Addis Ababa University, School of Commerce
Department of Logistics and Supply Chain Management
Graduate Program

The Impact of Global Alliances on Liner Shipping Business Performance: The Case of ESLSE

A Thesis Submitted

In Partial Fulfillment of the Requirements for the Master of Arts Degree in Logistics and Supply Chain Management

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June, 2020

Addis Ababa, Ethiopia

ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE

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Approved By Board of Examiners

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Declaration

I, Dereje Mulatu, declare that this thesis is the result of my independent research work on the topic titled “The Impact of Global Alliances on Liner Shipping Business Performance: The Case of ESLSE” in partial fulfillment of the requirements for the Degree of Masters of Art in Logistics and Supply Chain Management at Addis Ababa University School of commerce. This work is original in nature and has not been presented for a degree in any other University. All the references are also duly acknowledged.

Dereje Mulatu

Signature_____

Date _____

Confirmation

This is to certify that Dereje Mulatu carried out this thesis on the topic entitled "The Impact of Global Alliances on Liner Shipping Business Performance: The Case of ESLSE" under my supervision. Accordingly, I here assure that his work is appropriate and standard enough to be submitted for the partial fulfillment of the requirements for the award of the degree of Masters of Art in Logistics and Supply Chain Management.

Dr. Busha Temesgen (PhD)

Signature_____

Date _____

Acknowledgement

First and foremost, I would like to thank the almighty God for giving me the strength to accomplish this research paper successfully. Then my deepest gratitude goes to my advisor Dr. Busha Temesgen for his valuable comments and unreserved guidance during this research work. I would also like to extend my deepest appreciation to all my families and friends for their continuous support and care during my study.

My special appreciation and thanks goes to ESLSE for providing me this sponsorship.

Furthermore, I also like to acknowledge Addis Ababa University Department of Logistic and Supply Chain Management School of Commerce for such an opportunity.

Also my gratitude goes to all my colleagues who helped me morally and professionally.

Last, but not least, my appreciation goes to ESLSE's Commercial, Multimodal and Unimodal Departments for their patience, guidance, constructive advice and comments throughout the course of the thesis.

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List of Abbreviations and Acronyms

ESLSE-Ethiopian Shipping and Logistics Services Enterprise

EFY-Ethiopian Fiscal Year

FOB-Free on board

L/C-Letter of Credit

SME-Small and Medium Enterprise

SCA-Slot Charter Agreement

TEU-Twenty foot Equivalent Unit

OECD-Organization for Economic Cooperation and Development

UNCTAD-United nation's conventions on trade and Development

VSA-Vessel Sharing Agreement

WTO-World trade organization

Abstract

The thesis, titled The Impact of Global Alliances on Liner Shipping Business Performance: The Case of ESLSE is aimed at assessing and determining the impacts that global carrier alliances have on liner shipping business performance. In doing so, various documents for literature review were referred from various sources. As a methodology, explanatory research design was used, while quantitative research approach for this study was employed. Data were collected from both primary and secondary sources. Population of the study is ESLSE's employees. The researcher as a sample design used non probability sampling; specifically purposive one was used. Accordingly, a sample size of 80 staffs was taken based on Carvalho's sample size determination method. Method of data collection included questioner, interview of the experts from the Enterprise at different levels. Also, responses from the questionnaire were coded and processed by using SPSS version 20.Analysis was carried out with both descriptive and inferential statistics. The result of this paper has shown that global carriers have a number of reasons to form strategic liner alliances. Further Global liner alliances affect ESLSE's container shipping business performance from the perspectives of market, operation, strategy and economic points of view, where the test of the correlation test indicted significant and positive relationship. Regression analysis has shown that some variability in ESLSE's container shipping can be explained by global liner alliances impact. Consequently, ESLSE's transport efficiency, service delivery and financial performance have relationship with these factors and get affected. Hence, it is recommended that periodic revision and decision of where ESLSE should place itself in the sea freight market, particularly the liner one must be given attention. As the trend in container shipping business global wise is, long term strategic partnership, ESLSE should, with further study consider joining such global strategic alliances, to minimize the impacts that are posed by these alliances and hence assure survival in the market, builds competitive advantage and perform better.

Key words: *Global Shipping alliances, Container shipping business, enterprise performance.*

CHAPTER ONE
INTRODUCTION

This chapter introduces the basic concepts and ideas of the thesis titled the Impacts of Liner Alliances on Container Shipping Business Performance: The Case of ESLSE, starting from the wider global perspective and then to the specific study area. Included are background of the study and the organization, statement of the problem, research questions, objectives and the scope and limitation of the study are the important ones.

1.1 Background of The Study

The role of sea transport in international trade is very important for countries' economic growth. Accordingly, various authors have provided their argument on how crucial the maritime sector is at different times. The following facts and arguments also support same. One of these facts states the fact that lion's share of world commodities are moved by sea transport and hence Maritime transport remains the backbone of globalized trade and the manufacturing supply chain, as more than four fifths of world merchandise trade by volume is carried by sea (UNCTAD, 2019).

Also, stating the connectivity in international trade, some argues that as Shipping is the artery of world trade. Consequently, a disruption in shipping would have a profound impact on the day to day life of every human being (Capital Link Shipping, 2013).

Others' continue by showing how the industry plays role in the competitive world and argues that how the shipping sector is fundamental to enabling competition between shippers, trade between nations, growth and development. A shipping sector that is in tune with the needs of shippers and end consumers benefits the global economy. A shipping sector that steps out of line with the needs of shippers and end consumers, and does not take account of the costs it imposes on other parts of the supply chain, retards downstream competition, trade, growth and development (Global Shippers Forum,2016).

The shipping industry's current business environment is rapidly changing and becoming extremely complex. Competition among shipping companies has gotten more intensive. Customers have become increasingly demanding and powerful, requiring quicker and more flexible services at reasonable prices. There has also been a recent wave of new technologies in the shipping and the logistics industry such as the drone air craft, 3D printing, Internet of things, and artificial intelligence (Maritime Express, 2017).

Further it is argued that in this tough business environment, shipping companies are forced to transport goods efficiently and effectively as well as develop and utilize innovative technologies to respond to customer demands with flexibility and ultimately survive in the industry. Consequently, shipping companies have proactively collaborated with competitors by building various strategies to reduce risks and costs as well as to improve their competitive advantage (Lee and Song, 2010).

Once competition becomes inevitable, scholars observed that, the competitiveness of the liner companies depends on their ability to provide the required transport service to their customers (Giziakis, K. 2011). Consequently, the liner operators are devising new strategies to enable them to meet their customers' requirement in order to attract and retain cargo volume (Tai, A. N. 2011).

Importantly, it has been realized that surviving in the competition can't be achieved at individual organizational level. Following this, in the last two decades, strategic alliances became important sources of growth and competitive advantage; thanks to several benefits that they provide such as accessing new and critical resources and capabilities, improving competitive position, effective and rapid entering in new markets (Kogut, 1991; Ahuja, 2000, Kale & Singh, 2009).

Periodic review by contemporary international institutions in the industry has shown that how alliances are organized and operate the liner business. In the sea freight market, specifically in the liner market Alliances usually consist of a series of agreements with global coverage on sharing vessels and slots on these vessels. The aim

of such alliances is to achieve economies of scale and wider service coverage. Whereas the early generations of global alliances that emerged in the mid-1990s provided a vehicle for cooperation between smaller carriers, alliances are nowadays cooperation tools for the largest container lines: the three global alliances (2M, Ocean and THE Alliance) that are operational since April 2017 regroup the eight largest container carriers of the world. These three alliances represent around 80% of overall container trade and operate around 95% of the total ship capacity on East-West trade lanes, where the major containerized flows occur (International Transport Forum, 2018*).*

1.2 Background of the organization

Ethiopia used to have a rich shipping tradition; ports of Adulis and Zeyila had been the sea ports that were used by Ethiopian and foreign merchants. Today, Shipping in Ethiopia is alive and thriving. Even though Ethiopia is a landlocked country, it uses Djibouti port (mainly) and Berbera port to ship its import and export cargo.

Ethiopian Shipping and Logistics Services Enterprise (ESLSE) is the country's flag carrier and the majority of the cargo that is imported to Ethiopia is carried by this enterprise. The FOB directive was issued by the National Bank of Ethiopia in May 2000. The Directive states that, sea transport for every import should be done by the country's flag carrier, Ethiopian Shipping Lines Share Company, as long as the carrier has a service from the Port of Loading mentioned on the Performa invoice or the sales contract which will be used to open L/C. In other words, the deal should be done according to Inco terms FOB.

The Ethiopian Shipping and Logistics S.E, was established under Ministers Regulation No. 255/2011 as a public Enterprise and hence shall be governed by Public Enterprise Proclamation number 25/1992.The enterprise was established by merging the three public enterprises, namely The Ethiopian Shipping Lines S.C, Maritime and Transit Services Enterprise and Dry Port Services Enterprise. Lately another government owned Transport Company has joined the enterprise. The enterprise currently has

offices at Djibouti which provides port operation at sea port. There are also other branches locally in different regions of the country.

With respect to the service provided since multi modal system has started operation, containerized cargo of approximately 27,084TEU in 2012 to 180,000TEU in 2018 had been transported from Djibouti port to inland dry ports. The service is being delivered for cargos that are imported to Ethiopia from around 300 ports all over the world.

Currently the Enterprise owns eleven vessels of which two of them are semi containers, seven of them multipurpose general cargo and the remaining two tanker vessels. According to the 2018 report of Maritime Review the largest ship owning country in terms of vessel numbers is China, with 5,512 commercial ships of 1,000 gross tons and above, many of which are deployed in domestic trades, under the national flag.

1.3 Statement of the Problem

ESLSE, representing Ethiopia in general and the trading community in particular in the import and export business pertaining to logistics operation, plays significant role in the supply chain. Though it is not equipped with fully modern cellular ships, significant number of containerized import cargo business is being operated by this enterprise. Doing so requires being competitive where business scholars argue that today, many companies in the world are confronted with global competition. Without exception, from shoes makers to mobile phone manufacturers, companies have not only been trying to survive in an increasingly competitive world market, but have also sought to improve their product quality, as well as the customer service levels. However, they have not been able to manage to do this work all by themselves. Because of changes in global market circumstances, the exclusive competition model has already been transformed in a co-petition model. With the Collaborative Advantage from this co-petition, they have been able to deal with uncertain circumstances which restricted setting plan and strategy (Yun Hyeong Sun, 2009).

With regard to this, liner shipping competition in the global freight market is at an all-time high. Due to economies of scale major shipping owners are dominating the market and forcing smaller players to make a decision between either joining them or being squeezed out of the market. The global container capacity has increased steadily over time and the total amount, in November 2018, is at an estimated 256 million deadweight tons, with the overall increase of 3% compared to 2017 (UNCTAD,2018). The current supply of capacity is exceeding the need for transport services, which is causing discomfort throughout the industry. This mismatch between supply and demand, overcapacity, is a problem that has been haunting the industry for a decade and is one of the main reasons for the hardship in several shipping companies.

ESLSE transported significant number of containerized cargo since the beginning of its new service, multimodal transport system. It uses own vessels, slot carriers and chartered ships. However, Enterprise's statistical bulletin of 2016 (or EFY for the years 2008 /2009) indicated that own vessel share shows decreasing trend while slot carriers' share had increasing trend for containerized cargo. This implies that own vessel has low share while those transported by slot carriers and charter vessels take lion's share.

Meanwhile, the port of Djibouti has a capacity of 1.6 million TEU; actual throughput in 2016 was 914,017 TEU and accounts for the utilizations of 57.13%, which is nearly half of the total handling capacity of the port. The volume of transit cargo to Ethiopia which was handled by the Port of Djibouti (85 percent of the domestic cargo handled by the Port of Djibouti) represented 95 percent of the volumes of Ethiopia. A further volume projection has shown that the volumes handled by Djibouti are expected to increase from 20.2 million tons in 2016 to 109.0 million tons in 2050.Containerized cargo is expected to be the largest cargo type in 2050 with 47.1 percent of total volumes, followed by dry bulk with 28.8 percent, and liquid bulk with 17.3 percent (World Bank Group, 2017). This implies that ESLSE has good opportunity to expand its market in container shipping business, which it hasn't yet enjoyed or exploited to the maximum possible in terms of operational, financial growth and better customer service. As it has been introduced in the introduction part of this paper, containerized

cargo transported by ESLSE's multimodal transport system is 27,084 TEU in 2012 to 180,000 TEU in 2018.

As per observation and discussion with experts from the various operations department experts, Other than short term contractual agreements which is low level of partnership, ESLSE's container shipping service operate independently without being a member of strategic global shipping alliances in the sea freight market. On the one hand, according to the Global Shipping Forums of 2016, the growth of global strategic alliances has produced barriers to entry for new entrants and made it almost impossible for independent carriers to compete on global trades. On the other hand, current developments in the sector points out those strategic alliances should be the main area of focus for competition authorities such as the maritime regulators worldwide. The Review of Maritime Transport, 2019 issued by UNCTAD reported that three alliances dominate the container shipping market and capacity deployed on the three major East-West trade routes. Since 2014, the top 10 container shipping lines, most of which are part of these alliances, increased their combined market share from 68 per cent to 90 per cent, and their deployed capacity from some 55 million TEUs to 96.4 million TEUs.

Independent operation and loose cooperation with global carriers in the sea freight market, specifically in container shipping limits the level of capacity, technology, equipment and information sharing, service coverage, frequency of sailing transit times and other important resources. On the other hand, as explained above, global carriers operate in the liner shipping with strong alliance membership to survive the fierce competition, the up and downs of world trade and continue efficiently. ESLSE doesn't have such characteristics rather it has government protection of the FOB directive as a tool, where importers are obliged to use ESLSE's vessel or those working for chartering and slot carriers. In fact, some popular business writers argue that strategic alliances have become a necessity rather than a choice in today's turbulent business environment (Doz/Hamel 1998; Dussauge/Garrette, 1999).

Further, as a tool to transform the maritime sector in general and ESLSE in particular, only joint venture was considered so far. Other strategic structural tools such as organic growth, acquisitions, networks and alliances have not been considered. Global strategic alliances have been found to be fruit full in aviation industry, where Ethiopian Air Lines, being a member of star alliances, can be mentioned in transport sector.

As a gap, the impacts that liner alliances have on the survival of the remaining carriers have not been given due attention and not studied empirically. As a result the level of severity of not participating in liner alliances for ESLSE container shipping, predictability of the industry business and where ESLSE should position itself are not assessed.

Generally, the impact of shipping alliances can be observed from the perspectives of the challenges it poses on the operational synergy of the sea transport from the liner shipping point of view, marketing, financial or economic and strategy including service quality along the supply chain starting from the shipper to the end consumer.

1.4 Research Questions

- What are the motives behind forming global strategic alliances in liner shipping business?
- How do Global Liner Alliances' operation, market, strategy and economy affect ESLSE's container Shipping Business performance?
- How do global shipping alliances affect ESLSE's transport efficiency, service delivery and financial performance?

1.5 Objectives of the study

1.5.1 General Objective

To analyze and determine the impacts that global liner alliances have on ESLSE's container shipping business Performance.

1.5.2 Specific Objective

- To assess the motives behind forming global strategic alliances in liner shipping business;
- To show the effect of Global Liner Alliances' operation, market, strategy and economy on ESLSE's container Shipping Business Performance;
- To show how global shipping alliances affect ESLSE's transport efficiency, service delivery and financial performance?

1.6 Significance of the Study

Majority of the local research papers in the area of logistics and supply chain management, including related business field focus on other modes of transport; the maritime sector in general and the sea transport in particular has not been given attention.

Even though Ethiopia is a land locked country, large amount of its imports are dependent on sea transport. Sea transport is part of international trade, operates in dynamic environment, requires periodic evaluation and then change the way business is conducted to be competitive and stay in the market with increased customer

satisfaction, optimum cost, financially and operationally strong thereby contributing to the enterprise's competitiveness in the sector and hence to the national economic growth, too.

Hence, this paper has investigated the current practice of sea transport operation in container shipping, assess the level of ESLSE's partnership in relation with global carriers' alliance of contemporary means of doing business and contribute to the improvement and competitiveness of ESLSE's liner shipping service business.

1.7 Scope of the Study

Conceptually, the paper focused on the container shipping business and how same is being guided by the major global shipping alliances in the global market. The other shipping markets were not investigated. Geographically, ESLSE's liner shipping service along the East-West trade route has been given attention. This is for the very reason that the major global alliance members deploy vessel along this lane and Ethiopia's import cargo for containerized shipment comes mainly via this route. Further, the impacts of global shipping alliance on liner shipping business performance have been dealt with from the perspectives of operation, market, strategy, and economic point of view.

1.8 Limitation of the Study

Locally, there are no adequate literatures available in the sea transport service by endogenous researchers. So, taking into consideration that ESLSE is engaged in global business, much of previous works and related literature were from international practice and customized to ESLSE's practice. World trade and sea transport progress more or less affects as equal as others in the sector are affected. Further, the limited number of experts who have extensive knowledge in maritime industry can't be accessed easily when the views of such experts may be required.

1.9 Organization of the Study

The first chapter deals with the introduction part. Included are brief summary of the strategic alliance and liner shipping in the maritime sector. Problem statements, objective of the thesis and research questions are also stated in this chapter. Chapter two contains literature review; theoretical, conceptual and the framework that contains current scholar argument. Chapter three dealt with the methodology of the research. Chapter four of the paper consisted of detail analysis and presentation of the data. The last chapter included summary of the findings, conclusions and recommendations.

CHAPTER TWO
LITERATURE REVIEW

2.1 THEORETICAL LITERATURE REVIEW

2.1.1 Shipping

The shipping business is essential to the development of economic activities as international trade needs ships to transport cargoes from places of production to places of consumption. Shipping is concerned with the transport of cargo between seaports by ships. “Shipping” is a term that is open to interpretation. For some, “shipping” means ships and seaborne businesses. For others, “shipping” refers to any mode of transport that moves goods between two geographical points. Trends in the shipping business are moving towards the concept of economies of scale in operations, the development of network-based management, and the adoption of technology to improve efficiency and effectiveness. The varied interpretations of shipping imply that the shipping business has become increasingly dynamic and complex (Y.H.V. Lun et al, 2010).

Shipping is one of the world’s most internationalized industries. Shipping should not be viewed only from a narrow national perspective. Rather, it should be looked at from a broad view of world development, particularly in the international trade sector (Farthing, 1993).

