Maritime Piracy as a Form of Organized Crime: A Strategic Management Approach

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Abstract: The features of successful criminal organizations, including maritime piracy organizations, seem to be consistent with those that have been observed in business organizations. Research has proved that the sources of advantage and value creation in business organizations are intangible factors, including leadership, obsession for action, and creativity, among others. The idea behind this presentation of maritime piracy is based on the theory of the resources, skills and competencies of strategic management. According to the classification which has been adopted, it has been observed that the success factors of maritime piracy are: skill capital, innovative capital, and client capital. The observations were made using office-based research and a diagnostic survey.

Keywords: Maritime piracy, strategic management, resources, skills, competencies.

Introduction

The seas have played host to numerous conflicts, including piracy. The risk of this has increased due to a number of factors of a legal, political, economic or technical nature. These include the end of the Cold War and the collapse of the bipolar balance of power in the world, the legal status of marine areas, the expansion of areas of instability on land, the reduction of naval presence, the rel-
Attractively low price and availability of ships, and poverty. However, external determinants of piracy are not part of the analysis carried out in this article, which focuses on aspects of the internal environment.

What is the definition of piracy? The Geneva Convention defines piracy as any illegal act of violence, detention or any act of depredation, committed for private ends by the crew or the passengers of a private ship or a private aircraft, and perpetrated on the high seas, against another ship or aircraft, or against persons or property on board such ship or aircraft. The purpose of this article is to depict terrorist organizations and maritime piracy in light of the theory of resources, skills and competencies of strategic management. It is this way of thinking that dominated the approach to organizational strategy in the early nineties. In organizations focused on economics and science, the analysis of the importance of intangible assets, along with the knowledge and innovation that stem from this, changed their focus from competition to cooperation, leading in turn to increased success. It is therefore necessary to ask if there are universal success triggers that apply to all organizations, or whether these depend on the type of business in question. This article therefore seeks to analyze the issue described above (namely, the threat posed by the operations of criminal organizations) in an interdisciplinary manner. The work is based on the methodology of theories of management and organization.

In summary, maritime piracy has been treated as a criminal organization with specific competencies as, in light of the base resource approach, the organization comprises a collection of resources and skills. This was established via office-based research and diagnostic surveys. The question asked in the survey compared piracy to various animals and their characteristics. The respondents were students of military academies focusing on defense, security, and international relations, along with students in the humanities specializing in education and the arts.

Characteristics of Piracy

Maritime piracy has been a feature of humanity since ancient times as goods being transported have always fallen prey to sea-based thieves. It is not surprising that many large-scale films have been produced playing on this pirate motif, leading to the assumption that pirates are viewed by the public through the prism of legends, novels and movie heroes, as personified by Hook, Flint or Jack Sparrow, played by Johnny Depp in the Pirates of the Caribbean movie series. The image of pirates that has been subconsciously formed since childhood presents them as being somewhat inept, disorganized, but also lovable characters. However, we also find movies based on facts, such as Blackbeard, which represent pirate groups as well-organized, effective organizations. A recent non-fictional movie, Captain Phillips, describes the fate of a captain abducted by Somali pirates. They are portrayed as a group that is committed to achieving its objectives with determination and brutality, which means taking the spoils and abducting the captain as a consequence. The conduct of pirates thus begins to resemble the activities of terrorists. We learn about these activities via media reports, including online, thanks to the increasingly significant role played by social networks.

Sea piracy enjoyed a renaissance in the early 1990s, and since this date it has been possible to talk about the formation of powerful gangs living off the profits they make on the high seas. These organizations are very well organized, featuring organizational structures akin to a small army. They have the following equipment: very fast boats armed with machine guns, RPGs and mortars, GPS receivers, devices for eavesdropping and interference with radio communications, encoded means of communication, diving equipment, and water scooters. They have connections to corrupt local police, coastguards, shipping companies, and port workers, and often have relations with ship crews to ensure that they can act freely and receive information about valuable cargo.

