Another point need to be discussed it that, the long term and short term effects are shown into the market by the end of 2017. For now, the effects which will show in the next few years are still not cleared so that they are not presented in this research . Therefore, based on the findings and relevant research, it could be anticipated that Hanjin's bankruptcy may have the same situation that the effects listed in the research is for current time. As the time passing by, new effects will show up which may affect the market in different way. It could be a topic in different years after the bankruptcy to realize the effects from this event which could be expressed as more long term effects to be explored.

7 Conclusion

By analyzing the qualitative data collected around Hanjin's bankruptcy, the research concentrated on finding out the short term and long term effects from Hanjin bankruptcy and

try to generate some common effects from huge shipping company's bankruptcy which can give for further inspiration in this field. No doubt, the effects from Hanjin case no matter the short term and long term effect are shown to us by the exploration in this research, but still there are some limitations such as the data are more general due to the time and data factors, and the effects are observed based on the current data may not that comprehensive in each aspects. But, that is also due to this limited scale of this research, it develops the discussion in this field that it could have more specific research on the short term and long term effects from Hanjin's case, or even other huge shipping companies especially the liner shipping companies' bankruptcy. Moreover, the even longer effects from Hanjin's bankruptcy is need to be noticed as the time pass by, because some effects only could be seen when some certain factors trigger into some situation. The effects could not been found obviously in current moment. Therefore, the research on the effects from Hanjin's bankruptcy and the huge liner shipping company's bankruptcy is worthy developing continuous study in the next few years.

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Appendices

The Interview Questions

The interview questions are designed according to the research questions of this study. By collecting the data from the interview, the researcher will grasp the information which can contribute to the data analysis and then get the findings and result of the research. The research questions are listed here

- 1. What are the short and long term economic effects of the huge shipping company's bankruptcies?*
- 2. What are the countermeasure for the huge shipping company's bankruptcies?*

The Interview Questions are listed as below

1. When did you hear about the news that Hanjin Shipping Group bankrupt? The announced date was Feb 17, 2017.
2. What was the first reflection from you when heard about the news? And from your colleagues?
3. What information has been transferred among you and your colleagues? And your company?
4. What is the direct effect from this bankruptcy? On your work, schedule, operation?
5. What reaction you and your company take to solve the problems brought by the bankruptcy?
6. What different operation you have done during the first week, first month, half month and one year after the bankruptcy?

7. How long you spent after the bankruptcy to make the work in your hand enter into a normal model, means no influence from the bankruptcy on your work?
8. What effect you think will happen in the future? Since it has bankrupted over 1 year.
9. About the cargo, ships, equipment, payments, rights, insurance, crews of Hanjin Group, how have they been handled?
10. What is your thoughts or opinions to the shipping industry?