2.1.2 Liner Shipping

Before directly delving into the definitions of what liner shipping is, it is worth briefly explaining the various markets in shipping. But, still we stick to the liner market as going in details will be out of the scope of the paper; while it is necessary to observe the subdivisions of the various markets for the sake of simple and logical discussion while reviewing the facts in the maritime sector. Today sea transport services are provided by four closely related markets, each trading in a different commodity: The freight market trades in sea transport; the sale and purchase market trades second-hand ships; the new building market trades new ships; and the demolition market deals in ships for scrapping. Beyond this there is no formal structure (Martin Stopford, 2009).

The shipping business is essential to the development of economic activities as international trade needs ships to transport cargoes from places of production to places of consumption. Broadly speaking, sea transport can be divided into tramp and liner shipping. The purpose of tramp shipping is to provide convenient and economical transport for bulk cargoes that require cross-ocean movement. Bulk cargoes can be classified into dry bulk and liquid bulk. The demand for the transport of liquid bulk by sea is served mainly by the sector of tanker shipping. The main function of liner shipping is to satisfy the demand for regular cargo transport (Y.H.V. Lun et al, 2010).

Hence, above related literature review shows that there are four types of closely related sea transport services as it can be noticed. Sea transport or the freight market is among these four where same is divided into tramp and liner shipping, also as explained above. Now is the time defined what liner shipping is briefly and hence narrow down to container shipping business not to miss the scope of the thesis.

Accordingly, various definitions have been given by various authors to what liner shipping is; but for these thesis we will be confined to the most commonly accepted, and comprehensively used definition. A liner shipping company is defined as 'a company which operates container ships on the same certain route regularly and repeatedly regardless of loading cargo volumes'. The specific route, sailing schedule and the terms of tariff for these container ships are all announced in advance. These ships are used not only for transporting general cargo but also packaged cargo of unspecific shippers. Liner transportation has been one of the transportation sectors which have used container vessels in order to transport the cargo of shippers from a certain point to a final destination point. It has obtained earnings from the service it provides. In other words, liner companies have operated their own ships on their service route and sold its capacity to unspecific shippers (Soon-Hwan, 2007).

A liner shipping company operates a fleet of ships to provide a fixed liner shipping service, at regular intervals, between ports, and offers transport services for any cargoes

in the catchment areas served by those ports that are ready for transport by the sailing dates (Lun and Browne, 2009).

In general, a liner shipping company accepts cargo from all the potential shippers to sail on the dates in a published shipping schedule. The primary functions of a liner shipping company are to: offer a regular service for cargo consignments and process the associated shipping documentation; charge individual consignments; load containers onto ships and discharge containers from ships; run a shipping service on a fixed shipping schedule; plan the tonnage availability to serve the shipping demand, which may require building new vessels and chartering additional vessels to meet the demand requirements (Y.H.V. Lun, et al, 2010).

2.1.3 Strategic Alliance

Strategic alliances are increasingly becoming popular day by day. To achieve competitive advantages firms combine their assets and capabilities in a cooperative policy that is termed as strategic alliance. Strategic alliance is considered as an essential source of resource-sharing, learning, and thereby competitive advantage in the competitive business world. Management of alliance and value creation to attain competitive advantage is very important in strategic alliance (Ireland et al, 2002).

Over the past decades, the importance of strategic alliances has substantially increased and they have been seen as a response to the challenges of market globalization. Alliances play a critical role in firm survival, providing the access to critical resources that allow gaining and maintaining competitive advantages in today turbulent economic environment (Cobeña et. al., 2017).

They become a trend in global markets; more and more firms adopt cooperative strategies because the external market conditions show a lack of internal resources that they need for preserving their own competitive position in the marketplace. Competition is no more between individual firms but between alliance networks (Brondoni, 2010).

Collaborative agreements allow firms to bridge internal weaknesses and cope up with the complexity of business environment. Companies, in order to strengthen their resources‟ endowment, enhance their competitiveness and manage environmental uncertainty, increasingly depend on external partners. For firms, strategic alliances represent an important instrument to ensure the knowledge advancement and the availability of complementary resources (Lubello et al., 2015).

Companies can set cooperative strategies with a wide range of solutions of equity and non-equity alliances (Brondoni, 2003). A strategic alliance is an intentional relationship between two or more firms, which remain legally independent, involving exchange, sharing or co-development of resources, competences and capabilities (Gulati, 1995).

A strategic alliance is an important source of growth and competitive advantages (Ireland et. al., 2002; Kale & Singh, 2009) thanks to its own benefits that have been highlighted as follows (Arrigo, 2012): transaction costs, the enhancement of the competitive position and the acquisition of knowledge. Firms involved in a strategic alliance could create value through several sources: scale economies, effective risk management, cost efficient market entries and, especially, learning from partners (Arrigo, 2012; Ireland et al., 2002).

Further, in today’s competitive era, small and medium enterprises have entered into alliances with other enterprises in order to achieve competitive advantage due to resource limitations and their size restrictions. In the study carried out by Hung et al. (2015), it is stated that cost efficiency, product quality, flexibility, and better delivery are four dimensions of competitive advantage. Moreover, alliances are a source to achieve strategic resources and network sources, resulting in the entrance of SMEs into competitiveness and ultimately they bring long-term benefit leading to the superior performance of these firms. Competitive advantage is achieved through the acquisition of two resources including tangible resources (manpower, equipment, financial

resources, and production capacity) and intangible resources including knowledge, organizational learning, market image, and innovative capabilities (Zhao, 2014).

In general, competitive advantage is defined in preceding studies as, "to achieve strategic resources and (marketing, human, technical) knowledge, to raise awareness of the competition, to reduce dependency, to strengthen the innovative approach, to achieve economies of scale in production, to achieve dynamic capabilities and complementary resources and flexibility, to reduce risk taking, to develop market development capabilities, to learn from the skills, to take advantage of management practices of partners, and to acquire recognition. This comprehensive definition of competitive advantage is presented in preceding studies on strategic alliance carried out by Street and Cameron (2007), Jeje (2014), Companies and McMullen (2007), Dyer and Singh (1998), Lew and Sinkovics (2013), and Ireland et al., (2002).

2.1.3.1 Strategic Alliances Dimensions and Types

Yasuda and Iijima (2005) used symmetric and asymmetric alliances as the first dimension to direct the nature of resources. In symmetric alliances, the same kinds of resources are exchanged, while in asymmetric alliances, different kinds of resources are exchanged. The second dimension they used was horizontal and vertical alliances—a horizontal alliance is one in which the partners belong to the same industry, while a vertical alliance is one in which the partners are from different industries (Yasuda, H. et al., 2005).

2.1.3.2 Strategic Alliance and Competitiveness

Evidence suggests that complementary business level strategic alliance, especially vertical ones, have the greatest probability of creating a sustainable competitive advantage. More and more companies are entering into alliances to gain competitive advantages (Gari, 1999). Strategic alliance designed to respond to competition and to reduce uncertainty can also create competitive advantages.

However, these advantages tend to be more temporary those developed through complementary (both vertical and horizontal) strategic alliances. The primary reason is that complementary alliances have a stronger focus on the creation of value compared to competition reducing and uncertainty reducing alliances, which tend to be formed to be respond to competitors' actions rather than to attack competitors. The participants of corporate-level of strategies also can use the strategies to develop collaborative knowledge for future success. Knowledge management is crucial for the firms to gain maximum value from this knowledge; firms should organize it and verify that it is always properly distributed to those involved with the formation and use of alliances. To successfully commercialize inventions, firms may therefore choose to cooperate with other organizations and integrate their knowledge and resources (Simonin, 1997).

2.1.4 Strategic Alliances in Liner Shipping

As a matter of fact, Strategic alliance is used by shipping companies not only as a tool to form long term strategic partnerships, but also as structural options to look for growth opportunities. With respect to this, growth opportunities can also be realized through vertical integration or development of the logistics service business (e.g., NYK Logistics and OOCL Logistics joined forces to become more fully integrated into the supply chain of their customers). As long as the question of growth opportunities is concerned, shipping companies can plan to grow by considering structural options. Four of such structural options are; acquisition, alliance, joint venture, network and organic growth, where same is shown with below figure. Such diversification may be considered as strengths or weaknesses of shipping companies (Brooks 2000).

Here it is worth mentioning that, as explained in chapter one of this thesis only joint venture was considered so far for ESLSE as growth opportunity. Here the difference is that alliance allows the enterprise to grow without losing its independence and autonomy, unlike joint venture. Meanwhile, for the sake of this thesis and not to go beyond the scope, only the strategic alliance part is dealt with. Strategic alliances generally mean the cooperation or collaboration between firms which pursue for a synergy that each member hopes the benefits from the alliances would be much more

than those from individual efforts. Past researches provide us sufficient theories and considerations for alliance forming in liner shipping market (Sheng Teng Huang and Shigeru Yoshida, 2013).

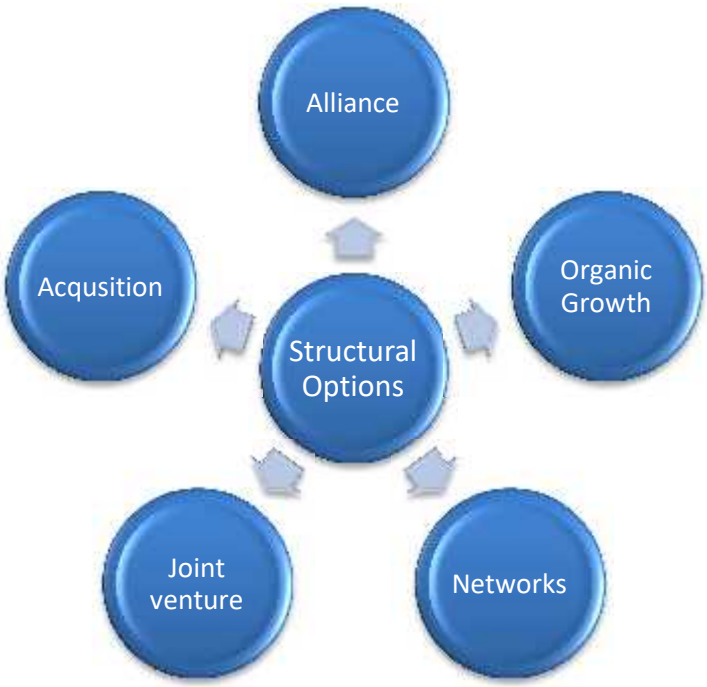


Figure 1: Structural Options for Shipping Companies

Source: Adopted from Brooks, 2000.

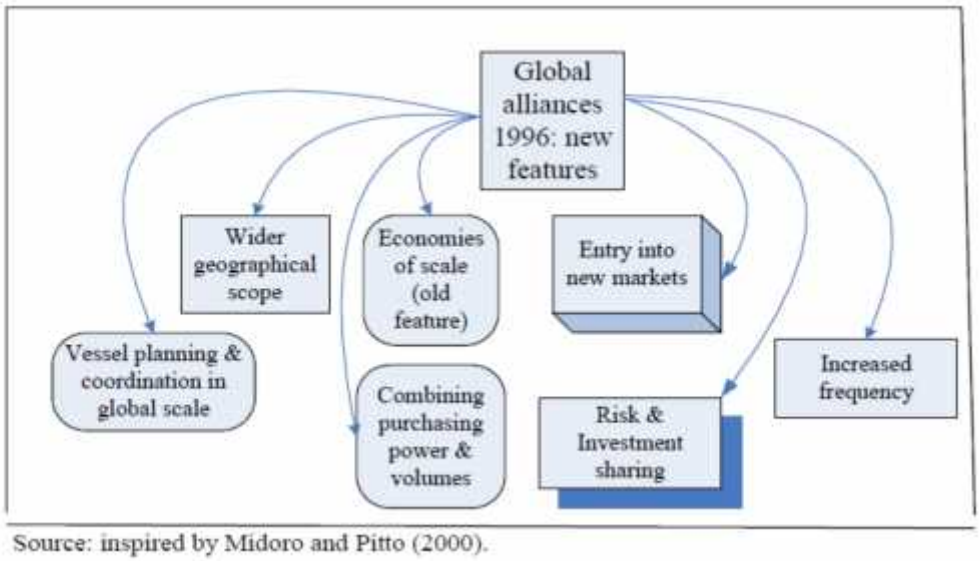
When the value chain activities of at least two companies with structures consisted of compatible objectives are combined in order to maintain or achieve significant competitive advantages, strategic alliances are formed (Bronder and Pritzl, 1992). On the other hand, strategic alliances lead to transactions which ultimately help alliance parties to achieve their goals. Also, this partnership improves their performance by reducing costs, acquiring knowledge and market development (Zoogah et al., 2011).

Strategic alliances are contractual arrangements between two or more independent companies that carry out a project or operate in a specific business area by coordinating skills and resources jointly rather than either operating on their own or merging their operations (Dussauge et,l,2004). From this definition, a strategic alliance must have two

or more independent organizations join together to pursue mutual benefits, which will be greater than those from individual efforts.

The liner shipping alliance starts at the beginning of the year 1996 and the main co-operate operation including slot rent, port operation, inland transportation, container interchange, and equipment sharing, etc. Before the form of shipping alliance comes into practice, the form of cooperation among liner shipping companies is liner conference. The cooperation among liner shipping companies in the liner conference including setting common freight rates, condition of transportation and freight pool. Comparing with shipping alliance, the liner conference has negative effect on the market because it limits new entrances in the market. The shipping alliance is more flexible and reasonable compare with liner conference. This form of cooperation among liner shipping companies can improve the operational performance and reduce cost more efficiently (Renato Midoro, 2000).

Figure 2: The New Features of Global Alliance.



Source: inspired by Midoro and Pitto (2000).

There are three modes of horizontal alliances among liner-shipping companies. The first mode is strategic or global alliances. Under such alliance, shipping companies share the employment and utilization of ships over particular routes together with

sailing schedules and itineraries, joint terminals and container coordination on a global scale. However, liner shipping companies involve in strategic alliance have their market separately; the marketing, price setting and management of profit or loss are also taken independently. The aim of the strategic alliance is to integrate the transport capacity. The second mode is financial alliance. Liner shipping companies involved in such alliance have the same aim to keep the market stability. Such alliance includes freight rate settlement and capital alliance. Liner shipping companies share certain capital investments such as dock and ships, and set standard freight rates. The third mode is logistics alliance, in which liner-shipping companies involve the closest relationship of all the three modes. Such alliance includes share of container and logistics information among companies involved in the alliance (lib, 2015).

Of all the three alliance modes, the strategic alliance is the most currently and applied most regularly in the shipping industry because under such alliance liner shipping companies can maintain certain level of independency while share risks and improve operation performance. However, certain level of defaults also exists in such alliance such as companies under one alliance lack synergy because they usually bear different strategies and the profit and loss do not share between members involved in one alliance, the situation can result in conflict among members and the shipping companies under one alliance become competitor against each other (Egan, 2014).

In this thesis, in order not to bring confusion and maintain consistency the various definitions of the term alliance are interchangeably used. While the concepts of alliance, partnership, strategic alliance, strategic partnership and partnering are similar in broader context, in this research these are treated as synonyms for simplicity. Strategic alliance can be broadly defined as an agreement between two or more partners to share knowledge or resources which could be beneficial to all parties involved (Vyas, Shelburn and Rogers (1995, p. 47). According to this definition, strategic alliance can be as simple as two companies sharing their technological and/or marketing resources or in contrast, it can be highly complex, involving several companies that are located in different countries.

According to Mohr and Spekman (1994, p. 135), strategic alliance is a purposeful strategic relationship between independent firms who share compatible goals, strive for mutual benefit, and acknowledge a high level of mutual interdependence.

Strategic alliance can be described as a process wherein participants willingly modify their basic business practices with a purpose to reduce duplication and waste while facilitating improved performance (Frankel, Whipple and Frayer, 1996). Strategic alliance contains co-operative arrangements that lasts at least few years and whose scope is sufficient broad to encompass a number of functional areas of the alliance partners (Sharma, 1998, p. 512).

Strategic alliances can be justified with a wide range of motives and goals, take a variety of forms, and may occur across vertical and horizontal boundaries. Strategic partnership is based on voluntary arrangements between firms involving exchange, sharing, or co development of products, technologies, or services (Gulati, 1998, p. 293).

According to Lambert, Emmelheinz and Gardner (1999, p. 166), partnership is a tailored business relationship based upon mutual trust, openness, shared risk, and shared rewards that yield a competitive advantage, resulting in business performance greater than they would be achieved by the firms individually. Partnership is a promise that by joining forces, both organizations will improve efficiency, boost profitability and improve customer service (Lambert, Emmelheinz and Gardner, 1999, p. 165).

The goal for strategic alliance is to develop a win-win arrangement (Bagchi and Virum, 1996, p. 95). Partnering may be among competitors or non-competitors, and may exist for strategic or operational reasons (Ellram and Hendrick, 1995, p. 41). These strong relational ties between two parties are also called as a dyads or dyadic -relationships (see e.g. Kornum, 1998). Tate (1996, p. 7) compared strategic alliance to a marriage and obviously these relationships have similarities in many contexts.

"A successful partnership is like a marriage. Neither just happens: both relationships require constant hard work from the parties involved. Both parties must understand each other's needs, and must be compatible, with shared values. Like a marriage, a successful partnership requires open communication, mutual commitment to the partnership, fairness and flexibility. Both partners must weather the good times… and the bad. Successful partnerships are co-operative and collaborative. They are long term, and build on trust".

In practice, alliance is generally considered as a formal contract. Frankel, Whippel and Frayer (1996, p. 47) noted, that firms working in logistics do not believe in formal written agreements or contracts as an integral or necessary component to achieve an effective alliance relationship. Spekman et.al, (1998, p. 759) issued, that formal agreements provide a frame of reference for alliance operations, but informal interfaces are the binder that tie the partners jointly together. However, alliance legal system allows one party not to be solely reliant on personal relationships (Spekman et. al., 1998, p. 759).

Strategic alliances are assuming increasing prominence in the strategy of leading firms, large and small. They have become a means through which firms expand into new markets, access dispersed capabilities, and leverage technologies and other resources. In fact, some popular business writers argue that strategic alliances have become a necessity rather than a choice in today's turbulent business environment (Doz/Hamel 1998; Dussauge/Garrette 1999).