Modern pirates can also be small groups of poor thieves living in port towns and impoverished fishermen attacking primitive boats. Most often they board ships at night, stand at moorings near the shore, terrorize the crew and passengers with knives, machetes, and occasionally firearms, then steal what they are able to take.5

Regardless of the type of organization, the pirates are guided in their actions by the desire for personal gain, whether this be from the sale of stolen goods, or the ransom for the ship or crew. At the same time, they take efforts

to cover their tracks and not to arouse media attention. Thus, pirate activity is concentrated on the operational level.

As statistical background, the Report of the International Maritime Bureau (IMB) on marine piracy states that figures have fluctuated over the past 20 years across the range of 200-470 pirate-related events a year.\(^6\) It should be noted that some attacks go unreported. The damage is estimated to amount to around 7–12 billion USD. 95% of the costs incurred are due to the activities of Somali pirates.\(^7\)

It should also be noted that the geography of piracy has changed. While previously most attacks were recorded in the waters around Southeast Asia, now the Indian Ocean, particularly off the coast of East Africa, and the Atlantic Ocean off the coast of West Africa, are the new focal points. The actions of these organized groups are different: Somali pirates hijack ships and hold their crews to ransom, while the pirates in the Gulf of Guinea region focus on the theft of cargo from ships, especially oil and petroleum products, in order to resell them on the black market.

Despite the recent decline in the number of attacks, regarding which various preventive measures taken by ship owners were undoubtedly contributing factors, including an increase in the number of armed guards onboard ships, it may be concerning that there is an increase in the degree of brutality, in the number of kidnappings for ransom, in the amount demanded by ransom requests, and a prolongation of the time for which individuals and crews are detained.

The effects of maritime piracy have as a consequence that organizations on an international level\(^8\) initiate discussions on how to counter maritime threats, how to fight back, and, by extension, how to detect and transmit data on the possible occurrence of these risks. To this end, it is necessary to recognize the enemy, including via the use of the theory of resources of strategic management.

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\(^8\) See Bomba, Piractwo, 7–17.
Maritime Piracy in Terms of Resources

The success of the organization has ceased to be solely a reflection of the skillful use of material resources, for example, financial or technical resources. Both theorists and practitioners in the domains of organization and management reinforce the belief that competitive advantage is achieved through unique solutions, which the organization considers a strategic resource. They allow you to create winning strategies. Precursors of this approach were C.K. Prahalad and G. Hamel. They initiated thinking about the organization as a bundle of resources and skills, thereby introducing the concept of core competencies and strategic intentions. They pointed out that a business strategy based on imitation and duplication of even the best solutions can never provide real benefits. Thinking in terms of “strategic intent” is thinking like the explorer who wants to survive and win. It has become the image of a business that is constantly setting new challenges and is reborn thanks to profits taken from its competition, in this case, from other groups of pirates in terms of loot and security personnel.

Let us start by explaining the classical approach, dubbed the resource approach. The search for core competencies should start by examining all the base resources (tangible and intangible) and skills (complex resources), for example, financial resources, technical resources, staff and their competencies, organizational culture, the reputation and achievements of the organization, and the efficiency of structures and procedures. Tangible resources are what the organization has and/or controls. Intangible resources are both internal and external factors to which the organization has access and which it may use, but over which it does not have full control. They are largely responsible for the success of the organization.

The classification is as follows: human capital, organizational/structural capital, relational capital. Human capital is defined as the knowledge, skills, experience and abilities that employees take with them when they leave the organization. It is therefore a set of features that allows employees to perform tasks, solve problems in the organization, create innovation collectively, build relationships, reason, and make decisions. This capital consists of the capital of knowledge (know-what, know-why, know-how, know-who), skills (professionalism, speed, talent and aptitudes), society (willingness to act, understanding, trust, commitment, leadership, norms, values, habits, relationships) and development (innovation, flexibility, creativity, learning skills).

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12 Grażyna Gierszewska and Maria Romanowska, Analiza strategiczna przedsiębiorstwa (Warsaw: PWE, 1999), 140.
Structural capital is defined as the body of knowledge that arises at the end of the working day. This includes all the resources that support the work of the members of an organization: the organizational structure, databases, procedures, processes, organizational culture, knowledge of the organization, learning, flexibility, and willingness to change. This capital consists of organizational capital (organizational structure, hardware, software, trademarks), process capital (methods, techniques, procedures, functions, styles, organizational culture) and innovation capital (knowledge, learning, flexibility, willingness to change). Relational capital denotes the resources related to interpersonal and inter-organizational relations, the ability to establish and maintain close and lasting relationships, and build a social network: in short, factors related to external relations. This capital is the market capital (relationships with customers, competitors, partners), distinction capital (brand, image, reputation, loyalty, mission, vision, goals) and customer capital (client database, potential clients).\(^{13}\)

Literature and the responses to the diagnostic survey were analyzed using the above-mentioned divisions. It can be seen that some of the resources cannot be purchased and sold on the market, imitated or replaced\(^ {14} \) – these are called strategic resources.

Skills are processes and are what the organization can do best, using its own or potential resources as a foundation for this. In our case, this consists of building a competitive advantage by using the specific skills of criminal organizations (piracy) to achieve the goal (loot), and not getting caught by those bodies responsible for the security of the ship or the state. Skills relate to what the organization is doing.\(^ {15} \)

According to Prahalad and Hamel, for certain organizations, core competencies are the areas of knowledge and experience, which consist of tightly related elements. Core competencies are hard for competitors to copy since they are specific to and characteristic of a particular organization.\(^ {16} \) Compiling resources and organizational skills in a unique way forms the core competencies of an organization, and grants it an advantage over competing criminal organizations, as well as over the security services.\(^ {17} \) Organizations’ base resources are the foundations of their existence. Permanent coordination and the use of resources


\(^{15}\) Ibid., 607–18.


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Figure 1: Creating strategic value within the organization.


...to achieve the underlying purpose are evidence of the possession of special competencies by organizations. These are made of complex resources. They are even more valuable if the organization is in possession of rare, hard to imitate or efficiently organized resources\(^\text{18}\) (see Figure 1). Core competencies are therefore the result of the synergy effect between the cognizance of resources possessed by the organizations and the actual ability to use these resources in pursuit of the objectives.\(^\text{19}\) This knowledge should be possessed by a leader.

It seems that criminal organizations, in this case, piracy, can be compared to companies, whose strength lies in human capital. Human capital is defined as the sum of the capacity, knowledge, skills and experience of the members of an organization and of management that are useful for the performance of com-


plex tasks, and the ability to expand these resources by way of learning.\textsuperscript{20} It creates added value for the organization through the direct application of the knowledge and skills of its members via the process of operating and accumulating knowledge in the intangible assets. The aim of the organization is therefore the acquisition of knowledgeable workers, who are characterized by a certain state of mind and attitude,\textsuperscript{21} because powerful companies stem from the proximity of mutual relations, loyalty and the trust of their members.\textsuperscript{22} Similarly, Peters and Waterman see the perfection of companies as one of the aspects of community norms and values. Management of people of this kind requires an appropriate organizational culture\textsuperscript{23} (structural capital, subcategory: process capital of organization) and leadership (human capital, subcategory social capital of organization).

These are two factors that hold the greatest importance in business organizations in term of achieving a competitive advantage, and also seem to be a factor within criminal organizations.\textsuperscript{24} Culture is the result of formal and informal relationships, processes, and systems, as well as the strategies and goals of the organization. It is conditioned in large part by cultural elements, which are the products of local traditions.\textsuperscript{25} In the case of piracy, this consists of: the history of the organization, poverty, maritime traditions, and legends. Organizational culture is like the body’s immune system: rooted in the organizational subconscious, it determines the development of core competencies.\textsuperscript{26}

Another important resource is the leader, whose efforts should be aimed at accelerating the creation of resources in their organization and facilitating their dissemination and use.\textsuperscript{27} The concept of core competencies is largely of an intellectual nature, and manifests itself in a comprehensive knowledge of the organization (leaders) with regard to the resources owned. The leader is supposed to create a strategic architecture of the organization, which will guide


\textsuperscript{26} Grzegorz Urbanek, \textit{Wycena aktywów niematerialnych przedsiębiorstwa} (Warsaw: PWE, 2008), 64.