2.1.5 Global Strategic Alliance and Liner Shipping Business

2.1.5.1 key Reasons for the Formation of Global Strategic Alliances in Liner Shipping Business

Porter (1985) introduced the value chain concept, which distinguishes between co-operative strategies according to the type of resources pooled by the partners (Lorange & Roos, 1992; Porter & Fuller, 1986; Root, 1988). This concept distinguishes between alliances according to the type of resources contributed by the partners. Alliance parties

may contribute similar resources in order to generate economies of scope, rationalize capacity or share risk. On the other hand they may form the alliance and contribute complementary resources in order to build on their respective strengths and achieve competitive advantages. The objectives of modern liner shipping companies include risk and investment sharing, the reaping of economies of scale, cost control and a capability to increase service frequencies in a dynamic environment of growing containerized trade. Against a background of the globalization of world markets and poor profitability and financial performance in the 1990s, these objectives have prompted the formation of strategic alliances and the scientific examination of the alliance concept (e.g. Evangelista & Morvillo, 1999; 2000; Meersman, Moglia, and Van de Voorde, 1999; Ryoo and Thanopoulou, 1999). It can be claimed that the formation of, or even defection from, strategic alliances as well as the implementation of other strategies (such as M&A) are all driven by the need to accomplish corporate objectives (see Panayides, 2001).

Hence, various writers (e.g. Fossey, 1994; Gardiner, 1997; Midoro & Pitto, 2000) have credited the formation of global strategic alliances in shipping to achieving various objectives. Among these, the financial objective include profit maximization, increase in shareholder wealth, capital investment sharing and financial risk reduction. The other one is the economic objective which consists of cost reduction, economies of scale and economies of scope while the strategic objective incorporates important issues for container shipping business like entry in new markets, wider geographical scope, increase in purchasing power and the marketing objective is concerned with satisfying customer requirements better, e.g. higher frequency, flexibility, reliability, network expansion i.e. offering a greater variety of routes and destinations. Last, not least the operational objectives are all about increase in frequency of services, vessel and route planning and coordination on a global scale.

Just to make it comprehensive and redrew the whole picture, of the relevant research literature, liner companies have used alliances in order to obtain extensive advantages from the co-usage of vessels, multimodality related to inland transportation, the co-

usage of terminals and the development of information technology systems. Establishing such alliances has minimized the amount of investment required while providing service differentiation. Yet, the main reason liner companies are expanding the range of their alliances seems to be a widely shared concern of merely surviving in the uncertain liner shipping market.

Further to above, the objectives of modern liner shipping companies include risk and investment sharing, the reaping of economies of scale, cost-control and a capability to increase service frequencies. Against a background of the globalization of world markets and poor profitability and financial performance, these objectives have prompted the formation of strategic alliances. It can be claimed that the formation of, or even defection from, strategic alliances as well as the implementation of other strategies (such as M&A) are all driven by the need to accomplish corporate objectives. Hence, various writers (eg Fossey, 1994; Gardiner, 1997; Midoro and Pitto, 2000) have credited the formation of global strategic alliances in shipping to achieving various objectives which may be classified as follows and support all previous scholars view.

Again, since the main objective of this thesis is all about investigating the impacts that global liner alliances have on container shipping business, the operational, market, strategic, economic and financial objectives are taken as the dimensions or perspectives of the alliances and will be discussed in the next section one by one.

2.1.5.2 Global Liner alliance And Container Shipping Operation

Liner alliances partnership tends to be operational in nature rather than short term contractual agreements. As discussed above this aspect of the global liner alliances' aspect include increase in frequency of services, vessel planning and coordination on a global scale. Some carriers have engaged in cooperation in order to gain know-how and technological transfers via exchange with competitors (Kale and Singh, 2007).

Sharing of operational information within alliances is a necessity to ensure the smooth running of operations, which requires significant amounts of joint planning and action. (Marlowand Nair, 2006).

The main function of liner shipping is to satisfy the demand for regular transport under which cargoes are transported through regular routes and with regular schedules. Liners operate according to a schedule of ports of loading and discharge, usually adhering to a published timetable with set conditions of carriage. They operate like trains of international seaborne trade (Farthing and Brownrigg 1997), with cargoes made up of a large number of different consignments from different shippers. Liner cargo is mainly made up of manufactured or partly manufactured goods. The majority of liner cargo is carried in containers. Containerization seems to have become a “must” for ports, as the provision of container facilities is considered to be one of the prerequisites for success in the new shipping business environment (Notteboom 2002).

The cooperation in global alliances covers utilization of ships, sailing schedules and itineraries, containers and use of joint terminals. In short, the cooperation covers full integration of service capabilities. Cooperation via global alliances does not cover joint sales, marketing, pricing, joint ownership of assets, pooling of revenues, profit or loss sharing or joint management. These characteristics distinguish it from other forms of cooperation in liner shipping. The following forms can be identified: Slot charter agreements (SCA) require a fixed percentage of vessel capacity to be exchanged between carriers over a given time period. There is one carrier that operates the vessel, but other carriers use a share of the vessel capacity, so that they can widen their coverage. Vessel sharing agreements (VSA) are more cooperative and entail cooperation between companies to fulfill demand on particular trade routes through sharing of vessels owned and/or operated by different carriers, and joint optimization of ship scheduling and assignment of ships to routes (Panayides and Wiedmer, 2011).

Global alliances could be considered a bundle of vessel sharing agreements between the same carriers on a global scale. Whereas slot charter agreements are basically

contractual agreements, strategic alliances are mainly operational agreements (Ryoo and Thanopoulou, 1999).

2.1.5.3 Global Liner Alliance And Container Shipping Market

Market power is concerned with the ability of firms to secure stronger positions in their market as a means of achieving competitive advantage. The market power argument provides a possible theoretical explanation for the formation of strategic alliances in liner shipping. Shepherd (1970, p. 3) defined market power as: “the ability of a market participant or group of participants to influence price, quality, and the nature of the product in the market place”.

This aspect of the global liner alliances deals with how to satisfy customer requirements better, for instance higher frequency, flexibility, reliability, network expansion that means, offering a greater variety of routes and destinations.

The sources of market power may be classified into product differentiation, barriers to entry and market share. The market power theory was used to assess the strategic intent of organizations that sought to implement a co-operative strategy (Kim and Singal, 1993). Offensive coalitions are formed to develop the partners’ competitive advantages and strengthen their position by diminishing other competitors’ market share or by raising their production and/or distribution costs. Defensive coalitions (principally sought by weaker firms) are formed to construct entry barriers, which are intended to secure the partners’ position and stabilize the industry so as to increase their profits.

Alliances have contributed to an increase in market power. Around 95% of the East-West trade lanes are covered by carriers in alliances, which presents them with considerable market power. On many trade lanes, market power of carriers is even larger. With rapidly evolving industry consolidation, the market power of carriers impacting on costs of trade will increasingly have an effect on consumers and the costs of their imported goods. This not only has impacts on developed economies, but could

also have far-reaching impacts on the economies of small island developing states (UNCTAD, 2018).

The first generations of alliances allowed smaller carriers to achieve economies of scale, based on complementarity between them, and as such increased shipping options. The current three alliances are not serving the smaller carriers but each brings together two to three very large carriers that would be able to offer most of their services outside an alliance. Since exploring new market is one of the reasons that a liner-shipping companies involves in the alliance, the company probable drop out of the alliance after getting into the market and choose merge and acquisition as more efficient tools to get market share and maximize its profit. (DONG-WOOK SONG, 2010).

2.1.5.4 Global Liner Alliance and Container Shipping Strategy

Included in these aspects of the global liner alliance aspect are details such as entries in new markets, wider geographical scope, and increase in purchasing power. Global alliances have become essential tools for corporate strategies of carriers because they can help achieve economies of scale and economies of scope. Put differently, alliances are perceived to facilitate the two elements that ocean carriers compete on: low prices and broad service coverage. Although the literature on alliances in liner shipping identifies a variety of possible reasons (Agarwal, 2007; Cariou, 2002), it basically boils down to these two (price and service coverage).

Cargo liners are more expensive vessels than tramp ships because their building and operating costs are usually higher. For example, cargo liners usually deploy ships of speed higher than that of tramp ships. The full cellular container ships are separated into compartments, which enable containers to be dropped in vertically between systems of container guides and to be stacked in holds. Furthermore, several tiers of containers can be carried on top of the hatch cover. Their accommodation is larger, with more facilities and comfort than tramp ships. As the cargoes transported by liners belong to many shippers, the administrative processes of cargo liners are far more

complex. As a result, both the construction and the operational costs of liners are higher (Y.H.V. Lun, et al, 2010).

Consequently, one of the main arguments for cooperation of carriers with other carriers is the high fixed-cost structure of the liner shipping industry (Haralambides, 2007): the provision of a weekly liner service between different continents requires investment in a set of ships that will sail irrespectively of their utilization rates. Collaboration between carriers in global alliances can mitigate this problem and can generate economies of scale and scope.

Containerization has standardized liner shipping, which has propelled a business model characterized by scale. The standardization brought about by the deployment of containers has brought down transport costs, but it has also made liner shipping a more uniform product, which made cost savings via economies of scale the dominant business strategy in liner shipping. This took shape via very significant increases of ship size in the container sector, the most substantial increase of all ship types over the last two decades, which implies scale economies (OECD/ITF, 2015).

In addition, the rationale behind the deployment of ever larger ships is to generate lower costs per transported container. Alliances are considered tools to optimize the potentials of these economies of scale. They make it possible to carriers to acquire new bigger ships together, to share vessels to guarantee utilization rates of ships that would be needed to reap the benefits of economies of scale. In other words, large cost savings could potentially be achieved if partner carriers are willing to collaborate (Lei et al., 2008).

Alliances could also help carriers to improve service offerings to their customers. Most importantly, alliances could help them offer more comprehensive global shipping network. Extending coverage and providing more services is the single most important motivation of participating in strategic alliances, according to a survey study carried out

among representatives of container carriers, and hence ultimately bring about economies of scope (Lu et al., 2006).

A further justification of this is that, many shipping firms are stronger in certain regions as a result of long experience and loyal customers; alliances between carriers with strengths in complementary regions could be useful for providing services with a broader network to customers (Mitsuhashi and Greve, 2009).

Large shippers prefer to have contracts with a few shipping firms with highly interconnected route networks. Alliances allow shipping firms to build networks of sufficient size to participate in bids for such contracts (Mitsuhashi and Greve, 2009).

Many liner companies have recognized that establishing a strategic alliance is an essential strategy in order to survive in the competitive global surroundings. There are various kinds of strategic alliance types in the liner shipping business such as Joint Service, Consortium, Global Alliance, Joint Venture and Polling Agreement (Ricky W. Griffin & Micheal W. Pusty, 1995).

In addition, there are several other studies that were conducted in order to uncover the motivation for participating in liner alliances. Song (1996) points out that there are three motivating factors for forming alliances; these include improving customer service, improving competitiveness and the reduction of costs. Sim (1996) suggests that there are five motivating factors which are risk reduction, maintenance or enlargement of market share and improvement of competitiveness.

2.1.5.5 Global Liner Alliance and Container Shipping from the Economy and Financial Performance Point of View

As profit seeking institutions, the maximization of profit is the fundamental purpose for each liner-shipping choose to involve in the alliance and the level of achievement of it shall be the measurement of private benefits (Agarwal, 2007).

The maximization of profit in the above statement is of various meanings (Michael C. Jensen, 2001). Firstly, maximization of profit as the main purpose of companies when making strategic decisions, balance shall be made between short-term profit maximization and long-term profit maximization because it is common in the situation that the company's short-term interest is conflict with its long-term interest. There is potential profit that requires time to realize when making strategic decisions. In the case of liner-shipping company alliance, the decision to involve in an alliance with the purpose to expand a new market may generates losses for the company in the short-term but in the long run, the company can get profit from providing better quality of service and further occupation of the market.

Secondly, maximization of profit requires the balance between divisions of the company and the company as a whole. In the case of liner-shipping alliance, the decision of whether involving in an alliance may let the company as a whole realize its profit maximization, while for the division involved in the alliance, for instance, the Asia-Euro line division, the profit maximization may not achievable. (Agarwal, 2007)For instance, the strategic alliance of a liner-shipping company in the Asia-Euro line may maximize the profit of Asia-Euro division due to the decrease of operational cost, but this may generate loss of profit of other divisions because of the shortage of ships, lack of maintenance etc.

Thirdly, the specific terms of alliance, including the partners' share of certain routes and ships, and the level of business the company involved in the alliance also determine the achievement of profit maximization. Since these are changing all the time, it is difficult to determine whether a company achieves profit maximization of involving in the alliance.

2.1.6 Strategic Alliances And Firm Performance

Strategic alliances are contractual arrangements between two or more independent companies that carry out a project or operate in a specific business area by coordinating skills and resources jointly rather than either operating on their own or merging their

operations (Dussauge et al.,2004). From this definition, a strategic alliance must have two or more independent organizations join together to pursue mutual benefits, which will be greater than those from individual efforts.

The study stands on the resource-based view (RBV) perspective to examine how the type of strategic alliance influences firm performance, which is based on the role of resources, capabilities, and knowledge, in an attempt to further strategic objectives and create value (Wang et al.,2007). As to business alliances, RBV researchers posit that complementary and idiosyncratic resources foster alliances to succeed. Complementary resources are those that firms bring to an alliance that enable their alliance partners to fill out or complete their resource assortments (Jap, S.D et al., 1999).

The complementary resources could be tangible facilities or intangible resources, such as knowledge and connections (Beamish, P.W et al., 1987).Therefore, resource dependence theory (RDT), a sub-theory of RBV, states that inter-organizational relationships could also help an organization to reduce environment uncertainty and gain mutual benefits (Harrigan, K.R et al., 1990), which is used for explaining why firms engage in long-term relationships with other firms. Idiosyncratic resources are defined as those that (1) are developed during the life of the alliance, (2) are unique to the alliance, and (3) facilitate the combining of the distinct lower-order resources contributed by the partner firms (and, hence, are higher-order resources) (Lambe, C.J. et al.,2000). From an RBV perspective, idiosyncratic resources, since they are unique to the alliance and are constantly evolving, help alliances maintain the durability and inimitability of their resource advantage (Dyer, J.H. et al., 1998).

2.1.6.1 Alliances and Transport Efficiency; Effect on Transport System and Competition

Various literatures show that global liner alliances affect container shipping business in different ways. The impact can take any form, be it considered as advantage or disadvantage. Global shipping Alliances have assisted carriers to acquire and operate mega-ships thereby enabling to minimize unit costs. Had it not been for the help of

global liner alliances certain carriers would not have been able to acquire mega-ships. As it is the ordering of mega-ships that has fuelled overcapacity, there is a link between alliances and overcapacity. Unfortunately, in an attempt to create strategic partnership, global liner alliances have increased the uniformity of the transport offer and limited the possibilities of carriers to differentiate themselves. The new constellation of alliances since April 2017 - along with the deployment of mega-ships to which alliances are directly linked - has contributed to a decrease in service frequencies, less direct port connections, declining schedule reliability and longer waiting times, which implies inefficiency that global liner alliances have brought (ITF,2018).

The fact that global liner alliances affect container shipping business performance manifests itself in different forms. Various researches including institutions in the industry discloses the many impacts posed by them since the emergence of global alliances, the container shipping industry has evolved into a concentrated industry, especially over the last five years. Whereas the top four carriers in 1998 had a market share of less than 20%, this share has increased to almost 60% in 2018. The market share of the largest carrier, Maersk, is 19% in 2018, which is a larger market share than any global alliance ever had before 2012 (Alpha Liner, 2018).

Beyond creating concentrated market and monopolizing same, global liner alliances use cost advantage due to their mega ships that enable them to create market entry barrier. Two types of structural barriers to entry can be observed in the shipping sector, a combination of absolute cost advantages and economies of scale. Absolute cost advantages imply that an entrant will enter with higher unit costs compared to incumbents. Economies of scale restrict the number of firms that can operate at minimum cost in a market of a given size. Investing in capacity can, in certain cases, act as strategic entry deterrence. One of the most striking aspects of excess capacity in the container shipping sector is its persistence (Wu, 2012), which is partially motivated by strategic entry deterrence, as shown by Wu (2009) and Fusillo (2003).

So, building up over-capacity could be considered a subtle entry barrier and deter the potential entrant from the market (Wu, 2012; Hirata, 2017), related to alliances in so far as they facilitated the overcapacity.

2.1.6.2 Alliances and stakeholders: Independent Carriers and Freight Forwarders

Small and independent carriers such as ESLSE can't generate scale economies, given the number and size of ships as compared to large global carriers. As an independent carrier, market penetration is not simple and various literatures in the maritime transport confirm same. Alliances provide barriers to entry that will sustain the polarization of container shipping. These barriers to entry in the shipping industry are characterized by capital requirement through high fixed costs and cost advantages, with incumbents of sufficient size being able to offer their products at a lower price. Ultra-large vessels achieve economies of scale that no smaller vessels can attain. Exploiting these economies of scale under current demand conditions is possible only by consolidating cargo through vessel and slot sharing agreements. The experience of ESLSE and its fate seems to fall and trapped here. Coupled with unsustainably low freight rates, such barriers to entry effectively reduce the capacity of independent carriers to compete in the industry. The strategic use of excess capacity can also signal an aggressive response to increased competition from smaller carriers, thereby effectively deterring entry by diminishing the prospects of profit for the entrant (Dixit, 1980; Luo et al., 2014; OECD, 2015).

Even for freight forwarders, weather it is VOCC or NVOCC, it is impossible to escape from the impacts of global carriers' alliances intended or unintended act. Research has shown that Freight forwarders have been mainly impacted by decreasing schedule reliability and service quality owing to rationalization strategies of carriers and alliances. A satisfaction survey with 400 freight forwarders and shippers published by Drewry in June 2018 showed that transit times, reliability of booking and cargo shipped as booked were considered to have deteriorated since 2016 and attracted scores of around 2.9 out of 5.

2.2 Empirical Literature Review

2.2.1 Market and Capacity Share by Alliances

The impact of alliances for independent carriers can be shown by trade capacity breakdown where the three major alliances have lion's share. Below figure shows how the liner shipping is dominated by alliance.

Table 1 Capacity Share by Alliance across Two of the Major Trade Routes

Alliances	Capacity Share in TEU %	
	Far East –Europe	Far East –North America
2M	36	19
Ocean Alliance	36	37
The Alliance	25	26
Non Alliances	***3***	***18***

Source: Own Analysis; taken from Alpha liner, 2018.