\textsuperscript{27} Mariusz Bratnicki, \textit{Podstawy współczesnego myślenia o zarządzaniu} (Wyższa Szkoła Biznesu w Dąbrowie Górniczej, 2000), 46–47.
the organization into the future. Leadership in a hierarchical structure, which may include maritime piracy, is a type of relationship between management and subordinates. It is the ability to mobilize others resulting from the possession of not only specific knowledge but also charisma and authority.\(^\text{28}\) The map that leaders create is to determine key competencies and their components, which will lead to advantage both in the present and in the future.\(^\text{29}\) The sources of advantage and value creation for organizations are therefore intangible resources, in particular, knowledge, and more specifically the use of it, for example, in the ability of criminals to use the latest technology, weapons, GPS devices, and satellite communications. Its optimum use depends on the culture of the organization. Knowledge is not a factor for long-term value creation and cannot provide an advantage due to the possibility of its duplication. Therefore creativity is important. This refers to a creative attitude, which contributes to the creation of new, original ideas, and solutions, for example an attack or kidnapping. Non-standard and audacious acts are in fact difficult to predict on the part of the security services. Thus, a particular resource of an organization is tacit knowledge, inherent in the members of the organization.\(^\text{30}\)

Attention should be paid to another aspect, namely to the above-mentioned information and communication technologies, which facilitate effective communication between the members of the organization and allow almost immediate contact with their surroundings to assist with the distribution of stolen goods and negotiate ransoms with those involved. It seems that intangible resources are not sufficient for effective action. To succeed, one also needs financial capital as well as technical and technological capital.

Criminal organizations are a collection of high-level organizations characterized by: an obsession for action; close contact with the customer (relational capital); autonomy and entrepreneurship; a focus on values; a limited profile of activity (structural capital); the treatment of people as the most effective resource for the organization; leadership; discipline and knowledge (human capital).\(^\text{31}\) The specific nature of maritime piracy allows this list to be expanded to include: the mobility of pirates, the ability to use the latest technology, maritime traditions and the availability of suitable hiding places.\(^\text{32}\) The first two can be classified as human capital, the latter two as relational capital.

\(^{28}\) Urbanek, \textit{Kompetencje a wartość przedsiębiorstwa}, 42.


\(^{30}\) Urbanek, \textit{Kompetencje a wartość przedsiębiorstwa}, 18–23.


In summary, when analyzing the literature on the subject, one can gain the impression that human capital, including leadership, creativity and the culture of an organization, as well as relationships with its environment, is a factor that creates the value of maritime piracy and grants it an advantage over institutions and the authorities responsible for national security.

The second (newer) approach to the organization, known as the competency approach, is based on the analysis of the organization as a chain of value creation. This involves analysis of the service in the case of attack in question. The starting point is the assumption that pirate attacks are a chain of successive phases of activities: primary and secondary ones (Figure 2). The realization of these functions can be represented in the following way:

- basic functions, including, *inter alia*, analysis of potential targets to attack, the selection of the object to attack based on the data collected to design and simulate variations, manufacturing operations and services – preparation of the operational team and the securing of the resources needed to carry out the action, the provision of services, or the physical provision of a product – action, withdrawal/evacuation from the scene;
- auxiliary functions (supporting), among others: strategic management, which consists of vision, strategy development, and functional strategies. These include: human resources policy (recruitment, training), technology strategies (decisions and purchases of equipment of pirates), financial strategies, and communication strategies with the surroundings (for example, the sale of stolen goods).

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Maritime Piracy in Light of the Results of the Surveys

The decision was taken to analyze piracy with reference to the perceptions of students. In fact, students have very good access to information. For this purpose, respondents from military academies (National Defense University and Naval Academy of Poland) studying security were chosen. They were compared with statements given by students studying humanities subjects (Academy of Special Education, named after I. Grzegorzewska), treating the students from military academies as conscious consumers.

Analysis of the external image made on the basis of a diagnostic survey technique of unfinished sentences run among students at military academies led to the following evaluation: they compared piracy to the following 16 animals, which sets the repetition factor at 1.4: 34 1. hyena, 26% of respondents; 2. fox, 18%; 3. shark, 16%; 4. magpie and 5. vulture, 5%; 6. lion, 7. wolf, 8. tapeworm, 9. falcon, 10. wild ducks, 11. tiger, 12. viper, 13. parrot, 14. alligator, 15. leech, 16. ticks – 2.5% (Figure 3). Students of the National Defense University most often compared pirates to sharks, hyenas and foxes, while students of the Naval Academy compared them to hyenas, foxes and magpies. In the opinion of NDU students, behavior typical of pirates is characterized by: cunningness, aggressiveness, ruthlessness, speed, mobility, deceit, action in the group, use of the occasion, attacking the weak, feeding on wealthy foreigners at the expense of others, and concealed activities. Students of the Naval Academy see pirates as associated with: cunningness, greed, deceit, ruthlessness, taking care of their own interests, preying on foreigners, attacking by surprise, achieving goals regardless of the circumstances, and dangerousness. These features belong to human and structural capital. 35

Humanities students compared pirates to 21 animals in 28 statements, which gives a repetition factor of 0.3: 1. shark – 18% 2. parrot – 11%, 3. magpie – 7%, 4. hyena, 5. snake, 6. anteater, 7. whale, 8. eel, 9. octopus, 10. piranha, 11. jellyfish, 12. porcupine, 13. anteater, 14. panda, 15. mosquito, 16. opossum, 17. fox, 18. salamander, 19. hawk, 20. cat, 21. ant – 3.5% (Figure 3). 36 Undoubtedly, the perception of the acts of violence analyzed is influenced by feature films, examples of which were given previously. This is evidenced by statements indicating the parrot (3 for 28 surveys) as a symbol of pirates, as well as the panda—because it reminds the students of a pirate wearing an eye patch—and the range of examples given above. The features most often attributed to pirates were: dangerous, cunning, predatory, cause fear, pray on others, circle the victim and then attack, and having a lot of tentacles. As in the

34 Assuming that the coefficient of 0.0 is the lack of repeatability.
case of respondents from military academies, the characteristics mentioned include parts from human capital and structural capital. Therefore, neither group referenced relational capital characteristics.

The answers show a significant difference in the quantity of these animals, as well as the frequency of indications (the repetition factor). References to pirates as hyenas, foxes and sharks make up 60% of the responses. The repetition factor for students studying humanities is much lower than for those studying in the military academies. References to pirates as sharks, parrots and magpies amount to 36% of the responses. However, as established, the discrepancy between reality and subjectivity in the case of students studying humanities is higher than in the case of students at military academies. Among students at military academies, the gap is less for students at the Naval Academy than for students at the National Defense University.

**Attempt to Summarize**

The intensity of the attacks, the level of violence they entail, and the scale of the destruction result from the activities of piracy forces, the creation of certain security conditions by international organizations, individual states, and ship owners. Multi-layered problems require the use of a variety of research methods. However, the concept of piracy is immutable, it is a way of life (or survival), a way to access power, fame, money. In contrast, forms and ways of doing things evolve. Recognizing pirates by identifying their resources, skills and competencies is one of the ways to help increase the security of vessels and maritime infrastructure. It seems that, as a business model, criminal organizations of this nature display similar resources in terms of determining the
advantage and strategic value of the organization. The results of the study suggest that the main source of success for the piracy results from the realms of: \(^{37}\)

- human capital and is attributable to capital skills;
- structural capital and belongs to innovative capital;
- relational capital and depends on the customer capital.

In summary, this article was intended to depict maritime piracy within the framework of the concept of strategic resource management. It asks questions and formulates arguments concerning the competencies of criminal organizations. However, these require further in-depth research.

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**About the author**

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\(^{37}\) Nowakowska-Krystman and Gawliczek, “Core Competencies of Piracy and Maritime Terrorism.”