As explained previously, competition in the sea freight market is an ever increasing phenomenon; given the trend of world trade volume which are moved by sea transport across the world while to capacity of vessels is even increasing from time to time. Given these constraints the way containerized cargo transport business conducted is changing as competition is no more between individual carries; rather between alliances and strategic shipping alliance is the rule of the day. As a result, global alliances have become a dominant feature of container shipping. They are cooperation agreements between container lines (carriers) on operational matters. Alliances usually consist of a series of agreements with global coverage on sharing vessels and slots on these vessels. The aims of such alliances are to achieve economies of scale and wider service coverage. Whereas the early generations of global alliances that emerged in the mid-1990s provided a vehicle for cooperation between smaller carriers, alliances are nowadays cooperation tools for the largest container lines: the three global alliances (2M, Ocean and THE Alliance) that are operational since April 2017 regroup the eight largest container carriers of the world. These three alliances represent around 80% of

overall container trade and operate around 95% of the total ship capacity on East-West trade lanes, where the major containerized flows occur (Global Shippers Forum: 2016).

The fact that alliances have become cooperation tools and model business to operate liner shipping business enabled carriers in achieving organizational objectives, to larger extent and assisted to survive the bad economic times. For instance, as per the study conducted by the (global shipping forum, 2016) global shipping Alliances have allowed carriers to acquire and operate mega-ships, reducing unit costs. Without alliances certain carriers would not have been able to acquire mega-ships. As it is the ordering of mega-ships that have fuelled overcapacity, there is a link between alliances and overcapacity. Alliances have also made the maritime transport offer more uniform and limited the possibilities of carriers to differentiate themselves. Alliances have contributed to lower service frequencies, fewer direct port-to-port connections, declining schedule reliability and longer waiting times. This has increased total transport times and delivery uncertainty for various shippers, leading to higher inventory and buffer costs.

However, it doesn't mean that the formation of strategic partnership that is aimed at strengthening the global liner shipping business have not been carried out without impacting the close stakeholders that have direct relationships with it. Researches have shown that many of such negative impacts other than supporting member carriers. From these perspectives, by limiting shipping options, alliances have frustrated the risk diversification strategies of shippers and freight forwarders. Alliances could raise competition concerns in what has become a concentrated market. The top four carriers accounted for 60% of the global container shipping market in 2018. The market share of the biggest carrier (19%) is larger than the market share of any global liner alliance before 2012, which signifies the different character of current alliances (International Transport Forum, 2018).

Most importantly, researches have shown that the areas where the formation of global shipping alliance has become fruitful for those participating member carriers. Scholars

agree on these by mentioning the experience of specific carriers. Participation in alliance arrangement is an important strategy for shipping lines to compete successfully on the Asia–Europe trade route. The new shipping landscape in 2017 showed that most of the services were operated in the form of shipping alliances with 10 services operated each by the 2M alliance and Ocean Alliance and seven services operated by The Alliance; implying the diminishing role of non-member carriers. If we included the two services which are operated by CMA CGM and the joint consortium of COSCO, Evergreen and OOCL who are all members of the Ocean Alliance, total number of shipping services related to members of the Ocean Alliance would increase further from 10 to 12 (Wei Yim Yap, et al, 2018).

Moreover the formation and growth of global strategic alliances proves how the trend is changing from time to time and how wide spread is the impact of alliances. Above all, the industry has entered into an era of mega alliances which requires commensurate responses in terms of handling capacity from the port and terminal perspective. This will include aspects covering terminal design, handling technology, channel approach, fairways and anchorages, port draft and terminal capacity among other concerns. With reference to Table 2, we note the number of shipping services deployed as part of alliances form the majority in 2017. The number of vessels operated in alliances also rose from 171 to 226 from 2013 to 2017. By contrast, non-alliance shipping services fell from 33 to four and the number of vessels involved also dropped from 226 to 36 in the same time period. We note from the analysis that average vessel size along the Asia–Europe trade route rose considerably by 52 per cent from 9,143 TEUs in 2013 to 13,943 TEUs in 2017. This was attributed to the fact that the trade continued to receive the largest container vessels, reaching 20,568 TEUs in 2017. The latest of these vessels were deployed in the 2M Alliance. In terms of vessel dimension, these behemoths require drafts of up to 16.5 meters. As such, ports and terminals that strive for hub status have to provide sufficient capabilities in terms of infrastructure, software and human resource to handle these mega container ships. In addition, associated with the mega alliances are their shipping networks and larger container volumes which must be

accommodated without compromising the efficient functioning of the alliance as well as the entire port (Wei Yim Yap, et al, 2018).

Table 2 : Fleet and Shipping Services Deployment

Fleet Attributes	2013	2017	(%) Change
Contestability			
Number of Shipping Services	50	31	-38
Part of alliance	17	27	+59
Non-alliance	33	4	-88
Number of Vessels	397	262	-34
Part of alliance	171	226	+32
Non-alliance	226	36	-84
Terminal Investment			
Size of the largest Vessel	18,270 TEUs	20,568 TEUs	+13
Operator	Maersk Line	Maersk Line	-

Source: Alpha liner, 2017, including various sources.

Table 3 Scholars" Findings of Forming Strategic Alliances

No	Considerations	Scholar's Findings
A	Finance	1.Selling excess capacity for Revenue, 2.Reducing operating cost, 3.Invest fewer fleet to maintain weekly service
B	Economic	1. Economies of scale 2.Resources sharing 3. Operational synergy
C	Strategic	1. Entering new region with lower risk 2. Alternative strategy for global market uncertainty 3.Opposing with other alliances 4. Attaining competitive advantage without losing autonomy
D	Management	1. Learning techniques from partners 2. Cooperation with rivalry companies may bring more revenue than competition. 3. Time-consuming coordination is necessary. 4. Carriers can relieve from competition and focus on creating core strength
E	Global supply chain	1. Expanding service coverage 2. Strengthening global network.
F	Customer Service	1. Increasing service frequencies 2. Achieving customer satisfaction with diversified Service
G	Market structure	When scale of alliance becomes bigger, the oligopolistic or monopolistic characteristics would emerge rapidly such as higher barriers of market entry, huge capital investment and pressure on freight rates because every alliance provides exact same service.
H	Uniqueness	Each agreement is signed individually under specific situation because of the complexity, uncertainty and dynamics in market.
I	Merger and Acquisition	Frequent merger among carriers which form a giant alliance may lead the market structure to monopoly or oligopoly pattern. As a result the service quality may not improve and freight rates may remain high with decrease number of competitors.

Source: International Journal of Social, Behavioral, Educational, Economic, Business and Industrial Engineering Volume: 7, No: 6, 2013.

2.3 Conceptual Framework

2.3.1 Independent and Dependent variables

Strategic alliances can be justified with a wide range of motives and goals, take a variety of forms, and may occur across vertical and horizontal boundaries. Strategic partnership is based on voluntary arrangements between firms involving exchange, sharing, or co development of products, technologies, or services (Gulati, 1998, p. 293). According to Lambert, Emmelheinz and Gardner (1999, p. 166), partnership is a tailored business relationship based upon mutual trust, openness, shared risk, and shared rewards that yield a competitive advantage, resulting in business performance greater than they would be achieved by the firms individually. Partnership is a promise that by joining forces, both organizations will improve efficiency, boost profitability and improve customer service (Lambert, Emmelhainz and Gardner, 1999, p. 165). The goal for strategic alliance is to develop a win-win arrangement (Bagchi and Virum, 1996, p. 95).

A study has shown that there is a direct relationship among the market structure, conduct, and performance. The basic economic and political conditions of the container shipping industry affect its market structure. Market structure can be examined through a number of variables, such as number of sellers, product differentiation, cost structure, and entry barriers. The market structure of a container carrier affects its conduct in the container shipping market (Pepall et al. 2005).

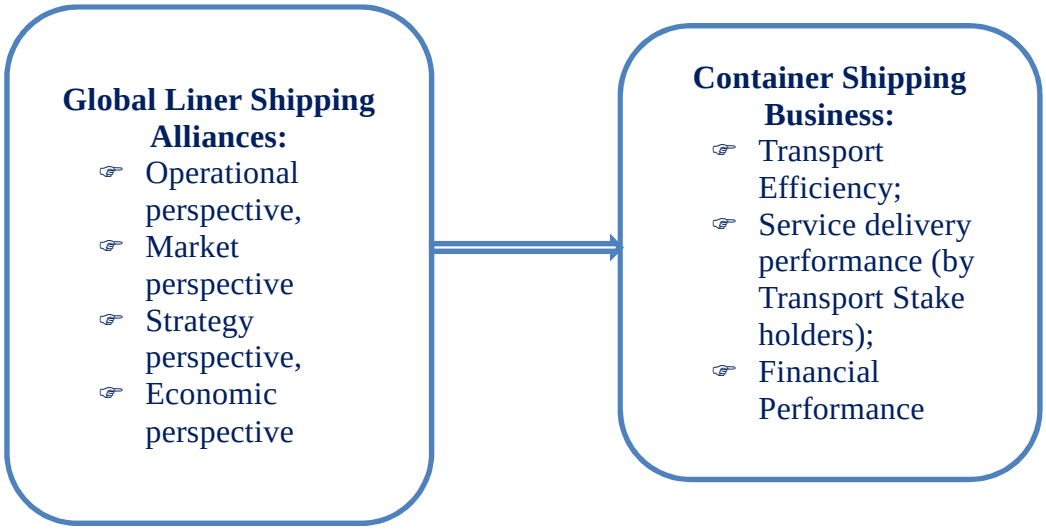
Also, it is argued that, examples of the conduct of a firm include its pricing policy and capacity level. The performance of the container shipping firm depends on its conduct in making decisions such as pricing and capacity management. In summary, the economic conditions determine market structure, market structure determines conduct, and conduct determines performance. On the other hand, there can be feedback effects of performance on conduct and structure, as well as of conduct on structure (Y.H.V. Lun et al, 2010).

In addition, the objectives of modern liner shipping companies include risk and investment sharing, the reaping of economies of scale, cost-control and a capability to increase service frequencies. Against a background of the globalization of world markets and poor profitability and financial performance, these objectives have prompted the formation of strategic alliances. It can be claimed that the formation of, or even defection from, strategic alliances as well as the implementation of other strategies (such as M&A) are all driven by the need to accomplish corporate objectives. Hence, various writers (eg Fossey, 1994; Gardiner, 1997; Midoro and Pitto, 2000) have credited the formation of global strategic alliances in shipping to achieving various objectives which may be classified operational, market, strategic and economic, where details have been explained previously.

In Porter's framework, firm performance is a function of industry and firm effects i.e., market positioning (Grant, 1991; Porter, 1991). Industry structure and firm activities are interrelated and affect each other. In addition, industry structure affects the sustainability of firm performance, whereas positioning reflects the firm's ability to establish competitive advantage over its rivals. Having gained such an attractive position, a firm can exercise market power (Teece, 1984) and thus gain `monopoly-type' rents. These rents stem from the firm's ability to defend itself against competitive forces (`defensive' effects), or to influence them in its favor (`offensive' effects) (Porter, 1980, 1985 and 1991).

Shown below is a conceptual framework represented with diagram consisting of dependent and independent variables to show the relationship between the two. The model used in this study consists of dependent and independent variables (figure 3), and all dependent and independent variables which are used in this study are clarified and explained in previous parts. Moreover, the relationships between each of these variables are also reviewed and analyzed on the basis of previous studies. This framework is based on existing theoretical and applied fundamentals, especially studies carried out by Zhao (2014), Yung et al., (2014), Wittmann et al., (2009), Fernandez and Nieto (2005), and Arino (2003).

Figure 2: Thesis Conceptual Framework



Source: Adapted from Journal of International Business Research Vol. 10, No. 6; 2017

CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter deals with an overview of the rationale and the theoretical justification for the research design, approach and methods that will be used in this study. This part of the research focused on research design and methodology that are used to undertake the research. These are research design, approach and techniques, sample design, data source and collection methods, procedure of data collection and ethical consideration. It includes methods of analysis and presentation used to qualify the data. Also, validity and reliability are included.

Further, the study is aimed at assessing and determining the impacts that alliances have on liner shipping business. As such the effects that global liners involved in alliances have on non-alliance members, specifically ESLSE's was investigated. Hence the impacts from operational, economic, strategy and market perspectives on ESLSE'S container shipping business performance were analyzed.

3.2 Research Design

In order to collect relevant data related to the research title and come to the desired result, the researcher employed explanatory research.

Explanatory research also known as casual research is conducted in order to identify the extent and nature of cause-and-effect relationships. It can be conducted in order to assess impacts of specific changes in existing norms, various process etc. The Explanatory Research Design is known as analytical research design. The main aim of explanatory research is to identify any causal links between the factors or variables that pertain to the research problem (Zikmund, et al, 2012).

Hence, to enable the researcher uncover the impacts that global shipping liner alliances have on non-alliance members, the explanatory research design was employed.

3.3 Research Approach

For this paper, the researcher employed the mixed research approach. Mixed methods research is an approach to inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical frameworks. The core assumption of this form of inquiry is that the combination of qualitative and quantitative approaches provides a more complete understanding of a research problem than either approach alone (Creswell, 2013).

Early thoughts about the value of multiple methods called mixed methods resided in the idea that all methods had bias and weaknesses, and the collection of both quantitative and qualitative data neutralized the weaknesses of each form of data. Triangulating data sources as a means for seeking convergence across qualitative and quantitative methods was born (Jick, 1979). By the early 1990s, mixed methods turned toward the systematic convergence of quantitative and qualitative databases, and the idea of integration in different types of research designs emerged. These types of designs were extensively discussed in a major handbook addressing the field in 2003 (Tashakkori and Teddlie, 2010).

3.4 Population and Sampling of the study

Population or universe means, the entire mass of observations, which is the parent group from which a sample is to be formed. Hence, employees of the ESLSE head office and Djibouti Branch were population of the study. This is because the study is all about the impact of global alliances on its container shipping business, where ESLSE's container shipping in sea transport is to be studied from the impacts of global alliance perspective. In doing so, a total of 3,300 staffs were population of the study. The figure obtained from human resources and development department and it is the number of employees as of January 1, 2020. The figure doesn't include contractual employees.

3.5 Sample Design

For this study researcher employed non-probability sampling, specifically, the purposive sampling was selected by applying the judgmental sampling method because it is known to be representative of the total population, or it is known that it will produce well matched groups. The idea is to pick out the sample in relation to criterion which is considered important for the particular study. This method is appropriate when the study places special emphasis upon the control of certain specific variables.

Accordingly, since the study requires extensive and deep knowledge of the maritime sector, experts from the Enterprise's two sectors of shipping and Freight forwarding were deliberately selected, that is, purposive sampling.

3.5.1 Sample Size

Malhortra and Peterson (2006) and Zikmund (2003) stated that, the larger the sampling size of a research, the more accurate the data generated. However, due to time and financial limitations and the nature of the population, sample determination method developed by Carvalho (1984) was preferred to be used by researcher as a method to determine a sample size.

To collect adequate data and obtain relevant result, a small sample of 80 experts were involved just not to overlook the number of experts available in the ESLSE's commercial, multimodal and unimodal departments.

Table 4 Carvalho's Sample Size Determination

Population size	Small	Medium	Large
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3201-10,000	80	200	315

10,001-35,000	125	315	500
35,001-150,000	200	500	800

Source: Carvalho (1984)

3.6 Data Type

The required data for the study were collected using primary and secondary data collection methods.

Primary data:-primary data collected from employees of the enterprise by using a self-administered questionnaire that consist both open and more of closed ended questions that was designed to collect responses for quantitative analysis. Different empirical studies used five point Likert scales for measuring effects of logistics on organizational performance (Sabry 2015, Koh et al 2007 and Benito 2010). It is an ideal measurement approach since it helps to ask respondents to rate their opinion for the items of various dimensions. The standard questionnaire is used to collect the necessary information regarding the study is adopted from the work of other studies from (Ronald M. Salazar, 2012) and (Mustefa Mohammed, 2014).

Secondary data: - The source of secondary data for this research is annual report, journals as a stepping board for the research, written documents from both published and unpublished documents will be assessed. Company report, current international reports in the maritime sector including websites will be utilized.

3.7 Data Collection Method

For the data collection purposes, only one basic instruments namely; questionnaire has been used.

Questionnaire: It is prepared based on the review of the related literature. Because the numbers of respondents are large, this tool is appropriate to gather the necessary data. The items are close ended supplemented with few open-ended items to get more opinions of the respondents; however most of the respondent fails to answer open ended questions. The questionnaire carefully developed in a way that measure the

impact of the proposed independent variables on the dependent variable. The type of questions, form, wording and sequences considered carefully. So, for each of the research question listed in the introduction part, a total of 38 detail questions are prepared on the 5 scale Likert, for obtaining respondents response regarding the impacts that alliances have on liner operation, attached as appendix.

3.8 Data Presentations and Analysis Method

Having collected primary data cleaning, checking for completeness and coding was carried out and same were treated with Statistical Package for Social Science (SPSS) version 20. Reliability analysis for each variable is used to assess the internal reliability of each scale for the study. Hair et al. (2010) argue that Cronbach's alpha **above 0.7** is considered acceptable, and Cronbach's alpha value **above 0.7** is a preferable internal consistency. For presentation of the data, the student researcher used figures, frequencies, percentages and table. To analyze the data, which were basically quantitative, both inferential and descriptive statistics were utilized.

In order to verify the research question, the data have been classified by division into, subgroups, and are then analyzed and synthesized. The final result is a new principle or generalization. The study measured variables and express the relationship between variables using effect statistics such as correlations. After completion of preliminary analyses, by virtue of the scale is ordinal, Spearman Rank Correlation is non-parametric test used to test the variables relationship based on the research questions (Bryman, and Camer, 2003).

It should be noted that correlations reach statistical significance when $p < .05$ (Pallant, 2013), and the strength of the relationship is considered small when $r = .10$ to .29; medium when $r = .30$ to .49; and large when $r = .50$ to 1.0 (Cohen, 1988).Descriptive statistics involved analysis Such as, frequency distribution, percentage computations, means, median and mode. The inferential part employed was correlation and data variability to present quantitative descriptions and describe the basic features of the survey data by using tables.

3.9 Description of Variables and Measurement

The main objective of this research is to investigate the impact of global shipping alliances on container shipping business Performance. Accordingly, the researcher describe different variable which causes the impact. In this research the independent and dependent variables are described as the cause and effect roles of the global shipping alliances and firm performance. The dependent variable in this research is firm performance (transport efficiency, service delivery performance of independent carriers and/or freight forwarders and Financial Performance) and independent variable is liner shipping alliance objectives (operation, market, strategy, and economy).Same is described with thesis conceptual framework in the previous chapter.

3.10 Validity and Reliability

3.9.1 Validity

Any measuring device or instrument is said to be valid when it measures what it is expected to measure. To assure validity, the researcher gave attention to measurement of data as to accuracy and what really required to be measured so that the required result will be obtained that leads to sound conclusion. Hence, the questionnaire is designed from the dimensions that indicate the impacts of strategic alliance on liner shipping business. Specifically, content and face validity were given due attention and experts from ESLSE were invited to examine and review the contents of the questionnaire.

3.9.2 Reliability

Reliability refers to consistency throughout a series of measurements. So the researcher will frame the items in a questionnaire in such a way that it provides consistency or reliability. Measuring instrument is reliable if it provides consistent results. As multiple items in all constructs were used, the internal consistency/reliabilities of global alliances and enterprise's performance indicators were assessed with Cronbach's Alpha and the reliability values for all constructs are confirmed as greater than 0.7, which are

considered ideal (Pallant 2005).The following table shows the summary of reliabilities of all constructs.

Table 5 Reliability of constructs

Reliability Statistics

Cronbach's Alpha	The Number of Items/variables
.814	9

Source: SPSS Output, 2020.

No	Variables/Items	Cronbach's Alpha if Item Deleted
1	Key Reasons to form Strategic Alliance	.842
2	Global Alliances' Operation	.772
3	Global Alliances Market	.785
4	Global Alliances Strategy	.770
5	Global Alliances Economy	.812
6	Transport Efficiency	.812
7	Transport Service delivery	.797
8	Financial Performance	.799
9	ESLSE Container Shipping Performance	.769

Source: SPSS Output, 2020.

3.11 Ethical Issues

The paper is for academic purpose and as such all ethical issues and the associated principles were given due attention. While conducting the thesis, confidential information of the enterprise that is relevant data won't be disclosed to any other third party. So, data obtained will be used only for academic thesis purpose. Further, thesis was conducted with the consent of the enterprise. Most importantly, the enterprise is beneficiary from the thesis result and is protected from any acts that are against its mission and/or vision.

Further, in undertaking any research, there is an ethical responsibility to do the work honestly and with integrity (Adams et al, 2007:35). In light of this view, I have treated any information collected from any individual confidentially without disclosing the respondents' identity, and try to open minded as possible and express opinions as they are given. The literatures consulted in this study are acknowledged appropriately.

CHAPTER FOUR
DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

In this chapter, data presentation, analysis and discussion have been dealt with. As indicated in the introductory part of this paper, the study attempted to investigate the Impact of Global Shipping Alliances on Liner Shipping Business performance in the case of ESLSE. In doing so, the questionnaires were developed in Likert five scales ranging from one to five; where 5 represents strongly agree, 4 agree, 3 Neutral, 2 disagree, and 1 strongly disagrees. A total of 80 questionnaires were distributed to employees and 74 or 92.5% questionnaire were obtained valid and used for analysis. The collected data were presented and analyzed using SPSS (version 20) statistical software. As a method of analysis, descriptive statistics such as frequencies, descriptive and mean analysis had been utilized. Further inferential statistics had been employed and correlation and regression analysis conducted specifically Spearman Rank correlation to measure the degree of association between different variables under consideration. In order to assess the impact that global shipping alliances have on liner shipping business performance regression analysis were conducted for scale typed questionnaire.

4.2 Response Rate

Based on sample size determined previously in chapter three, a total of 80 questionnaires were distributed to employees and 74 (92.5%) questionnaire were obtained. The remaining 6 questionnaires were not collected due to the lack of willingness to provide information and some respondents were in absence of leave. Based on these, the response rate is 92.5 %.

In the following sections responses from the questionnaire are presented using frequency and percentages in a tabular form which begins with the analysis of respondents profile briefly and then proceeds to the main variables. Then to show relationships among the variables, correlational analyses also have been presented.

4.3 Respondents' Profile

Table 6 : Respondents' Profile

Age of respondents		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	3	4.1	4.1	4.1
	26-35	54	73.0	73.0	77.0
	36-45	14	18.9	18.9	95.9
	46 And Above	3	4.1	4.1	100.0
	Total	74	100.0	100.0	
Gender of Respondents		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Male	42	56.8	56.8	56.8
	Female	32	43.2	43.2	100.0
	Total	74	100.0	100.0	
Educational Level of Respondents		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	BA/BSC	59	79.7	79.7	79.7
	MA/MSC	15	20.3	20.3	100.0
	Total	74	100.0	100.0	
Respondents Job Position		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Officer	36	48.6	48.6	48.6
	Senior Officer	20	27.0	27.0	75.7
	Coordinator/Expert	10	13.5	13.5	89.2
	Management Level	8	10.8	10.8	100.0
	Total	74	100.0	100.0	
respondents' Experience In Year		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	1-5 Years	21	28.4	28.4	28.4
	6-10 Years	38	51.4	51.4	79.7
	11-20 Years	14	18.9	18.9	98.6
	Above 20 Years	1	1.4	1.4	100.0
	Total	74	100.0	100.0	

Source: (SPSS Output, 2020)

The analysis of the respondents profile in terms of their Age, Gender, Level of education, Job Position and Work Experience in line with Table 4.1is presented as follows.

Age: The total number of respondents is 74.This table shows that there are 3 (4.1%) respondents in the age group 18-25, 54(73%) respondents in the age group 26-35, 14(18.9%) respondents in the age group 36-45 and 3(4.1%) respondents in the age group above 45.This shows that the respondents are active, already engaged in the enterprise's core business and having reasonable expertise knowledge pertaining to the subject matter

Gender: Among the 74 total number of participants who took part in the survey 42 consists of male (56.8%) and 32 consist of females (43.2%) as shown in table 4.1.This shows that majority of the respondents were male, while the number of women respondents was also not negligible.

Educational Level: 59 respondents (79.7%) have 1st degrees (BA/BSc Degree) and the remaining 15 respondents (20.3 %) are 2nd Degree (MSc/MA Degree) holders. From the educational background of respondents, all respondents (100%) are 1st and 2nd degree holders. Hence, based on this response, it is reasonable to say that the respondents provide relevant and reliable information needed for the study and they are fit in line with the response of the questionnaire.

Job Position: From the total respondents, 36 respondents (48.6%) officers, 20 respondents (27 %) are senior officers, 10 respondents (13.5%) are coordinators and the remaining 8 respondents (10.8%) are at a managerial level. From this it can be concluded that the majority of respondents, 38 respondents (51.4%) are senior staffs. This implies that in a relative way, most of the respondents have adequate understanding and experience about the enterprise and the industry it operates in, including the subject matter of the study.

Work Experience: From the total respondents, 21 respondents (28.4%) fall at a work experience of less than 5 years, 38 respondents (51.4 %) fall at a work experience level of 6 to 10 years, 14 respondents (18.9%) are with 11-20 years' experience and the rest 1 respondent (1.4%) are at a work experience of more than 20 years. From this it can be concluded that the majority of respondents, 53 respondents (71.6%) fall at a work experience above five years. This implies the fact that most of the respondents have sufficient knowledge and experience about their firm and the subject matter of the study.

4.4 The motives behind forming global strategic alliances in liner shipping business;

Table 7: motives behind forming global strategic alliances in liner shipping business, (sub tables of ITMKR 1.1 to 1.12);

Table 7.1:ITMKR1.1-Extend Service Coverage

Level of Agreements		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	6.8	6.8	6.8
	Disagree	5	6.8	6.8	13.5
	Neutral	7	9.5	9.5	23.0
	Agree	40	54.1	54.1	77.0
	Strongly Agree	17	23.0	23.0	100.0
	Total	74	100.0	100.0	

On Item 1.1, respondents were asked their level of agreement if extending service coverage is one of the key reasons to form global shipping alliance. Out of 74 respondents 5(6.8%) of them both strongly disagree and disagree. 7(9.5%) of the respondents neither agree nor disagree with the item and 40(54.1%) of the respondents agree and the remaining 17(23%) strongly agree on the item respectively. In this analysis 13.5% of the respondents shows their disagreement and strongly disagree; while for 77% of the respondents shows their agreement. This leads to extending service coverage is one of the key reasons to form and participate in strategic global shipping alliances.

Table 7.2:ITMKR1.2 -Provide More Frequent Sailing Service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	4.1	4.1	4.1
	Disagree	6	8.1	8.1	12.2
	Neutral	12	16.2	16.2	28.4
	Agree	37	50.0	50.0	78.4
	Strongly Agree	16	21.6	21.6	100.0
	Total	74	100.0	100.0	

On Item 1.2, respondents were asked their level of agreement on if providing more frequent sailing service is one of the key reasons to form global shipping alliance. Out of 74 respondents 3(4.1%) of the respondents strongly disagree and 6(8.1%) disagree. Whereas 12(16.2%) of the respondents neither agree nor disagree with the item and 37(50%) of the respondents agree and the remaining 16(21.6%) strongly agree on the item respectively. In this analysis 12.2% of the respondents shows their disagreement and strongly disagree; while 71.6% of the respondents show their agreement. This leads to providing more frequent sailing service is one of the key reasons to form and participate in strategic global shipping alliances.

Table 7.3:ITMKR1.3 -Faster Entry to New Trade Routes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	5.4	5.4	5.4
	Disagree	5	6.8	6.8	12.2
	Neutral	11	14.9	14.9	27.0
	Agree	35	47.3	47.3	74.3
	Strongly Agree	19	25.7	25.7	100.0
	Total	74	100.0	100.0	

On Item 1.3, respondents were asked their level of agreement on if faster entry to new trade routes is one of the key reasons to form global shipping alliance. Out of 74

respondents 4(5.4%) of the respondents strongly disagree and 5(6.8%) disagree. Whereas 11(14.9%) of the respondents neither agree nor disagree with the item and 35(47.3%) of the respondents agree and the remaining 19(25.7%) strongly agree on the item respectively. In this analysis 12.2% of the respondents shows their disagreement and strongly disagree; while 73% of the respondents show their agreement. This leads to faster entry to new trade routes is one of the key reasons to form and participate in strategic global shipping alliances.

Table 7.4:ITMKR 1.4 -Share the Risks Of Providing New Liner Services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	6.8	6.8	6.8
	Disagree	7	9.5	9.5	16.2
	Neutral	16	21.6	21.6	37.8
	Agree	35	47.3	47.3	85.1
	Strongly Agree	11	14.9	14.9	100.0
	Total	74	100.0	100.0	

On Item 1.4, respondents were asked their level of agreement on if Share the Risks Of Providing New Liner Services is one of the key reasons to form global shipping alliance. Out of 74 respondents 5(6.8%) of the respondents strongly disagree and 7(9.5%) disagree. Whereas 16(21.6%) of the respondents neither agree nor disagree with the item and 35(47.3%) of the respondents agree and the remaining 11(14.9%) strongly agree on the item respectively. In this analysis 16.2% of the respondents shows their disagreement and strongly disagree; while 62.2% of the respondents show their agreement. This leads to sharing the risks of providing new liner services is one of the key reasons to form and participate in strategic global shipping alliances.

Table 7.5:ITMKR1.5-Maximize Operational Synergy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	5.4	5.4	5.4
	Disagree	4	5.4	5.4	10.8
	Neutral	8	10.8	10.8	21.6
	Agree	33	44.6	44.6	66.2
	Strongly Agree	25	33.8	33.8	100.0
	Total	74	100.0	100.0	

On Item 1.5, respondents were asked their level of agreement on if to maximize operational synergy is one of the key reasons to form global shipping alliance. Out of 74 respondents 4(5.4%) of the respondents strongly disagree and 4(5.4%) disagree. Whereas 8(10.8%) of the respondents neither agree nor disagree with the item and 33(44.6%) of the respondents agree and the remaining 25(33.8%) strongly agree on the item respectively. In this analysis 10.8% of the respondents shows their disagreement and strongly disagree; while 78.4% of the respondents show their agreement. This leads to maximizing operational synergy is one of the key reasons to form and participate in strategic global shipping alliances.

Table 7.6:ITMRK 1.6-Increase capital utilization of Ships, Container Equipment & Terminal Facilities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	4.1	4.1	4.1
	Disagree	2	2.7	2.7	6.8
	Neutral	11	14.9	14.9	21.6
	Agree	43	58.1	58.1	79.7
	Strongly Agree	14	18.9	18.9	98.6
	Agree	1	1.4	1.4	100.0
	Total	74	100.0	100.0	

On Item 1.6, respondents were asked their level of agreement on if increasing capital utilization of ships, container equipment & terminal facilities is one of the key reasons to form global shipping alliance. Out of 74 respondents 3(4.1%) of the respondents strongly disagree and 2(2.7%) disagree. Whereas 11(14.9%) of the respondents neither agree nor disagree with the item and 43(58.1%) of the respondents agree and the remaining 14(18.9%) strongly agree on the item respectively. In this analysis 6.8% of the respondents shows their disagreement and strongly disagree; while 77% of the respondents show their agreement. This leads to increasing capital utilization of ships, container equipment & terminal facilities is one of the key reasons to form and participate in strategic global shipping alliances.

Table 7.7:ITMRK 1.7-Reduce Financial Burden on Equipment Investment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	2.7	2.7	2.7
	Disagree	1	1.4	1.4	4.1
	Neutral	19	25.7	25.7	29.7
	Agree	37	50.0	50.0	79.7
	Strongly Agree	15	20.3	20.3	100.0
	Total	74	100.0	100.0	

On Item 1.7, respondents were asked their level of agreement on if reducing financial burden on equipment investment is one of the key reasons to form global shipping alliance. Out of 74 respondents 2(2.7%) of the respondents strongly disagree and 1(1.4%) disagree. Whereas 19(25.7%) of the respondents neither agree nor disagree with the item and 37(50%) of the respondents agree and the remaining 15(20.3%) strongly agree on the item respectively. In this analysis 4.1% of the respondents shows their disagreement and strongly disagree; while 70.3% of the respondents show their agreement. This leads to reducing financial burden on equipment investment is one of the key reasons to form and participate in strategic global shipping alliances.

Table 7.8:ITMRK 1.8-Provide Faster Transit Service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	5.4	5.4	5.4
	Disagree	5	6.8	6.8	12.2
	Neutral	6	8.1	8.1	20.3
	Agree	37	50.0	50.0	70.3
	Strongly Agree	22	29.7	29.7	100.0
	Total	74	100.0	100.0	

On Item 1.8, respondents were asked their level of agreement on if the provision of faster transit service is one of the key reasons to form global shipping alliance. Out of 74 respondents 4(5.4%) of the respondents strongly disagree and 5(6.8%) disagree. Whereas 6(8.1%) of the respondents neither agree nor disagree with the item and 37(50%) of the respondents agree and the remaining 22(29.7%) strongly agree on the item respectively. In this analysis 12.2% of the respondents shows their disagreement and strongly disagree; while 79.7% of the respondents show their agreement. This leads to the provision of faster transit service is one of the key reasons to form and participate in strategic global shipping alliances.

Table 7.9:ITMRK 1.9-Stabilize Freight Rate

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	8	10.8	10.8	12.2
	Neutral	14	18.9	18.9	31.1
	Agree	33	44.6	44.6	75.7
	Strongly Agree	18	24.3	24.3	100.0
	Total	74	100.0	100.0	

On Item 1.9, respondents were asked their level of agreement on if stabilizing freight rate is one of the key reasons to form global shipping alliance. Out of 74 respondents

1(1.4%) of the respondents strongly disagree and 8(10.8%) disagree. Whereas 14(18.9%) of the respondents neither agree nor disagree with the item and 33(44.6%) of the respondents agree and the remaining 18(24.3%) strongly agree on the item respectively. In this analysis 12.2% of the respondents shows their disagreement and strongly disagree; while 68.9% of the respondents show their agreement. This implies that stabilizing freight rate is among the key reasons to form and participate in strategic global shipping alliances.

Table 7.10:ITMRK 1.10-Conform to Shipping Policy of Foreign Government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	7	9.5	9.5	10.8
	Neutral	14	18.9	18.9	29.7
	Agree	29	39.2	39.2	68.9
	Strongly Agree	23	31.1	31.1	100.0
	Total	74	100.0	100.0	

On Item 1.10, respondents were asked their level of agreement on if conforming to shipping policy of foreign government is one of the key reasons to form global shipping alliance. Out of 74 respondents 1(1.4%) of the respondents strongly disagree and 7(9.5%) disagree. Whereas 14(18.9%) of the respondents neither agree nor disagree with the item and 29(39.2%) of the respondents agree and the remaining 23(31.1%) strongly agree on the item respectively. In this analysis 10.8% of the respondents shows their disagreement and strongly disagree; while 70.3% of the respondents show their agreement. This implies that conforming to shipping policy of foreign government is among the key reasons to form and participate in strategic global shipping alliances.

Table 7.11:ITMRK 1.11-Gain The Skill or Know-How in Liner Shipping Industry

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	5	6.8	6.8	8.1
	Neutral	11	14.9	14.9	23.0
	Agree	41	55.4	55.4	78.4
	Strongly Agree	16	21.6	21.6	100.0
	Total	74	100.0	100.0	

On Item 1.11, respondents were asked their level of agreement on if gaining the skill or know-how in liner shipping industry is one of the key reasons to form global shipping alliance. Out of 74 respondents 1(1.4%) of the respondents strongly disagree and 5(6.8%) disagree. Whereas 11(14.9%) of the respondents neither agree nor disagree with the item and 41(55.4%) of the respondents agree and the remaining 16(21.6%) strongly agree on the item respectively. In this analysis 8.1% of the respondents shows their disagreement and strongly disagree; while 77% of the respondents show their agreement. This implies that gaining the skill or know-how in liner shipping industry is among the key reasons to form and participate in strategic global shipping alliances.

Table 7.12:ITMRK 1.12-Limit External Competition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	6.8	6.8	6.8
	Disagree	10	13.5	13.5	20.3
	Neutral	14	18.9	18.9	39.2
	Agree	36	48.6	48.6	87.8
	Strongly Agree	9	12.2	12.2	100.0
	Total	74	100.0	100.0	

Source: SPSS Output, 2020.

On Item 1.12, respondents were asked their level of agreement on if limiting external competition is one of the key reasons to form global shipping alliance. Out of 74 respondents 5(6.8%) of the respondents strongly disagree and 10(13.5%) disagree. Whereas 14(18.9%) of the respondents neither agree nor disagree with the item and 36(48.6%) of the respondents agree and the remaining 9(12.2%) strongly agree on the item respectively. In this analysis 20.3% of the respondents shows their disagreement and strongly disagree; while 60.8% of the respondents show their agreement. This implies that limiting external competition is among the key reasons to form and participate in strategic global shipping alliances.

4.5 Global Liner Alliances' Operational effect on ESLSE's container Shipping Business:

For item 2.1, respondents were asked their level of agreement on the extent to which increasing service frequency by global liner alliances affect ESLSE's container shipping business. Accordingly, out of a total of 74 respondents 1(1.4%) of the respondents strongly disagree and 4(5.4%) disagree. Whereas 13(17.6%) of the respondents neither agree nor disagree with the item and 40(54.1%) of the respondents agree and the remaining 16(21.6%) strongly agree on the item respectively. In this analysis 6.8% of the respondents shows their disagreement and strongly disagree; while 75.7% of the respondents show their agreement, as shown in table 4.5 below. This implies that increasing of service frequency by global liner alliances has effect on ESLSE's container shipping business.

On item 2.2, respondents were asked their level of agreement on the extent to which scheduling, route and vessels planning by global liner alliances affect ESLSE's container shipping business. Accordingly, out of a total of 74 respondents none of the respondents strongly disagree and 5(6.8%) disagree. Whereas 7(9.5%) of the respondents neither agree nor disagree with the item and 45(60.8%) of the respondents agree and the remaining 17(23%) strongly agree on the item respectively.

Table 8: Global Liner Alliances' Operation affect ESLSE's container Shipping Business

ITMAO2.1:Increasing Service Frequencies		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	4	5.4	5.4	6.8
	Neutral	13	17.6	17.6	24.3
	Agree	40	54.1	54.1	78.4
	Strongly Agree	16	21.6	21.6	100
	Total	74	100	100	
ITMAO 2.2 :Scheduling, Route and Vessel Planning		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	5	6.8	6.8	6.8
	Neutral	7	9.5	9.5	16.2
	Agree	45	60.8	60.8	77
	Strongly Agree	17	23	23	100
	Total	74	100	100	
ITMAO 2.3 :Better Coordination of Global Operations/Strengthening Global Network		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	5	6.8	6.8	8.1
	Neutral	10	13.5	13.5	21.6
	Agree	37	50	50	71.6
	Strongly Agree	21	28.4	28.4	100
	Total	74	100	100	
ITMAO 2.4 :Achieving Customer Satisfaction With Diversified Service		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	2.7	2.7	2.7
	Disagree	7	9.5	9.5	12.2
	Neutral	6	8.1	8.1	20.3
	Agree	36	48.6	48.6	68.9
	Strongly Agree	23	31.1	31.1	100
	Total	74	100	100	

Source: SPSS Output, 2020

In this analysis 6.8% of the respondents show their disagreement; while 83.8% of the respondents show their agreement. This implies that the operation process of scheduling, route and vessels planning by global liner alliances significantly affect ESLSE's container shipping business.

In item 2.3, respondents were asked their level of agreement on the extent to which better coordination of global operations/strengthening global network by global liner alliances affect ESLSE's container shipping business. Accordingly, out of a total of 74 respondents 1(1.4%) of the respondents strongly disagree and 5(6.8%) disagree. Whereas 10(13.5%) of the respondents neither agree nor disagree with the item and 37(50%) of the respondents agree and the remaining 21(28.4%) strongly agree on the item respectively. In this analysis 8.1% of the respondents shows their disagreement and strongly disagree; while 78.4% of the respondents show their agreement. This implies that better coordination of global operations/strengthening global network by global liner alliances has effect on ESLSE's container shipping business.

In item 2.4, respondents were asked their level of agreement on the extent to which customer satisfaction with diversified service by global liner alliances affect ESLSE's container shipping business. Accordingly, out of a total of 74 respondents 2(2.7%) of the respondents strongly disagree and 7(9.5%) disagree. Whereas 6(8.1%) of the respondents neither agree nor disagree with the item and 36(48.6%) of the respondents agree and the remaining 23(31.1%) strongly agree on the item respectively. In this analysis 12.2% of the respondents shows their disagreement and strongly disagree; while 79.7% of the respondents show their agreement as shown in table 4.5 above. This implies that customer satisfaction and diversified service has effect on ESLSE's container shipping business.

4.6 Global Liner Alliances' Market effect on ESLSE's container Shipping Business

Table 9: Global Liner Alliances' Market Effect on ESLSE's container Shipping Business

ITMAM 3.1:Satisfying Customer Requirements		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	4.1	4.1	4.1
	Disagree	10	13.5	13.5	17.6
	Neutral	8	10.8	10.8	28.4
	Agree	34	45.9	45.9	74.3
	Strongly Agree	19	25.7	25.7	100.0
	Total	74	100.0	100.0	
ITMAM 3.2 :Higher Shipping Frequency		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	10	13.5	13.5	14.9
	Neutral	13	17.6	17.6	32.4
	Agree	32	43.2	43.2	75.7
	Strongly Agree	18	24.3	24.3	100.0
	Total	74	100.0	100.0	
ITMAM 3.3 :Greater Variety of Routes and Destinations		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	3	4.1	4.1	5.4
	Neutral	9	12.2	12.2	17.6
	Agree	42	56.8	56.8	74.3
	Strongly Agree	19	25.7	25.7	100.0
	Total	74	100.0	100.0	

Source: SPSS Output, 2020.

In item 3.1, with respect to global liner alliances' market, respondents were asked their level of agreement on the extent to which satisfying customer requirements affect ESLSE's container shipping business. Accordingly, out of a total of 74 respondents 3(4.1%) of the respondents strongly disagree and 10(13.5%) disagree. Whereas 8(10.8%) of the respondents neither agree nor disagree with the item and 34(45.9%) of

the respondents agree and the remaining 19(25.7%) strongly agree on the item respectively. In this analysis 17.6% of the respondents shows their disagreement and strongly disagree; while 71.6% of the respondents show their agreement as shown in table 4.6 above. This implies that satisfying customer requirements has effect on ESLSE's container shipping business.

In item 3.2, with respect to global liner alliances' market, respondents were asked their level of agreement on the extent to which higher shipping frequency affect ESLSE's container shipping business. Accordingly, out of a total of 74 respondents 1(1.4%) of the respondents strongly disagree and 10(13.5%) disagree. Whereas 13(17.6%) of the respondents neither agree nor disagree with the item and 32(43.2%) of the respondents agree and the remaining 18(24.3%) strongly agree on the item respectively. In this analysis 14.9% of the respondents shows their disagreement and strongly disagree; while 67.6% of the respondents show their agreement as shown in table 4.6 above. This implies that the availability of higher shipping frequency has effect on ESLSE's container shipping business.

In item 3.3, with respect to global liner alliances' market, respondents were asked their level of agreement on the extent to which the availability of greater variety of routes and destinations affect ESLSE's container shipping business. Accordingly, out of a total of 74 respondents 1(1.4%) of the respondents strongly disagree and 3(4.1%) disagree. Whereas 9(12.2%) of the respondents neither agree nor disagree with the item and 42(56.8%) of the respondents agree and the remaining 19(25.7%) strongly agree on the item respectively. In this analysis 5.4% of the respondents shows their disagreement and strongly disagree; while 82.4% of the respondents show their agreement as shown in table 4.6 above. This implies that the availability of greater variety of routes and destinations has effect on ESLSE's container shipping business.

4.7 Global Liner Alliances' Strategy effect on ESLSE's container Shipping Business:

In item 4.1, respondents were asked their level of agreement on the extent to which entry to new markets by the global shipping alliances as a strategic tool affects ESLSE's container shipping business.

Table 10: Global Liner Alliances' Strategic Effect on ESLSE's Container Shipping Business

ITMAS-4.1:Entry to New Markets		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	2.7	2.7	2.7
	Disagree	7	9.5	9.5	12.2
	Neutral	14	18.9	18.9	31.1
	Agree	31	41.9	41.9	73.0
	Strongly Agree	20	27.0	27.0	100.0
	Total	74	100.0	100.0	
ITMAS-4.2:Expansion of Geographical Influence		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	4.1	4.1	4.1
	Disagree	3	4.1	4.1	8.1
	Neutral	13	17.6	17.6	25.7
	Agree	33	44.6	44.6	70.3
	Strongly Agree	22	29.7	29.7	100.0
	Total	74	100.0	100.0	
ITMAS-4.3:Entering New Region with Lower Risks		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	4.1	4.1	4.1
	Disagree	7	9.5	9.5	13.5
	Neutral	12	16.2	16.2	29.7
	Agree	36	48.6	48.6	78.4
	Strongly Agree	16	21.6	21.6	100.0
	Total	74	100.0	100.0	
ITMAS-4.4:Alternative Strategy for Global Market Uncertainty		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	4.1	4.1	4.1
	Neutral	19	25.7	25.7	29.7
	Agree	31	41.9	41.9	71.6
	Strongly Agree	21	28.4	28.4	100.0
	Total	74	100.0	100.0	

Source: SPSS Output, 2020.

ITMAS-4.5:Opposing With Other Alliances		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	4.1	4.1	4.1
	Disagree	11	14.9	14.9	18.9
	Neutral	23	31.1	31.1	50.0
	Agree	30	40.5	40.5	90.5
	Strongly Agree	7	9.5	9.5	100.0
	Total	74	100.0	100.0	
ITMAS-4.6:Attaining competitive advantage Without Losing Autonomy		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	2.7	2.7	2.7
	Disagree	12	16.2	16.2	18.9
	Neutral	11	14.9	14.9	33.8
	Agree	32	43.2	43.2	77.0
	Strongly Agree	17	23.0	23.0	100.0
	Total	74	100.0	100.0	

Source: SPSS Output, 2020.

Accordingly, out of a total of 74 respondents 2(2.7%) of the respondents strongly disagree and 7(9.5%) disagree. Whereas 14(18.9%) of the respondents neither agree nor disagree with the item and 31(41.9%) of the respondents agree and the remaining 20(27%) strongly agree on the item respectively. In this analysis 12.2% of the respondents shows their disagreement and strongly disagree; while 68.9% of the respondents show their agreement as shown in table 10 above. This implies that the entry to new market has effect on ESLSE's container shipping business.

In item 4.2, respondents were asked their level of agreement on the extent to which the Expansion of Geographical Influence by global shipping alliances as a strategic tool affect ESLSE's container shipping business. Out of a total of 74 respondents 3(4.1%) of

the respondents strongly disagree and 3(4.1%) disagree. Whereas 13(17.6%) of the respondents neither agree nor disagree with the item and 33(44.6%) of the respondents agree and the remaining 22(29.7%) strongly agree on the item respectively. In this analysis 8.1% of the respondents shows their disagreement and strongly disagree; while 74.3% of the respondents show their agreement as shown in table 10 above. This implies that the Expansion of Geographical Influence has effect on ESLSE's container shipping business.

In item 4.3, respondents were asked their level of agreement on the extent to which Entering New Region with Lower Risks by the global shipping alliances as a strategic tool affects ESLSE's container shipping business. Out of a total of 74 respondents 3(4.1%) of the respondents strongly disagree and 7(9.5%) disagree. Whereas 12(16.2%) of the respondents neither agree nor disagree with the item and 36(48.6%) of the respondents agree and the remaining 16(21.6%) strongly agree on the item respectively. In this analysis 13.5% of the respondents shows their disagreement and strongly disagree; while 70.3% of the respondents show their agreement as shown in table 10 above. This implies that Entering New Region with Lower Risks by the global shipping alliances as a strategic tool has effect on ESLSE's container shipping business.

In item 4.4, respondents were asked their level of agreement on the extent to which the use global shipping alliances as alternative strategy for global market uncertainty affects ESLSE's container shipping business. Out of a total of 74 respondents none of the respondents strongly disagree and 3(4.1%) disagree. Whereas 19(25.7%) of the respondents neither agree nor disagree with the item and 31(41.9%) of the respondents agree and the remaining 21(28.4%) strongly agree on the item respectively. In this analysis 4.1% of the respondents show their disagreement; while 70.3% of the respondents show their agreement as shown in table 10 above. This implies that alliances as alternative strategy for global market uncertainty has effect on ESLSE's container shipping business.

In item 4.5, respondents were asked their level of agreement on the extent to which the use of shipping alliances as a tool for opposing with other alliances affects ESLSE's container shipping business. Out of a total of 74 respondents 3(4.1%) of the respondents strongly disagree and 11(14.9%) disagree. Whereas 23(31.1%) of the respondents neither agree nor disagree with the item and 30(40.5%) of the respondents agree and the remaining 7(9.5%) strongly agree on the item respectively. In this analysis 4.1% of the respondents show their disagreement; while 50% of the respondents show their agreement as shown in table 10 above. This implies that alliances as alternative strategy for global market uncertainty has effect on ESLSE's container shipping business.

In item 4.6, respondents were asked their level of agreement on the extent to which the use of shipping alliances as a tool for attaining competitive advantage without losing autonomy affects ESLSE's container shipping business. Out of a total of 74 respondents 2(2.7%) of the respondents strongly disagree and 12(16.2%) disagree. Whereas 11(14.9%) of the respondents neither agree nor disagree with the item and 32(43.2%) of the respondents agree and the remaining 17(23%) strongly agree on the item respectively. In this analysis 2.7% of the respondents show their disagreement; while 66.2% of the respondents show their agreement as shown in table 10 above. This implies that the use alliances as a tool for Attaining competitive advantage without losing autonomy has effect on ESLSE's container shipping business.

4.8 Global Liner Alliances' affect ESLSE's container Shipping Business from economic perspectives:

As shown in table 4.8 below for item 5.1, respondents were asked their level of agreement on the extent to which the shipping alliances economies of scale affects ESLSE's container shipping business. Out of a total of 74 respondents none of the respondents strongly disagree and 2(2.7%) disagree. Whereas 8(10.8%) of the respondents neither agree nor disagree with the item and 46(62.2%) of the respondents agree and the remaining 18(24.3%) strongly agree on the item respectively. In this

analysis 2.7% of the respondents show their disagreement; while 86.5% of the respondents show their agreement as shown in table 11 below. This implies that the fact that alliances scale economies have effect on ESLSE's container shipping business.

Table 11: Global Liner Alliances' Strategic Effect on ESLSE's Container Shipping Business

ITMAE 5.1:Economies of Scale		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	2.7	2.7	2.7
	Neutral	8	10.8	10.8	13.5
	Agree	46	62.2	62.2	75.7
	Strongly Agree	18	24.3	24.3	100.0
	Total	74	100.0	100.0	
ITMAE 5.2:Economies of Scope		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	2.7	2.7	2.7
	Neutral	13	17.6	17.6	20.3
	Agree	52	70.3	70.3	90.5
	Strongly Agree	7	9.5	9.5	100.0
	Total	74	100.0	100.0	

Source: SPSS, 2020.

As shown in table 4.8 above for item 5.2, respondents were asked their level of agreement on the extent to which the shipping alliances economies of scope affects ESLSE's container shipping business. Out of a total of 74 respondents none of the respondents strongly disagree and 2(2.7%) disagree. Whereas 13(17.6%) of the respondents neither agree nor disagree with the item and 52(703%) of the respondents agree and the remaining 7(9.5%) strongly agree on the item respectively. In this analysis 2.7% of the respondents show their disagreement; while 79.8% of the respondents show their agreement as shown in table 11 above. This implies that alliances economies of scope have effect on ESLSE's container shipping business.

4.9 Global Liner Alliances' effect on ESLSE's Transport Efficiency:

As shown in table 12 for item 6.1, respondents were asked their level of agreement that ESLSE's Container Shipping Service Frequency Increases since the emergence of global shipping alliances in 2017. Out of a total of 74 respondents 3(4.1%) of the respondents strongly disagree and 23(31.1%) disagree. Whereas 8(10.8%) of the respondents neither agree nor disagree with the item and 32(43.2%) of the respondents agree and the remaining 8(10.8%) strongly agree on the item respectively. In this analysis 4.1% of the respondents show their disagreement; while 54.1% of the respondents show their agreement as shown in table 12 below. This implies that ESLSE's container shipping frequency increased.

In table 12 for item 6.2, respondents were asked their level of agreement if More Direct Port to Port Connection is achieved since the emergence of global shipping alliances in 2017.Accordingly, out of a total of 74 respondents 6(8.1%) of the respondents strongly disagree and 22(29.7%) disagree. Whereas 10(13.5%) of the respondents neither agree nor disagree with the item and 31(41.9%) of the respondents agree and the remaining 5(6.8%) strongly agree on the item respectively. In this analysis 37.5% of the respondents show their disagreement; while 48.6% of the respondents show their agreement as shown in table 12 above. This implies that not more direct port to port connection is achieved since the emergence of global shipping alliances in 2017.

For item 6.3, respondents were asked their level of agreement that schedule Reliability is better since the emergence of global shipping alliances in 2017. Out of a total of 74 respondents 8(10.8%) of the respondents strongly disagree and 19(25.7%) disagree. Whereas 13(17.6%) of the respondents neither agree nor disagree with the item and 27(36.5%) of the respondents agree and the remaining 7(9.5%) strongly agree on the item respectively. In this analysis 36.5% of the respondents show their disagreement; while 45.9% of the respondents show their agreement as shown in table 4.9 above. This implies that not more direct port to port connection is achieved since the emergence of global shipping alliances in 2017.

Table 12:ITMTE-6 Global Liner Alliances' effect on ESLSE's Transport Efficiency

ITMTE-6.1:ESLSE's Container Shipping Service Frequency Increases		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	4.1	4.1	4.1
	Disagree	23	31.1	31.1	35.1
	Neutral	8	10.8	10.8	45.9
	Agree	32	43.2	43.2	89.2
	Strongly Agree	8	10.8	10.8	100.0
	Total	74	100.0	100.0	
ITMTE-6.2:More Direct Port to Port Connection is Achieved		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	8.1	8.1	8.1
	Disagree	22	29.7	29.7	37.8
	Neutral	10	13.5	13.5	51.4
	Agree	31	41.9	41.9	93.2
	Strongly Agree	5	6.8	6.8	100.0
	Total	74	100.0	100.0	
ITMTE-6.3:Scedule Reliability is Better So Far		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	10.8	10.8	10.8
	Disagree	19	25.7	25.7	36.5
	Neutral	13	17.6	17.6	54.1
	Agree	27	36.5	36.5	90.5
	Strongly Agree	7	9.5	9.5	100.0
	Total	74	100.0	100.0	
ITMTE-6.4:ESLSE's Container Shipping Business Faces Fierce Competition		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	2.7	2.7	2.7
	Disagree	6	8.1	8.1	10.8
	Neutral	19	25.7	25.7	36.5
	Agree	34	45.9	45.9	82.4
	Strongly Agree	13	17.6	17.6	100.0
	Total	74	100.0	100.0	
ITMTE-6.5:Alliances Act as a barrier To Entry		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	8.1	8.1	8.1
	Neutral	19	25.7	25.7	33.8
	Agree	31	41.9	41.9	75.7
	Strongly Agree	18	24.3	24.3	100.0
	Total	74	100.0	100.0	

Source: SPSS Output, 2020

For item 6.4, respondents were asked their level of agreement that ESLSE's Container Shipping Business Faces Fierce competition since the emergence of global shipping alliances in 2017. Out of a total of 74 respondents 2(2.7%) of the respondents strongly disagree and 6(8.1%) disagree. Whereas 19(25.7%) of the respondents neither agree nor disagree with the item and 34(45.9%) of the respondents agree and the remaining 13(17.6%) strongly agree on the item respectively. In this analysis 10.8% of the respondents show their disagreement; while 63.5% of the respondents show their agreement as shown in table 12 above. This implies that ESLSE's container shipping business faces fierce competition since the emergence of global shipping alliances in 2017.

For item 6.5, respondents were asked their level of agreement that Alliances Act as a barrier To Entry since the emergence of global shipping alliances in 2017. Out of a total of 74 respondents none of the respondents strongly disagree and 6(8.1%) disagree. Whereas 19(25.7%) of the respondents neither agree nor disagree with the item and 31(41.9%) of the respondents agree and the remaining 18(24.3%) strongly agree on the item respectively. In this analysis 8.1% of the respondents show their disagreement; while 66.2% of the respondents show their agreement as shown in table 12 above. This implies that Alliances Act as a barrier To Entry to ESLSE's container shipping business since the emergence of global shipping alliances in 2017.

4.10 Global Liner Alliances' effect on ESLSE's Transport Stakeholders: Freight Forwarders and Independent Carriers

For item 7.1, respondents were asked their level of agreement that Ultra Large Vessels achieve scale economies that no small vessels can attain since the emergence of global shipping alliances in 2017. Out of a total of 74 respondents none of the respondents strongly disagree and 7(9.5%) disagree. Whereas 20(27%) of the respondents neither agree nor disagree with the item and 34(45.9%) of the respondents agree and the remaining 13(17.6%) strongly agree on the item respectively. In this analysis 9.5% of the respondents show their disagreement; while 63.5% of the respondents show their agreement as shown in table 13 below. This implies that Ultra Large Vessels achieve

scale economies that no small vessels can attain and has impact on ESLSE's container shipping business since the emergence of global shipping alliances in 2017.

For item 7.2, respondents were asked their level of agreement that Low Freight Rates and barrier to entry effectively reduces the capacities' of independent carriers to Compete in the industry since the emergence of global shipping alliances in 2017. Out of a total of 74 respondents none of the respondents strongly disagree and 11(14.9%) disagree. Whereas 16(21.6%) of the respondents neither agree nor disagree with the item and 34(45.9%) of the respondents agree and the remaining 13(17.6%) strongly agree on the item respectively. In this analysis 14.9% of the respondents show their disagreement; while 63.5% of the respondents show their agreement as shown in table 13 below. This implies that Low Freight Rates and barrier to entry effectively reduces the capacities' of independent carriers to Compete in the industry since the emergence of global shipping alliances in 2017.

For item 7.3, respondents were asked their level of agreement that Decreasing schedule reliability and service quality affects Freight forwarders since the emergence of global shipping alliances in 2017. Out of a total of 74 respondents none of the respondents strongly disagree and 11(14.9%) disagree. Whereas 15(20.3%) of the respondents neither agree nor disagree with the item and 32(43.2%) of the respondents agree and the remaining 16(21.6%) strongly agree on the item respectively. In this analysis 14.9% of the respondents show their disagreement; while 64.9% of the respondents show their agreement as shown in table 13 above. This implies that Decreasing schedule reliability and service quality affects ESLSE as a Freight forwarder in its container shipping business since the emergence of global shipping alliances in 2017.

Table 12: Liner Alliances' effect on ESLSE's Transport Stakeholders

ITMTS 7.1:Ultra Large Vessels achieve scale economies that no small vessels can attain		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	9.5	9.5	9.5
	Neutral	20	27.0	27.0	36.5

	Agree	34	45.9	45.9	82.4
	Strongly Agree	13	17.6	17.6	100.0
	Total	74	100.0	100.0	
ITMTS 7.2:Low Freight Rates and barrier to entry effectively reduces the capacities of independent carriers to Compete in the industry		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	14.9	14.9	14.9
	Neutral	16	21.6	21.6	36.5
	Agree	34	45.9	45.9	82.4
	Strongly Agree	13	17.6	17.6	100.0
	Total	74	100.0	100.0	
ITMTS 7.3:Decreasing schedule reliability and service quality affects Freight forwarders		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	14.9	14.9	14.9
	Neutral	15	20.3	20.3	35.1
	Agree	32	43.2	43.2	78.4
	Strongly Agree	16	21.6	21.6	100.0
	Total	74	100.0	100.0	

Source: SPSS Output, 2020.

4.11 Global Shipping Alliances effect on ESLSE's Financial Performance

For item 8.1, respondents were asked their level of agreement that global liner alliances have effect on ESLSE's profit maximization. Out of a total of 74 respondents 1(1.4%) of the respondents strongly disagree and 6(8.1%) disagree. Whereas 6(8.1%) of the respondents neither agree nor disagree with the item and 35(47.3%) of the respondents agree and the remaining 26(35.1%) strongly agree on the item respectively. In this analysis 9.5% of the respondents show their disagreement; while 82.4% of the respondents show their agreement as shown in table 4.11above. This implies that global liner alliances have effect on ESLSE's profit maximization.

For item 8.2, respondents were asked their level of agreement that global liner alliances have effect on ESLSE's shareholder's/Government wealth. Out of a total of 74 respondents 1(1.4%) of the respondents strongly disagree and 6(8.1%) disagree. Whereas 6(8.1%) of the respondents neither agree nor disagree with the item and 42(56.8%) of the respondents agree and the remaining 17(23%) strongly agree on the

item respectively. In this analysis 9.5% of the respondents show their disagreement; while 79.7% of the respondents show their agreement as shown in table 4.11above. This implies that global liner alliances affect ESLSE's shareholder/government wealth.

Table 13:Global Liner Alliances' effect on ESLSE's Transport Stakeholders

ITMFP 8.1:Profit maximization		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	6	8.1	8.1	9.5
	Neutral	6	8.1	8.1	17.6
	Agree	35	47.3	47.3	64.9
	Strongly Agree	26	35.1	35.1	100.0
	Total	74	100.0	100.0	
ITMFP 8.2:Increase shareholder's/Government wealth		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	6	8.1	8.1	9.5
	Neutral	8	10.8	10.8	20.3
	Agree	42	56.8	56.8	77.0
	Strongly Agree	17	23.0	23.0	100.0
	Total	74	100.0	100.0	
ITMFP8.3:Capital investment sharing and financial risk reduction		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	5	6.8	6.8	8.1
	Neutral	15	20.3	20.3	28.4
	Agree	42	56.8	56.8	85.1
	Strongly Agree	11	14.9	14.9	100.0
	Total	74	100.0	100.0	

Source: SPSS Output, 2020

For item 8.3, respondents were asked their level of agreement that global liner alliances have effect on ESLSE's Capital investment sharing and financial risk reduction. Out of a total of 74 respondents 1(1.4%) of the respondents strongly disagree and 5(6.8%) disagree. Whereas 15(20.3%) of the respondents neither agree nor disagree with the item and 42(56.8%) of the respondents agree and the remaining 11(14.9%) strongly agree on the item respectively. In this analysis 8.1% of the respondents show their disagreement; while 71.6% of the respondents show their agreement as shown in table 4.11above. This implies that global liner alliances affect ESLSE's Capital investment sharing and financial risk reduction.

4.12 Presentation and Analysis using Mean Values

According to Mesfin (2016) who used a kind of rule of thumb to create equal intervals for a range of five points Likert scale (that ranges from strongly disagree to strongly agree in the survey questionnaire). A calculated mean value that ranges from 1 to 1.80 implies strong disagreement, a mean range from 1.81 to 2.6, from 2.61 to 3.4, from 3.41 to 4.2 and from 4.21 to 5.00 represented respondents' perceptions of somewhat disagree, neutral, somewhat agree and strongly agree respectively. The 0.8 served as a boundary for each elements of the measurement in the questionnaire. Accordingly, the 0.8 was a result found by dividing the difference between the maximum (5) and minimum (1) scores to the maximum score (5) of the questionnaire.

Accordingly, below table shows mean values to be greater than 3.41,implying that the respondents agreed and strongly agreed on ;where exception is only transport efficiency (μ=3.39) which shows the fact that respondents perception relatively found to be somewhat neutral.

Consequently, it is reasonable to say that global liner companies engage in strategic alliances due to various reasons and the operation, market strategy and economic aspects affect ESLSE's container shipping business performance.

Table 14: Mean Values of the Major Variables

Statistics		Key Reasons to form Strategic Alliance	Global Alliances' Operation	Global Alliances Market	Global Alliances Strategy	Global Alliances Economy	Transport Efficiency	Transport Service delivery	Financial Performance
N	Valid	74	74	74	74	74	74	74	74
	Missing	0	0	0	0	0	0	0	0
Mean		3.80	3.96	3.84	3.74	3.97	3.39	3.70	3.92
Median		4	4	4	4	4	3.6	4	4
Mode		4	4	4	4	4	4	4	4
Std. Deviation		0.70	0.71	0.84	0.77	0.54	0.66	0.74	0.75
Variance		5.94	2.02	2.14	3.59	0.59	2.16	1.65	1.70

Source: SPSS Output, 2020

In the process of examining of the data, standard deviation was used. Small standard deviations (relative to the value of the mean itself) indicate that data are close to the mean whereas a large standard deviation (relative to the mean) indicates that the data points are distant from the mean. The mean is a poor fit of the data. Standard deviation is a measure of how well the mean represents the data (Field 2009, P 38).

Further table 15 above also shows that most of the S.D values are small relative to their corresponding mean, implying that almost all respondents have shown agreement. The same is true where the mode and the median found to be uniform indicating respondents agreement on the key reasons for the formation of strategies global alliances and the operation, market, strategy and economic aspects of global line alliances affects ESLSE's container shipping business performance,

4.13 Correlational Analysis

According to Marczyk, DeMatteo & Festinger (2005) correlations are the most basic and useful measurement of association between variables. As explained in the previous chapter correlations reach statistical significance when $p < 0.05$ (Pallant, 2013), and the strength of the relationship is considered small when $r = .10$ to .29; medium when $r =$ .30 to .49; and large when $r = .50$ to 1.0 (Cohen, 1988).

Table 15: **Correlations between Variables (Spearman's Correlation)**

Correlations									
	No	**VARIABLES**	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Spearman's rho	1	Key factors to form Global Liner Alliances							
	2	Global Alliances Operation	.640**						
	3	Global Alliances Market	.632**	.759**					
	4	Global Alliances Strategy	.644**	.654**	.609**				
	5	Global Alliances Economy	.306**	.395**	.344**	.252*			
	6	Transport Efficiency	-.125	.034	-.007	-.100	.048		
	7	Transport Stake Holders service delivery performance	.391**	.581**	.475**	.558**	.471**	-.013	
	8	Financial Performance	.238*	.517**	.369**	.409**	.364**	.139	.432**

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: (SPSS Output, 2020)

The significance level of the correlation test of the two variables used a p-value of 0.05 (5% probability of finding a fluke). Consequently, only those results of the probability test statistic with very low (usually p>0.05 or lower than 0.01 or when significance level become 95% and more) considered for interpretation (Mark Saunders, Philip Lewis and Adrian Thornhill, 2009).

- ✓ **The motives behind forming global strategic alliances in liner shipping business;**

  As presented in correlations table 16 above, those key reasons/factors that push liner companies to form global liner alliances have significant relationship with the operational, market, strategic and economic aspects of liner shipping business. The same is true as far as service delivery and financial performance are concerned and hence found to be statistically significant at the given levels. Exception is the

transport efficiency, which is negatively related and not yet statistically significant at the given levels.

- ✓ The operation, market, strategy, economy, service delivery performance of stakeholders and financial performance have significant and direct relationship with each other; whereas all the correlation coefficients for transport efficiency appeared not to be statistically significant at the given levels, even if there is relationship. In addition, the correlation coefficient for transport efficiency and financial performance appeared not to be significant at p=0.01 and p=0.05 given n=74. The same is true for transport efficiency and financial performance no matter how they have relationship.

- ✓ **Global Liner Alliances' and ESLSE's container Shipping Business Performance: Comparison of latent variables (independent and dependent).**

Table 16: Correlations between independent and dependent Variables (Spearman's Correlation)

Correlations						
	No	**Variables**	**1**	**2**	**3**	**4**
Spearman's rho	**1**	Liner Alliance Operation				
	2	Liner Alliance Market	.759**			
	3	Liner Alliance Strategy	.654**	.609**		
	4	Liner Alliance Economy	.395**	.344**	.252*	
	5	Enterprise Performance	.392**	.276*	.303**	.323**

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Source: (SPSS Output, 2020)

Having categorized the dependent variables together as shown in table 17, at the given significance levels, the variables have direct and significant relationship with each

other, where the level of correlational strengths include low (r<0.29), medium (0.3<r<0.49) and large (0.5<r<1) as discussed in chapter three.

As it can be noted from table 4.13, importantly, the correlation coefficients for all independent variables (liner alliances operation, market, strategy and economy) have direct and significant relationship with the dependent variable, i.e., enterprise's performance. The better alliances' operation, market, strategy and economic aspects are the better ESLSE's container shipping business performance will be.

- ✓ **Global Liner Alliances' and ESLSE's container Shipping Business Performance(Aggregate):**

As shown in below table 18, global shipping alliances have strong, positive correlation coefficient of r=0.585, at the given significance level, where r>0.01 and provided=74. This implies that global alliances dimensions/perspectives are associated with ESLSE's container shipping business. The better shipping alliances function in the liner market, the better ESLSE's performance will be.

Table 17: Correlation test for global shipping alliances' and ESLSE's container shipping business (Aggregated); Correlations

		ESLSE Container Shipping Performance	Liner Shipping Dimensions/Perspectives
ESLSE Container Shipping Performance	Pearson Correlation	1	.585**
	Sig. (2-tailed)		.000
	N	74	74
Liner Shipping Dimensions/Perspectives	Pearson Correlation	.585**	1
	Sig. (2-tailed)	.000	
	N	74	74

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output, 2020.

4.14 Regression Analysis

This regression analysis is conducted to know by how much the independent variable explains the dependent variable. The regression was conducted between the operation,

market, strategy and economic aspects of liner shipping alliances (independent variable) and container shipping business performance (dependent variable) in the first regression. The second, regression was made between global shipping alliance (independent variable) and enterprise performance (dependent variable). The results of the regression analysis are presented as follows.

4.14 Multi-Collinearity Test

The result in table 19 below shows that the collinearity between independent variables has no series problem Since the value of tolerance for all independent variable is greater than 0.1 and all VIF is less than ten (VIF<10) (Pallant 2005). Multicollinearity can also be detected with the help of tolerance and its reciprocal, called variance inflation factor (VIF). If the value of tolerance is less than 0.2 or 0.1 and, simultaneously, the value of VIF 10 and above, then the Multicollinearity is problematic. Hence, from table 19 below, we can conclude that there is no co linearity within the data of the study.

Table 18: Multi collinearity test of independent variables; (Coefficients[a])

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Global Alliances' Operation	.347	2.878
	Global Alliances Market	.364	2.747
	Global Alliances Strategy	.462	2.164
	Global Alliances Economy	.763	1.311

a. Dependent Variable: ESLSE Container Shipping Performance

Source: (SPSS Output, 2020)

4.15 Regression Analysis between Global Liner Alliances' perspectives and enterprise Performance

As shown in table 20, there is causal relationship between global alliances and enterprises' Performance. The adjusted R Square is .419, which implies that global alliances can account for 41.9% of the variation in the enterprises' Performance. Although there might be many factors that can explain the variable enterprise's performance, nearly 41.9% of it is explained by global liner alliances operation.

Table 19: Regression Model between Global Liner Alliances and Enterprise Performance: (Model Summary[b]).

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.672[a]	.451	.419	4.231	2.245

a. Predictors: (Constant), Global Alliances Economy, Global Alliances Strategy, Global Alliances Market, Global Alliances' Operation

b. Dependent Variable: ESLSE Container Shipping Performance

Source: (SPSS Output, 2020)

This means that the remaining 58.1 of the variation in enterprises' Performance cannot be explained by those dimensions of global shipping alliances. The R^2 value of .451 (45.10%) implies the relative contribution of liner alliances' operation in interpreting the enterprise's container shipping business Performance, the remaining 58.1% of the changes can be attributed to other factors.

Table 20: ANOVA Result between Global Liner Alliance and Enterprise's Performance: (ANOVA[a])

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1015.235	4	253.809	14.177	.000[b]
	Residual	1235.305	69	17.903		
	Total	2250.541	73			

a. Dependent Variable: ESLSE Container Shipping Performance

b. Predictors: (Constant), Global Alliances Economy, Global Alliances Strategy, Global Alliances Market, Global Alliances' Operation

Source: (SPSS Output, 2020)

Table 21 shows the ANOVA results of the multiple regression analysis. The significance value of 0.000 indicates that the regression relationship is significant in predicting the effects of the four perspectives of the independent variables (Global Alliances Economy, Global Alliances Strategy, Global Alliances Market, and Global Alliances' Operation on enterprise's container shipping business performance. The F-ratio in the **ANOVA** table tests whether the overall regression model is a good fit for the data. The F value shows 14.177 which are greater than the F critical it shows the model is significant.

Table 22 describes the only independent variables are Global Alliances' Operation with significance value of 0.001,and Global Alliances Economy with significance value of 0.008,which is less than 0.05 which have a positive effect on the dependent variable container shipping performance of the enterprise.

Table 21: Regression Coefficients between global liner alliances building blocks and enterprise Performance :(Coefficients[a])

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	13.043	3.921		3.326	.001	5.220	20.866
	Global Alliances' Operation	1.005	.296	.514	3.396	.001	.415	1.595
	Global Alliances Market	-.178	.324	-.081	-.548	.585	-.824	.469
	Global Alliances Strategy	.072	.157	.060	.457	.649	-.242	.385
	Global Alliances Economy	1.419	.523	.277	2.713	.008	.376	2.462

a. Dependent Variable: ESLSE Container Shipping Performance

Source: SPSS Output, 2020.

The B-value for Global Alliances' Operation is 1.005 at tolerance level 3.396 above tolerance level of 0.1, and for Global Alliances Economy the B-value 1.419 at tolerance level 2.713 above tolerance level of 0.1. The remaining two, Global Alliances' Market and Global Alliances' Strategy aspects are found to be insignificant to predict dependent variable enterprise performance.

4.16 Regression Analysis between global shipping alliances and enterprise's container shipping business (Aggregate)

As shown in the table 23, there is causal relationship between global shipping alliances' building blocks/perspectives and enterprise's Performance. The adjusted R Square is .333, which implies that global shipping alliances can account for 33.3% of the variation in ESLSE's container shipping business Performance.

Table 22: Regression Model between global shipping alliances building blocks and Enterprise Performance :(Model Summary[b])

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.585[a]	.342	.333	4.534	1.927

a. Predictors: (Constant), Liner Shipping Dimensions/Perspectives

b. Dependent Variable: ESLSE Container Shipping Performance

Source: SPSS Output, 2020.

Table 23: ANOVA for Global Shipping Alliances and Performance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	770.262	1	770.262	37.465	.000[b]
	Residual	1480.278	72	20.559		
	Total	2250.541	73			

a. Dependent Variable: ESLSE Container Shipping Performance

b. Predictors: (Constant), Liner Shipping Dimensions/Perspectives

Table 24: Regression Coefficients :Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	20.100	3.259		6.168	.000	13.604	26.596
Liner Shipping Dimensions/Perspectives	.341	.056	.585	6.121	.000	.230	.452

a. Dependent Variable: ESLSE Container Shipping Performance

Source: SPSS Output, 2020.

No matter how, there might be many factors that can explain the variable on ESLSE's container shipping business performance, nearly 33.3% of it is explained by global shipping alliances. This means that the remaining 66.7 % of the variation in the enterprise's Performance cannot be explained by those dimensions of global shipping alliances. The R^2 value of .342 (34.2%) implies the relative contribution of global shipping alliances in interpreting the enterprise's container shipping business Performance, the remaining 65.8 % of the changes in the change can be attributed to other factors.

Furthermore, the P value and positive β coefficient also implies that global shipping alliances have impact and significantly influence container shipping business performance.

CHAPTER FIVE
SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Major Findings

According to the data analysis in the previous section, summary of the findings are presented as follows.

The respondents' reply on the key reasons to form global liner alliance imply that majority of respondents agreed to the fact that the main reasons to form and participate in global liner alliances include, to provide faster transit service, maximize operational synergy, extend service coverage, gain the skills or know how in liner shipping industry, fast entry to new trade routes and providing more frequent sailing services are among the top six and most agreed on. Respondents that agreed and strongly agreed accounted for more than 60%.In addition, the result from the correlational analysis shows that those reasons or factors that push shipping lines to be a member of global line alliances has strong direct relationship with other variables such as the global liner alliances' operation, market, strategy, transport service delivery and financial performance and the strength of the relationship is large (r=0.5 to 1); while the relation with transport efficiency is inverse and the strength of relationship is small (r=0.01 to 0.29).

Majority of the respondents agreed that global liner alliances operational activity affects ESLSE's container shipping business. Specifically, 83.8% of the respondents agreed to scheduling, vessel and route planning, while 79.7% of the respondents agreed on customer satisfaction with diversified service has effect on ESLSE's container shipping business performance.Also,78.4% of them agreed that better coordination of global operations/global network, and 75.7% of them agreed increasing service frequency has impact on same. Further, correlational analysis show that the operational aspect of global liner alliances has direct and strong relationship with the rest of the variables,

exception is the transport efficiency which is positively related ;but statistically not significant where r=0.77 which is greater than the significance levels of 0.01 and 0.05. Further, in a similar fashion most of the respondents show their agreement that global liner alliances have market, strategic and economic impacts. In addition, correlational analysis show that these variables have direct relationship with the rest of the variables at the given significance level of correlation coefficients; exception is the transport efficiency which is negatively related with the market and strategic aspects of alliances and also not statistically significant where r=0.952 which is greater than the given significance levels of 0.01and 0.05.However,the economy aspect has positive relation with transport efficiency but not significant at the given levels of 0.01 and 0.05.Also it is found that the strengths of relationship among these variables appears to be law, medium and strong.

As far as the global liner alliances effect on ESLSE's transport efficiency is concerned, majority of the respondents (54.1%) agreed that ESLSE's container shipping frequency increases. Also, majority of the respondents agreed that ESLSE faces fierce competition and alliances act as a barrier to entry in the container shipping business. However, less than half of the respondents (48.6%) agreed that direct port to port connections achieved; and also 37.5 % of them shown disagreement on same. Observing at Global liner alliances effect on transport stakeholders, specifically independent carriers and freight forwarders from service delivery performance points of view, it is found that majority of the respondents have agreed Ultra Large Vessels achieve scale economies that no small vessels can attain (63.5%), Low Freight Rates and barrier to entry effectively reduces the capacities of independent carriers to Compete in the industry (63.5%) and Decreasing schedule reliability and service quality affects Freight forwarders (63.5%).With regard to Global Liner alliances effect on ESLSE's financial performance, respondents agreed significantly as to impact on Profit maximization (82.4%),increase shareholder's/Government wealth (79.7%) and Capital investment sharing and financial risk reduction (82.4%).

The finding from correlation test between those factors considered reasons to form global liner alliance and the operational, market; strategic dimensions show large and positive correlation coefficients; while the same test with service delivery performance of transport stakeholders' and financial performance show medium and small positive correlations at significance levels of p=0.001 and 0.05,with n=74.Also,it was found that the correlation test with transport efficiency negative and small and still not significant.

Another finding from correlation test between the operation, market and strategy aspects of alliances shows large and positive correlation coefficients; the same test with the economic aspect, transport stake holders service delivery and financial performance shows respectively of medium and small positive correlation coefficients, provided n=74,p=0.01 and 0.05 of significant levels. Further the test shows that transport efficiency has small, insignificant and negative correlation coefficient, while the test between alliance economy and transport efficiency shows small, insignificant and positive correlation coefficient at the given levels of p=0.001 and 0.005,provided n=74. In addition, it was found that the test between transport stakeholders service delivery and financial performance shows that there is medium and positive correlation coefficient at p=0.01 and p=0.05, provided n=74.

Generally, it was found that the test for the three dimensions of global liner alliances' i.e., operation, strategy and economy with enterprise's performance shows significant, medium and positive correlation coefficients; while the test between liner alliances' market and enterprise's efficiency shows significant, small and positive correlation at the significant levels of 0.01 and 0.05,provided n=74.

The majority of the responses on the key reasons to form global alliances, perceptions on how global liner alliances affect ESLSE's container shipping business and enterprise's performance mean scores are greater than 3.5, which imply the respondents agreed on the respective items. Furthermore, the mode and the median found to be 4, and supports respondents agreement as explained above.

The finding from the first regression test between the four global liner alliances, details of the four dimensions or perspectives and enterprise's Performance show that there is significantly strong correlation between global alliances' and container shipping business Performance with correlation coefficient of 0.672 (r=0.672) and significance value less than 0.01 on the other hand Regression analysis confirm that 41.9% of variability of enterprise performance is explained by global shipping alliances.

Also, the finding from the second regression test between global liner alliances (collective representative of the four dimensions or perspectives) and enterprise's Performance show that there is significantly moderate correlation between global alliances' and container shipping business Performance with correlation coefficient of 0.585 (r=0.585) and significance value less than 0.01 on the other hand Regression analysis confirms that 33.3% of variability of enterprise performance is explained by global shipping alliances.

5.2 Conclusion

In general the main objective of the research is to find the impact of global shipping alliances on liner shipping business performance, with specific case to ESLSE. Accordingly, questionnaire were distributed for 80 employees working in the three core or operations department of multimodal and unimodal department, under freight forwarding sector that includes Djibouti branch office, and to commercial department under the shipping sector and, out of which 74 responded to the questionnaire.

Majority of the respondents agreed that the rationale behind becoming a member of global strategic alliances include, from the top most to the last as agreed and rated are, providing faster transit service, maximize operational synergy, extend service coverage, increase capital utilization of ships, container equipment & terminal facilities, gain the skill or know-how in liner shipping industry, faster entry to new trade routes, providing more frequent sailing service, reduce financial burden on equipment investment, conform to shipping policy of foreign government, stabilize freight rate, share the risks of providing new liner services and limit external competition.

Further, correlational test analyses indicate that these factors have strong, significant and positive correlation coefficient with global alliances operational, market and strategic aspects. The relationship with the economic dimension is found to have correlation coefficient of medium strength, significant and direct relationship. The more the qualities of these factors are improved, the better the market, operation, strategy and economic objective are achieved, and the better service delivery and financial performance of the enterprise will be.

Also, these factors, as key reasons to form global strategic alliances have relationship with dependent variables of service delivery and financial performance, respectively of medium and small correlation coefficients which is significant and positive. The coefficient of relation with transport efficiency is found to be negative, with small strength and actually not significant at the given level and sample. The implication is that as more and more carriers are involved in global strategic alliances, efficiency goes down which affects non alliance carriers that depend on them. Less direct port to port connections, schedule reliability, decreasing shipping frequency, high competition and barrier to entry are the best indicators.

Coming to the operational, strategic, market and economic aspects of global shipping alliances, majority of the respondents agreed that these factors affect container shipping business performance of the enterprise. For the correlational test analysis, details of relationships for correlation coefficient including the strengths, direction of relationship and significance for both independent and dependent variables have been found to be considerable.

Importantly, the variability in the container shipping business performance can be explained by the global shipping alliances.

In general, both the descriptive and inferential tests show that the relations of global liner alliances' operation, market, strategy and economy aspect, with enterprise's

container shipping business performance found to be significant and positive; hence container shipping business performance is a function of the global shipping alliances operation, market, strategy and economic factors in the international sea freight market.

5.3 Recommendation

Based on the study results and conclusions drawn above, some recommendations are proposed as a means of alleviating the problems found.

- First, the way global container shipping business, in sea transport conducted changes dynamically, subject to globalization where the world economy is unpredictable, full of tough competition the availability and cargo supply uncertainties, beyond providing quality service to customers; survival in the market is the first question. As such liner companies have already devised a mechanism and entered into long term strategic alliances with variety of goals and objectives in order to address the question of survival, quality service for growing customers need, efficiency, develop competitive advantage. Hence, for ESLSE in order to assure survival, competition, service quality and efficiency it must periodically revise the current way of doing business in the maritime sector and align itself to whichever is found appropriate be it the ongoing one or consider to advance to the contemporary way of doing in the liner business as the model has already shifted to long term strategic partnership, such as global liner alliances by conducting further study. For instance, ESLSE can be member part of global carriers without losing its independence and autonomy; still gradually after carrying out deep and extensive feasibility study. This will enable ESLSE avoiding the impacts to some extent that are posed by the mega carriers, mainly alliance members.

- Second in line is that, it is better to work on the market, operation, strategy and economic aspects of global liner alliance to bring about better container shipping business performance. This enables the enterprise to build and develop capacities in the maritime transport sector in the long term and also enables to

minimize the negative impacts of major global carriers. Here, the involvement of government and other regulatory bodies is quit important.

- Thirdly in order to address the questions of efficiency, service delivery and financial performance for container shipping business, it is better for the enterprise to strengthen its negotiation power effectively, as a short term solution. This is because negotiation with global liner alliances can improve to increase shipping service frequency, achieve direct port to port connection and reasonable schedule reliability which in turn minimizes the effect of fierce competition and entry barrier.

5.4 Suggestion for Further Study

This thesis has considered only ESLSE as a case study, and also as the one of the starting points to investigate problems in the sea transport sector. The future studies can consider expanding their scope to include alliance impact along the total supply chain and how the many stakeholders can be affected either supply chain as whole or specifically to a given product.

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APPENDICES-A: QUESTIONNSRIE

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE DEPARTMENT OF LOGISTICS & SUPPLY CHAIN MANAGEMENT

Questionnaire with Code Book

This questionnaire is to be filled by ESLSE's Head Office Management members, Employees and Djibouti Branch Office.

Dear Respondents,

I'm conducting a thesis titled "The Impact of Global Shipping Alliances on Liner Shipping Business Performance: The Case of Ethiopian Shipping and Logistics S.E." for partial fulfilment of M.A Degree in Logistics and Supply Chain Management at Addis Ababa University.

This Questionnaire has been designed to seek information for purely academic purpose and hence will not affect any one under any circumstances. The information collected through the questionnaire is kept confidential and only used for academic purposes, and thereby to come up with some workable solutions to overcome the known challenges and difficulties related to this specific title. To this end, the result of this paper will highly depend on your response. Hence, you are kindly requested to fill the questionnaire as per the instruction carefully and responsibly.

Respondents are encouraged to forward anything that needs clarification from the researcher using + 251 912 16 62 30/21 33 76 63 (mobile) and to email address: israelderi30@gmail.com.

Thank You and B/Regards
Dereje Mulatu

Thank you once again in advance for dedicating your valuable time to fill this questionnaire!

PART-1 Respondent's Information

Direction-1: Leave a tick mark (✓) in the corresponding box of your choice.

1. Age : ☐ 18-25 ☐ 26-35 ☐ 3☐5 Above 45
2. Sex : ☐ Male ☐ Female
3. Education Level:

   ☐ Diploma ☐ Degree ☐ Masters ☐ PhD
4. Current Position : ☐ Management ☐ Coordinator/Expert

   ☐ Senior Officer ☐ Officer
5. Service Year/Experience with ESLSE:

☐ 1 to 5 ☐ ☐ 6 to 10 ☐ 11 to 20 Above 20

PART TWO: Questionnaire, Likert Scale Questions

Direction-2: Please indicate the extent to which global shipping strategic alliances affect ESLSE's container shipping business on a scale of 1 to 5 (1=strongly disagree, 2=disagree, 3=have no idea/neutral, 4=agree, 5=strongly agree).Please leave a tick mark (✓) in the corresponding box of your choice.

No	The key reasons to form global strategic shipping alliances in liner shipping business is to: (Code=ITMKR1.1 to ITMKR1.12)	1	2	3	4	5
1.1	Extend service coverage;					
1.2	Provide more frequent sailing services;					
1.3	Faster entry to new trade routes;					
1.4	Share the risks of providing new liner services;					
1.5	Maximize operational synergy;					

1.6	Increase capital utilization of ships, container equipment & terminal facility;					
1.7	Reduce financial burden on equipment investment;					
1.8	Provide faster transit service;					
1.9	Stabilize freight rate;					
1.10	Conform to shipping policy of foreign government;					
1.11	Gain the skill or know-how in liner shipping industry;					
1.12	Limit external competition;					
No	**Please rate the extent to which you believe that Global Liner alliances operations affect ESLSE's container shipping business in:(code ITMAO2.1 to ITMAO2.6)**	**1**	**2**	**3**	**4**	**5**
2.1	Increasing service frequencies;					
2.2	Scheduling, Route & vessel planning,;					
2.3	Better coordination of global operations/strengthening global network;					
2.4	Achieving customer satisfaction with diversified service;					
No	**Please rate the extent to which you believe that Global Liner alliances market affect ESLSE's container shipping business in: (code ITMAM3.1 to ITMAM3.3)**	**1**	**2**	**3**	**4**	**5**
3.1	Satisfying customer requirements;					
3.2	Higher shipping frequency,					
3.3	Greater variety of routes and destinations;					
No	**Please rate the extent to which you believe that Global Liner alliances strategy affects ESLSE's container shipping business for:(code ITMAS4.1 to ITMAS4.6)**	**1**	**2**	**3**	**4**	**5**

4.1	Entry to new markets;					
4.2	Expansion of geographical influence;					
4.3	Entering new region with lower risk;					
4.4	Alternative strategy for global market uncertainty;					
4.5	Opposing with other alliances;					
4.6	Attaining competitive advantage without losing autonomy;					
No	**Global Liner alliances have economic impact on ESLSE's container shipping business with respect to :(code ITMAE5.1 to ITMAE5.2)**	**1**	**2**	**3**	**4**	**5**
5.1	Economies of Scale;					
5.2	Economies of scope;					
No	**Global Shipping Alliances affect ESLSE's Transport Efficiency (Since the emergence of The 3 Alliances in 2017):(code ITMTE6.1 to ITMTE6.5)**	**1**	**2**	**3**	**4**	**5**
6.1	ESLSE's container shipping service frequency increases ;					
6.2	More direct port to port connections is achieved;					
6.3	Schedule Reliability is better so far;					
6.4	Since the emergence of Global Liner Alliances ,ESLSE's Liner business faces fierce competition;					
6.5	Alliances act as a barrier to entry for ESLSE's Container shipping business;					
No	**Please Rate Global Liner Alliances effects on Transport Stakeholders: (ITMTS7.1 to ITMTS7.3)**	**1**	**2**	**3**	**4**	**5**
7.1	Ultra large vessels achieve economies of scale that no small vessels can attain;					
7.2	Low freight rates and barrier to entry effectively reduces the capacity of independent carriers to compete in industry;					
7.3	Freight forwarders impacted by decreasing schedule reliability and					

	service quality;					
No	**Please rate Global Liner Alliances effect on ESLSE's Financial Performance to:(codeITMFP8.1 to ITMFP8.3)**	**1**	**2**	**3**	**4**	**5**
8.1	Profit Maximization;					
8.2	Increase Shareholders' wealth;					
8.3	Capital investment sharing and financial risk reduction;					

PART-THREE: QUESTIONNARIE, OPEN ENDED QUESTIONS

1. Do you think Strategic Global Liner alliances help liner shipping companies to achieve their objectives, build competitive advantage and survive in the market? YES/NO. Please specify your reason.

   _____
   _____
   _____
   _____.

2. Do you think independent small liner companies container shipping business is affected by global alliances? YES/NO. Please specify your reason.

   _____
   _____
   _____
   _____.

3. Do you think global shipping alliances affect transport efficiency, service quality and financial performance of small and independent carriers' container shipping business performance? YES/NO. Please specify your reason.

   _____
   _____
   _____
   _____.

   Please any comments you think important, here:

   _____
   _____
   _____
   _____.